Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

As confidentially submitted to the Securities and Exchange Commission on November 20, 2020
This draft registration statement has not been publicly filed with the Securities and Exchange Commission, and all information herein remains strictly confidential.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Confidential Draft Submission No. 3

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

PET Acquisition LLC

to be converted as described herein into a corporation named

Petco Health and Wellness Company, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**5990**	**81-1005932**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

10850 Via Frontera
San Diego, California 92127
(858) 453-7845
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Ronald Coughlin, Jr.
Chief Executive Officer
PET Acquisition LLC
10850 Via Frontera
San Diego, California 92127
(858) 453-7845
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Andrew L. Fabens **Sean P. Griffiths** **Gibson, Dunn & Crutcher LLP** **200 Park Avenue** **New York, New York 10166** **(212) 351-4000**	**Michael Nuzzo** **Ilene Eskenazi** **Marty Lorenzo** **PET Acquisition LLC** **10850 Via Frontera** **San Diego, California 92127** **(858) 453-7845**	**Michael Benjamin** **Brian D. Paulson** **Tad J. Freese** **Latham & Watkins LLP** **885 Third Avenue** **New York, New York 10022** **(212) 906-1200**

Approximate date of commencement of proposed sale to the public: **As soon as practicable after this Registration Statement becomes effective.**

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee(3)**
Class A Common Stock, par value $0.001 per share	$	$

(1) Includes shares of Class A common stock issuable upon the exercise of the underwriters' option to purchase additional shares.
(2) Estimated solely for the purpose of calculating the amount of registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.
(3) To be paid in connection with the initial filing of the registration statement.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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EXPLANATORY NOTE

PET Acquisition LLC, the registrant whose name appears on the cover of this registration statement, is a Delaware limited liability company. Prior to the effectiveness of this registration statement, PET Acquisition LLC will convert into a Delaware corporation pursuant to a statutory conversion and change its name to Petco Health and Wellness Company, Inc. as described in the section captioned "Recapitalization and Corporate Conversion" of the accompanying prospectus. As a result of the Corporate Conversion, the members of PET Acquisition LLC will become holders of the common stock of Petco Health and Wellness Company, Inc. Except as disclosed in the prospectus, the historical consolidated financial statements and selected historical consolidated financial data and other financial information included in this registration statement are those of PET Acquisition LLC, and do not give effect to the Corporate Conversion. Shares of the Class A common stock of Petco Health and Wellness Company, Inc. are being offered by the prospectus included in this registration statement.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities, and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED , 2020

Preliminary Prospectus

Shares

Class A Common Stock

This is the initial public offering of the Class A common stock, par value $0.001 per share, of Petco Health and Wellness Company, Inc. We are offering shares of our Class A common stock.

Currently, no public market exists for our Class A common stock. We expect the initial public offering price will be between $ and $ per share. We have applied to list our Class A common stock on the Nasdaq Global Select Market ("Nasdaq") under the symbol "WOOF."

After giving effect to the Corporate Conversion (as defined herein) and the completion of this offering, we will have three classes of common stock: Class A common stock; Class B-1 common stock; and Class B-2 common stock. The rights of the holders of our Class A common stock and our Class B-1 common stock are identical in all respects, except that our Class B-1 common stock does not vote on the election or removal of our directors. The rights of the holders of our Class B-2 common stock differ from the rights of the holders of our Class A common stock and Class B-1 common stock in that holders of our Class B-2 common stock only possess the right to vote on the election or removal of our directors. Following the completion of this offering, we will be a "controlled company" as defined under the corporate governance rules of Nasdaq because our Sponsors (as defined herein) will continue to collectively control approximately % of the voting power of our common stock with respect to director elections (or approximately % of the voting power with respect to director elections if the underwriters exercise in full their option to purchase additional shares of our Class A common stock). Please read "Management—Status as a Controlled Company."

INVESTING IN OUR CLASS A COMMON STOCK INVOLVES RISKS, INCLUDING THOSE DESCRIBED IN THE "RISK FACTORS" SECTION BEGINNING ON PAGE 22 OF THIS PROSPECTUS.

	Per Share	Total
Initial public offering price	$	$
Underwriting discounts and commissions(1)	$	$
Proceeds, before expenses, to us	$	$

(1) Please read "Underwriting (Conflicts of Interest)" for a description of all underwriting compensation payable in connection with this offering.

At our request, BofA Securities, Inc., a participating underwriter, has reserved for sale, at the initial public offering price, up to 5% of the shares offered by this prospectus for sale to certain of our directors, officers, and employees. If these persons purchase reserved shares it will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. For more information regarding the directed share program, please read "Underwriting (Conflicts of Interest)—Directed Share Program."

The underwriters have a 30-day option to purchase up to an additional shares of our Class A common stock at the public offering price, less the underwriting discounts.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Delivery of our Class A common stock is expected to be made on or about , 2020 through the book-entry facilities of The Depository Trust Company.

Goldman Sachs & Co. LLC **BofA Securities**

Citigroup **Evercore ISI** **Credit Suisse** **UBS Investment Bank** **Wells Fargo Securities**

Baird **Guggenheim Securities**

Prospectus dated , 2020

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We have not, and the underwriters have not, authorized any other person to provide you with information different from that contained in this prospectus and any free writing prospectus authorized by us. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where an offer or sale is not permitted. The information in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our Class A common stock. Our business, financial condition, results of operations, and prospects may have changed since that date.

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. Please read "Risk Factors" and "Cautionary Note Regarding Forward-Looking Statements."

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NOTE ON THE PRESENTATION

Unless otherwise indicated, (i) references in this prospectus to "Petco," "our company," "we," "our," and "us," or like terms, refer, prior to the Corporate Conversion discussed elsewhere in this prospectus, to PET Acquisition LLC and our subsidiaries, and after the Corporate Conversion, to Petco Health and Wellness Company, Inc. and its subsidiaries taken as a whole, and (ii) "Petco Animal Supplies" refers to Petco Animal Supplies, Inc., our wholly owned subsidiary. Unless the context otherwise requires, references to "common stock" refer to our Class A common stock, our Class B-1 common stock and our Class B-2 common stock, collectively. References to our certificate of incorporation and bylaws are to our second amended and restated certificate of incorporation and our second amended and restated bylaws, respectively, each of which will become effective upon completion of this offering.

We report on the basis of a 52- or 53-week fiscal year, which ends on the Saturday closest to January 31. References to "fiscal year" mean the year in which that fiscal year began. For example, references to Fiscal 2019 refer to the fiscal year beginning February 3, 2019 and ending February 1, 2020. Please read "Selected Historical Consolidated Financial Data" for more information regarding the presentation of our fiscal years.

TRADEMARKS AND SERVICE MARKS

We own or have rights to various trademarks, service marks, and trade names that we use in connection with the operation of our business. The following trademarks are registered or pending registration: Bond & Co., Good 2 Go, Good Lovin', Harmony, Imagitarium, Leaps & Bounds, Pals Rewards, Petco, PetCoach, PupBox, Reddy, Ruff & Mews, So Phresh, Vetco, Well & Good, WholeHearted, and You & Me. This prospectus may also contain trademarks, service marks, and trade names of third parties, which are the property of their respective owners. Our use or display of a third party's trademarks, service marks, trade names, or products in this prospectus is not intended to, and does not imply, a relationship with, or endorsement or sponsorship by, us. Solely for convenience, the trademarks, service marks, and trade names referred to in this prospectus may appear without the ®, TM, or SM symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, service marks, and trade names.

INDUSTRY AND MARKET DATA

This prospectus includes market data and forecasts with respect to the pet care industry. Although we are responsible for all of the disclosure contained in this prospectus, in some cases we rely on and refer to market data and certain industry forecasts that were obtained from third-party surveys, market research, consultant surveys, publicly available information and industry publications and surveys that we believe to be reliable. Unless otherwise indicated, all market and industry data and other statistical information and forecasts contained in this prospectus are based on independent industry publications, government publications, reports by market research firms or other published independent sources, such as Packaged Facts, and other externally obtained data that we believe to be reliable. Some market and industry data, and statistical information and forecasts, are also based on management's estimates, which are derived from our review of internal surveys as well as the independent sources referred to above. Any such market data, information or forecast may prove to be inaccurate because of the method by which we obtain it or because it cannot always be verified with complete certainty given the limits on the availability and reliability of raw data, the voluntary nature of the data gathering process, and other limitations and uncertainties, including those discussed under the caption "Risk Factors." As a result, although we believe that these sources are reliable, we have not independently verified the information.

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SUMMARY

This summary provides a brief overview of information contained elsewhere in this prospectus. The following summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements appearing elsewhere in this prospectus. This summary does not contain all of the information that you should consider before investing in our Class A common stock. In addition to this summary, we urge you to read the entire prospectus carefully, including the information set forth under "Risk Factors," "Cautionary Note Regarding Forward-Looking Statements," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

Our Mission

We love pets. We are a purpose-driven company dedicated to improving the lives of pets, their parents, and the partners who work for us. We are committed to being the leading, most trusted resource in pet care, providing a comprehensive portfolio of essential products and services with expert advice that addresses all aspects of pet health and wellness.

Our Company

We are a beloved brand in the U.S. pet care industry with more than 55 years of service to pets and the people who love and care for them. Since our founding in 1965, we have been developing new standards in pet care, delivering comprehensive wellness solutions through our products and services, and creating communities that deepen the pet-parent bond. Over the last three years, we have transformed the business from a successful traditional retailer to a disruptive, fully-integrated, digital-focused provider of pet health and wellness offerings. We revamped our leadership team and invested over $300 million to build out leading capabilities across e-commerce and digital, owned brands, data analytics, and a full suite of on-site services including veterinary care. Our investments have delivered a comprehensive, integrated, and technology-enabled ecosystem of channels and offerings, complemented by a rapid innovation capability that is disrupting the pet market and providing pet parents with a differentiated holistic solution for all their pet care needs. For more information regarding our transformation investments, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Innovation and Transformation."

Our go-to-market strategy is powered by a multi-channel platform that integrates our strong digital presence with our nationwide physical network. Our data-driven digital footprint, consisting of an entirely redesigned e-commerce site and personalized mobile app, delivers an exceptional customer experience and serves as a hub for pet parents to manage their pets' health, wellness, and merchandise needs, while enabling them to shop wherever, whenever, and however they want. By strategically leveraging our extensive physical network consisting of approximately 1,470 pet care centers located within three miles of 54% of our customers, we are able to offer our comprehensive product and service offering in a localized manner with a meaningful last-mile advantage over our competition. Through our connected platform, we serve our customers in a differentiated manner by offering the convenience of ship-from-store, buy-online, pick-up in-store ("BOPUS"), and curbside pick-up. This integrated, multi-channel approach clearly resonates with our customers, as the number of customers who engage with us across multiple channels has grown by 20% over the last three years. Further, these multi-channel customers spend between 3x to 6x more with us compared to single-channel customers. In the last 12 months ended August 1, 2020, we achieved over 80% retention of our multi-channel customers.

Through our multi-channel platform, we provide a comprehensive offering of differentiated products and services that fulfill all the needs of pet parents and their pets. Our product offering leverages our owned brand portfolio and partnerships with premium third-party brands to deliver high quality food that avoids artificial ingredients, complemented by a wide variety of premium pet care

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supplies. We augment this premier product offering with a broad suite of professional services, including grooming as well as in-store and online training. Our service offering is further enhanced by a rapidly expanding, affordable veterinary service platform, which includes full-service, outpatient veterinary care service locations ("veterinary hospitals"), Vetco clinics, and tele-veterinarian services. In addition, we are increasingly linking our offerings with subscription programs such as membership and pet health insurance that create deeper engagement with our over 20 million Active Customers (as defined in "Management's Discussion and Analysis of Financial Condition and Results of Operations—How We Assess the Performance of Our Business") as of August 1, 2020, with our Pals loyalty program members accounting for approximately 80% of transactions in the twenty-six weeks ended August 1, 2020. In addition to providing differentiated products and services, our over 23,000 knowledgeable, passionate partners provide important high-quality advice to our customers in our pet care centers. With our integrated platform and comprehensive offering, we provide a complete pet health and wellness ecosystem that drives engagement across our enterprise and creates life-long customer relationships.

Complete Pet Health and Wellness Ecosystem

Industry Dynamics

The U.S. pet care industry is a large, attractive growth market experiencing a significant acceleration in response to multiple secular themes. The industry serves more than 72 million households with pets and represents a total addressable market of $97 billion in 2020. Since 2008, the industry has grown at a 5% compound annual growth rate ("CAGR"), driven by steady, predictable growth in the underlying pet population coupled with strong tailwinds associated with pet humanization. Due to the essential, consumable nature of pet care, the industry has demonstrated resilience across economic cycles. During the Great Recession, the industry delivered strong performance, growing at a CAGR of 6% from 2008 to 2010. With respect to our business, we are strategically focused on growing our presence in three of the fastest-growing areas of the market: services, e-commerce, and veterinary, which are projected to grow at 11%, 14%, and 9% CAGRs, respectively, from 2020 to 2024.

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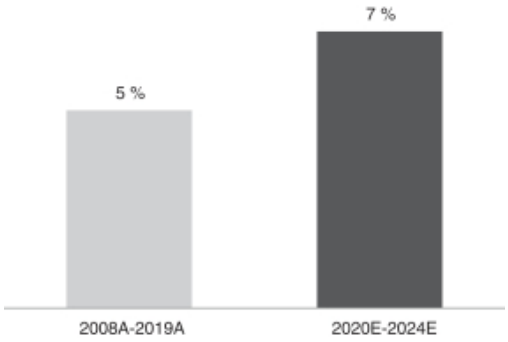
As a result of the COVID-19 pandemic, the industry is experiencing a significant increase in demand that is expected to be a tailwind for years to come. According to Packaged Facts, the number of households with pets in the United States is expected to increase by 4% in 2020, creating an estimated $4 billion in incremental annual demand for pet care products. Given the long-term, recurring demand for pet care products and services, which is expected to continue to grow in response to the pet humanization trend, this step function increase in the pet population represents a meaningful acceleration in total industry growth from 5% historically to 7% through 2024, according to Packaged Facts and company internal estimates. As pet care demand continues to grow, we believe we are well-positioned to capture an outsized portion of the growing market as the only fully-integrated, comprehensive pet care provider in the industry.

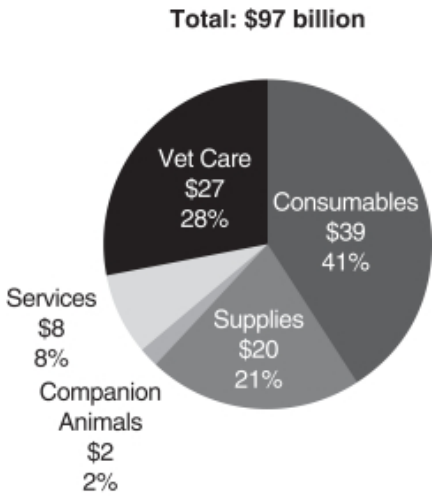
U.S. Pet Care Industry CAGR



Source: Packaged Facts and company internal estimates.

U.S. Pet Care Industry by Category

($ in billions, 2020)



Source: Packaged Facts and company internal estimates.

Our Transformation

Three years ago, we saw several major opportunities to accelerate our business. First, customers were shifting online and we saw a meaningful opportunity to better leverage our differentiated strengths and physical network to benefit from this shift. Second, research showed that pet parents had multiple care needs across products and services, but they were confused and looking for a partner to help them navigate to the right health and wellness decisions. Third, we recognized a need to become much more analytical and operationally rigorous. Lastly, the organization required clear strategic direction following a period of transition and cost cutting. Over the past three years we have invested over $300 million to support our innovation and business transformation strategies. These investments include: digital and e-commerce integration and expansion; data analytical capabilities; veterinary services; marketing and advertising; and our owned brands. Our transformation actions were focused on the following major initiatives and investments:

- assembled a next generation leadership team to drive transformation;
- built leading e-commerce and digital capabilities that leverage our physical network;

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- reinvented grooming and training, and launched a full-service veterinary hospital network;
- created a highly differentiated owned and exclusive product offering;
- implemented a performance culture led by data analytics; and
- attracted exceptional talent in key growth areas.

For more information regarding our transformation investments, please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Innovation and Transformation."

Recent Financial Performance

Our business transformation initiatives, accelerated by an increase in pet ownership and a shift in customer discretionary spend on pets, have driven strong top- and bottom-line growth in our business. Comparing the first twenty-six weeks of Fiscal 2020 and Fiscal 2019, we achieved the following results:

- increase in sales from $2.19 billion to $2.32 billion, representing period-over-period growth of 5.9%;
- comparable sales growth of 6.2%;
- increase in operating income from $45.6 million to $81.4 million, representing period-over-period growth of 78.5%;
- a decrease in net loss attributable to members from ($60.5) million to ($23.7) million, representing a period-over-period improvement of 60.8%; and
- an increase in Adjusted EBITDA from $192.8 million to $217.6 million, representing period-over-period growth of 12.9%.

For a description of our non-GAAP measures and reconciliations to their most comparable U.S. GAAP measures, please read the section titled "Selected Historical Consolidated Financial Data—Non-GAAP Financial Measures."

We consecutively grew net sales from $2.0 billion in Fiscal 2005 to $4.5 billion in Fiscal 2016. Following a period of decline from Fiscal 2016 through the third quarter of Fiscal 2018, our comparable sales growth has accelerated in the last eight quarters, during which we achieved the following results:

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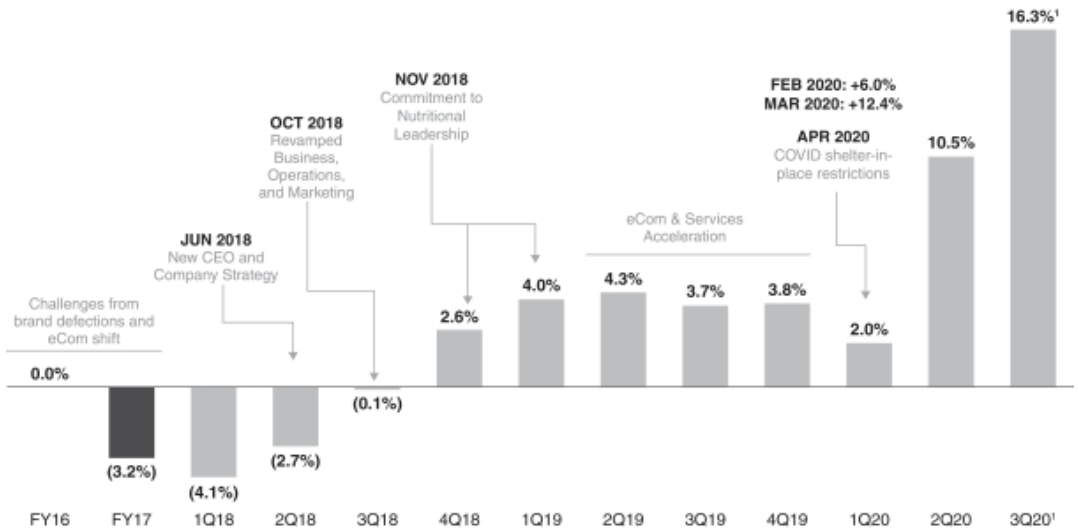
Quarterly Comparable Sales Growth



(1) Based on the midpoint of the range for the Company's preliminary estimated unaudited financial results for 3Q20.

Our Competitive Strengths

Category-Defining Brand with Long-Term Customer Relationships Built on Trust

Since our founding in 1965, we have focused on building long-term relationships with pet parents by providing an exceptional customer experience. Our top-of-mind awareness is among the highest in the industry, cited by 28% of customers as the first brand that comes to mind when asked to name a brand in pet products. Across our platform, we have a team of over 23,000 highly trained pet care experts who love animals and are passionate about sharing their expertise with pet parents. Through our people—such as digital experts, sales and engagement partners, groomers, trainers, companion animal experts, and veterinarians—we are able to build and maintain long-term, high-touch relationships with pet parents.

Our brand is consistently strengthened by the touchpoints we have with our customers across channels, products, and services. As of August 1, 2020, we served over 20 million Active Customers, with members of our Pals loyalty program representing over 80% of our transactions in the twenty-six weeks ended August 1, 2020 and ranking among the largest loyalty programs in the industry. We leverage the data from our Pals program via in-store technology (including hand-held devices that our partners use to assist customers with shopping), content, and recommendations in a highly personalized manner. Our customer relationships are built on trust and supported by high customer affinity, as demonstrated by our average nine-out-of-ten Voice of Consumer rating in the first half of Fiscal 2020.

The Only Fully-Integrated Comprehensive Offering of Pet Products and Services Nationwide

We provide the only fully-integrated comprehensive offering of pet care products and services that meet the needs of pet parents everywhere—something that none of our competitors currently offer.

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Our product strategy is built around an extensive offering that features premium owned and partner brands known for quality and innovation. We offer leading varieties of wholesome, premium food that build upon our expertise in pet nutrition. For example, we proudly offer premium brands such as human-grade Just Food For Dogs, which are not widely available in other national pet specialty stores. In addition to food, we offer a wide range of pet supplies to meet the needs of pet parents. The combination of our differentiated food and supplies strategy, including owned and exclusive brands, has enabled us to offer a premium product offering, with more than 50% of our offering not available via online or mass competitors.

Our service offering consists of professional grooming, training, and veterinary services. In addition to acting as a profitable driver of new customer acquisition, our service platform helps retain and expand the yearly spend of existing customers, drive visit frequency and digital engagement, and build long-term loyalty.

Through our connected multi-channel ecosystem, we are able to offer our comprehensive product and service offering across all channels to meet our customer wherever, whenever, and however they want to shop. During the six months ended August 1, 2020, customers who shopped across the four channels we track for these purposes (pet care center merchandise, e-commerce and digital, grooming and training services, and veterinary services including veterinary hospitals and Vetco clinics) spent on average 6x with us versus customers who only shopped one of these channels. Demonstrating the impact of our comprehensive ecosystem on our pet care centers, our 90 pet care centers that offer grooming, training and veterinary services and BOPUS generate on average more than twice the revenue, as measured over the last 12 months ended August 1, 2020, than that of our average pet care center in Fiscal 2017.

Connected Ecosystem Combining Leading Digital Capabilities and a Strategic Physical Network

We have built a connected ecosystem comprising leading digital capabilities and a national physical network. Through our Petco.com website and Petco app, we offer premier digital navigation, speed, assortment, market-based pricing, content, and personalization features. Through our physical network, we have the ability to consistently fulfill and deliver a growing assortment of products directly to consumers in addition to convenient offerings such as BOPUS and curbside pick-up. Our physical proximity to our customers also provides us a significant last-mile cost advantage relative to competitors. In the twenty-six weeks ended August 1, 2020, approximately 80% of Petco.com orders were fulfilled by our pet care centers, either as ship-from-store, BOPUS, or curbside pick-up. Additionally, we have experienced increasing pet care center sales through our Petco app since its launch, with many pet parents electing to take advantage of BOPUS and curbside pick-up for their orders. For customers seeking even greater convenience, we offer repeat delivery options that facilitate recurring purchases. Our repeat delivery revenue stream increased 13% in Fiscal 2019, and for the thirty-nine weeks ended October 31, 2020, BOPUS purchases and repeat deliveries of products accounted for 61% of Petco.com sales. Finally, we continually leverage our digital capabilities to innovate, such as online booking of grooming appointments, convenient at-home services like on-line training, and mobile grooming. Our connected ecosystem provides us with a singular view of our customer, which fuels our highly effective performance marketing function to drive repeat visits and grow customer lifetime value. For the twenty-six weeks ended August 1, 2020, we achieved a Petco.com customer retention rate that was 27% higher than that of the prior year period.

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Rapidly Growing Veterinary Services Offering Stack

According to Packaged Facts, more than 70% of pet owners have concerns about the affordability of veterinary healthcare. In response, we have established a differentiated and highly scalable, affordable veterinary healthcare service platform that consists of our full-service veterinary hospitals, Vetco clinics, and tele-veterinary services. In Fiscal 2019, we serviced over 400,000 customers through our veterinary offering platform.

We are rapidly expanding our full-service veterinary hospitals across the country to provide expanded service coverage. By integrating these veterinary hospitals into existing pet care centers, we benefit from significant structural advantages compared to existing veterinary care providers, positioning us to deliver a more affordable solution to our customers. Through our digitally enabled approach, we offer competitive and affordable exam fees, supported by convenient online appointment scheduling, text reminders and weekend booking availability. We have experienced strong early success from our veterinary hospital strategy driven by highly compelling unit economics. Our veterinary hospitals have historically required approximately $600,000 in build-out costs and generate four-wall profitability by year two. We target sales and four-wall EBITDA margins at maturity of approximately $1.5 million and 20%, respectively. The ability for customers to conveniently purchase health-related products, including prescription food, at the time of a veterinary appointment creates a strong complementary relationship in an under-penetrated category for Petco. Despite reducing the total selling square footage of an existing pet center when we add a veterinary hospital, we experience a sales uplift in merchandise and non-veterinary services. Average non-veterinary sales increased by approximately 600 basis points in the first year of veterinary hospital operations. Additionally, sales of prescription food, which require an on-site veterinary hospital, are currently averaging an incremental $1,000 of sales per week per pet care center. Our recent introduction of Petco Membership, a subscription program that provides access to our holistic health and wellness offering, and Petco Insurance leverage our growing veterinary services network to provide incremental benefits and convenience for customers.

Industry-Leading Grooming and Training Business Driving Recurring Trip Frequency

Leveraging our strategic physical network, we have built one of the largest grooming and training businesses in the pet care industry. These essential services drive recurring visits into our pet care centers, allowing us to earn a greater share of wallet from our customers, as demonstrated by the fact that over the past three years our service customers tend to spend 2x as much with us compared to our non-service customers.

In our grooming business, we served over 2 million pets across approximately 1,350 of our pet care centers during Fiscal 2019. We are building on the success of our investment strategy with the addition of new elements such as our “Spa Club” grooming loyalty program, breed-specific marketing, and mobile grooming. Spa Club has helped drive a 14% improvement in customer retention rate between the fourth quarter of Fiscal 2018 and the fourth quarter of Fiscal 2019.

In our training business, we served over 180,000 pets across approximately 1,470 pet care centers during Fiscal 2019. Because training is generally conducted at an early stage in a pet’s life, this offering is a strategic customer acquisition tool to engender long-term loyalty with new pet parents. We continue to focus on augmenting our core in-store training offering with the launch of at-home and online training classes. In Fiscal 2019, on average, our training customers spent 3.3x more with us than our non-training customers.

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Premier Owned Brand Product Development and Innovation Platform

We operate a leading, owned brand portfolio that has grown rapidly and is highly accretive to our product gross margins, typically driving a margin rate that is between 1,500 and 2,000 basis points higher than comparable third-party brands. Our extensive direct customer relationships provide us with insights that allow us to identify unmet customer needs and trends and rapidly build products and services around those needs. We have an established infrastructure for developing, launching, and fostering growth in owned brand products, including an in-house packaged goods insights function, experienced fashion leadership, and a dedicated sourcing office in Asia.

Over the last three years, we have demonstrated the speed and depth of our innovation platform through the launch of 89 new brands and 5,000 new products. In 2016, we launched our first major proprietary pet food brand, WholeHearted, which features a premium ingredient panel, an attractive price point, quality packaging, and authentic branding that effectively targets millennial pet parents. In Fiscal 2019, we launched Reddy, our proprietary supplies brand that features premium fabrics and urban contemporary styling appealing to fashion-focused pet parents. We also believe our Well & Good brand has similar potential to tap into customer demand for premium wellness products. Sales of our owned brand portfolio have grown at a 14% CAGR between Fiscal 2017 and Fiscal 2019, and for Fiscal 2019, our owned brands generated sales of $1.1 billion, or approximately 27% of total product sales, up from 17% of product sales in Fiscal 2015.

Best-in-Pet Technology Capabilities

We have developed the ability to compete with the best-in-class innovation capabilities of our competitors. We invested over $150 million over the past three years in our digital systems and recruited leading digital talent, employing over 100 technology and analytics experts organized in rapid deployment “squad” structures linked to major areas like e-commerce, services, and customer relationship management (“CRM”). Our operating experience and insights enable us to develop, test, and scale solutions in a rapid innovation cycle. We also seek to leverage our existing assets and advantages in the market to ensure our innovation implementations are not easily replicable by the competition. In the last 24 months, we have launched new programs, such as curbside pick-up, online dog training, an online food coach, our complete pet wellness app, pet medical record consolidation, and Petco Membership. Our ability to leverage our physical network has been a distinct competitive advantage. We believe our advanced innovation capabilities provide us with insights and opportunities to continue to enhance customer engagement, rapidly improve our offerings, and expand into new product and service lines faster and better than competitors.

Highly Experienced and Proven Management Team

We have an experienced and proven management team of successful retail, consumer, and technology industry veterans and a deep bench of talent supporting our emerging services, e-commerce, and omni-channel competencies.

- Our Chief Executive Officer, Ron Coughlin, who has been with Petco for over two years, brings 11 years of experience at HP, including eight as Division President, and 13 years of marketing experience at PepsiCo where he left as a Chief Marketing Officer
- Our Chief Financial and Operating Officer, Michael Nuzzo, actively oversees our supply chain and our services and veterinary businesses, after joining us in 2015, and has over 20 years of experience managing financial and operational strategy at leading public and private retail companies, including GNC and Abercrombie & Fitch

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- Our Chief Digital & Innovation Officer, Darren MacDonald, brings critical e-commerce experience, having built one of the leading global e-commerce platforms during his prior roles at Walmart and Jet.com, and having developed one of the most trafficked online shopping comparison engines as CEO of Pronto Network, an IAC company
- Our Chief Pet Care Center Officer, Justin Tichy, offers deep field experience with leading store teams at public retail companies, including Best Buy, Target, and Walmart
- Our Chief Merchandising Officer, Nick Konat, brings leading consumer and retail expertise from managing merchandising strategies at Target as well as from his experience as a consultant at Accenture
- Our Chief Human Resources Officer, Michelle Bonfilio, has prior experience in the pet industry and senior human resources roles with leading public retailers, including The Gap and Williams Sonoma
- Our Chief Information and Administrative Offer, John Zavada, brings valuable information technology experience, formerly serving as CIO of Restoration Hardware and L Brands, among others
- Our Chief Legal Officer and Secretary, Ilene Eskenazi, brings over 20 years of legal experience from leading retail, apparel, and consumer packaged goods companies, having served as general counsel for other leading global brands such as Red Bull and True Religion
- Our Chief Marketing Officer, Tariq Hassan, brings significant marketing, brand management and communications experience, having served in leadership roles at Bank of America and Hewlett-Packard Company (now HP Inc.)

The balance of the senior team has experience from a host of high caliber companies.

Our Growth Strategies

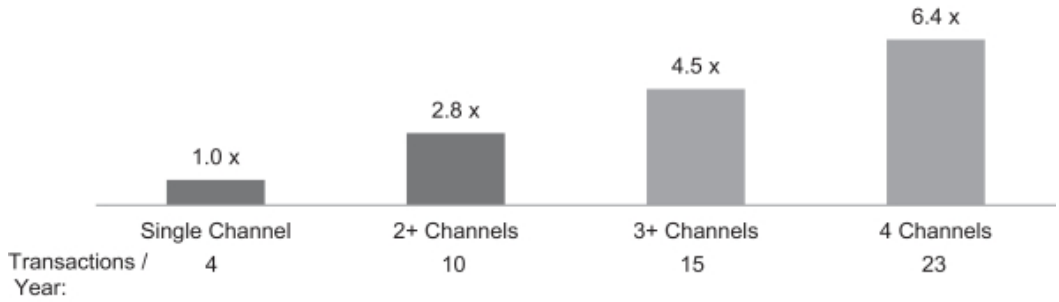
Building upon our success to date, we see a significant opportunity to drive long-term growth across our business by executing on the following growth strategies:

Continue to Acquire New Customers and Drive Engagement Across All our Channels.

- **Acquire New Customers:** Strong secular trends in the industry are introducing new pet parents to the category. We are distinctively positioned to acquire new customers through our effective marketing, e-commerce engagement, new pet programs, Pals loyalty program, Petco app, and sticky services offerings, as well as our strategic physical network, which provides a low-cost acquisition and powerful brand awareness vehicle. As one of the most recognizable brands in the industry and the only fully-integrated complete solution for all pet health and wellness needs, we are distinctively positioned to successfully acquire new customers looking for the best first stop as new pet parents.
- **Increase Engagement and Monetization Across All Channels and Offerings:** Our multi-channel and multi-category customers represent our highest yearly and lifetime value spend levels and will be a meaningful contributor to our future growth. During the 12 months ended August 1, 2020, we achieved over 80% retention of our multi-channel customers. Over that same period, customers who engage with us across two or more channels spend on average 2.8x as much as our single-channel customers spend, and those who engage with us across three or more channels and all four channels spend on average 4.5x to 6.4x as much, respectively. We plan to drive these spend levels higher as we scale our e-commerce platform

and full-service veterinary hospitals. Further, we believe we have an embedded opportunity to significantly grow the value of our active customer base by attracting customers to additional channels, leveraging our comprehensive health and wellness offering, in-store cross-selling, Petco app, advanced CRM capabilities, and subscription programs like repeat delivery, which directly facilitate multi-channel purchases.

Relative Spend by Customer Type (Indexed to Single Channel Customer)



Source: Company data; customer spend data are as of the 12 months ended August 1, 2020; during the 12 months ended August 1, 2020, our average single-channel customer spent approximately $150.

Note: Channels consist of pet care center merchandise, e-commerce and digital, grooming and training services, and veterinary services.

- **Maximize Customer Engagement and Loyalty with Subscription Programs:** Beyond our repeat delivery program, we have only begun to capitalize on subscription revenue opportunities, including through the recent launches of additional value-add subscription programs:
  - **Petco Membership:** an annual fee-based membership program that provides preferred access to our holistic health and wellness offering across products, grooming, and veterinary care;
  - **PupBox:** a service that provides monthly shipments of premium food, treats, and merchandise to puppy parents; and
  - **Petco Insurance:** an annual service that provides affordable, full-service pet health coverage with added pet product and services perquisites not offered by traditional insurance company plans.

All three programs have experienced strong initial customer reception to date. While these programs are relatively nascent, we are excited by the opportunity to bring together our product and service offerings under subscription programs that we believe will positively impact the customer experience while providing us with an attractive revenue stream from subscription businesses.

Continue to Grow Our Digital Business.

We intend to leverage our fully-integrated ecosystem, high-performance website and mobile app experience, fulfilment cost advantages, and differentiated services offerings to capitalize on the continued strong growth of e-commerce in the pet industry. In particular, we expect the continued expansion of BOPUS and curbside pick-up, which we are able to offer profitably given our strategic

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physical network, to allow us to substantially grow e-commerce sales while maintaining a leading customer fulfillment proposition. Our ability to connect our online platform with our in-person offerings, such as grooming, training, and veterinary care, creates a "flywheel" that drives greater online visits, which in turn create more opportunities for product cross-selling. By leveraging our technology and operational assets, we plan to continue delivering innovation and new multi-channel offerings with a goal of meeting or exceeding overall pet e-commerce industry growth, as well as increasing our e-commerce penetration.

Expand Our Health & Wellness Services.

- **Rapid Expansion of our Differentiated Veterinary Services:** Veterinary care is one of the fastest-growing categories in the pet industry and one of our key strategic priorities. Through our comprehensive veterinary offering stack and affordable care positioning, we are disrupting the industry and intend to gain market share by expanding on our proven, replicable model of offering affordable, high-quality veterinary services to pet parents everywhere. We have experienced strong results from the 100 full-service veterinary hospitals currently open and plan to continue to add 60 to 70 hospitals per year to new, relocated, and remodeled pet care centers as we execute on a 900+ location white space. We also have the opportunity to utilize tele-veterinary services to grow the revenue base of our hospitals through convenient online appointments. Outside of our full-service veterinary hospitals, we are expanding our Vetco clinic business both within Petco and through partnerships with other retail partners. We believe that through our affordable, convenient, and tech-enabled veterinary proposition, we are well-positioned to capture increasing share in the attractive veterinary services market while driving overall share of customer wallet by marketing and cross-selling our non-veterinary offerings.
- **Continue to Grow Our Core Grooming and Training Businesses:** The grooming and training markets are highly fragmented and offer us an opportunity to meaningfully grow our market share. Grooming is a large addressable market in the United States, representing approximately $3 billion in 2020, according to Packaged Facts. Relative to our competitors, our scale and digital capabilities, such as convenient online scheduling, provide us with a compelling advantage. In our grooming business, we have an opportunity to increase productivity by adding staff to meet elevated customer demand, selling higher priced service packages, and adding mobile grooming capabilities to capture demand for at-home services. In our training business, we have a multi-year growth opportunity with our recently expanded offerings beyond our standard in-store group classes, including private, one-on-one classes both in-store and at-home, as well as online training classes taught by our elite trainers.

Drive Product Sales with Emphasis on Owned Brand Innovation and Exclusive Brands.

We have a significant opportunity to leverage our differentiated owned brand development and innovation capabilities to accelerate growth of our leading owned brand portfolio, which has experienced growth at a CAGR of 14% between Fiscal 2017 and Fiscal 2019. During Fiscal 2019, our owned brand business accounted for $1.1 billion of sales, or 27% of total product sales, driven by the success of our WholeHearted and recently launched Reddy brands, and our exclusive and differentiated product offerings accounted for $1.7 billion of sales, or 43%, of total product sales. Looking ahead, owned brands are a key strategic priority for us as we will leverage consumer insights to drive continued innovation in our offerings across food and supplies in a manner that is differentiated relative to our competitors. Additionally, we intend to grow our brand portfolio through new partnerships with premium brands in the industry, as well as expanding existing partnerships, such as a broader

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rollout of Just Food For Dogs pantries and on-site kitchens. Our differentiated food and supplies offering is a key driver of customer loyalty and stickiness, with more than 50% of our offering not available in online or mass competitors.

Leverage Category Capabilities to Expand Our Offerings and Geographies.

Our journey is just beginning. Our fully-integrated multi-channel ecosystem provides us with tremendous data and insights, as well as the ability to continually innovate and add new capabilities and offerings. We plan to continue to add to our service offerings with new elements of our breed-specific at-home and online training classes. In the subscription offering area, we are planning initiatives in proprietary credit card, membership, and wellness programs. Within our technology platform, we plan to build upon our strong momentum to rapidly innovate and roll out new capabilities.

Internationally, we see significant opportunity to deploy our comprehensive model to expand our presence in new markets. We will leverage the success of our joint venture with Grupo Gigante in Mexico, where we have over 80 locations, and our wholesale partnership with Canadian Tire in Canada, where we have Petco products in approximately 450 locations, including the initial launch and build-out of dedicated Petco shop-in-shops, to continue to grow in these geographies. Looking ahead, we also see a meaningful opportunity to pursue a wholesale distribution approach like with Canadian Tire in new international geographies in Central and South America, Europe, and Asia.

Impact of COVID-19 Pandemic on Our Business

The ongoing COVID-19 pandemic has impacted every aspect of the economy including employment, consumer spending patterns, living and working conditions, and the viability of certain business sectors. Market data indicates that with more of the working population staying home, there has been an increase in pet ownership and the percentage of disposable income spent on home-related goods and services, including pet care. This macroeconomic trend is favorably impacting our business results to date, but the possible sustained spread or resurgence of the pandemic, and any government response thereto, increases the uncertainty regarding future economic conditions that will impact our business in the future. For more information on the impact of the COVID-19 pandemic on our business, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Impact of the COVID-19 Pandemic on Our Business.”

Summary of Risks Related to Our Business

An investment in our Class A common stock involves a high degree of risk. Among these important risks are the following:

- A decline in consumer spending or a change in consumer preferences or demographics could reduce our sales or profitability and adversely affect our business.
- The growth of our business depends in part on our ability to accurately predict consumer trends, successfully introduce new products and services, improve existing products and services, and expand into new offerings.
- Our continued success is substantially dependent on positive perceptions of Petco, including our owned or exclusive brands.
- Competition in the markets in which we operate, including internet-based competition, is strong and if we are unable to compete effectively, our ability to generate sales may suffer and our operating income and net income could decline.

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- We may be unable to execute our growth strategies successfully or manage and sustain our growth and, as a result, our business may be adversely affected.
- We may experience difficulties recruiting and retaining skilled veterinarians due to shortages that could disrupt our business.
- We face various risks as an e-commerce retailer.
- If we fail to generate or obtain sufficient capital to finance our growth strategies, we may be unable to sustain our growth and our business may be adversely affected.
- We depend on key personnel, and if we lose the services of any of our principal executive officers, we may not be able to run our business effectively.
- The loss of any of our key merchandise vendors, or of any of our exclusive distribution arrangements with certain of our vendors, would negatively impact our business.
- We face various risks related to health epidemics, pandemics, and similar outbreaks, such as the recent outbreak of COVID-19, which may materially and adversely affect our business, financial position, results of operations, and cash flows.
- A disruption, malfunction, or increased costs in the operation, expansion, or replenishment of our distribution centers or our supply chain would affect our ability to deliver to our locations and e-commerce customers or increase our expenses, which could harm our sales and profitability.
- Our reputation and business may be harmed if our or our vendors' computer network security or any of the databases containing customer, employee, or other personal information maintained by us or our third-party providers is compromised, which could materially adversely affect our results of operations.
- If our information systems or infrastructure fail to perform as designed or are interrupted for a significant period of time, our business could be adversely affected.
- Pet food safety, quality, and health concerns could adversely affect our business.
- Our substantial indebtedness could adversely affect our cash flows and prevent us from fulfilling our obligations under existing debt agreements.
- Our Sponsors will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of matters submitted to stockholders for a vote.
- We are a "controlled company" within the meaning of the Nasdaq rules and, as a result, expect to qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections as those afforded to stockholders of companies that are subject to such governance requirements.

You should carefully read and consider the information set forth under the heading "Risk Factors" beginning on page 23 and the other information in this prospectus for an explanation of these risks before investing in our Class A common stock.

Our Sponsors

We are currently controlled by Scooby LP, which is directly and/or indirectly owned by certain funds (the "CVC Funds") that are advised and/or managed by CVC Capital Partners ("CVC"), CPP

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Investments, a Canadian company (together with its affiliates, "CPP Investments" and together with the CVC Funds, our "Sponsors"), and certain co-investors. Prior to the completion of this offering, Scooby LP will transfer our equity that it holds to a newly formed and wholly owned subsidiary (our "Principal Stockholder").

Our Sponsors acquired their direct and indirect interests in us in connection with our formation and as contemplated by that certain Agreement and Plan of Merger, executed in November 2015 (the "Merger Agreement"). Pursuant to the Merger Agreement, in January 2016, a wholly owned subsidiary of ours ("Merger Sub") was merged with and into Petco Holdings, Inc. with Petco Holdings, Inc. surviving as a wholly owned subsidiary of ours and converting from a Delaware corporation to a Delaware limited liability company. Following the closing of the transactions contemplated by the Merger Agreement, we and certain co-investors directly owned and controlled Petco Holdings, Inc. LLC. The transactions contemplated by the Merger Agreement were partially financed by the Floating Rate Senior Notes (as defined herein) issued by Merger Sub in a private placement offering. Pet Animal Supplies subsequently assumed the obligations of Merger Sub under the Floating Rate Senior Notes. Further, in connection with the merger, we issued the 3.00% Senior Notes (as defined herein) to certain noteholders, including Scooby LP, as a means of providing for the distribution of cash at a later date to our new owners as the noteholders. To facilitate this offering, as described below, the noteholders have elected to contribute such notes to us in exchange for additional equity.

After giving effect to the Corporate Conversion and the completion of this offering, our Sponsors will control % of the outstanding voting power of our company. For more information on our ownership of our common stock by our principal stockholders and the voting and economic rights associated with each class of our common stock, please read "Principal Stockholders" and "Description of Capital Stock," respectively.

Recapitalization and Corporate Conversion

Prior to the completion of this offering, all of the 3.00% Senior Notes will be contributed to us and canceled, and substantially contemporaneously with the completion of this offering a portion of the Floating Rate Senior Notes (as defined herein) of Petco Animal Supplies will be partially exchanged for indebtedness of our Principal Stockholder, with such Floating Rate Senior Notes contributed to us by our Principal Stockholder and canceled. These transactions, which we refer to collectively as the "Recapitalization," will have the net effect of reducing our indebtedness and increasing our stockholders' equity. For more information regarding this indebtedness, please read "Recapitalization and Corporate Conversion" and Note 9 to the historical consolidated financial statements included elsewhere in this prospectus.

We currently operate as a Delaware limited liability company under the name PET Acquisition LLC. Prior to the effectiveness of the registration statement of which this prospectus forms a part, PET Acquisition LLC will convert into a Delaware corporation pursuant to a statutory conversion and change its name to Petco Health and Wellness Company, Inc. In this prospectus, we refer to all of the transactions related to our conversion to a corporation described above as the "Corporate Conversion." For more information regarding our conversion to a corporation, please read "Recapitalization and Corporate Conversion."

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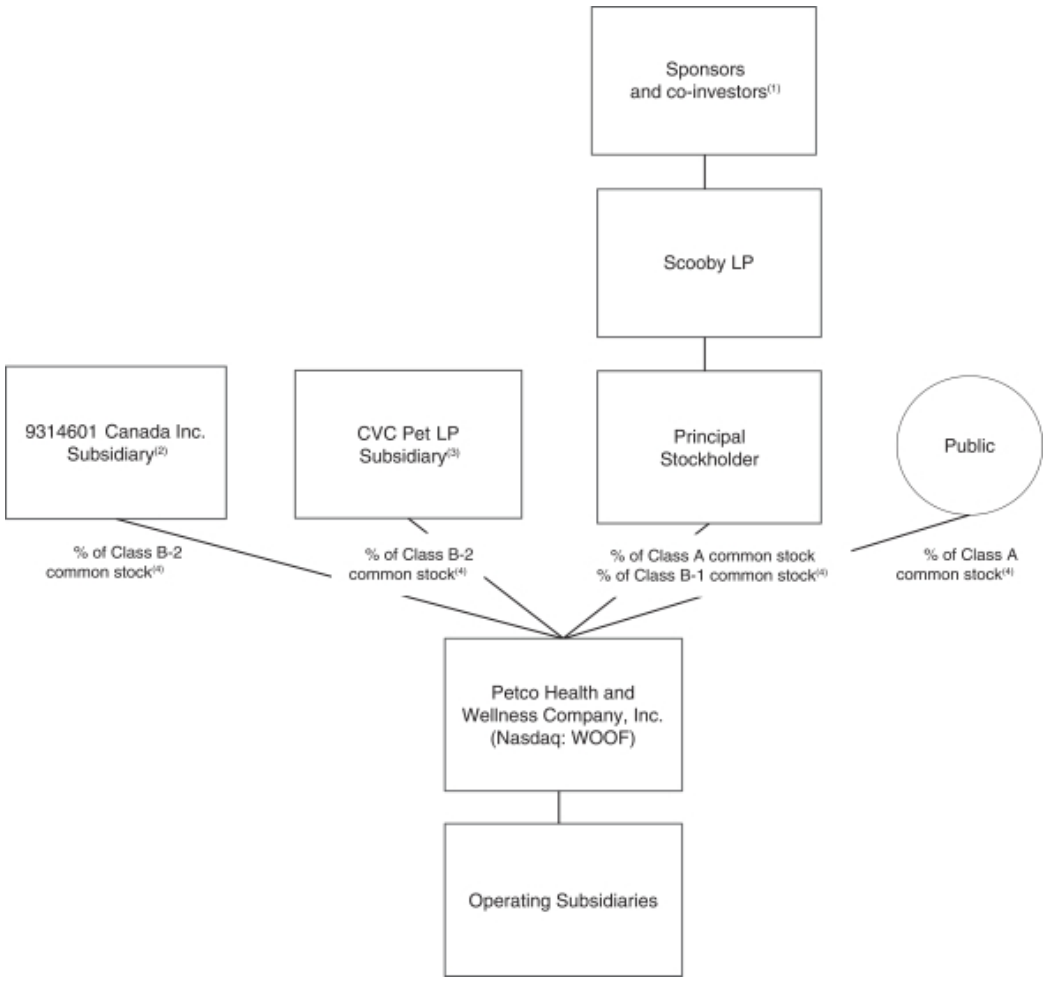
The following diagram indicates our simplified ownership structure immediately following this offering and the transactions related thereto (assuming that the underwriters' option to purchase additional shares is not exercised):



(1) Scooby LP is directly and/or indirectly owned by our Sponsors and certain co-investors and is controlled by our Sponsors.
(2) Prior to the completion of this offering, 9314601 Canada Inc. will transfer all of its shares of Class B-2 common stock to a wholly owned subsidiary. For more information, please read footnote (6) to the table in "Principal Stockholders."
(3) Prior to the completion of this offering, CVC Pet LP will transfer all of its shares of Class B-2 common stock to a wholly owned subsidiary. For more information, please read footnote (5) to the table in "Principal Stockholders."
(4) For more information on the percentage ownership of our common stock and the voting and economic rights associated with each class of our common stock, please read "Principal Stockholders" and "Description of Capital Stock," respectively.

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Corporate Information and Structure

PET Acquisition LLC is a Delaware limited liability company. Prior to the effectiveness of the registration of which this prospectus forms a part, we will convert into a Delaware corporation pursuant to a statutory conversion and be renamed Petco Health and Wellness Company, Inc. Please read the section captioned "Recapitalization and Corporate Conversion." Our principal executive offices are located at 10850 Via Frontera, San Diego, California 92127, and our telephone number at that address is (858) 453-7845. Our only material asset is the indirect ownership of 100% of the equity of Petco Animal Supplies Stores, Inc., a Delaware corporation, through which we conduct all of our business. Our website is www.petco.com. We expect to make our periodic reports and other information filed with or furnished to the Securities and Exchange Commission, or the SEC, available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Our Controlled Company Status

Because our Sponsors will control shares of Class A common stock and shares of Class B-2 common stock, which are the only classes of our common stock entitled to vote on director elections and which represent in the aggregate approximately % of the voting power with respect to director elections, we expect to be a controlled company as of the completion of this offering under the Nasdaq rules. A controlled company is not required to have a majority of independent directors or form an independent compensation or nominating and corporate governance committee. As a controlled company, we will remain subject to rules that require us to have an audit committee composed entirely of independent directors, subject to the "phase-in" rules applicable to newly public companies. Under the "phase-in" rules, we are required to have at least three independent directors on our audit committee within one year of the effectiveness of the registration statement of which this prospectus forms a part. We expect to have independent directors upon the completion of this offering. Please read "Management—Status as a Controlled Company."

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The Offering	
Class A common stock offered by us	shares (shares if the underwriters' option to purchase additional shares is exercised in full)
Class A common stock to be outstanding after this offering	shares (shares if the underwriters' option to purchase additional shares is exercised in full)
Voting Rights	Shares of our Class A common stock will be entitled to one vote per share on all matters presented to our stockholders generally. Holders of our Class B-1 common stock will not be entitled to vote in the election or removal of directors. Holders of our Class B-2 common stock will only have the right to vote in the election or removal of directors. Shares of our Class B-1 common stock will be convertible on share-for-share basis into shares of our Class A common stock at the election of the holder. As a condition to such conversion, the holder of the shares of Class B-1 common stock to be converted must direct a holder of Class B-2 common stock to transfer an equal number of shares to our company. Our Sponsors will beneficially own all outstanding shares of Class B-1 common stock and Class B-2 common stock.
Use of proceeds	We expect to receive approximately $ million of net proceeds from this offering (or $ million if the underwriters exercise in full their option to purchase additional shares of our Class A common stock), based upon the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus), after deducting underwriting discounts and estimated offering expenses payable by us. We intend to use a portion of the net proceeds from this offering to pay the accrued but unpaid interest on the exchanged Floating Rate Senior Notes and to redeem in full the Floating Rate Senior Notes that remain outstanding after the Recapitalization and the remainder of the proceeds, plus cash on hand, to repay a portion of the term loan facility (as defined herein).
Conflicts of interest	Certain affiliates of Goldman, Sachs & Co. LLC (the "GS Noteholders") hold a portion of the Floating Rate Senior Notes. The GS Noteholders receive interest payments and, upon the

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	redemption of the Floating Rate Notes, will receive a pro rata portion of the redemption payment. Because the GS Noteholders will receive 5% or more of the net proceeds of this offering, Goldman, Sachs & Co. is deemed to have a conflict of interest within the meaning of Rule 5121 of the Financial Industry Regulatory Authority, Inc. ("FINRA"). Accordingly, this offering will be conducted in compliance with Rule 5121, which requires, among other things, that a "qualified independent underwriter" participate in the preparation of, and exercise the usual standards of "due diligence" with respect to, the registration statement and this prospectus. BofA Securities, Inc. ("BofA") has agreed to act as a qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, as amended (the "Securities Act"), specifically including those inherent in Section 11 thereof. BofA will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to indemnify BofA against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. Please read "Underwriting (Conflicts of Interest)—Conflicts of Interest."
Dividend policy	We do not anticipate paying any cash dividends on our Class A common stock in the near future. In addition, our credit facilities place certain restrictions on our ability to pay cash dividends. Please read "Dividend Policy."
Listing and trading symbol	We have applied to list our Class A common stock on Nasdaq under the symbol "WOOF."
Risk factors	You should carefully read and consider the information set forth under the heading "Risk Factors" and all other information set forth in this prospectus before deciding to invest in our Class A common stock.
Directed Share Program	At our request, BofA Securities, Inc., a participating underwriter, has reserved for sale, at the initial public offering price, up to 5% of the shares offered by this prospectus for sale to certain of our directors, officers, and employees. If these persons purchase reserved shares it will reduce the number of shares available for sale to the general public. Any reserved shares that are

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not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus. For more information regarding the directed share program, please read "Underwriting (Conflicts of Interest)—Directed Share Program."

Unless the context requires otherwise, references to the number and percentage of shares of our common stock to be outstanding immediately after this offering are based on shares of our Class A common stock outstanding as of , 2020 and assume the underwriters' option to purchase additional shares of our Class A common stock will not be exercised.

Unless otherwise indicated, the information presented in this prospectus:

- gives effect to our certificate of incorporation and bylaws, which will be in effect prior to the completion of this offering;
- assumes an initial public offering price of $ per share of our Class A common stock, the midpoint of the estimated public offering price range set forth on the cover page of this prospectus; and
- excludes shares of our Class A common stock reserved for future issuance under the 2020 Plan, as further described in "Executive Compensation—2020 Equity Incentive Plan," and shares of our Class A common stock reserved for future issuance under the ESPP, as further described in "Executive Compensation—2020 Employee Stock Purchase Plan."

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Summary Historical Consolidated Financial Data

The following table presents our summary historical consolidated financial data as of the dates and for the periods indicated. The summary historical consolidated financial data as of and for the fiscal years ended 2019 and 2018, and for the twenty-six weeks ended August 1, 2020, are derived from the audited historical consolidated financial statements included elsewhere in this prospectus. The summary historical consolidated financial data as of and for the twenty-six weeks ended August 3, 2019 are derived from the unaudited consolidated financial statements included elsewhere in this prospectus.

Historical results are not necessarily indicative of the results to be expected for future periods. We refer you to the notes to our historical consolidated financial statements for a discussion of the basis on which our historical consolidated financial statements are prepared.

Our fiscal year ends on the Saturday closest to January 31, resulting in fiscal years of either 52 or 53 weeks. All references to a fiscal year refer to the fiscal year ending on the Saturday closest to January 31 of the following year. For example, references to Fiscal 2019 refer to the fiscal year beginning February 3, 2019 and ending February 1, 2020. Fiscal 2019 and Fiscal 2018 each include 52 weeks.

This table should be read in conjunction with the sections entitled “Capitalization” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

	Fiscal Year		Twenty-Six Weeks Ended	
(dollars in thousands)	2019 (52 weeks ended February 1, 2020)	2018 (52 weeks ended February 2, 2019)	August 1, 2020	August 3, 2019
Statement of operations data:				
Net sales	$ 4,434,514	$ 4,392,173	$2,322,492	$2,192,789
Cost of sales	2,527,995	2,487,334	1,326,457	1,256,542
Gross profit	1,906,519	1,904,839	996,035	936,247
SG&A expenses	1,776,919	1,746,387	914,623	890,653
Goodwill & indefinite-lived intangible impairment	19,000	373,172	—	—
Operating income (loss)	110,600	(214,720)	81,412	45,594
Interest income	(335)	(420)	(283)	(170)
Interest expense	253,018	243,744	115,301	129,072
Loss on extinguishment of debt	—	460	—	—
Loss before income taxes and (income) loss from equity method investees	(142,083)	(458,504)	(33,606)	(83,308)
Income tax benefit expense	(35,658)	(45,840)	(5,597)	(19,816)
(Income) loss from equity method investees	(2,441)	1,124	(1,077)	(438)
Net loss	(103,984)	(413,788)	(26,932)	(63,054)
Net loss attributable to noncontrolling interest(1)	(8,111)	—	(3,205)	(2,571)
Net loss income attributable to members	$ (95,873)	$ (413,788)	$ (23,727)	$ (60,483)
Per unit data:				
Loss per unit attributable to Common Series A and Common Series B members, basic and diluted	$ (0.07)	$ (0.28)	$ (0.02)	$ (0.04)
Weighted average units used in computing loss per unit attributable to Common Series A and Common Series B members	1,457,985	1,457,164	1,458,558	1,457,412
Cash dividends declared per common unit	$ —	$ —	$ —	$ —

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(dollars in thousands)	Fiscal Year 2019 (52 weeks ended February 1, 2020)	Fiscal Year 2018 (52 weeks ended February 2, 2019)	Twenty-Six Weeks Ended August 1, 2020	Twenty-Six Weeks Ended August 3, 2019
Statement of cash flow data:				
Net cash provided by (used in)				
Operating activities	$ 110,337	$ 203,202	$ 92,389	$ (29,841)
Investing activities	(139,041)	(142,682)	(48,674)	(75,458)
Financing activities	(3,071)	(32,099)	(19,069)	70,857
Net (decrease) increase in cash, cash equivalents and restricted cash	$ (31,775)	$ 28,421	$ 24,646	$ (34,442)
Balance Sheet data (end of period):				
Cash and cash equivalents	$ 148,785	$ 180,649	$ 168,892	$ 146,216
Merchandise inventories, net	478,968	470,144	489,095	499,182
Working (deficit) capital(3)	(130,936)	218,138	(101,611)	(78,088)
Fixed assets, net	656,256	683,547	614,862	680,129
Total assets(4)	6,155,118	4,924,379	6,124,809	6,287,801
Total debt(5)	3,270,131	3,239,167	3,263,544	3,324,642
Total equity	561,061	637,909	537,641	594,171
Other Financial and Operational Data:				
Comparable sales increase (decrease)(6)	3.9%	(1.1)%	6.2%	4.1%
Total pet care centers at end of period	1,478	1,490	1,474	1,489
Total pet care centers with veterinarian practices at end of period	81	39	93	57
Total Active Customers (in thousands)(7)	19,651	19,075	20,515	19,667
Total Active Multi-Channel Customers (in thousands)(8)	3,024	2,786	3,388	2,956
Net loss margin(9)	(2.3)%	(9.4)%	(1.2)%	(2.9)%
Adjusted EBITDA(10)	$ 424,547	$ 437,836	$ 217,648	$ 192,844
Adjusted EBITDA margin(10)	9.6%	10.0%	9.4%	8.8%

(1) The non-controlling interest represents 50% of the net loss of our veterinary joint venture, which is a variable interest entity for which we were deemed to be the primary beneficiary beginning in Fiscal 2019 due to revisions made in the joint operating agreement. Prior to Fiscal 2019, the joint venture was accounted for as an equity method investment.
(2) Assumes conversion of PET Acquisition LLC units into shares of our common stock in the Corporate Conversion. Class B-2 common stock is not allocated earnings on a pro forma, per share basis because it only has nominal economic rights.
(3) Working (deficit) capital is defined as current assets minus current liabilities.
(4) We adopted Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)," and related amendments as of February 3, 2019, the beginning of Fiscal 2019 on a prospective basis and therefore, fiscal years prior to 2019 have not been revised.
(5) Total debt includes obligations under the senior secured credit facilities (as defined herein), the Floating Rate Senior Notes, the 3.00% Senior Notes, and finance leases. Amounts are reflected net of unamortized discounts and debt issuance costs.
(6) Comparable sales growth is for our total enterprise. A new location or digital site is included in comparable sales beginning on the first day of the fiscal month following 12 full fiscal months of operation and is subsequently compared to like time periods from the previous year. Relocated stores become comparable stores on the first day of operation if the original store was open longer than 12 full fiscal months. If, during the period presented, a store was closed, sales from that store are included up to the first day of the month of closing. Additionally, our comparable sales exclude the impact of the wind-down and migration of our Drs. Foster & Smith digital site to Petco.com in Fiscal 2018 and Fiscal 2019. Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—How We Assess the Performance of Our Business."
(7) As of the last date of a reporting period, Total Active Customers is defined as the total number of trackable unique customers (including Pals Loyalty members) that have made at least one transaction with us, across any of our channels, during the prior 12-month period.
(8) As of the last date of a reporting period, Total Active Multi-Channel Customers is defined as the total number of trackable unique customers that have transacted with us across at least two of our channels during the prior 12-month period.
(9) Net loss margin is defined as net loss divided by net sales.
(10) Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. Please read "Selected Historical Consolidated Financial Data—Non-GAAP Financial Measures" for additional information regarding these non-GAAP financial measures and a reconciliation to the most comparable GAAP measures of each.

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RISK FACTORS

Investing in our Class A common stock involves uncertainty and risk due to a variety of factors. You should carefully consider the risks described below with all of the other information included in this prospectus before deciding to invest in our Class A common stock. Further, the risks and uncertainties described below are not the only ones we face. Additional risks not presently known to us or that we currently deem immaterial may also materially affect our business. If any of the following risks were to occur, our business, financial condition, and results of operations could be materially adversely affected. In that case, the trading price of our Class A common stock could decline, and you could lose all or part of your investment. For a summary of these risks, please read "Summary—Summary of Risks Related to Our Business."

Risks Related to Our Business

A decline in consumer spending or a change in consumer preferences or demographics could reduce our sales or profitability and adversely affect our business.

Our sales depend on consumer spending, which is influenced by factors beyond our control, including general economic conditions, disruption or volatility in global financial markets, changes in interest rates, the availability of discretionary income and credit, weather, consumer confidence, unemployment levels and government orders restricting freedom of movement. We may experience declines in sales or changes in the types of products and services sold during economic downturns. Our business could be harmed by any material decline in the amount of consumer spending, which could reduce our sales, or a decrease in the sales of higher-margin products, which could reduce our profitability and adversely affect our business.

We have also benefited from increasing pet ownership, discretionary spending on pets and current trends in humanization and premiumization in the pet industry, as well as favorable pet ownership demographics. To the extent these trends slow or reverse, our sales and profitability would be adversely affected. In particular, COVID-19 has driven an increase in pet ownership and consumer demand for our products that may not be sustained or may reverse at any time. The success of our business depends in part on our ability to identify and respond to evolving trends in demographics and consumer preferences. Failure to timely identify or effectively respond to changing consumer tastes, preferences, spending patterns and pet care needs could adversely affect our relationship with our customers, the demand for our products and services, our market share and our profitability.

The growth of our business depends in part on our ability to accurately predict consumer trends, successfully introduce new products and services, improve existing products and services, and expand into new offerings.

Our growth depends, in part, on our ability to successfully introduce, improve, and reposition our products and services to meet the requirements of pet parents. This, in turn, depends on our ability to predict and respond to evolving consumer trends, demands and preferences. Our ability to innovate is affected by the technical capability of our product development staff and third-party consultants in developing and testing new products, including complying with governmental regulations, our attractiveness as a partner for outside research and development scientists and entrepreneurs, the success of our management and sales team in introducing and marketing new products and service offerings, and our ability to leverage our digital and data capabilities to gather and respond to consumer feedback.

We may be unable to determine with accuracy when or whether any of our products or services now under development will be launched, and we may be unable to develop or otherwise acquire

product candidates or products. Additionally, we cannot predict whether any such products or services, once launched, will be commercially successful. If we are unable to successfully develop or otherwise acquire new products or services, our business, financial condition and results of operations may be materially adversely affected.

Our continued success is substantially dependent on positive perceptions of Petco, including our owned or exclusive brands.

We believe that one of the reasons our customers prefer to shop at Petco, and that our partners choose Petco as a place of employment, is the reputation we have built over many years of serving our primary constituencies: customers, partners, and the communities in which we operate. These are core elements of the Petco mission and brand. To be successful in the future, we must continue to preserve, grow, and leverage the value of our reputation and our brand. Reputational value is based in large part on perceptions of subjective qualities, and even isolated incidents that erode trust and confidence, particularly if they result in adverse publicity or widespread reaction on social media, governmental investigations, or litigation, can have an adverse impact on these perceptions and lead to adverse effects on our business, including decreased comparable sales, consumer boycotts, loss of new pet care center development opportunities, lower partner morale and productivity, or partner recruiting difficulties.

In addition, we sell many products under our owned or private label brands. Maintaining consistent product quality, competitive pricing, and availability of our branded products for our customers is essential to developing and maintaining customer loyalty and brand awareness. These products often have higher margins than national brand products. If one or more of these brands experience a loss of consumer acceptance or confidence, our sales and gross margin could be adversely affected.

Competition in the markets in which we operate, including internet-based competition, is strong and if we are unable to compete effectively, our ability to generate sales may suffer and our operating income and net income could decline.

The pet care industry is highly competitive. We compete with a number of specialty pet store chains and independent pet stores. We also compete with online retailers, supermarkets, warehouse clubs and mass merchants. The pet care industry has become increasingly competitive due to the expansion of pet-related product offerings by certain supermarkets, warehouse clubs, other retail merchandisers, and online retailers, and the entrance of additional independent pet stores with unique product offerings and other pet specialty retailers into the pet food and pet supply market, some of which have developed store formats similar to ours. Some competitors are larger and have access to greater capital and the ability to invest in more resources than we do.

We may face greater competition from national, regional, local and online retailers in the future. In particular, if any of our major competitors seeks to gain or retain market share by reducing prices or by introducing additional products or services, we may be required to reduce prices on our key products or services or introduce new offerings in order to remain competitive, which may negatively affect our profitability and require a change in our operating strategies.

If consumer preferences change and thereby decrease the attractiveness of what we believe to be our competitive advantages, including our extensive product assortment, premium product offerings, competitive pricing, high-quality service offerings, and a unique customer experience, or if we fail to otherwise positively differentiate our customer experience from that of our competitors, our business and results of operations could be adversely affected.

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We may be unable to execute our growth strategies successfully or manage and sustain our growth, and as a result, our business may be adversely affected.

Our strategies include expanding our veterinary service offerings and building out our digital and data capabilities, growing our market share in services like grooming and training, enhancing our owned brand portfolio, and introducing new offerings to better connect with our customers. However, we may not be able to execute on these strategies as effectively as anticipated. Our ability to execute on these strategies depends on a number of factors, including:

- whether we have adequate capital resources to expand our offerings and build out our digital and data capabilities;
- our ability to include veterinary services in our existing pet care centers or in our remodeled or relocated pet care centers;
- our ability to relocate our pet care centers and obtain favorable sites and negotiate acceptable lease terms;
- our ability to hire, train and retain skilled managers and personnel, including veterinarians, information technology professionals, owned brand merchants, and groomers and trainers; and
- our ability to continue to upgrade our information and other operating systems and to make use of the data that we collect through these systems to offer better products and services to our customers.

Our existing locations may not maintain their current levels of sales and profitability, and our growth strategies may not generate sales levels necessary to achieve pet care center level profitability comparable to that of our existing locations. To the extent that we are unable to execute on our growth strategies in accordance with our expectations, our sales growth would come primarily from the organic growth of existing product and service offerings.

We may experience difficulties recruiting and retaining skilled veterinarians due to shortages that could disrupt our business.

The successful growth of our veterinary services business depends on our ability to recruit and retain skilled veterinarians and other veterinary technical staff. We face competition from other veterinary service providers in the labor market for veterinarians, and from time to time, we may experience shortages of skilled veterinarians in markets in which we operate our veterinary service businesses, which may require us or our affiliated veterinary practices to increase wages and enhance benefits to recruit and retain enough qualified veterinarians to adequately staff our veterinary services operations. If we are unable to recruit and retain qualified veterinarians, or to control our labor costs, our business, financial condition, and results of operations may be materially adversely affected.

We face various risks as an e-commerce retailer.

As part of our growth strategy, we seek to further integrate our in-store and online operations and have made significant investments to integrate and grow our e-commerce business. We may require additional capital in the future to sustain or grow our e-commerce business. Business risks related to our e-commerce business include our inability to keep pace with rapid technological change, failure in our security procedures or operational controls, failure or inadequacy in our systems or labor resource levels to effectively process customer orders in a timely manner, government regulation and legal uncertainties with respect to e-commerce, and collection of sales or other taxes by one or more states or foreign jurisdictions. If any of these risks materialize, it could have an adverse effect on our business.

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In some circumstances, increased transactions through our website may result in reduced customer traffic in our pet care centers, particularly as customers take advantage of home delivery services available for online orders when making certain types of purchases, such as for bulk orders or heavy pet products. There is a risk that any such reduced customer traffic may reduce the sales of certain products and services in our pet care centers. The availability of free shipping of online and "extended aisle" orders increases our costs and could adversely affect our profitability.

In addition, as other internet retailers have increased market share in recent years, we have faced increased competition, and may continue to face increased competition in the future, from internet retailers who enter the market. Our failure to positively differentiate our product and services offerings or customer experience from these internet retailers could have a material adverse effect on our business, financial condition and results of operations.

If we fail to generate or obtain sufficient capital to finance our growth strategies, we may be unable to sustain our growth and our business may be adversely affected.

Our growth rate depends, to a large degree, on the availability of adequate capital to fund the expansion of our offerings, including veterinary services and digital capabilities, which in turn will depend in large part on cash flow generated by our business and the availability of equity and debt capital. We cannot assure you that we will be able to maintain sufficient cash flow or obtain sufficient equity or debt capital on acceptable terms, or at all, to support our expansion plans.

Moreover, the credit agreements governing the senior secured credit facilities contain provisions that restrict the amount of debt we may incur in the future, and certain other covenants that may restrict or impair our growth plans. If we are not successful in generating or obtaining sufficient capital, we may be unable to invest in our growth, which may adversely affect our results of operations.

We depend on key personnel, and if we lose the services of any of our principal executive officers, we may not be able to run our business effectively.

We are dependent upon the efforts of our principal executive officers. The loss of any of our principal executive officers could affect our ability to run our business effectively. Our success will depend on our ability to retain our current management and to attract and retain qualified personnel in the future. Competition for senior management personnel is intense, and we cannot assure you that we can retain our personnel. The loss of a member of senior management requires the remaining executive officers to divert immediate and substantial attention to seeking a replacement. The inability to fill vacancies in our senior executive positions on a timely basis could adversely affect our ability to implement our business strategy, which would negatively impact our results of operations.

The loss of any of our key merchandise vendors, or of any of our exclusive distribution arrangements with certain of our vendors, would negatively impact our business.

We purchase significant amounts of products from a number of vendors with limited supply capabilities. There can be no assurance that our current pet food or supply vendors will be able to accommodate our anticipated growth and expansion of our locations and e-commerce business. As a result of the disruptions resulting from COVID-19, some of our existing vendors have not been able to supply us with products in a timely or cost-effective manner. While we believe these disruptions to be temporary, a continued inability of our existing vendors to provide products or other product supply disruptions that may occur in the future could impair our business, financial condition, and results of operations. To date, vendor-related supply challenges have not had a material effect on our business or our sales and profitability. We do not maintain long-term supply contracts with any of our merchandise vendors. Any vendor could discontinue selling to us at any time. Although we do not

materially rely on any particular vendor, the loss of any of our significant vendors of pet food, particularly premium pet food, or pet supplies that we offer could have a negative impact on our business, financial condition, and results of operations.

We continually seek to expand our base of pet food and supply vendors and to identify new pet products. If we are unable to identify or enter into distribution relationships with new vendors or to replace the loss of any of our existing vendors, we may experience a competitive disadvantage, our business may be disrupted, and our results of operations may be adversely affected.

Most of the premium pet food brands that we purchase are not widely carried in supermarkets, warehouse clubs, or mass merchants. If any premium pet food manufacturers were to make premium pet food products widely available in supermarkets or through mass merchants, or if the premium brands currently available to supermarkets and mass merchants were to increase their market share at the expense of the premium brands sold only through specialty pet food and supplies retailers, our ability to attract and retain customers or our competitive position may suffer. Further, if supermarkets, warehouse clubs, or mass merchants begin offering any of these premium pet food brands at lower prices, our sales and gross margin could be adversely affected.

Several of the pet food brands and product lines we currently purchase and offer for sale to our customers are not offered by our closest pet specialty competitor. However, in most cases, we have not entered into formal exclusivity agreements with the vendors for such brands. In the event these vendors choose to enter into distribution arrangements with other specialty pet retailers or other competitors our sales could suffer and our business could be adversely affected.

Our principal vendors currently provide us with certain incentives such as volume purchasing, trade discounts, cooperative advertising and market development funds. A reduction or discontinuance of these incentives would increase our costs and could reduce our profitability.

We face various risks related to health epidemics, pandemics, and similar outbreaks, such as the recent outbreak of COVID-19, which may materially and adversely affect our business, financial position, results of operations, and cash flows.

Our business and financial results have been, and could be in the future, adversely affected by health epidemics, pandemics, and similar outbreaks. The COVID-19 outbreak has been declared a pandemic by the World Health Organization and continues to spread in the United States and in many other countries globally. As a result of the COVID-19 pandemic, we have reduced operations in many of our pet care centers, which has decreased our pet care center revenues and may continue to adversely affect such revenues for an uncertain period of time. Despite our efforts to manage these matters, their ultimate effects also depend on factors beyond our knowledge or control, including the duration, severity, and recurrence of any outbreak and actions taken to contain its spread and mitigate its public health effects. The pandemic may continue to adversely affect our business, financial position, results of operations, and cash flows, including by resulting in (i) significant volatility in demand for our products and services, (ii) changes in consumer behavior and preferences, (iii) disruptions of our manufacturing and supply chain operations, (iv) disruption of our cost saving programs and restructuring initiatives, (v) limitations on our employees' ability to work and travel, and (vi) changes to economic or political conditions in markets in which we operate.

As a result of COVID-19, many of our personnel are working remotely, and it is possible that this could have a negative impact on the execution of our business plans and operations. If a natural disaster, power outage, connectivity issue, or other event occurred that impacted our employees' ability to work remotely, it may be difficult or, in certain cases, impossible, for us to continue our business for a substantial period of time. The increase in remote working may also result in consumer privacy, IT security and fraud concerns as well as increase our exposure to potential wage and hour issues.

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Further, as a result of COVID-19, the operations of our pet care centers and distribution centers have been, and could be in the future, substantially disrupted by federal or state mandates ordering shutdowns of non-essential services or by the inability of our employees to travel to work. Our expansion plans for pet care centers, veterinary services, and distribution centers may also be delayed by or become costlier due to the continuing spread of COVID-19. Disruptions to the operations of our pet care centers and distribution centers and delays or increased costs in the expansion of our pet care center or distribution center capacity may negatively impact our financial performance and slow our future growth.

The uncertainty around the duration of business disruptions and the extent of the spread of the virus in the United States and to other areas of the world will likely continue to adversely impact the national or global economy and negatively impact consumer spending. Any of these outcomes could have a material adverse impact on our business, financial condition, results of operations, and ability to execute and capitalize on our strategies. The full extent of COVID-19's impact on our operations and financial performance depends on future developments that are uncertain and unpredictable, including the duration and spread of the pandemic, any long-term health impacts on any partners who have been infected with COVID-19, its impact on capital and financial markets, and any new information that may emerge concerning the severity of the virus and its spread to other regions, as well as the actions taken to contain it, among others.

In the weeks leading up to stay-at-home conditions in March and April 2020, consumer demand for our products, specifically essential pet food, surged. During this surge, we could not fulfill demand for all of our product orders. If such surges outpace our capacity build or occur at unexpected times, we may be unable to fully meet our customers' demands for our products. Further, it is unknown what impact a "second wave" of outbreaks in 2020 or beyond could have on our operations and workforce. Such impacts could include effects on our business and operations from additional government restrictions on travel, shipping, and workforce activities, including stay-at-home orders.

A disruption, malfunction, or increased costs in the operation, expansion or replenishment of our distribution centers or our supply chain would affect our ability to deliver to our locations and e-commerce customers or increase our expenses, which could harm our sales and profitability.

Our vendors generally ship merchandise to one or more of our distribution centers, which receive and allocate merchandise to our locations and e-commerce customers. The success of our pet care centers depends on their timely receipt of merchandise. If any shipped merchandise were to be delayed because of the impact of weather on transnational shipping, particularly from our vendors in Asia, our operations would likely be significantly disrupted. Disruption to shipping and transportation channels due to slowdowns or work stoppages at ports on the West Coast of the United States have occurred in the past, and to the extent they occur in the future, could cause us to rely more heavily on airfreight to achieve timely delivery to our customers, resulting in significantly higher freight costs. We may not be able to pass all or any portion of these higher costs on to our customers or adjust our pricing structure in a timely manner in order to remain competitive, either of which could have a material adverse effect on our results of operations.

We have faced labor shortages at several of our distribution centers due to factors directly or indirectly related to COVID-19, which has adversely affected our results of operations. If any of our distribution centers were to shut down, continue to suffer substantial labor shortages, or lose significant capacity for any reason, our operations would likely be significantly disrupted. We compete with other retailers for the supply of personnel to staff our distribution centers, some of whom are larger than us and have access to greater capital resources than we do. If we are unable to successfully recruit and retain personnel to staff our distribution centers, we may face labor shortages or be forced to increase

wages and enhance benefits for such personnel, which may have an adverse effect on our results of operations. In addition, any interruption or malfunction in our distribution operations, including, but not limited to, the loss of a key vendor that provides transportation of merchandise to or from our distribution centers, or regulatory issues with respect to any of our distribution centers, could adversely affect our sales and results of operations. An interruption in our inventory supply chain could result in out-of-stock or excess merchandise inventory levels or adversely affect our ability to make timely deliveries to e-commerce customers, and could adversely affect our sales and results of operations.

Our operations are subject to extensive governmental regulation, and we may incur material liabilities under, or costs in order to comply with, existing or future laws and regulations. Our failure to comply with such laws and regulations may result in enforcements, recalls, and other adverse actions that could disrupt our operations and adversely affect our financial results.

Our operations, including some of our vendors, are subject to federal, state, and local laws and regulations established by the Occupational Safety and Health Administration ("OSHA"), the U.S. Food and Drug Administration (the "FDA"), the U.S. Department of Agriculture (the "USDA"), the Drug Enforcement Administration (the "DEA"), the U.S. Environmental Protection Agency (the "EPA"), the National Labor Relations Board, and by various other federal, state, local, and foreign authorities. These laws and regulations govern, among other things, our relationships with employees, including minimum wage requirements, overtime, terms and conditions of employment, working conditions, and citizenship requirements; the weights and measures of our products; the manufacturing and distribution of foods, drugs, and controlled substances intended for animal use; our businesses that provide veterinary services and pet insurance plans; the transportation, handling, and sale of small pets; emissions to air and water and the generation, handling, storage, discharge, transportation, disposal, and remediation of waste and hazardous materials; the processing, storage, distribution, safety, advertising, labeling, promotion, and import or export of our products; providing services to our customers; contracted services with various third-party providers; credit and debit card processing; the handling, security, protection, and use of customer and associate information; and the licensing and certification of services. In addition, we are subject to a wide range of state and local regulations relating to COVID-19, which are frequently changing. Read "Business—Government Regulation."

Violations of or liability under applicable laws and regulations may result in administrative, civil or criminal fines, penalties or sanctions against us, revocation or modification of applicable permits, licenses, or authorizations, environmental, health and safety investigations or remedial activities, voluntary or involuntary product recalls, warning or untitled letters or cease and desist orders against operations that are not in compliance, or third-party liability claims against us, among other things. Such laws and regulations generally have become more stringent over time and may become more so in the future, and we may incur (directly, or indirectly through our outsourced private brand manufacturing partners) material costs to comply with current or future laws and regulations or in any required product recalls. Some of these laws and regulations are subject to varying and uncertain interpretations, application, and enforcement by courts and regulatory authorities with broad discretion, which can mean that our efforts to maintain compliance in all jurisdictions are not always successful. Liabilities under, costs of compliance with, and the impacts on us of any alleged or determined non-compliance with any such laws and regulations could materially and adversely affect our business, reputation, financial condition, and results of operations. In addition, changes in the laws and regulations to which we are subject could impose significant limitations and require changes to our business, which may increase our compliance expenses, make our business costlier and less efficient to conduct, and compromise our growth strategy. Although we routinely obtain broad indemnities from our vendors in respect of their products, we could be adversely affected if we were found not to be in compliance with applicable regulations and we were not made whole by our vendors.

Among other regulatory requirements, the FDA regulates the inclusion of specific claims in pet food labeling. For example, pet food products that are labeled or marketed with claims that may

suggest that they are intended to treat or prevent disease in pets would potentially meet the statutory definitions of both a food and a drug. The FDA has issued guidance containing a list of specific factors it will consider in determining whether to initiate enforcement action against such products if they do not comply with the regulatory requirements applicable to drugs. These factors include, among other things, whether the product is only made available through or under the direction of a veterinarian and does not present a known safety risk when used as labeled. While we believe that we market our products in compliance with the policy articulated in FDA's guidance and in other claim-specific guidance, the FDA may disagree or may classify some of our products differently than we do, and may impose more stringent regulations which could lead to alleged regulatory violations, enforcement actions, and/or product recalls. In addition, we may produce new products in the future that may be subject to FDA pre-market review before we can market and sell such products. Our distribution centers are also subject to periodic inspection by the FDA or other governmental authorities.

Currently, many states in the United States have adopted the Association of American Feed Control Officials (the "AAFCO") definition of the term "natural" with respect to the pet food industry, which means a feed or feed ingredient derived solely from plant, animal, or mined sources, not having been produced by or subject to a chemically synthetic process and not containing any additives or processing aids that are chemically synthetic except in amounts as might occur in good manufacturing practices. Certain of our pet food products use the term "natural" in their labelling or marketing materials. As a result, we may incur material costs to comply with any new labeling requirements relating to the term "natural" and could be subject to liabilities if we fail to timely comply with such requirements, which could have a material adverse effect on our business, financial condition, and results of operations.

Failure to comply with governmental regulations or the expansion of existing or the enactment of new laws or regulations applicable to our veterinary services could adversely affect our business and our financial condition or lead to fines, litigation, or our inability to offer veterinary products or services in certain states.

All of the states in which we operate impose various registration, permit, and/or licensing requirements relating to the provision of veterinary products and services. To fulfill these requirements, we believe that we have registered with appropriate governmental agencies and, where required, have appointed a licensed veterinarian to act on behalf of each facility. All veterinarians practicing in our veterinary service businesses are required to maintain valid state licenses to practice.

In addition, certain states have laws, rules, and regulations which require that veterinary medical practices be owned by licensed veterinarians and that corporations which are not owned by licensed veterinarians refrain from providing, or holding themselves out as providers of, veterinary medical care, or directly employing or otherwise exercising control over veterinarians providing such care. We may experience difficulty in expanding our operations into other states or jurisdictions with similar laws, rules, and regulations. Our provision of veterinary services through tele-veterinarian offerings is also subject to an evolving set of state laws, rules, and regulations. Although we believe that we have structured our operations to comply with our understanding of the veterinary medicine laws of each state or jurisdiction in which we operate, interpretive legal precedent and regulatory guidance varies by jurisdiction and is often sparse and not fully developed. A determination that we are in violation of applicable restrictions on the practice of veterinary medicine in any jurisdiction in which we operate could have a material adverse effect on us, particularly if we are unable to restructure our operations to comply with the requirements of that jurisdiction.

We strive to comply with all applicable laws, regulations and other legal obligations applicable to our veterinary services. It is possible, however, that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another or may conflict with other rules or our

practices. We cannot guarantee that our practices have complied, comply, or will comply fully with all such laws, regulations, requirements, and obligations. Any failure, or perceived failure, by us to comply with our filed permits and licenses with any applicable federal-, state-, or international-related laws, industry standards or codes of conduct, regulatory guidance, orders to which we may be subject, or other legal obligations relating to privacy or consumer protection could adversely affect our reputation, brand, and business, and may result in claims, proceedings or actions against us by governmental entities or others or other liabilities. Any such claim, proceeding, or action could hurt our reputation, brand and business, force us to incur significant expenses in defending such proceedings, distract our management, increase our costs of doing business, result in a loss of customers and vendors, and may result in the imposition of monetary liability. We may also be contractually liable to indemnify and hold harmless third parties from the costs or consequences of non-compliance with any laws or regulations applicable to our veterinary services. In addition, various federal, state, and foreign legislative and regulatory bodies may expand existing laws or regulations, enact new laws or regulations, or issue revised rules or guidance applicable to our veterinary services. Any such changes may force us to incur substantial costs or require us to change our business practices. This could compromise our ability to pursue our growth strategy effectively and may adversely affect our ability to acquire customers or otherwise harm our business, financial condition, and results of operations.

We occasionally seek to grow our business through acquisitions of or investments in new or complementary businesses, products or services, or through strategic ventures, and the failure to successfully identify these opportunities, manage and integrate these acquisitions, investments, or alliances, or to achieve an adequate return on these investments, could have an adverse effect on us.

The pet care industry is highly fragmented. We have completed acquisitions in the past and may pursue expansion and acquisition opportunities in the future. If we are unable to manage acquisitions, investments, or strategic ventures, or integrate any acquired businesses, services, or technologies effectively, we may not realize the expected benefits from the transaction relative to the consideration paid, and our business, financial condition, and results of operations may be adversely affected. To be successful, the integration process requires us to achieve the benefits of combining the companies, including generating operating efficiencies and synergies and eliminating or reducing redundant costs. This integration process involves inherent uncertainties, and we cannot assure you that the anticipated benefits of these acquisitions will be fully realized without incurring unanticipated costs or diverting management's attention from our core operations.

From time to time we also make strategic investments. These investments typically involve many of the same risks posed by acquisitions, particularly those risks associated with the diversion of our resources, the inability of the new venture to generate sufficient revenues, the management of relationships with third parties, and potential expenses. Strategic ventures have the added risk that the other strategic venture partners may have economic, business, or legal interests or objectives that are inconsistent with our interests and objectives.

Further, we may be unsuccessful in identifying and evaluating business, legal, or financial risks as part of the due diligence process associated with a particular transaction. In addition, some investments may result in the incurrence of debt or may have contingent consideration components that may require us to pay additional amounts in the future in relation to future performance results of the subject business. If we do enter into agreements with respect to these transactions, we may fail to complete them due to factors such as failure to obtain regulatory or other approvals. We may be unable to realize the full benefits from these transactions, such as increased net sales or enhanced efficiencies, within the timeframes that we expect or at all. These events could divert attention from our other businesses and adversely affect our business, financial condition, and results of operations. Any future acquisitions also could result in potentially dilutive issuances of equity securities, the incurrence of additional debt, or the assumption of contingent liabilities.

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We are subject to risks related to online payment methods.

We currently accept payments using a variety of methods, including credit cards, debit cards, Paypal, and gift cards. As we offer new payment options to consumers, we may be subject to additional regulations, compliance requirements, fraud, and other risks. For certain payment methods, we pay interchange and other fees, which may increase over time and raise our operating costs and lower profitability. As a merchant that accepts debit and credit cards for payment, we are subject to the Payment Card Industry ("PCI") Data Security Standard ("PCI DSS"), issued by the PCI Council. PCI DSS contains compliance guidelines and standards with regard to our security surrounding the physical administrative and technical storage, processing, and transmission of individual cardholder data. By accepting debit cards for payment, we are also subject to compliance with American National Standards Institute data encryption standards and payment network security operating guidelines. Failure to be PCI compliant or to meet other payment card standards may result in the imposition of financial penalties or the allocation by the card brands of the costs of fraudulent charges to us. As well, the Fair and Accurate Credit Transactions Act requires systems that print payment card receipts to employ personal account number truncation so that the customer's full account number is not viewable on the slip.

Further, as our business changes, we may be subject to different rules under existing standards, which may require new assessments that involve costs above what we currently pay for compliance. In the future, as we offer new payment options to consumers, including by way of integrating emerging mobile and other payment methods, we may be subject to additional regulations, compliance requirements, and fraud. If we fail to comply with the rules or requirements of any provider of a payment method we accept, if the volume of fraud in our transactions limits or terminates our rights to use payment methods we currently accept, or if a data breach occurs relating to our payment systems, we may, among other things, be subject to fines, legal proceedings, or higher transaction fees and may lose, or face restrictions placed upon, our ability to accept credit card payments from consumers or facilitate other types of online payments. If any of these events were to occur, our business, financial condition, and results of operations could be materially and adversely affected.

We also occasionally receive orders placed with fraudulent data. If we are unable to detect or control fraud, our liability for these transactions could harm our business, financial condition, and results of operations.

Our marketing programs, e-commerce initiatives, and use of consumer information are governed by an evolving set of laws and enforcement trends, and changes in privacy laws or trends, or our failure to comply with existing or future laws, could substantially harm our business and results of operations.

We collect, maintain, use, and share consumer data provided to us through online activities and other consumer interactions in our business in order to provide a better experience for our customers. Our current and future marketing programs depend on our ability to collect, maintain, use and share this information with service providers, and our ability to do so depends on the trust that our customers place in us and our ability to maintain that trust. Additionally, our use of consumer data is subject to the terms of our privacy policies and certain contractual restrictions in third-party contracts as well as evolving federal, state, and international laws and enforcement trends. While we strive to comply with all such regulatory and contractual obligations and believe that we are good stewards of our customers' data, this area is rapidly evolving, and it is possible that these requirements may be interpreted and applied in a manner that is inconsistent from one jurisdiction to another, may conflict with other rules, or may conflict with our practices. If so, we may suffer damage to our reputation and be subject to proceedings or actions against us by governmental entities or others. Any such proceeding or action could hurt our reputation, force us to spend significant amounts to defend our practices, distract our management, increase our costs of doing business, and result in monetary liability.

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One of the ways we track consumer data and interactions for marketing purposes is through the use of third-party "cookies." Federal and state governmental authorities continue to evaluate the privacy implications inherent in the use of third-party cookies and other methods of online tracking for behavioral advertising and other purposes. The U.S. government has enacted, has considered, or is considering legislation or regulations that could significantly restrict the ability of companies and individuals to engage in these activities, such as by regulating the level of consumer notice and consent required before a company can employ cookies or other electronic tracking tools or the use of data gathered with such tools. Additionally, some providers of consumer devices and web browsers have implemented, or announced plans to implement, means to make it easier for internet users to prevent the placement of cookies or to block other tracking technologies, which could if widely adopted result in the use of third-party cookies and other methods of online tracking becoming significantly less effective. The regulation of the use of these cookies and other current online tracking and advertising practices or a loss in our ability to make effective use of services that employ such technologies could increase our costs of operations and limit our ability to acquire new customers on cost-effective terms and, consequently, materially and adversely affect our business, financial condition, and results of operations.

In addition, various federal and state legislative and regulatory bodies, or self-regulatory organizations, may expand or further enforce current laws or regulations, enact new laws or regulations, or issue revised rules or guidance regarding privacy, data protection, consumer protection, and advertising. For example, in June 2018, California enacted the California Consumer Privacy Act (the "CCPA"), which took effect on January 1, 2020. The CCPA gives California residents expanded rights to access and delete their personal information, opt out of certain sales of personal information, and receive detailed information about what personal information is collected, how their personal information is used, and how that personal information is shared. The CCPA provides for civil penalties for violations enforced by the California Attorney General, as well as a private right of action for data breaches that is expected to increase data breach litigation. Further, on November 3, 2020, the California Privacy Rights Act (the "CPRA") was voted into law by California residents. The CPRA significantly amends the CCPA, and imposes additional data protection obligations on companies doing business in California, including additional consumer rights processes and opt outs for certain uses of sensitive data. It also creates a new California data protection agency specifically tasked to enforce the law, which could result in increased regulatory scrutiny of California businesses in the areas of data protection and security. The substantive requirements for businesses subject to the CPRA will go into effect on January 1, 2023, and become enforceable on July 1, 2023. Some observers have noted that the CCPA and CPRA could mark the beginning of a trend toward more stringent state privacy legislation in the United States. Similar laws have been proposed in other states and at the federal level, and if passed, such laws may have potentially conflicting requirements that would make compliance challenging. We have incurred and may continue to incur costs to adapt our systems and practices to comply with the current CCPA requirements and these costs may adversely affect our financial condition and results of operations. Additionally, the Federal Trade Commission (the "FTC"), and many state attorneys general are interpreting existing federal and state consumer protection laws to impose evolving standards for the online collection, use, dissemination, and security of other personal data. Courts may also adopt the standards for fair information practices promulgated by the FTC, which concern consumer notice, choice, security, and access. Consumer protection laws require us to publish statements that describe how we handle personal data and choices individuals may have about the way we handle their personal data. If such information that we publish is considered untrue, we may be subject to government claims of unfair or deceptive trade practices, which could lead to significant liabilities and consequences. Further, according to the FTC, violating consumers' privacy rights or failing to take appropriate steps to keep consumers' personal data secure may constitute unfair acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

Each of these privacy, security, and data protection laws and regulations—and others, including the CAN-SPAM Act of 2003, regulating our use of certain electronic mail marketing and state data breach notification laws requiring notifications to state residents in certain instances—and any other such changes or new laws or regulations, could impose significant limitations, require changes to our business, or restrict our use or storage of personal information, which may increase our compliance expenses and make our business costlier or less efficient to conduct. In addition, any such changes could compromise our ability to develop an adequate marketing strategy and pursue our growth strategy effectively, which, in turn, could adversely affect our business, financial condition, and results of operations.

We face the risk of litigation resulting from unauthorized text messages sent in violation of the Telephone Consumer Protection Act.

We send short message service, or SMS, text messages to customers. The actual or perceived improper sending of text messages may subject us to potential risks, including liabilities or claims relating to consumer protection laws. Numerous class-action suits under federal and state laws have been filed in recent years against companies who conduct SMS texting programs, with many resulting in multi-million-dollar settlements to the plaintiffs. Any future such litigation against us could be costly and time-consuming to defend. For example, the Telephone Consumer Protection Act of 1991, a federal statute that protects consumers from unwanted telephone calls, faxes and text messages, restricts telemarketing and the use of automated SMS text messages without proper consent. Federal or state regulatory authorities or private litigants may claim that the notices and disclosures we provide, form of consents we obtain or our SMS texting practices are not adequate or violate applicable law. This may in the future result in civil claims against us. The scope and interpretation of the laws that are or may be applicable to the delivery of text messages are continuously evolving and developing. If we do not comply with these laws or regulations or if we become liable under these laws or regulations, we could face direct liability, could be required to change some portions of our business model, could face negative publicity, and our business, financial condition and results of operations could be adversely affected. Even an unsuccessful challenge of our SMS texting practices by our customers, regulatory authorities, or other third parties could result in negative publicity and could require a costly response from and defense by us.

Our reputation and business may be harmed if our or our vendors' computer network security or any of the databases containing customer, employee, or other personal information maintained by us or our third-party providers is compromised, which could materially adversely affect our results of operations.

We collect, store, and transmit proprietary or confidential information regarding our customers, employees, job applicants, and others, including credit card information and personally identifiable information. We also collect, store, and transmit employees' health information in order to administer employee benefits; accommodate disabilities and injuries; to comply with public health requirements; and to mitigate the spread of COVID-19 in the workplace. The protection of customer, employee, and company data in the information technology systems we use (including those maintained by third-party providers) is critical. In the normal course of business, we are and have been the target of malicious cyber-attack attempts and have experienced other security incidents. For example, in September 2020, we discovered malware designed to illegally access our customers' credit card information had been installed on the website of one of our business units. We engaged a cybersecurity firm to assist us in launching an investigation, and took steps to remediate the breach, including shutting down the impacted systems to prevent unauthorized access to customer data. Our investigation revealed that customers' personal information exposed in this incident included names, email addresses, addresses, credit card numbers, credit card expiration dates, credit card CVV codes and account passwords. We notified state regulators and the affected individuals. In October 2020, we received a demand letter from legal counsel for two individuals in connection with this incident claiming violations of various

provisions of California law and asserting other common law causes of action. This demand letter also stated the intention to seek relief on behalf of similarly situated customers. Our evaluation of this demand letter is ongoing.

While to date, we do not believe such identified security events have been material or significant to us, including to our reputation or business operations, or had a material financial impact, we can not assure you that such incidents or future cyber-attacks will not expose us to material liability. Security could be compromised and confidential information, such as customer credit card numbers, employee information, or other personally identifiable information that we or our vendors collect, transmit, or store, could be misappropriated or system disruptions could occur. In addition, cyber-attacks such as ransomware attacks could lock us out of our information systems and disrupt our operations. We may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Attacks may be targeted at us, our customers, our employees, or others who have entrusted us with information. Actual or anticipated attacks may cause us to incur increasing costs, including costs to deploy additional personnel and protection technologies, train employees, and engage third-party experts and consultants. Advances in computer capabilities, new technological discoveries, or other developments may result in the breach or compromise of the technology used by us to protect transactions or other sensitive data. In addition, data and security breaches could also occur as a result of non-technical issues, including intentional or inadvertent breach by our employees or by persons with whom we have commercial relationships, that result in the unauthorized release of personal or confidential information. Any compromise or breach of our or our vendors' computer network security could result in a violation of applicable privacy and other laws, costly investigations, litigation, including class actions, and notification, as well as potential regulatory or other actions by governmental agencies and harm to our brand, business, and results of operations. As a result of any of the foregoing, we could experience adverse publicity, loss of sales, the cost of remedial measures and significant expenditures to reimburse third parties for damages, which could adversely impact our results of operations. Any insurance we maintain against the risk of this type of loss may not be sufficient to cover actual losses or may not apply to the circumstances relating to any particular loss.

The techniques used by criminals to obtain unauthorized access to sensitive data change frequently and often cannot be recognized until launched against a target. Accordingly, we or our vendors may not be able to anticipate these frequently changing techniques or implement adequate preventive measures for all of them. Failure by us or our vendors to comply with data security requirements, including the CCPA's new "reasonable security" requirement in light of the private right of action, or rectify a security issue may result in class action litigation, fines and the imposition of restrictions on our ability to accept payment cards, which could adversely affect our operations. We cannot assure you that we or our vendors will be able to satisfy the PCI data security standards. In addition, PCI is controlled by a limited number of vendors that have the ability to impose changes in fee structures and operational requirements without negotiation. Such changes in fees and operational requirements may result in our failure to comply with PCI security standards, as well as significant unanticipated expenses. Any unauthorized access into our customers' sensitive information, or other data handled by or on behalf of us, even if we are compliant with industry security standards, could put us at a competitive disadvantage, result in deterioration of our customers' confidence in us, and subject us to potential litigation, liability, fines, and penalties and consent decrees, which could require us to expend significant resources related to remediation or result in a disruption of our operations, any of which could have a material adverse effect on our business, financial condition, and results of operations.

If our information systems or infrastructure fail to perform as designed or are interrupted for a significant period of time, our business could be adversely affected.

The efficient operation of our business is dependent on our information systems. In particular, we rely on our information systems to effectively manage our financial and operational data, to maintain

our in-stock positions, and to transact the sale of our products in our pet care centers. The failure of our information systems to perform as designed, loss of data, or any interruption of our information systems for a significant period of time could disrupt our business.

Our operations also depend on our ability to maintain and protect the computer systems we use to manage our purchase orders, pet care center inventory levels, web applications, accounting functions, and other critical aspects of our business. Our systems are vulnerable to damage from fire, floods, earthquakes, power loss, telecommunications failures, terrorist and cyber-attacks, and similar events. Our disaster recovery planning may not be sufficient to adequately respond to any such events. In addition, we may have inadequate insurance coverage to compensate for any related losses and expenses. Any of these events could damage our reputation, disrupt our business, and be expensive to remedy.

We continue to invest in our information systems and IT infrastructure. Enhancement to or replacement of our major financial or operational information systems could have a significant impact on our ability to conduct our business operations and increase our risk of loss resulting from disruptions of normal operating processes and procedures that may occur during the implementation of new information systems. It may also require us to divest resources to ensure that implementation is successful. We can make no assurances that the costs of investments in our information systems will not exceed estimates, that the systems will be implemented without material disruption, or that the systems will be as beneficial as predicted. If any of these events occur, our results of operations could be adversely affected.

Negative publicity arising from claims that we do not properly care for animals we handle or sell could adversely affect how we are perceived by the public and reduce our sales and profitability.

From time to time we receive claims or complaints alleging that we do not properly care for some of the pets we handle or for companion animals we handle and sell, which may include dogs, cats, birds, fish, reptiles, and other small animals. Deaths or injuries sometimes occur while animals are in our care. As a result, we may be subject to claims that our animal care practices, including grooming, training, veterinary, and other services, or the related training of our associates, do not provide the proper level of care. Our efforts to establish our reputation as a “health and wellness” company increases the risk of claims or complaints regarding our practices. Any such claims or complaints, as well as any related news reports or reports on social media, even if inaccurate or untrue, could cause negative publicity, which in turn could harm our business and have a material adverse effect on our results of operations.

Our international operations and evolving foreign trade policy may result in additional market risks, which may adversely affect our business.

As our international operations grow, they may require greater management and financial resources. International operations require the integration of personnel with varying cultural and business backgrounds and an understanding of the relevant differences in the cultural, legal, and regulatory environments. Our results may be increasingly affected by the risks of our international activities, including:

- challenges anticipating or responding to the impact that local culture and market forces may have on local consumer preferences and trends;
- fluctuations in currency exchanges rates;
- changes in international staffing and employment issues;
- the imposition of taxes, duties, tariffs, or other trade barriers;

- shipping delays, such as the recent slowdown or work stoppage at ports on the West Coast, or customs delays;
- greater difficulty in utilizing and enforcing our intellectual property rights;
- the burden of complying with foreign laws, including regulatory regimes, tax laws, privacy laws, and financial accounting standards;
- political and economic instability and developments;
- issues or disputes arising with our joint venture partners, if any, in such operations; and
- the risk that COVID-19 spreads widely in any country where we have significant employee presence, facilities, or critical operations, thereby impairing our ability to manage day-to-day operations and service our customers, increasing our costs of operations, and resulting in potential losses in revenue.

Moreover, certain policies and statements of the President of the United States and senior administration officials have given rise to uncertainty regarding the future of international trade agreements and the United States' position on international trade. For example, the U.S. government has threatened to undertake a number of actions relating to trade with Mexico, including the closure of the border and the imposition of escalating tariffs on goods imported into the United States from Mexico. It remains unclear what additional actions, if any, the current U.S. administration will take with respect to trade relationships. Additional trade restrictions, including tariffs, quotas, embargoes, safeguards, and customs restrictions, could increase the cost or reduce the supply of products available to us and to our vendors based in the United States and may require us to modify our supply chain organization or other current business practices, any of which could harm our business, financial condition, and results of operations.

Our products are sourced from a wide variety of vendors, including from vendors overseas, particularly in China. In addition, some of the products that we purchase from vendors in the United States also depend, in whole or in part, on vendors located outside the U.S. In 2018 and 2019, the United States imposed significant tariffs on various products imported from China, including certain products we source from China. The United States has also stated that further tariffs may be imposed on additional products imported from China if a trade agreement is not reached. On January 15, 2020, a "phase one" trade deal was signed between the United States and China and was accompanied by a decision from the United States to cancel a plan to increase tariffs on an additional list of Chinese products. However, given the limited scope of the phase one agreement, concerns over the stability of bilateral trade relations remain. At this time, we cannot assure you that a broader trade agreement will be successfully negotiated between the United States and China to reduce or eliminate the existing tariffs.

If additional tariffs are imposed on our products, or other retaliatory trade measures are taken, our costs could increase and we may be required to raise our prices. Further, efforts to mitigate this tariff risk, including a shift of production to places outside of China, could result in increased costs and disruption to our operations. These potential outcomes could result in the loss of customers and adversely affect our operating performance. To mitigate tariff risks with China, we may also seek to shift production outside of China, which could result in increased costs and disruption to our operations.

Our quarterly operating results may fluctuate due to the timing of expenses, new pet care center openings, pet care center closures, and other factors.

Our expansion plans, including the timing of new and remodeled pet care centers and veterinary hospitals, and related pre-opening costs, the amount of net sales contributed by new and existing pet care centers, and the timing of and estimated costs associated with pet care center closings or relocations, may cause our quarterly results of operations to fluctuate. Further, new pet care centers

and service offerings tend to experience higher payroll, advertising and other store-level expenses as a percentage of net sales than more mature pet care centers, and such openings also often contribute to lower pet care center operating margins until those pet care centers become established, which may result in quarterly fluctuations in operating results. Quarterly operating results are not necessarily accurate predictors of performance.

Quarterly operating results may also vary depending on a number of factors, many of which are outside our control, including:

- changes in our pricing policies or those of our competitors;
- our sales and channels mix and the relevant gross margins of the products and services sold;
- the hiring and retention of key personnel;
- wage and cost pressures;
- changes in fuel prices or electrical rates;
- costs related to acquisitions of businesses; and
- general economic factors.

Pet food safety, quality, and health concerns could adversely affect our business.

We could be adversely affected if consumers lose confidence in the safety and quality of our owned brand or vendor-supplied pet food products and supplies. Adverse publicity about these types of concerns, whether valid or not, may discourage consumers from buying the products in our locations or cause vendor production and delivery disruptions. The actual or perceived sale of contaminated pet food products by our vendors or us could result in product liability claims against our vendors or us and a loss of consumer confidence, which could have an adverse effect on our sales and operations. In addition, if our products are alleged to pose a risk of injury or illness, or if they are alleged to have been mislabeled, misbranded, or adulterated, or to otherwise be in violation of governmental regulations, we may need to find alternate ingredients for our products, delay production of our products, or discard or otherwise dispose of our products, which could adversely affect our results of operations. If this occurs after the affected product has been distributed, we may need to withdraw or recall the affected product. Given the difficulty in converting pet food customers, if we lose customers due to a loss of confidence in safety or quality, it may be difficult to reacquire such customers.

Restrictions imposed in reaction to outbreaks of animal diseases or COVID-19 could have a material adverse effect on our business, financial condition, and results of operations.

If animal diseases, such as mad cow disease, foot-and-mouth disease, or highly pathogenic avian influenza, also known as “bird flu,” impact the availability of the protein-based ingredients our vendors use in products, our vendors may be required to locate alternative sources for protein-based ingredients. Those sources may not be available to sustain our sales volumes, may be costlier, and may affect the quality and nutritional value of our products. If outbreaks of mad cow disease, foot-and-mouth disease, bird flu, or any other animal disease, or the regulation or publicity resulting therefrom impacts the cost of the protein-based ingredients we have in our products, or the cost of the alternative protein-based ingredients necessary for our products as compared to our current costs, we may be required to increase the selling price of our products to avoid margin deterioration. However, we may not be able to charge higher prices for our products without negatively impacting future sales volumes.

As a result of the disruptions resulting from COVID-19, some manufacturers of pork and other protein-based ingredients we use in our products were forced to shut down processing plants or take

other adverse actions. While our supply chain was not disrupted, similar disruptions in the future due to COVID-19 or other outbreaks could potentially limit the supply of or increase prices for certain of meat proteins used in our pet food products, adversely affecting our business and results of operations.

Product recalls and product liability, as well as changes in product safety and other consumer protection laws, may adversely impact our operations, merchandise offerings, reputation, financial condition, results of operations, and cash flows.

We are subject to regulations by a variety of federal, state, and international regulatory authorities, including regulations regarding the safety and quality of our products. We purchase merchandise from several hundred different vendors. One or more of our vendors, including manufacturers of our owned or private label brand products, might not adhere to product safety requirements or our quality control standards, and we might not identify the deficiency before merchandise ships to our pet care centers. Any issues of product safety or allegations that our products are in violation of governmental regulations, including, but not limited to, issues involving products manufactured in foreign countries, could cause those products to be recalled. If our vendors fail to manufacture or import merchandise that adheres to our quality control standards, product safety requirements or applicable governmental regulations, our reputation and brands could be damaged, potentially leading to increases in customer litigation against us. Further, to the extent we are unable to replace any recalled products, we may have to reduce our merchandise offerings, resulting in a decrease in sales. If our vendors are unable or unwilling to recall products failing to meet our quality standards, we may be required to recall those products at a substantial cost to us. Moreover, changes in product safety or other consumer protection laws could lead to increased costs to us for certain merchandise, or additional labor costs associated with readying merchandise for sale. Long lead times on merchandise ordering cycles increase the difficulty for us to plan and prepare for potential changes to applicable laws. In the event that we are unable to timely comply with regulatory changes or regulators do not believe we are complying with current regulations applicable to us, significant fines or penalties could result, and could adversely affect our reputation, financial condition, results of operations, and cash flows.

Fluctuations in the prices and availability of certain commodities, such as rawhide, grains, and meat protein, could materially adversely affect our operating results.

The pet food and supplies industry is subject to risks related to increases in the price of and the availability of certain commodities used in the production of certain pet food and other pet-related products, specifically seed, wheat, and rice, as well as other materials such as rawhide, that are used in certain pet accessories. Additionally, increased human consumption or population increases may potentially limit the supply of or increase prices for certain of meat proteins used in animal feed. Historically, in circumstances where these price increases have resulted in our manufacturers or vendors increasing the costs we pay for our food products, we have been able to pass these increases on to customers. However, our ability to pass on increased purchase costs in the future will be significantly impacted by market conditions and competitive factors. If we are unable to pass on any increased purchase costs to customers, we may experience reduced margins, which could have a material adverse effect on our business, financial condition, and results of operations.

Failure to establish, maintain, protect, and enforce our intellectual property and proprietary rights or prevent third parties from making unauthorized use of our technology or our brand could harm our competitive position or require us to incur significant expenses to enforce our rights.

Our trademarks, such as Bond & Co., Good 2 Go, Good Lovin', Harmony, Imagitarium, Leaps & Bounds, Pals Rewards, Petco, PetCoach, PupBox, Reddy, Ruff & Mews, So Phresh, Vetco, Well &

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Good, WholeHearted, and You & Me are valuable assets that support our brand and consumers' perception of our products. We rely on trademark, copyright, trade secret, patent, and other intellectual property laws, as well as nondisclosure and confidentiality agreements and other methods, to protect our trademarks, trade names, proprietary information, technologies, and processes. We might not be able to obtain broad protection in the United States for all of our intellectual property. The protection of our intellectual property rights may require the expenditure of significant financial, managerial and operational resources. Moreover, the steps we take to protect our intellectual property may not adequately protect our rights or prevent third parties from infringing or misappropriating our proprietary rights, and we may be unable to broadly enforce all of our trademarks. Any of our patents, trademarks, or other intellectual property rights may be challenged by others or invalidated through administrative process or litigation. Our patent and trademark applications may never be granted. Additionally, the process of obtaining patent protection is expensive and time-consuming, and we may be unable to prosecute all necessary or desirable patent applications at a reasonable cost or in a timely manner. Even if issued, there can be no assurance that these patents will adequately protect our intellectual property, as the legal standards relating to the validity, enforceability and scope of protection of patent and other intellectual property rights are uncertain. We also cannot be certain that others will not independently develop or otherwise acquire equivalent or superior technology or intellectual property rights. Further, our nondisclosure agreements and confidentiality agreements may not effectively prevent disclosure of our proprietary information, technologies and processes and may not provide an adequate remedy in the event of unauthorized disclosure of such information, which could harm our competitive position. In addition, effective intellectual property protection may be unavailable or limited for some of our trademarks and patents in some foreign countries. We might be required to expend significant resources to monitor and protect our intellectual property rights. For example, we may need to engage in litigation or similar activities to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of proprietary rights of others. However, we may be unable to discover or determine the extent of any infringement, misappropriation, or other violation of our intellectual property rights and other proprietary rights. Despite our efforts, we may be unable to prevent third parties from infringing upon, misappropriating or otherwise violating our intellectual property rights and other proprietary rights. Any such litigation, whether or not resolved in our favor, could require us to expend significant resources and divert the efforts and attention of our management and other personnel from our business operations. If we fail to protect our intellectual property, our business, financial condition and results of operations may be materially adversely affected.

We may be subject to intellectual property infringement claims or other allegations, which could result in substantial damages and diversion of management's efforts and attention.

We have obligations with respect to the non-use and non-disclosure of third-party intellectual property. The steps we take to prevent misappropriation, infringement, or other violation of the intellectual property of others may not be successful. From time to time, third parties have asserted intellectual property infringement claims against us and may continue to do so in the future. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims. While we believe that our products and operations do not infringe in any material respect upon proprietary rights of other parties and/or that meritorious defenses would exist with respect to any assertions to the contrary, we may from time to time be found to infringe on the proprietary rights of others.

Any claims that our products, services or marketing materials infringe the proprietary rights of third parties, regardless of their merit or resolution, could be costly, result in injunctions against us or payment of damages by us, and may divert the efforts and attention of our management and technical personnel. We may not prevail in such proceedings given the complex technical issues and inherent

uncertainties in intellectual property litigation. If such proceedings result in an adverse outcome, we could, among other things, be required to:

- pay substantial damages (potentially treble damages in the United States);
- cease the manufacture, use, distribution, or sale of the infringing products, operations, or services;
- discontinue the use of the infringing methods or processes;
- expend significant resources to develop non-infringing products, operations, or services or re-brand our business and products; and
- obtain a license from the third party claiming infringement, which may not be available on commercially reasonable terms, or may not be available at all.

If any of the foregoing occurs, our ability to compete could be affected or our business, financial condition, and results of operations may be materially adversely affected.

Our real estate leases generally obligate us for long periods, which subjects us to various financial risks.

We lease virtually all of our pet care center and distribution center locations generally for long terms. While we have the right to terminate some of our leases under specified conditions by making specified payments, we may not be able to terminate a particular lease if or when we would like to do so. If we decide to close pet care centers, we are generally required to continue paying rent and operating expenses for the balance of the lease term, or to pay to exercise rights to terminate, and the performance of any of these obligations may be expensive. When we assign or sublease vacated locations, we may remain liable for the lease obligations if the assignee or sublessee does not perform. In addition, when leases for the pet care centers in our ongoing operations expire, we may be unable to negotiate renewals, either on commercially acceptable terms, or at all, which could cause us to close pet care centers. Accordingly, we are subject to the risks associated with leasing real estate, which could have a material adverse effect on our operating results.

Further, the success of our pet care centers depends on a number of factors including the sustained success of the shopping center where the pet care center is located, consumer demographics, and consumer shopping habits and patterns. Changes in consumer shopping habits and patterns, reduced customer traffic in the shopping centers where our pet care centers are located, financial difficulties of our landlords, anchor tenants, or a significant number of other retailers, and shopping center vacancies or closures could impact the profitability of our pet care centers and increase the likelihood that our landlords fail to fulfill their obligations and conditions under our lease agreements. While we have certain remedies and protections under our lease agreements, the loss of business that could result if a shopping center should close or if customer traffic were to significantly decline as a result of lost tenants or improper care of the facilities or due to macroeconomic effects, including the impact of COVID-19, could have a material adverse effect on our financial position, results of operations, and cash flows.

We are party to routine litigation arising in the ordinary course of our business and may become involved in additional litigation, all of which could require time and attention from certain members of management and result in significant legal expenses.

We are involved in litigation arising in the ordinary course of business, including claims related to federal or state wage and hour laws, working conditions, product liability, consumer protection, advertising, employment, intellectual property, tort, privacy and data protection, disputes with landlords

and vendors due to the disruptions caused by COVID-19, claims from customers or employees alleging failure to maintain safe premises with respect to protocols relating to COVID-19, and other matters. Even if we prevail, litigation can be time-consuming and expensive. An unfavorable outcome in one or more of these existing lawsuits, or future litigation to which we become a party, could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

Changes in laws, accounting standards, and subjective assumptions, estimates, and judgments by management related to complex accounting matters could significantly affect our financial results.

Accounting principles generally accepted in the United States and related accounting pronouncements, implementation guidelines, and interpretations with regard to a wide range of matters relevant to our business are highly complex, continually evolving, and involve many subjective assumptions, estimates, and judgments by us. Changes in these rules or their interpretation, or changes in facts, underlying assumptions, estimates, or judgments by us could significantly impact our reported or expected financial performance.

Failure to attract and retain quality sales associates and experienced management personnel could adversely affect our performance.

Our performance depends on recruiting, developing, training, and retaining partners who are capable sales associates in large numbers and experienced management personnel. Our ability to meet our labor needs while controlling labor costs is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation, changing demographics, health and other insurance costs, and governmental labor and employment requirements. We have faced labor shortages and increased wage competition at several of our distribution centers due to factors directly or indirectly related to COVID-19, which has adversely affected our results of operations. In the event of increasing wage rates, if we fail to increase our wages competitively, the quality of our workforce could decline, causing our customer service to suffer, while increasing our wages could cause our earnings to decrease. If we do not continue to attract, train, and retain quality associates and management personnel, our performance could be adversely affected.

Labor disputes may have an adverse effect on our operations.

We are not currently party to a collective bargaining agreement with any of our employees. If we were to experience a union organizing campaign, this activity could be disruptive to our operations. We cannot assure you that some or all of our employees will not become covered by a collective bargaining agreement or that we will not encounter labor conflicts or strikes. Any labor disruptions could have an adverse effect on our business or results of operations and could cause us to lose customers.

Claims under our insurance plans and policies may differ from our estimates, which could adversely affect our results of operations.

We use a combination of insurance and self-insurance plans to provide for potential liabilities for workers' compensation, general liability, business interruption, property and directors' and officers' liability insurance, vehicle liability, and employee health-care benefits. Our insurance coverage may not be sufficient, and any insurance proceeds may not be timely paid to us. In addition, liabilities associated with the risks that are retained by us are estimated, in part, by considering historical claims experience, demographic factors, severity factors, and other actuarial assumptions, and our business, financial condition, and results of operations may be adversely affected if these assumptions are incorrect.

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Pursuant to 17 C.F.R. Section 200.83

We are subject to environmental, health, and safety laws and regulations that could result in costs to us.

In connection with the ownership and operations of our pet care centers and distribution centers, we are subject to laws and regulations relating to the protection of the environment and health and safety matters, including those governing the management and disposal of wastes and the cleanup of contaminated sites. We could incur costs, including fines and other sanctions, cleanup costs, and third-party claims, as a result of violations of or liabilities under environmental laws and regulations. Although we are not aware of any of our sites at which we currently have material remedial obligations, the imposition of remedial obligations as a result of the discovery of contaminants in the future could result in additional costs.

Resistance from veterinarians to authorize prescriptions or attempts/efforts on their part to discourage pet owners from purchasing from us could cause our sales to decrease and could adversely affect our financial condition and results of operations.

The laws and regulations relating to the sale and delivery of prescription pet medications vary from state to state, but generally require that prescription pet medications be dispensed with authorization from a prescribing veterinarian. Some veterinarians may decide to resist providing our customers with a copy of their pet's prescription or resist authorizing the prescription to the pharmacy staff of our fulfillment vendor, thereby effectively preventing us from filling such prescriptions under applicable law. Certain veterinarians may decide to discourage pet owners from purchasing from internet mail order pharmacies. If the number of veterinarians who refuse to authorize prescriptions to the pharmacy staff of our fulfillment vendor increases, or if veterinarians are successful in discouraging pet owners from purchasing from us, our sales could decrease and our financial condition and results of operations may be materially adversely affected.

We may fail to comply with various state or federal regulations covering the dispensing of prescription pet medications, including controlled substances, through our veterinary services businesses, which may subject us to reprimands, sanctions, probations, fines, or suspensions.

The sale and delivery of prescription pet medications and controlled substances through our veterinary services businesses are governed by extensive regulation and oversight by federal and state governmental authorities. The laws and regulations governing our operations and interpretations of those laws and regulations are increasing in number and complexity, change frequently, and can be inconsistent or conflicting. In addition, the governmental authorities that regulate our business have broad latitude to make, interpret, and enforce the laws and regulations that govern our operations and continue to interpret and enforce those laws and regulations more strictly and more aggressively each year. In the future, we may be subject to routine administrative complaints incidental to the dispensing of prescription pet medications through our veterinary services businesses.

If we are unable to maintain the licenses granted by relevant state authorities in connection with our dispensing of prescription pet medications, or if we become subject to actions by the FDA, the DEA, or other regulators, our dispensing of prescription medications to pet parents could cease and we may be subject to reprimands, sanctions, probations, or fines, which could have a material adverse effect on our business, financial condition, and results of operations.

Our results may be adversely affected by serious disruptions or catastrophic events, including public health issues, geopolitical events, and weather.

Geopolitical events, such as war or civil unrest in a country in which our vendors are located, or terrorist or military activities disrupting transportation, communication, or utility systems, local protests,

and unrest and natural disasters such as hurricanes, tornadoes, floods, earthquakes, and other adverse weather and climate conditions, whether occurring in the United States or abroad, particularly during peak seasonal periods, could disrupt our operations or the operations of one or more of our vendors, or could severely damage or destroy one or more of our pet care centers or distribution centers located in the affected areas. For example, day-to-day operations, particularly our ability to receive products from our vendors or transport products to our pet care centers, could be adversely affected, or we could be required to close pet care centers or distribution centers in the affected areas or in areas served by the affected distribution center. These factors could also cause consumer confidence and spending to decrease or result in increased volatility in the United States and global financial markets and economy. These or other occurrences could significantly impact our operating results and financial performance.

Risks Related to Our Indebtedness

Our substantial indebtedness could adversely affect our cash flows and prevent us from fulfilling our obligations under existing debt agreements.

As of August 1, 2020, we and our subsidiaries had approximately $3,332 million of indebtedness outstanding ($2,411 million under the term loan facility, $25 million under the revolving credit facility (as defined herein), $750 million in Floating Rate Senior Notes, $132 million in 3.00% Senior Notes, and $14 million in finance lease obligations). As of August 1, 2020, $340 million of unused commitments were available to be borrowed under the revolving credit facility. This amount is net of $61 million of outstanding letters of credit and a $74 million borrowing base reduction for a shortfall in qualifying assets, net of reserves. Although we intend to repay a portion of our outstanding indebtedness as described in the “Use of Proceeds” section of this prospectus, we expect availability on our revolving credit facility to remain unchanged, subject to normal working capital requirements and borrowing base adjustments, and we will continue to have substantial indebtedness following completion of this offering, which could restrict our operations and could have important consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our existing indebtedness;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flows from operations to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital and capital expenditures, and for other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and industry, which may place us at a competitive disadvantage compared to our competitors that have less debt;
- restrict us from making strategic acquisitions or other investments or cause us to make non-strategic divestitures; and
- limit, along with the financial and other restrictive covenants in the documents governing our indebtedness, among other things, our ability to obtain additional financing for working capital and capital expenditures, and for other general corporate purposes.

Please read “Recapitalization and Corporate Conversion” for more information regarding the recapitalization of our company that will be effected substantially contemporaneously with the completion of this offering, and please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources” and “Description of Indebtedness” for descriptions of the senior secured credit facilities that will remain in place following the completion of this offering.

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Pursuant to 17 C.F.R. Section 200.83

The agreements governing our indebtedness include restrictive covenants that limit our operating flexibility, which could harm our long-term interests.

The term loan facility and revolving credit facility all impose material restrictions on us. These restrictions, subject in certain cases to ordinary course of business and other exceptions, may limit our ability to engage in some transactions, including the following:

- incurring additional debt;
- paying dividends, redeeming capital stock, or making other restricted payments or investments;
- selling assets, properties, or licenses;
- creating liens on assets;
- entering into sale and lease-back transactions;
- undergoing a change in control;
- merging, consolidating, or disposing of substantially all assets;
- entering into new lines of business;
- entering into transactions with affiliates; and
- placing restrictions on the ability of subsidiaries to pay dividends or make other payments.

Any of these restrictions on our ability to operate our business in our discretion could adversely affect our business by, among other things, limiting our ability to adapt to changing economic, financial, or industry conditions and to take advantage of corporate opportunities, including opportunities to obtain debt financing, repurchase stock, refinance or pay principal on our outstanding debt, or complete acquisitions for cash or debt.

Any future debt that we incur may contain financial maintenance covenants. In addition, the revolving credit facility contains financial maintenance covenants that are triggered by certain conditions. Events beyond our control, including prevailing economic, financial, and industry conditions, could affect our ability to satisfy these financial maintenance covenants, and we cannot assure you that the we will satisfy them.

Any failure to comply with the restrictions of the term loan facility, revolving credit facility, and any subsequent financing agreements, including as a result of events beyond our control, may result in an event of default under these agreements, which in turn may result in defaults or acceleration of obligations under these agreements and other agreements, giving our lenders and other debt holders the right to terminate any commitments they may have made to provide us with further funds and to require us to repay all amounts then outstanding. Our assets and cash flow may not be sufficient to fully repay borrowings under our outstanding debt instruments. In addition, we may not be able to refinance or restructure the payments on the applicable debt. Even if we were able to secure additional financing, it may not be available on favorable terms.

Despite current indebtedness levels, we may incur substantial additional indebtedness in the future. This could further increase the risks associated with our substantial leverage.

We may incur substantial additional indebtedness in the future, which would increase our debt service obligations and could further reduce the cash available to invest in operations. The terms of the credit agreements governing the senior secured credit facilities allow us and our subsidiaries to incur additional indebtedness, subject to limitations. As of August 1, 2020, we and our subsidiaries had an additional $340 million of unused commitments available to be borrowed under the revolving credit

facility. This amount is net of $61 million of outstanding letters of credit and a $74 million borrowing base reduction for a shortfall in qualifying assets, net of reserves. If new debt is added to our debt levels, or any debt is incurred by our subsidiaries, the related risks that we and our subsidiaries now face could increase.

To service our indebtedness, we will require a significant amount of cash. Our ability to generate or access cash depends on many factors beyond our control.

Our ability to make payments on and refinance our indebtedness and to fund planned capital expenditures, will depend on our ability to generate or access cash in the future. This ability is subject to general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control.

We cannot assure you that our business will generate sufficient cash flows from operations or that future borrowings will be available to us under the senior secured asset-based revolving credit facility in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. Further, we cannot assure you that we will be able to refinance any of our indebtedness, including the senior secured credit facilities, on commercially reasonable terms, or at all.

Our failure to comply with the covenants contained in the credit agreements for the senior secured credit facilities, including as a result of events beyond our control, could result in an event of default that could cause repayment of our debt to be accelerated.

If we are not able to comply with the covenants and other requirements contained in the credit agreements governing the senior secured credit facilities or any other debt instruments, an event of default under the relevant debt instrument could occur. In addition to imposing restrictions on our business and operations, some of our debt instruments include covenants relating to financial ratios and tests. Our ability to comply with these covenants may be affected by events beyond our control, including prevailing economic, financial, and industry conditions. The breach of any of these covenants would result in a default under these instruments. If an event of default does occur under one of these agreements, it could trigger a default under our other debt instruments, prohibit us from accessing additional borrowings, and permit the holders of the defaulted debt to declare amounts outstanding with respect to that debt to be immediately due and payable. Our assets and cash flows may not be sufficient to fully repay borrowings under our outstanding debt instruments. In addition, we may not be able to refinance or restructure the payments on the applicable debt. Even if we were able to secure additional financing, it may not be available on favorable terms.

The amount of borrowings permitted under the revolving credit facility may fluctuate significantly, which may adversely affect our liquidity, results of operations, and financial position.

The amount of borrowings permitted at any one time under the revolving credit facility is subject to a borrowing base valuation of the collateral thereunder, net of certain reserves. As a result, our access to credit under the revolving credit facility is potentially subject to significant fluctuations depending on the value of the borrowing base of eligible assets as of any measurement date, as well as certain discretionary rights of the agents in respect of the calculation of such borrowing base value. The inability to borrow under the revolving credit facility may adversely affect our liquidity, results of operations, and financial position.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our indebtedness service obligations to increase significantly.

Borrowings under the senior secured credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate

indebtedness would increase even though the amount borrowed remains the same, and our net income and cash flows, including cash available for servicing our indebtedness, would correspondingly decrease. Although we may enter into agreements limiting our exposure to higher interest rates, these agreements may not be effective.

A ratings downgrade or other negative action by a ratings organization could adversely affect the trading price of the shares of our Class A common stock.

Credit rating agencies continually revise their ratings for companies they follow. The condition of the financial and credit markets and prevailing interest rates have fluctuated in the past and are likely to fluctuate in the future. In addition, developments in our business and operations could lead to a ratings downgrade for us or our subsidiaries. Any fluctuation in the rating of us or our subsidiaries may impact our ability to access debt markets in the future or increase our cost of future debt, which could have a material adverse effect on our operations and financial condition and may adversely affect the trading price of shares of our Class A common stock.

Changes affecting the availability of LIBOR may have consequences for us that cannot yet be reasonably predicted.

We have outstanding debt with variable interest rates based on the London Inter-bank Offered Rate ("LIBOR"). Advances under the revolving credit facility and the term loan facility generally bear interest based on (i) the Eurodollar Rate (as defined in our credit agreements and calculated using LIBOR) or (ii) the Base Rate (as defined in our credit agreements). The LIBOR benchmark has been the subject of national, international, and other regulatory guidance and proposals to reform. In July 2017, the United Kingdom Financial Conduct Authority (the authority that regulates LIBOR) announced that it intends to stop compelling banks to submit rates for the calculation of LIBOR after 2021. These reforms may cause LIBOR to perform differently than it has in the past, and LIBOR may ultimately cease to exist after 2021. Alternative benchmark rates may replace LIBOR and could affect our debt securities, debt payments, and receipts. At this time, it is not possible to predict the effect of any changes to LIBOR, any phase out of LIBOR, or any establishment of alternative benchmark rates. Any new benchmark rate will likely not replicate LIBOR exactly, which could impact our contracts that terminate after 2021. There is uncertainty about how applicable law and the courts will address the replacement of LIBOR with alternative rates on variable rate retail loan contracts and other contracts that do not include alternative rate fallback provisions. If LIBOR ceases to exist after 2021, the interest rates on the revolving credit facility and the term loan facility will be based on the Base Rate or an alternative benchmark rate, which may result in higher interest rates. In addition, any changes to benchmark rates may have an uncertain impact on our cost of funds and our access to the capital markets, which could impact our results of operations and cash flows. Uncertainty as to the nature of such potential changes may also adversely affect the trading market for our securities.

Risks Related to Our Class A Common Stock

Our Sponsors will continue to have significant influence over us after this offering, including control over decisions that require the approval of stockholders, which could limit your ability to influence the outcome of matters submitted to stockholders for a vote.

We are currently controlled, and after this offering is completed will continue to be controlled, by our Sponsors through our Principal Stockholder. After giving effect to the Recapitalization, the Corporate Conversion, and the completion of this offering, our Sponsors will control % of the outstanding voting power of our company. As long as our Sponsors beneficially own or control at least a majority of our outstanding voting power, they will have the ability to exercise substantial control over all corporate actions requiring stockholder approval, irrespective of how our other stockholders may

vote, including the election and removal of directors and the size of our board of directors, any amendment of our certificate of incorporation or bylaws, or the approval of any merger or other significant corporate transaction, including a sale of substantially all of our assets. Even if their ownership falls below 50%, our Sponsors will continue to be able to strongly influence or effectively control our decisions.

Additionally, our Sponsors' interests may not align with the interests of our other stockholders. Our Sponsors, and other investment funds affiliated with them, are in the business of making investments in companies and may acquire and hold interests in businesses that compete directly or indirectly with us. Our Sponsors, and other investment funds affiliated with them, may also pursue acquisition opportunities that may be complementary to our business, and, as a result, those acquisition opportunities may not be available to us.

We are a "controlled company" within the meaning of the Nasdaq rules and, as a result, expect to qualify for, and intend to rely on, exemptions from certain corporate governance requirements. You will not have the same protections as those afforded to stockholders of companies that are subject to such governance requirements.

After completion of this offering, our Sponsors, through our Principal Stockholder, will continue to control a majority of the voting power of our common stock with respect to director elections. As a result, we will be a "controlled company" within the meaning of the corporate governance standards of Nasdaq. Under these rules, a company of which more than 50% of the voting power with respect to director elections is held by an individual, group, or another company is a "controlled company" and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the board of directors consist of independent directors;
- the requirement that our nominating and corporate governance committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities; and
- the requirement that our compensation committee be composed entirely of independent directors with a written charter addressing the committee's purpose and responsibilities.

Following this offering, we intend to utilize one or more of these exemptions. As a result, we will not have a majority of independent directors and our Compensation Committee and Nominating and Governance Committee will not consist entirely of independent directors. Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of Nasdaq.

Our Sponsors are not subject to any contractual obligation to retain their controlling interest, except that they have agreed, subject to certain exceptions, not to sell or otherwise dispose of any shares of our Class A common stock or other securities exercisable or convertible into our Class A common stock for a period of at least 180 days after the date of this prospectus without the prior written consent of . We cannot assure you as to the period of time during which any of our Sponsors will in fact maintain their control of our Class A common stock following the offering.

Certain of our directors have relationships with our Sponsors, which may cause conflicts of interest with respect to our business.

Following this offering, of our directors will be affiliated with our Sponsors. These directors have fiduciary duties to us and, in addition, have duties to the applicable Sponsor or stockholder affiliate. As a result, these directors may face real or apparent conflicts of interest with respect to matters affecting both us and the affiliated Sponsors, whose interests may be adverse to ours in some circumstances.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

Anti-takeover provisions in our charter documents and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management, and may adversely affect the market price of our stock.

Provisions in our certificate of incorporation and bylaws, which will be in effect upon the completion of this offering following the Corporate Conversion, may have the effect of delaying or preventing a change of control or changes in our management. Our certificate of incorporation and bylaws will include provisions that:

- provide that, except with regard to directors nominated by our Principal Stockholder, vacancies on our board of directors shall be filled only by a majority of directors then in office, even though less than a quorum, or by a sole remaining director;
- establish that our board of directors is divided into three classes, with each class serving three-year staggered terms;
- provide that our directors can be removed for cause only, once our Principal Stockholder and its affiliates no longer beneficially own 50% or more of our outstanding Class A common stock and Class B-1 common stock;
- provide that, once our Principal Stockholder and its affiliates no longer beneficially own 50% or more of our outstanding Class A common stock and Class B-1 common stock, any action required or permitted to be taken by the stockholders must be effected at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing in lieu of a meeting of such stockholders;
- specify that, once our Principal Stockholder and its affiliates no longer beneficially own 50% or more of our outstanding Class A common stock and Class B-1 common stock, special meetings of our stockholders can be called only by our board of directors, or the Chairman of our board of directors (prior to such time, special meetings of the stockholders of our company shall be called by the Chairman of our board of directors or our Secretary at the request of our Principal Stockholder, in addition to being able to be called by the Chairman of our board of directors and by our board of directors);
- require the approval of the holders of at least two-thirds of the voting power of all outstanding stock entitled to vote thereon, voting together as a single class, to amend or repeal our bylaws and certain articles of our certificate of incorporation once our Principal Stockholder and its affiliates cease to beneficially own at least 50% of the Class A common stock and Class B-1 common stock;
- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our board of directors;
- authorize our board of directors to issue, without further action by the stockholders, shares of undesignated preferred stock; and
- reflect three classes of common stock.

These and other provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our board of directors, which is responsible for appointing the members of our management. In addition, we will be a Delaware corporation and governed by the Delaware General Corporation Law (the "DGCL"). In general, Section 203 of the DGCL, an anti-takeover law, prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's voting stock, which person or group is considered an interested stockholder under the DGCL, for a period of three years following the date the person

became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. We intend to elect in our certificate of incorporation not to be subject to Section 203. However, our certificate of incorporation will contain provisions that have the same effect as Section 203, except that they will provide our Sponsors, our Principal Stockholder, their affiliates, and their respective successors (other than our company), as well as their direct and indirect transferees, will not be deemed to be "interested stockholders," regardless of the percentage of our voting stock owned by them, and accordingly will not be subject to such restrictions. For additional details, read "Description of Capital Stock."

Since we have no current plans to pay regular cash dividends on our Class A common stock following this offering, you may not receive any return on investment unless you sell your Class A common stock for a price greater than that which you paid for it.

We do not anticipate paying any regular cash dividends on our Class A common stock following this offering. Any decision to declare and pay dividends in the future will be made at the discretion of our board of directors and will depend on, among other things, our financial condition, results of operations, cash requirements, contractual restrictions and other factors that our board of directors may deem relevant. In addition, our ability to pay dividends is, and may be, limited by covenants of existing and any future outstanding indebtedness we or our subsidiaries incur, including under the senior secured credit facilities. Therefore, any return on investment in our Class A common stock is solely dependent upon the appreciation of the price of our Class A common stock on the open market, which may not occur. Please read "Dividend Policy" for more detail.

We are a holding company with nominal net worth and will depend on dividends and distributions from our subsidiaries to pay any dividends.

PET Acquisition LLC and Petco Holdings, Inc. LLC are holding companies with nominal net worth. We do not have any material assets or conduct any business operations other than our investments in our subsidiaries. Our business operations are conducted primarily out of our indirect operating subsidiary, Petco Animal Supplies and its subsidiaries. As a result, in addition to the restrictions on payment of dividends that apply under the terms of our existing indebtedness, our ability to pay dividends, if any, will be dependent upon cash dividends and distributions or other transfers from our subsidiaries, including from Petco Animal Supplies Stores, Inc. Payments to us by our subsidiaries will be contingent upon their respective earnings and subject to any limitations on the ability of such entities to make payments or other distributions to us.

The multi-class structure of our common stock may adversely affect the trading market for our Class A common stock.

In July 2017, S&P Dow Jones and FTSE Russell announced changes to their eligibility criteria for the inclusion of shares of public companies on certain indices, including the Russell 2000, the S&P 500, the S&P MidCap 400 and the S&P SmallCap 600, to exclude companies with multiple classes of shares of common stock from being added to these indices. As a result, our multi-class capital structure makes us ineligible for inclusion in any of these indices, and mutual funds, exchange-traded funds and other investment vehicles that attempt to passively track these indices will not be investing in our stock. Further, we cannot assure you that other stock indices will not take a similar approach to S&P Dow Jones or FTSE Russell in the future. Exclusion from indices could make our Class A common stock less attractive to investors and, as a result, the market price of our Class A common stock could be adversely affected.

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Our certificate of incorporation will designate the Court of Chancery of the State of Delaware as the sole and exclusive forum for certain types of actions and proceedings that may be initiated by our stockholders, and the federal district courts as the exclusive forum for Securities Act claims, which could limit our stockholders' ability to obtain what such stockholders believe to be a favorable judicial forum for disputes with us or our directors, officers, other employees, or agents.

Our certificate of incorporation will provide that, unless we, in writing, select or consent to the selection of an alternative forum, all complaints asserting any internal corporate claims (defined as claims, including claims in the right of our company: (i) that are based upon a violation of a duty by a current or former director, officer, employee, or stockholder in such capacity; or (ii) as to which the DGCL confers jurisdiction upon the Court of Chancery), to the fullest extent permitted by law, and subject to applicable jurisdictional requirements, shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have, or declines to accept, subject matter jurisdiction, another state court or a federal court located within the State of Delaware). Further, unless we select or consent to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Our choice-of-forum provision will not apply to suits brought to enforce any liability or duty created by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring or holding any interest in our common stock shall be deemed to have notice of and to have consented to the forum selection provisions described in our certificate of incorporation. These choice-of-forum provisions may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and such persons. It is possible that a court may find these provisions of our certificate of incorporation inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings, in which case we may incur additional costs associated with resolving such matters in other jurisdictions, which could materially adversely affect our business, financial condition, or results of operations and result in a diversion of the time and resources of our management and board of directors.

General Risk Factors

As a public company, we will become subject to additional laws, regulations, and stock exchange listing standards, which will impose additional costs on us and divert our management's attention.

We have operated our business as a private company since October 2006. After this offering, we will be subject to the reporting requirements of the Exchange Act, the Sarbanes-Oxley Act of 2002, as amended, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, the listing requirements of Nasdaq, and other applicable securities laws and regulations. Compliance with these laws and regulations will increase our legal and financial compliance costs and make some activities more difficult, time-consuming or costly. For example, the Exchange Act will require us, among other things, to file annual, quarterly, and current reports with respect to our business and operating results. We also expect that being a public company and being subject to new rules and regulations will make it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These additional requirements will impose significant additional costs on us and may divert management's attention and affect our ability to attract and retain qualified board members.

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Pursuant to 17 C.F.R. Section 200.83

An active, liquid trading market for our Class A common stock may not develop, which may limit your ability to sell your shares.

Prior to this offering, there was no public market for our Class A common stock. Although we have applied to list our Class A common stock on Nasdaq under the symbol "WOOF," an active trading market for our shares may never develop or be sustained following this offering. The initial public offering price will be determined by negotiations between us and the underwriters and may not be indicative of market prices of our Class A common stock that will prevail in the open market after the offering. A public trading market having the desirable characteristics of depth, liquidity, and orderliness depends upon the existence of willing buyers and sellers at any given time, and its existence is dependent upon the individual decisions of buyers and sellers over which neither we nor any market maker has control. The failure of an active and liquid trading market to develop and continue would likely have a material adverse effect on the value of our Class A common stock. The market price of our Class A common stock may decline below the initial public offering price, and you may not be able to sell your shares of our Class A common stock at or above the price you paid in this offering, or at all. An inactive market may also impair our ability to raise capital to continue to fund operations by selling shares and may impair our ability to acquire other companies or technologies by using our shares as consideration.

Our operating results and share price may be volatile, and the market price of our Class A common stock after this offering may drop below the price you pay.

Our quarterly operating results are likely to fluctuate in the future as a publicly traded company. In addition, securities markets worldwide have experienced, and are likely to continue to experience, significant price and volume fluctuations. This market volatility, as well as general economic, market, or political conditions, could subject the market price of our shares to wide price fluctuations regardless of our operating performance. You may not be able to resell your shares at or above the initial public offering price or at all. Our operating results and the trading price of our shares may fluctuate in response to various factors, including:

- market conditions in the broader stock market;
- actual or anticipated fluctuations in our quarterly financial and operating results;
- introduction of new products or services by us or our competitors;
- issuance of new or changed securities analysts' reports or recommendations;
- changes in debt ratings;
- results of operations that vary from expectations of securities analysts and investors;
- guidance, if any, that we provide to the public, any changes in this guidance or our failure to meet this guidance;
- strategic actions by us or our competitors;
- announcement by us, our competitors, or our vendors of significant contracts or acquisitions;
- sales, or anticipated sales, of large blocks of our stock;
- additions or departures of key personnel;
- regulatory, legal, or political developments;
- public response to press releases or other public announcements by us or third parties, including our filings with the SEC;
- litigation and governmental investigations;

- changing economic conditions;
- changes in accounting principles;
- default under agreements governing our indebtedness; and
- other events or factors, including those from natural disasters, pandemic, pet disease, war, acts of terrorism, or responses to these events.

These and other factors, many of which are beyond our control, may cause our operating results and the market price and demand for our shares to fluctuate substantially. While we believe that operating results for any particular quarter are not necessarily a meaningful indication of future results, fluctuations in our quarterly operating results could limit or prevent investors from readily selling their shares and may otherwise negatively affect the market price and liquidity of our shares. In addition, in the past, when the market price of a stock has been volatile, holders of that stock have sometimes brought securities class action litigation against the company that issued the stock. If any of our stockholders brought a lawsuit against us, we could incur substantial costs defending the lawsuit. Such a lawsuit could also divert the time and attention of our management from our business, which could significantly harm our profitability and reputation.

If you purchase shares of Class A common stock in this offering, you will suffer immediate and substantial dilution to the net tangible book value per share of your investment.

The initial public offering price of our Class A common stock is substantially higher than the net tangible book deficit per share of our Class A common stock. Therefore, if you purchase shares of our Class A common stock in this offering, you will pay a price per share that substantially exceeds our net tangible book deficit per share after this offering. Based on an assumed initial public offering price of $ per share, which is the midpoint of the price range on the cover of this prospectus, you will experience immediate dilution of $ per share, representing the difference between our pro forma net tangible book deficit per share after giving effect to this offering and the initial public offering price. In addition, purchasers of our Class A common stock in this offering will have paid % of the aggregate price paid by all purchasers of our Class A common stock but will own only approximately % of our Class A common stock outstanding after this offering. We also have a large number of outstanding stock options to purchase Class A common stock with exercise prices that are below the estimated initial public offering price of our Class A common stock. To the extent that these options are exercised, you will experience further dilution. Please read “Dilution” for more detail.

Your percentage ownership in us may be diluted by future issuances of capital stock, which could reduce your influence over matters on which stockholders vote.

Pursuant to our certificate of incorporation and bylaws, our board of directors will have the authority, without action or vote of our stockholders, to issue all or any part of our authorized but unissued shares of common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock. Issuances of common stock or voting preferred stock would reduce your influence over matters on which our stockholders vote and, in the case of issuances of preferred stock, would likely result in your interest in us being subject to the prior rights of holders of that preferred stock. Moreover, the ability of holders of Class B-1 common stock to convert their shares on a share-for-share basis into shares of Class A common stock, subject to the transfer to us of an equivalent number of shares of Class B-2 common stock, may increase the number of outstanding shares of Class A common stock; however, such conversion rights will not dilute or otherwise affect the voting rights of the holders of Class A common stock because Class B-1 common stock and Class B-2 common stock taken on a combined basis will have the same voting rights as Class A common stock.

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A significant portion of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future. This could cause the market price of our Class A common stock to drop significantly, even if our business is doing well.

Sales of a substantial number of shares of our Class A common stock in the public market could occur at any time. These sales, or the perception in the market that the holders of a large number of shares intend to sell shares, could reduce the market price of our Class A common stock. After this offering, we will have outstanding shares of Class A common stock based on the number of shares outstanding as of . Substantially all of the shares that are not being sold in this offering will be subject to a 180-day lock-up period provided under agreements executed in connection with this offering. These shares will, however, be able to be resold after the expiration of the lock-up agreements described in the "Shares Eligible for Future Sale" and "Underwriting (Conflicts of Interest)" sections of this prospectus. We also intend to file a Form S-8 under the Securities Act to register all shares of Class A common stock that we may issue under our equity compensation plans. In addition, our Principal Stockholder will have demand registration rights that will require us to file registration statements in connection with future sales of our stock by our Principal Stockholder, including in connection with the note purchase agreement described below. Please read "Certain Relationships and Related Party Transactions—Registration Rights Agreement." Sales by our Principal Stockholder could be significant. Once we register these shares, they can be freely resold in the public market, subject to legal or contractual restrictions, such as the lock-up agreements described in the "Underwriting (Conflicts of Interest)" section of this prospectus. As restrictions on resale end, the market price of our stock could decline if the holders of currently restricted shares sell them or are perceived by the market as intending to sell them. Lastly, in connection with the closing of this offering, our Principal Stockholder is expected to enter into a note purchase agreement. The obligations under the note purchase agreement will be secured by a pledge of all of the shares of our common stock owned by our Principal Stockholder and its affiliates. If our Principal Stockholder were to default on any of its obligations under the note purchase agreement or in the event of a collateral deficiency the holders would have the right to foreclose on all of our common stock subject to the pledge and sell such shares of common stock. Such an event could further cause our stock price to decline and could result in a change in control of our company that could trigger a default under, or acceleration of, the obligations under our term loan facility and revolving credit facility. Certain affiliates of Goldman Sachs & Co. LLC, together with other investors, will be holders of the notes governed by this note purchase agreement and will not be subject to a lock-up agreement in the event of a foreclosure on our common stock. Any foreclosure on our common stock which secures obligations under the note purchase agreement could result in the sale of a significant number of shares of our common stock, which could result in a decrease in the price of our common stock.

If securities or industry analysts do not publish research or reports about our business, if they adversely change their recommendations regarding our shares, or if our results of operations do not meet their expectations, our share price and trading volume could decline.

The trading market for our shares likely will be influenced by the research and reports that industry or securities analysts publish about us or our business. We do not have any control over these analysts. If one or more of these analysts cease coverage of our company or fail to publish reports on us regularly, we could lose visibility in the financial markets, which in turn could cause our share price or trading volume to decline. Moreover, if one or more of the analysts who cover us downgrade our stock, or if our results of operations do not meet their expectations, our share price could decline.

If our operating and financial performance in any given period does not meet the guidance that we have provided to the public or the expectations of our investors and analysts, our stock price may decline.

We anticipate providing guidance on our expected operating and financial results for future periods on an annual basis only, as we believe this approach is better aligned with the long-term view we take in managing our business and our focus on long-term stockholder value creation. Although we

believe that this guidance will provide investors and analysts with a better understanding of management's expectations for the future and is useful to our stockholders and potential stockholders, such guidance comprises forward-looking statements subject to the risks and uncertainties described in this prospectus and in our other public filings and public statements. Our actual results may not always be in line with or exceed the guidance we have provided or the expectations of our investors and analysts, especially in times of economic uncertainty. If, in the future, our operating or financial results for a particular period do not meet our guidance or the expectations of our investors and analysts or if we reduce our guidance for future periods, our share price could decline.

If our internal control over financial reporting or our disclosure controls and procedures are not effective, we may be unable to accurately report our financial results, prevent fraud, or file our periodic reports in a timely manner, which may cause investors to lose confidence in our reported financial information and may lead to a decline in our stock price.

Prior to the completion of this offering, we were a private company and have not been subject to the internal control and financial reporting requirements that are required of a publicly traded company. We will be required to comply with the requirements of The Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act"), following the date we are deemed to be an "accelerated filer" or a "large accelerated filer," each as defined in the Exchange Act, which could be as early as our first fiscal year beginning after the effective date of this offering. The Sarbanes-Oxley Act requires that we maintain effective internal control over financial reporting and disclosure controls, and procedures. In particular, we must perform system and process evaluation, document our controls and perform testing of our key control over financial reporting to allow management and our independent public accounting firm to report on the effectiveness of our internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act. Our testing, or the subsequent testing by our independent public accounting firm, may reveal deficiencies in our internal control over financial reporting that are deemed to be material weaknesses. If we are not able to comply with the requirements of Section 404 in a timely manner, or if we or our accounting firm identifies deficiencies in our internal control over financial reporting that are deemed to be material weaknesses, the market price of our stock would likely decline and we could be subject to lawsuits, sanctions or investigations by regulatory authorities, which would require additional financial and management resources.

Unanticipated changes in effective tax rates or adverse outcomes resulting from examination of our income or other tax returns could adversely affect our financial condition and results of operations.

We are subject to taxes by the U.S. federal, state, and local tax authorities, and our tax liabilities will be affected by the allocation of expenses to differing jurisdictions. Our future effective tax rates could be subject to volatility or adversely affected by a number of factors, including:

- changes in the valuation of our deferred tax assets and liabilities;
- expected timing and amount of the release of any tax valuation allowances;
- tax effects of stock-based compensation; or
- changes in tax laws, regulations, or interpretations thereof.

In addition, we may be subject to audits of our income, sales, and other transaction taxes by U.S. federal, state, and local taxing authorities. Outcomes from these audits could have an adverse effect on our operating results and financial condition.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

Statements contained in this prospectus concerning expectations, beliefs, plans, objectives, goals, strategies, future events, or performance and underlying assumptions and other statements that are other than statements of historical fact are "forward-looking statements" within the meaning of the federal securities laws. Although we believe that the expectations and assumptions reflected in these statements are reasonable, there can be no assurance that these expectations will prove to be correct. Forward-looking statements are subject to many risks and uncertainties, and actual results may differ materially from the results discussed in such forward-looking statements. In addition to the specific factors discussed in "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations," the following are among the important factors that could cause actual results to differ materially from the forward-looking statements:

- general economic factors, a decline in consumer spending or changes in consumer preferences, or failure to successfully predict and respond to changing consumer trends and demand;
- any damage to our reputation or our brand;
- competition, including internet-based competition;
- difficulty in recruiting and retaining skilled veterinarians;
- challenges associated with integrating and growing our e-commerce business;
- failure to successfully execute our growth strategies, including expanding our veterinary service offerings and building out our digital and data capabilities, or manage and sustain our recent growth;
- failure to generate or obtain sufficient capital to finance our growth;
- the loss of key personnel or our principal executive officers;
- the loss of any of our key merchandise vendors, or of our exclusive distribution arrangements with certain of our vendors;
- health epidemics, pandemics, and similar outbreaks, such as the recent outbreak of COVID-19, and the actions taken by third parties, including, but not limited to, governmental authorities, customers, contractors, and vendors, in response to such epidemics or pandemics;
- a disruption, malfunction, or increased costs in the operation, expansion, or replenishment of our distribution centers or our supply chain that would affect our ability to deliver to our locations and e-commerce customers or increase our expenses;
- the effects of government regulation, permitting, and other legal requirements, including new legislation or regulation related to our veterinary services;
- breaches of, or interruptions in, our or our vendors' data security and information systems, or cyber-attacks that disrupt our information systems;
- pet food safety, quality, and health concerns;
- our substantial indebtedness could adversely affect our financial condition and limit our ability to pursue our growth strategy;
- the impact of current and potential changes to federal or state tax rules and regulations; and
- other factors described under "Risk Factors."

Any of the foregoing events or factors, or other events or factors, could cause actual results, including financial performance, to vary materially from the forward-looking statements included in this

prospectus. Additionally, the unprecedented nature of the COVID-19 pandemic may give rise to risks that are currently unknown or amplify the risks associated with many of these factors. You should consider these important factors, as well as the risk factors set forth in this prospectus, in evaluating any statement made in this prospectus. Please read “Risk Factors” for more information. For the foregoing reasons, you are cautioned against relying on any forward-looking statements. Any forward-looking statement speaks only as of the date on which such statement is made, and we do not undertake any obligation to update or revise these forward-looking statements, except as required by law.

In addition, statements that “we believe” and similar statements reflect our beliefs and opinions on the relevant subject. These statements are based on information available to us as of the date of this prospectus. While we believe that information provides a reasonable basis for these statements, that information may be limited or incomplete. Our statements should not be read to indicate that we have conducted an exhaustive inquiry into, or review of, all relevant information. These statements are inherently uncertain, and investors are cautioned not to unduly rely on these statements.

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USE OF PROCEEDS

Our net proceeds from the sale of shares of our Class A common stock in this offering are estimated to be $ million, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use a portion of the net proceeds from this offering to pay the accrued but unpaid interest on the exchanged Floating Rate Senior Notes and to redeem in full the remaining $300 million aggregate principal amount, plus accrued but unpaid interest, of the Floating Rate Senior Notes that remain outstanding after the Recapitalization and the remainder of the proceeds, plus cash on hand, to repay a portion of the term loan facility.

The Floating Rate Senior Notes mature on January 26, 2024 and had a weighted average interest rate of 9.9% as of February 1, 2020. Certain affiliates of Goldman Sachs & Co. LLC are holders of our Floating Rate Senior Notes and will receive proceeds upon the redemption of the Floating Rate Senior Notes that remain outstanding after the Recapitalization with the proceeds of this offering. See “Underwriting (Conflicts of Interest).” The term loan facility matures on January 26, 2023 and had a weighted average interest rate on the borrowings outstanding of 4.3% as of August 1, 2020.

Assuming no exercise of the underwriters’ option to purchase additional shares, each $1.00 change in the assumed initial public offering price of $ per share (which is the midpoint of the price range set forth on the cover page of this prospectus) would cause the net proceeds from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, to change by approximately $ million, assuming no change to the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus. Similarly, an increase (decrease) of one million shares of common stock sold in this offering by us would increase (decrease) our net proceeds by $ million, assuming the initial public offering price of $ per share, (which is the midpoint of the price range set forth on the cover page of this prospectus) remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. If the proceeds increase for any reason, we would use the additional net proceeds for other general corporate purposes. If the proceeds decrease for any reason, then we expect that we would retain less net proceeds for general corporate purposes.

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DIVIDEND POLICY

We do not anticipate declaring or paying any cash dividends to holders of our Class A common stock in the foreseeable future. We currently intend to retain future earnings, if any, to finance the growth of our business. Our future dividend policy is within the discretion of our board of directors and will depend upon then-existing conditions, including our results of operations, financial condition, capital requirements, investment opportunities, statutory restrictions on our ability to pay dividends and other factors our board of directors may deem relevant. Please read “Risk Factors—The agreements governing our indebtedness include restrictive covenants that limit our operating flexibility, which could harm our long-term interests,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources,” and “Description of Indebtedness” for descriptions of restrictions on our ability to pay dividends.

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RECAPITALIZATION AND CORPORATE CONVERSION

Recapitalization

Substantially contemporaneously with the completion of this offering, we will participate in certain transactions described below, which will collectively have the net effect of reducing our indebtedness and increasing our stockholders' equity.

3.00% Senior Notes

Prior to the completion of this offering, the noteholders, including Scooby LP, will contribute to us $132 million aggregate principal amount of our outstanding 3.00% Senior Notes, which were issued to finance the acquisition of Petco Holdings, Inc. by our Sponsors in January 2016, plus accrued but unpaid interest. After accounting for an offset of certain inter-company indebtedness, we will cancel the 3.00% Senior Notes and record the cancellation as a capital contribution by the noteholders to us. For more information about the 3.00% Senior Notes, please read "Certain Relationships and Related Party Transactions—Related Party Transactions—3.00% Senior Notes" and Note 9 to our historical consolidated financial statements included elsewhere in this prospectus.

Floating Rate Senior Notes

Substantially contemporaneously with the completion of this offering, holders of $750 million aggregate principal amount of Petco Animal Supplies' outstanding Floating Rate Senior Unsecured Notes (the "Floating Rate Senior Notes") will exchange $450 million aggregate principal amount of such notes for a series of new notes to be issued by our Principal Stockholder. Our Principal Stockholder will contribute the Floating Rate Senior Notes to us, which we will cancel and record as a capital contribution by our Principal Stockholder to us. For more information about the Floating Rate Senior Notes, please read Note 9 to our historical consolidated financial statements included elsewhere in this prospectus.

After the exchange described above, there will be $300 million aggregate principal amount of Floating Rate Senior Notes outstanding. We intend to use a portion of the net proceeds from this offering to pay the accrued but unpaid interest on the exchanged Floating Rate Senior Notes and to redeem in full all of the remaining Floating Rate Senior Notes for a redemption price equal to the principal amount plus accrued but unpaid interest. Please read "Use of Proceeds."

Corporate Conversion

We currently operate as a Delaware limited liability company under the name PET Acquisition LLC. Prior to the effectiveness of the registration statement of which this prospectus forms a part, PET Acquisition LLC will convert into a Delaware corporation pursuant to a statutory conversion and change its name to Petco Health and Wellness Company, Inc.

Prior to our conversion to a corporation, Scooby LP will transfer all of the units of PET Acquisition LLC that it holds to our Principal Stockholder, an entity to be formed for the sole purpose of holding our equity. Such transfer is not a necessary step of the Corporation Conversion but facilitates the exchange of the Floating Rate Senior Notes described in "—Recapitalization—Floating Rate Senior Notes."

In connection with the Corporate Conversion, and prior to the closing of this offering, all of the outstanding units of PET Acquisition LLC will be converted into an aggregate of shares of our common stock. shares of our common stock will be designated Class A common stock, and

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shares of our common stock will be designated Class B-1 common stock, with an equal number (shares of our common stock) designated Class B-2 common stock. The number of shares of Class A common stock and Class B-1 and Class B-2 common stock to be issued in connection with the Corporate Conversion will be determined in accordance with the applicable provisions of the plan of conversion. We will issue such number of shares of Class B-1 common stock and B-2 common stock as is necessary to facilitate CPP Investments' compliance with certain regulations under the Canada Pension Plan Investment Board Act that restrict CPP Investments from directly or indirectly investing in securities of a corporation that carry more than 30% of the votes that may be cast for the election of directors of the corporation. For more information on the shares of Class B-2 common stock subject to such regulations, please read footnote (6) to the table in "Principal Stockholders."

We expect to be controlled, through our Principal Stockholder, by our Sponsors following the Corporate Conversion. After giving effect to the Corporate Conversion and the completion of this offering, our Sponsors will control % of the voting power of our company. For more information on the indirect ownership of our common stock by our Sponsors and the voting and economic rights associated with each class of our common stock, please read "Principal Stockholders" and "Description of Capital Stock," respectively.

Following the Corporate Conversion, Petco Health and Wellness Company, Inc. will continue to hold all the property and assets of PET Acquisition LLC and will assume all of the debts and obligations of PET Acquisition LLC, subject to the exchange of the Floating Rate Senior Notes described in "—Recapitalization—Floating Rate Senior Notes." Petco Health and Wellness Company, Inc. will be governed by a certificate of incorporation filed with the Delaware Secretary of State and bylaws, the material provisions of which are described in the section captioned "Description of Capital Stock."

The purpose of the Corporate Conversion is to reorganize our corporate structure so that the top-tier entity in our corporate structure—the entity that is offering Class A common stock to the public in this offering—is a corporation rather than a limited liability company and so that our existing investors will own our common stock rather than membership units in a limited liability company.

Except as otherwise noted herein, the consolidated financial statements included elsewhere in this prospectus are those of PET Acquisition LLC and its consolidated operations. We do not expect that the Corporate Conversion will have a material effect on the results of our core operations.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents and capitalization as of August 1, 2020:

- on a historical basis;
- on a pro forma basis to give effect to (i) the Recapitalization and (ii) the Corporate Conversion; and
- on a pro forma as adjusted basis to reflect the sale of shares of our Class A common stock in this offering at an assumed initial offering price of $ per share, which is the midpoint of the range set forth on the cover this prospectus, and the application of the net proceeds from this offering to repay debt as described under "Use of Proceeds."

This table is derived from, should be read together with, and is qualified in its entirety by reference to the historical consolidated financial statements and the accompanying notes included elsewhere in this prospectus. You should also read this table in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	As of August 1, 2020		
(dollars in millions)	Actual	Pro Forma	Pro Forma As Adjusted
Cash and cash equivalents	$ 169	$ 169	$
Long-term debt, including current portions:			
Senior secured credit facilities:			
Revolving Credit Facility(1)	$ 25	$ 25	$ 25
Term Loan Facility	2,411	2,411	
Floating Rate Senior Notes	750	300	—
3.00% Senior Notes	132	—	—
Finance lease obligations	14	14	14
Total debt(2)	3,332	2,750	
Members' equity:			
Members' interest	1,363	—	—
Accumulated deficit	(804)	—	—
Accumulated other comprehensive loss	(9)	—	—
Members' equity	550	—	—
Noncontrolling interest	(12)	—	—
Total equity	538	—	—

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(dollars in millions)	As of August 1, 2020		
	Actual	Pro Forma	Pro Forma As Adjusted
Stockholders' equity:			
Class A common stock, par value $0.001 per share (no shares authorized, issued or outstanding, actual; authorized shares and issued and outstanding shares, pro forma; and authorized shares and issued and outstanding shares, pro forma as adjusted)	—		
Class B-1 common stock, par value $0.001 per share (no shares authorized, issued or outstanding, actual; authorized shares and issued and outstanding shares, pro forma; and authorized shares and issued and outstanding shares, pro forma as adjusted)(3)	—		
Class B-2 common stock, par value $0.001 per share (no shares authorized, issued or outstanding, actual; authorized shares and issued and outstanding shares, pro forma; and authorized shares and issued and outstanding shares, pro forma as adjusted)(4)	—		
Preferred stock, par value $0.001 per share (authorized shares, actual and as adjusted)	—	—	—
Paid in capital	—	1,945	
Accumulated deficit	—	(804)	
Accumulated other comprehensive loss	—	(9)	
Stockholders' equity	—	1,132	
Noncontrolling interest	—	(12)	
Total equity	—	1,120	
Total capitalization	$3,870	$3,870	$

(1) As of August 1, 2020, there was $25 million of outstanding borrowings under the revolving credit facility and $340 million of available capacity, which is net of $61 million of outstanding letters of credit and a $74 million borrowing base reduction for a shortfall in qualifying assets, net of reserves.
(2) Excludes the impact of original issue discounts and debt issuance costs of $69 million.
(3) The rights of the holders of our Class A common stock and our Class B-1 common stock are identical in all respects, except that our Class B-1 common stock does not vote on the election or removal of our directors.
(4) The rights of the holders of our Class B-2 common stock differ from the rights of the holders of our Class A common stock and Class B-1 common stock in that holders of our Class B-2 common stock only possess the right to vote on the election or removal of our directors.

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DILUTION

Purchasers of our Class A common stock in this offering will experience immediate and substantial dilution in the net tangible book value per share of our Class A common stock for accounting purposes. Our net tangible book value as of was approximately $ million, or $ per share.

After giving effect to the Recapitalization and the Corporate Conversion, pro forma net tangible book value per share is determined by dividing our net tangible book value, or total tangible assets less total liabilities, by the number of shares of our Class A common stock that will be outstanding immediately prior to the completion of this offering. Assuming an initial public offering price of $ (which is the midpoint of the price range set forth on the cover page of this prospectus), after giving effect to the sale of our Class A common stock in this offering and further assuming the receipt of the estimated net proceeds (after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us), our adjusted pro forma net tangible book value as of would have been approximately $ million, or $ per share. This represents an immediate increase in the net tangible book value of $ per share to our existing stockholders and an immediate dilution to new investors purchasing shares in this offering of $ per share, resulting from the difference between the offering price and the pro forma as adjusted net tangible book value after this offering. The following table illustrates the per share dilution to new investors purchasing shares in this offering:

Assumed initial public offering price per share		$
Pro forma net tangible book value per share as of February 1, 2020	$	
Increase per share attributable to new investors in this offering		
As adjusted pro forma net tangible book value per share (after giving effect to this offering)		
Dilution in pro forma net tangible book value per share to new investors in this offering		$

A $1.00 increase (decrease) in the assumed initial public offering price of $ per share, which is the midpoint of the price range set forth on the cover page of this prospectus, would increase (decrease) our as-adjusted pro forma net tangible book value per share after this offering by $ million and increase (decrease) the dilution to new investors in this offering by $ per share, assuming the number of shares of our Class A common stock offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, an increase (decrease) of one million shares of common stock sold in this offering by us would increase (decrease) our net proceeds by $ million, assuming the initial public offering price of $ per share, (which is the midpoint of the price range set forth on the cover page of this prospectus) remains the same and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

The above discussion and table below are based on the number of shares of our Class A common stock outstanding as of the date of this prospectus and exclude an additional shares of our Class A common stock reserved for future issuance under the 2020 Plan, as described in “Executive Compensation—2020 Equity Incentive Plan,” and shares of our Class A common stock reserved for future issuance under the ESPP, as described in “Executive Compensation—2020 Employee Stock Purchase Plan.”

The following table summarizes, on an adjusted pro forma basis as of , 2020, the total number of shares of our Class A common stock owned by existing stockholders and to be owned by new investors, the total consideration paid and the average price per share paid by our existing

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stockholders and to be paid by new investors in this offering at $, which is the midpoint of the price range set forth on the cover page of this prospectus, calculated before deduction of estimated underwriting discounts and commissions and estimated offering expenses payable by us.

	Shares Purchased		Total Consideration		Average Price Per Share
	Number	%	Amount	%	
Existing stockholders		%	$	%	$
New investors in this offering					
Total		100%	$	100%	$

If the underwriters exercise in full their option to purchase additional shares, the number of shares held by new investors will increase to , or approximately % of our outstanding shares of Class A common stock.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical consolidated financial data as of the dates and for the periods indicated. The selected historical consolidated financial data as of and for the fiscal years 2019 and 2018, and the twenty-six weeks ended August 1, 2020, are derived from the audited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial data as of and for the twenty-six weeks ended August 3, 2019 are derived from the unaudited consolidated financial statements included elsewhere in this prospectus. The selected historical consolidated financial data as of and for the fiscal years 2017, 2016, and 2015 are derived from the unaudited historical consolidated financial statements not included in this prospectus.

Historical results are not necessarily indicative of the results to be expected for future periods. We refer you to the notes to our historical consolidated financial statements for a discussion of the basis on which our historical consolidated financial statements are prepared.

Our fiscal year ends on the Saturday closest to January 31, resulting in fiscal years of either 52 or 53 weeks. All references to a fiscal year refer to the fiscal year ending on the Saturday closest to January 31 of the following year. For example, references to Fiscal 2019 refer to the fiscal year beginning February 3, 2019 and ending February 1, 2020. Fiscal 2019, Fiscal 2018, Fiscal 2016, and Fiscal 2015 each include 52 weeks, and Fiscal 2017 includes 53 weeks.

Our consolidated financial statements are presented in two distinct periods to indicate the application of two different bases of accounting between the periods presented. The period prior to January 30, 2016 is identified as “predecessor” and the period from January 30, 2016 forward is identified as “successor.” The acquisition of our company by our Sponsors was recorded on January 30, 2016, the end of our 2015 fiscal year. The activity between the period of the acquisition date of January 26, 2016 through January 30, 2016 was included in the predecessor’s consolidated financial statements, as we determined that the results of operations and cash flows for the five-day period from January 26, 2016 through January 30, 2016 were not material.

As a result of the acquisition and the application of push-down accounting, our consolidated financial statements for the period before January 30, 2016 is presented on a different basis than for the periods on or after January 30, 2016, and are therefore not comparable.

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The following table should be read in conjunction with the sections entitled “Capitalization” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our historical consolidated financial statements and the accompanying notes included elsewhere in this prospectus.

	Fiscal Year					Twenty-Six Weeks Ended	
	Successor				Predecessor	Successor	
(dollars in thousands)	2019 (52 weeks ended February 1, 2020)	2018 (52 weeks ended February 2, 2019)	2017 (53 weeks ended February 3, 2018)	2016 (52 weeks ended January 28, 2017)	2015 (52 weeks ended January 30, 2016)	August 1, 2020	August 3, 2019
Statement of operations data:							
Net sales	$ 4,434,514	$ 4,392,173	$ 4,527,630	$ 4,493,753	$ 4,412,293	$ 2,322,492	$ 2,192,789
Cost of sales	2,527,995	2,487,334	2,580,090	2,574,322	2,521,936	1,326,457	1,256,542
Gross profit	1,906,519	1,904,839	1,947,540	1,919,431	1,890,357	996,035	936,247
SG&A expenses	1,776,919	1,746,387	1,734,690	1,617,667	1,563,052	914,623	890,653
Goodwill & indefinite-lived intangible impairment	19,000	373,172	517,791	—	—	—	—
Operating income (loss)	110,600	(214,720)	(304,941)	301,764	327,305	81,412	45,594
Interest income	(335)	(420)	(427)	(99)	(82)	(283)	(170)
Interest expense	253,018	243,744	206,795	228,134	161,254	115,301	129,072
Loss on extinguishment of debt	—	460	—	13,002	50,624	—	—
Acquisition expenses	—	—	—	—	75,559	—	—
(Loss) Income before income taxes and (income) loss from equity method investees	(142,083)	(458,504)	(511,309)	60,727	39,950	(33,606)	(83,308)
Income tax (benefit) expense	(35,658)	(45,840)	(181,678)	22,392	20,399	(5,597)	(19,816)
(Income) loss from equity method investees	(2,441)	1,124	(1,391)	(848)	(930)	(1,077)	(438)
Net (loss) income	(103,984)	(413,788)	(328,240)	39,183	20,481	(26,932)	(63,054)
Net loss attributable to noncontrolling interest(1)	(8,111)	—	—	—	—	(3,205)	(2,571)
Net (loss) income attributable to members	$ (95,873)	$ (413,788)	$ (328,240)	$ 39,183	$ 20,481	$ (23,727)	$ (60,483)
Per unit data:							
Loss per unit attributable to Common Series A and Common Series B members, basic and diluted	$ (0.07)	$ (0.28)	$ (0.23)	$ 0.03	$ —	$ (0.02)	$ (0.04)
Weighted average units used in computing loss per unit attributable to Common Series A and Common Series B members	1,457,985	1,457,164	1,457,442	1,458,405	—	1,458,558	1,457,412
Cash dividends declared per common unit	$ —	$ —	$ —	$ —	$ —	$ —	$ —

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(dollars in thousands)	Fiscal Year Successor 2019 (52 weeks ended February 1, 2020)	Fiscal Year Successor 2018 (52 weeks ended February 2, 2019)	Fiscal Year Successor 2017 (53 weeks ended February 3, 2018)	Fiscal Year Successor 2016 (52 weeks ended January 28, 2017)	Fiscal Year Predecessor 2015 (52 weeks ended January 30, 2016)	Twenty-Six Weeks Ended Successor August 1, 2020	Twenty-Six Weeks Ended Successor August 3, 2019
Pro forma net (loss) income per Class A common stock and Class B-1 common stock attributable to stockholder (2)							
Basic							
Diluted							
Statement of cash flow data:							
Net cash provided by (used in)							
Operating activities	$ 110,337	$ 203,202	$ 246,454	$ 282,606	$ 206,543	$ 92,389	$ (29,841)
Investing activities	(139,041)	(142,682)	(87,657)	(169,330)	(2,569,635)	(48,674)	(75,458)
Financing activities	(3,071)	(32,099)	(97,800)	(97,513)	2,246,064	(19,069)	70,857
Net (decrease) increase in cash, cash equivalents, and restricted cash	$ (31,775)	$ 28,421	$ 60,997	$ 15,763	$ (117,028)	$ 24,646	$ (34,442)
Balance Sheet data (end of period):							
Cash and cash equivalents	$ 148,785	$ 180,649	$ 151,754	$ 90,551	$ 74,824	$ 168,892	$ 146,216
Merchandise inventories, net	478,968	470,144	470,789	464,222	469,333	489,095	499,182
Working (deficit) capital(3)	(130,936)	218,138	232,742	191,630	169,838	(101,611)	(78,088)
Fixed assets, net	656,256	683,547	737,542	833,731	857,146	614,862	680,129
Total assets(4)	6,155,118	4,924,379	5,384,262	5,905,953	5,941,667	6,124,809	6,287,801
Total debt(5)	3,270,131	3,239,167	3,242,719	3,316,415	3,372,642	3,263,544	3,324,642
Total equity	561,061	637,909	1,045,645	1,368,753	1,333,702	537,641	594,171
Other Financial and Operational Data:							
Comparable sales increase (decrease)(6)	3.9%	(1.1)%				6.2%	4.1%
Total pet care centers at end of period	1,478	1,490				1,474	1,489
Total pet care centers with veterinarian practices at end of period	81	39				93	57
Total Active Customers (in thousands)(7)	19,651	19,075				20,515	19,667
Total Active Multi-Channel Customers (in thousands)(8)	3,024	2,786				3,388	2,956
Net loss margin(9)	(2.3)%	(9.4)%				(1.2)%	(2.9)%
Adjusted EBITDA(10)	$ 424,547	$ 437,836				$ 217,648	$ 192,844
Adjusted EBITDA margin(10)	9.6%	10.0%				9.4%	8.8%

(1) The non-controlling interest represents 50% of the net loss of our veterinary joint venture, which is a variable interest entity for which we were deemed to be the primary beneficiary beginning in Fiscal 2019 due to revisions made in the joint operating agreement. Prior to Fiscal 2019, the joint venture was accounted for as an equity method investment.

(2) Assumes conversion of PET Acquisition LLC units into shares of our common stock in the Corporate Conversion. Class B-2 common stock is not allocated earnings on a pro forma, per share basis because it only has nominal economic rights.

(3) Working (deficit) capital is defined as current assets minus current liabilities.

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(4) We adopted ASU 2016-02, "Leases (Topic 842)," and related amendments as of February 3, 2019, the beginning of Fiscal 2019 on a prospective basis and therefore, fiscal years prior to 2019 have not been revised.
(5) Total debt includes obligations under the senior secured credit facilities, the Floating Rate Senior Notes, the 3.00% Senior Notes, and finance leases. Amounts are reflected net of unamortized discounts and debt issuance costs.
(6) Comparable sales growth is for our total enterprise. A new location or digital site is included in comparable sales beginning on the first day of the fiscal month following 12 full fiscal months of operation and is subsequently compared to like time periods from the previous year. Relocated stores become comparable stores on the first day of operation if the original store was open longer than 12 full fiscal months. If, during the period presented, a store was closed, sales from that store are included up to the first day of the month of closing. Additionally, our comparable sales exclude the impact of the wind-down and migration of our Drs. Foster & Smith digital site to Petco.com in Fiscal 2018 and Fiscal 2019. Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—How We Assess the Performance of Our Business."
(7) As of the last date of a reporting period, Total Active Customers is defined as the total number of trackable unique customers (including Pals Loyalty members) that have made at least one transaction with us, across any of our channels, during the prior 12-month period.
(8) As of the last date of a reporting period, Total Active Multi-Channel Customers is defined as the total number of trackable unique customers that have transacted with us across at least two of our channels during the prior 12-month period.
(9) Net loss margin is defined as net loss divided by net sales.
(10) Adjusted EBITDA and Adjusted EBITDA Margin, are non-GAAP financial measures. Please read "—Non-GAAP Financial Measures" for additional information regarding these non-GAAP financial measures and a reconciliation to the most comparable GAAP measures of each.

Non-GAAP Financial Measures

Adjusted EBITDA and Adjusted EBITDA Margin

We present Adjusted EBITDA, a non-GAAP financial measure, because we believe it enhances an investor's understanding of our financial and operational performance by excluding certain material non-cash items, unusual or non-recurring items that we do not expect to continue in the future, and certain other adjustments we believe are or are not reflective of our ongoing operations and performance. Adjusted EBITDA enables operating performance to be reviewed across reporting periods on a consistent basis. We use Adjusted EBITDA as one of the principal measures to evaluate and monitor our operating financial performance and to compare our performance to others in our industry. We also use Adjusted EBITDA in connection with establishing discretionary annual incentive compensation targets, to make budgeting decisions, to make strategic decisions regarding the allocation of capital, and to report our quarterly results as defined in our debt agreements, although under such agreements the measure is calculated differently and is used for different purposes.

We define Adjusted EBITDA as net (loss) income attributable to members excluding:

- interest expense, net and losses on debt extinguishment;
- income tax (benefit) expense;
- depreciation, amortization, asset impairments, and write-offs;
- (income) loss from equity method investees;
- goodwill and indefinite-lived intangible impairment;
- equity-based compensation;
- pre-opening and closing expenses;
- non-cash occupancy-related costs;
- severance expenses; and
- other non-recurring costs.

We believe it is useful to exclude these items that are non-cash or non-routine in nature, as they are not components of our business operations and may not directly correlate to the underlying performance of our business. In addition, we add back 50% of EBITDA related to our 50% owned veterinary joint venture for years prior to Fiscal 2019 (in Fiscal 2019, we began consolidating this joint

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venture in our financial results) and our 50% owned Mexico joint venture for all periods. We believe it is useful to include our portion of the results of these joint ventures, as it reflects the performance of key components of our business, including veterinary services and international operations, and presents more comparable EBTIDA-based financial information rather than (income) loss on a standalone basis. Our portion of the results of these joint ventures has limitations as an analytical tool, including that amounts shown on the individual line items do not necessarily represent our legal claim to the assets and liabilities, or the revenues and expenses presented. In addition, other companies may calculate such proportionate results differently, which reduces their comparability. Further, we define Adjusted EBITDA Margin as Adjusted EBITDA divided by net sales.

Adjusted EBITDA is not a substitute for net (loss) income, the most comparable GAAP measure, and is subject to a number of limitations as a financial measure, so it should be used in conjunction with GAAP financial measures and not in isolation. There can be no assurances that we will not modify the presentation of Adjusted EBITDA in the future. In addition, other companies in our industry may define Adjusted EBITDA differently, limiting its usefulness as a comparative measure.

The table below presents a reconciliation of net loss attributable to members to Adjusted EBITDA and Adjusted EBITDA Margin after taking into account net sales for the periods presented:

	Fiscal Year		Twenty-Six Weeks Ended	
(dollars in thousands)	2019 (52 weeks ended February 1, 2020)	2018 (52 weeks ended February 2, 2019)	August 1, 2020	August 3, 2019
Reconciliation of Net Loss Attributable to Members to Adjusted EBITDA				
Net loss attributable to members	$ (95,873)	$ (413,788)	$ (23,727)	$ (60,483)
Interest expense, net	252,683	243,324	115,018	128,902
Income tax benefit	(35,658)	(45,840)	(5,597)	(19,816)
Depreciation and amortization	173,544	186,997	86,038	85,614
(Income) loss from equity method investees	(2,441)	1,124	(1,077)	(438)
Loss on debt extinguishment	—	460	—	—
Goodwill & indefinite-lived intangible impairment	19,000	373,172	—	—
Asset impairment and write offs	11,871	17,677	6,261	5,684
Equity-based compensation	9,489	8,452	4,617	4,252
Veterinary Joint Venture EBITDA(1)	—	(4,135)	—	—
Mexico Joint Venture EBITDA(2)	14,227	7,614	7,502	6,147
Store pre-opening expenses	10,325	6,551	3,385	5,453
Store closing expenses	4,068	16,484	3,636	594
Severance	10,164	6,699	3,415	3,627
Non-cash occupancy-related costs(3)	32,763	4,339	13,169	19,248
Non-recurring costs(4)	20,385	28,706	5,008	14,060
Adjusted EBITDA	$ 424,547	$ 437,836	$ 217,648	$ 192,844
Net Sales	4,434,514	4,392,173	2,322,492	2,192,789
Adjusted EBITDA Margin	9.6%	10.0%	9.4%	8.8%

(1) Veterinary Joint Venture EBITDA represents 50% of the entity's operating results for years prior to Fiscal 2019, when the joint venture was accounted for as an equity method investment. Beginning in Fiscal 2019, this joint venture is now included in our consolidated results with the 50% portion we do not own being adjusted as a noncontrolling interest. We believe it is useful to include our portion of the results of this joint venture prior to Fiscal 2019, as it best reflects the actual performance of our overall business and improves comparability of our financial information. The Veterinary Joint Venture EBITDA is aligned with the portion of such entity's net loss that is included in (income) loss from equity method investees in the financial statements because such entity does not have similar items to those excluded in our calculation of Adjusted EBITDA.

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(2) Mexico Joint Venture EBITDA represents 50% of the entity's operating results for all years, as adjusted to reflect the results on a basis comparable to our Adjusted EBITDA. In the financial statements, this joint venture is accounted for as an equity method investment, and reported net of depreciation and income taxes. Because such a presentation would not reflect the adjustments made in our calculation of Adjusted EBITDA, we include our 50% interest in our Mexico Joint Venture on an Adjusted EBITDA basis to ensure consistency. The table below presents a reconciliation of Mexico Joint Venture net income to Mexico Joint Venture EBITDA:

	Fiscal Year		Twenty-Six Weeks Ended	
(dollars in thousands)	2019 (52 weeks ended February 1, 2020)	2018 (52 weeks ended February 2, 2019)	August 1, 2020	August 3, 2019
Net Income	$ 8,662	$ 6,902	$ 3,112	$ 3,128
Depreciation	11,298	4,532	5,856	5,233
Income Tax Expense	4,107	3,673	2,423	2,064
Foreign currency gain (loss)	(406)	164	1,262	(170)
Interest expense (income), net	4,793	(43)	2,350	2,038
EBITDA	$ 28,454	$ 15,228	$ 15,003	$ 12,293
50% of EBITDA	$ 14,227	$ 7,614	$ 7,502	$ 6,147

(3) Non-cash occupancy-related costs include the difference between cash and straight-line rent for all periods. Beginning in Fiscal 2019, in connection with our adoption of the lease accounting standard, favorable lease rights of $125.2 million and unfavorable lease rights of $30.8 million were reclassified from intangible assets and other long-term liabilities, respectively, to right-of-use lease assets and the related amortization is now included in non-cash occupancy costs. In addition to the reclassification, the amortization period of these lease right assets has decreased to align with the terms of the underlying right-of-use lease assets, thus resulting in an acceleration of expense compared to prior years. The overall adoption of the lease accounting standard did not have an impact on our Adjusted EBITDA, as this increase in addback was completely offset in other impacted lines such as lower depreciation and amortization, asset impairments and write-offs, and store closing expenses.

(4) Non-recurring costs include: unrealized fair market value adjustments on non-operating investments; class action settlements and related legal fees; one-time consulting and other costs associated with our strategic transformation initiatives; and discontinuation and liquidation costs. While we have incurred significant costs associated with the COVID-19 pandemic during the twenty-six weeks ended August 1, 2020, we have not classified any of these costs as non-recurring due to the uncertainty surrounding the pandemic's length and long-term impact on the macroeconomic operating environment.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our historical consolidated financial statements and the accompanying notes included elsewhere in this prospectus. The discussion and analysis below contain certain forward-looking statements about our business and operations that are subject to the risks, uncertainties, and other factors described in the section entitled "Risk Factors," beginning on page 23, and elsewhere in this prospectus. These risks, uncertainties, and other factors could cause our actual results to differ materially from those expressed in, or implied by, the forward-looking statements. Please read the section entitled "Cautionary Note Regarding Forward-Looking Statements."

Overview

We are a beloved brand in the U.S. pet care industry with more than 55 years of service to pets and the people who love and care for them. Since our founding in 1965, we have been developing new standards in pet care, delivering comprehensive wellness solutions through our products and services, and creating communities that deepen the pet-parent bond. Over the last three years, we have transformed the business from a successful traditional retailer to a disruptive, fully-integrated, digital-focused provider of pet health and wellness offerings. We revamped our leadership team and invested over $300 million to build out leading capabilities across e-commerce and digital, owned brands, data analytics, and a full suite of on-site services including veterinary care. Our investments have delivered a comprehensive, integrated, and technology-enabled ecosystem of channels and offerings, complemented by a rapid innovation capability that is disrupting the pet market and providing pet parents with a differentiated holistic solution for all their pet care needs.

Our go-to-market strategy is powered by a multi-channel platform that integrates our strong digital presence with our nationwide physical network. Our data-driven digital footprint, consisting of an entirely redesigned e-commerce site and personalized mobile app, delivers an exceptional customer experience and serves as a hub for pet parents to manage their pets' health, wellness, and merchandise needs, while enabling them to shop wherever, whenever, and however they want. By strategically leveraging our extensive physical network consisting of approximately 1,470 pet care centers located within three miles of 54% of our customers, we are able to offer our comprehensive product and service offering in a localized manner with a meaningful last-mile advantage over our competition. Through our connected platform, we serve our customers in a differentiated manner by offering the convenience of ship-from-store, BOPUS, and curbside pick-up. This integrated, multi-channel approach clearly resonates with our customers, as the number of customers who engage with us across multiple channels has grown by 20% over the last three years. Further, these multi-channel customers spend between 3x to 6x more with us compared to single-channel customers. In the last 12 months ended August 1, 2020, we achieved over 80% retention of our multi-channel customers.

Through our multi-channel platform, we provide a comprehensive offering of differentiated products and services that fulfill all the needs of pet parents and their pets. Our product offering leverages our owned brand portfolio and partnerships with premium third-party brands to deliver high quality food that avoids artificial ingredients, complemented by a wide variety of premium pet care supplies. We augment this premier product offering with a broad suite of professional services, including grooming as well as in-store and online training. Our service offering is further enhanced by a rapidly expanding, affordable veterinary service platform, which includes full-service veterinary hospitals, Vetco clinics, and tele-veterinarian services. In addition, we are increasingly linking our offerings with subscription programs such as membership and pet health insurance that create deeper engagement with our over 20 million Active Customers as of August 1, 2020, with our Pals loyalty

program members accounting for approximately 80% of transactions in the twenty-six weeks ended August 1, 2020. In addition to providing differentiated products and services, our over 23,000 knowledgeable, passionate partners provide important high-quality advice to our customers in our pet care centers. With our integrated platform and comprehensive offering, we provide a complete pet health and wellness ecosystem that drives engagement across our enterprise and creates life-long customer relationships.

How We Assess the Performance of Our Business

In assessing our performance, we consider a variety of performance and financial measures:

Comparable Sales

Comparable sales is an important measure throughout the retail industry and includes both retail and digital sales of products and services. A new location or digital site is included in comparable sales beginning on the first day of the fiscal month following 12 full fiscal months of operation and is subsequently compared to like time periods from the previous year. Relocated stores become comparable stores on the first day of operation if the original store was open longer than 12 full fiscal months. If, during the period presented, a store was closed, sales from that store are included up to the first day of the month of closing. Additionally, our comparable sales exclude the impact of the wind-down and migration of our Drs. Foster & Smith digital site to Petco.com in Fiscal 2018 and Fiscal 2019. There may be variations in the way in which some of our competitors and other retailers calculate comparable sales. As a result, data in this prospectus regarding our comparable sales may not be comparable to similar data made available by other retailers.

Comparable sales allow us to evaluate how our overall ecosystem is performing by measuring the change in period-over-period net sales from locations and digital sites that have been open for the applicable period. We intend to improve comparable sales by continuing initiatives aimed to increase customer retention, frequency of visits, and basket size. General macroeconomic and retail business trends are a key driver of changes in comparable sales.

Adjusted EBITDA and Adjusted EBITDA Margin

Adjusted EBITDA is defined as net loss attributable to members excluding:

- interest expense, net and losses on debt extinguishment;
- income tax (benefit) expense;
- depreciation, amortization, asset impairments, and write-offs;
- (income) loss from equity method investees;
- goodwill and indefinite-lived intangible impairment;
- equity-based compensation;
- pre-opening and closing expenses;
- non-cash occupancy-related costs;
- severance expenses; and
- other non-recurring costs.

We believe it is useful to exclude these items that are non-cash or non-routine in nature, as they are not components of our business operations and may not directly correlate to the underlying

performance of our business. In addition, we add back 50% of EBITDA related to our 50% owned veterinary joint venture for years prior to Fiscal 2019 (in Fiscal 2019, we began consolidating this joint venture in our financial results) and our 50% owned Mexico joint venture for all periods. We believe it is useful to include our portion of the results of these joint ventures, as it reflects the performance of key components of our business, including veterinary services and international operations, and presents more comparable EBTIDA-based financial information rather than (income) loss on a standalone basis.

We define Adjusted EBITDA margin as Adjusted EBITDA divided by net sales. We expect adjusted EBITDA margin to improve over the long term. Please read “Selected Consolidated Financial and Other Data—Non-GAAP Financial Measures” for more information regarding our use of Adjusted EBITDA and Adjusted EBITDA Margin and a reconciliation to net (loss) income attributable to members, the most comparable GAAP measure.

Total Active Customers

As of the last date of a reporting period, Total Active Customers is defined as the total number of trackable unique customers (including Pals Loyalty members) that have made at least one transaction with us, across any of our channels, during the prior 12-month period. We view the number of Total Active Customers as an indicator of our scale, the reach of our integrated platform, consumer awareness of our brand, and our growth.

Total Active Multi-Channel Customers

As of the last date of a reporting period, Total Active Multi-Channel Customers is defined as the total number of trackable unique customers that have transacted with us across at least two of our channels during the prior 12-month period. For purposes of tracking these customers, we consider our channels to be our (1) pet care center merchandise, (2) e-commerce and digital, (3) grooming and training services, and (4) veterinary services including veterinary hospitals and Vetco clinics. We view the number of Total Active Multi-Channel Customers as an indicator of our ability to engage with customers both digitally and through our nationwide physical network, address customer product and service needs, and capture a greater share of wallet.

Factors Affecting Our Business

We believe that our performance and future success depend on a number of factors that present significant opportunities for us but also pose risks and challenges, including those discussed below and in the section of this prospectus titled “Risk Factors.”

Pet Industry Trends

The U.S. pet care industry is a large, attractive growth market experiencing a significant acceleration in response to multiple secular consumer themes. In 2020, the industry is estimated to serve more than 72 million households with pets, representing a total addressable market of $97 billion. Due to its non-discretionary nature, the market has demonstrated a long-term track record of consistent growth and resilience throughout economic cycles. From 2020 to 2024, the industry is expected to grow at a 7% CAGR, driven by steady, predictable growth in the underlying pet population coupled with strong tailwinds associated with pet humanization and COVID-19.

Customer Pet Purchase Trends

We have focused on building our complete pet care ecosystem to cover all the ways customers want to shop for their pet care needs. As we saw the major purchase trend shift and growth into areas

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like e-commerce, services, and veterinary care, we actively invested to build capabilities and offerings to effectively capitalize on the opportunity. Our business will be impacted by our ability to continue to understand and react to changing customer purchase trends.

Customer Acquisition, Retention, and Spend

Our business is impacted by our ability to successfully attract new customers to any one of our channels, build their loyalty to engender return visits, and expand their spend with Petco across multiple purchase channels (e.g., pet care centers, e-commerce, and services) and categories (e.g., pet food, supplies, and companion animal). This is the primary focus of all our customer engagement efforts from digital, to performance marketing campaigns, to new product introductions, and to Petco partner cross-selling activities in pet care centers. The ability to convert more of our customers to loyal, multi-channel shoppers will affect business performance.

Innovation and Transformation

Our operating results over the last two years reflect significant investments made to support innovation and business transformation strategies. These investments include: digital and e-commerce integration and expansion; data analytical capabilities; veterinary services; marketing and advertising; and our owned brands. We also have developed advanced sales reporting that provides our pet care center General Managers and field leadership teams with data to track performance across multiple dimensions, identify opportunities, and execute strategies to drive incremental sales.

Specifically, some of these investments have included:

- Approximately $185.1 million of capital investments in Fiscal 2019 and Fiscal 2018 in our new and existing pet care center locations, including the build-out of over 70 veterinary hospitals.
- Approximately $106.8 million of capital investments in Fiscal 2019 and Fiscal 2018 related to digital and information technology, specifically the development of integration capabilities with our pet care center locations, our Petco App, and the development and deployment of data analytical and reporting capabilities.
- An $18.1 million increase in advertising in Fiscal 2019 compared to Fiscal 2018, representing the strategic rightsizing of our go-forward advertising footprint. For the twenty-six weeks ended August 1, 2020, advertising expenses increased $25.2 million compared to the prior year period to further adapt our advertising footprint to support the acceleration of our e-commerce and digital sales growth.
- Over $10.0 million investment in pet care center payroll-related costs in Fiscal 2019 related to comprehensive selling training to all partners, and to support and execute transformation initiatives.

While these investments provided a key foundation and drive increased sales, ongoing performance of the business will depend on our ability to leverage our existing distribution network and pet care center locations for product delivery and fulfillment, including implementing BOPUS and curbside pick-up, and build upon and enhance these efforts.

Gross Margin and Expense Management

Our operating results are impacted by our ability to convert revenue growth into higher gross margin and operating margin. The sales mix related to consumables, supplies and services, with services typically having lower margins, and customer shopping preferences impacting our gross margin results. We focus gross margin and expense management on achieving a balance between

ensuring adequate resource spend to grow sales with attention to driving increased profitability. The business has successfully implemented cost optimization initiatives in the past and will continue to find opportunities to enhance profit margins and operate more efficiently in the future.

Talent and Culture

We see our Petco partners as the core to building a purpose-driven performance culture. Our business results rely on our ability to continually: add talented partners, specifically in our scaling business areas like e-commerce, veterinary care, and grooming and training services; provide the best tools, partner training, and competitive compensation to deliver higher sales and better customer experiences; and engender a positive, collaborative, and respectful working environment. Our Partners represent the strength of our brand every day and are key to ongoing growth.

Impact of the COVID-19 Pandemic on Our Business

The ongoing COVID-19 pandemic has impacted every aspect of the economy, including employment, consumer spending patterns, living and working conditions, and the viability of certain business sectors. As an essential retailer, all of our pet care centers have remained open, as we are the grocery store, pharmacy, and doctor's office for many of our nation's pets. Market data indicates that with more of the working population staying home, there has been an increase in pet ownership and the percentage of disposable income spent on home-related goods and services, including pet care. This macroeconomic trend is favorably impacting our business results to date, but the possible sustained spread or resurgence of the pandemic, and any government response thereto, increases the uncertainty regarding future economic conditions that will impact our business in the future.

We have quickly adapted our business and operations since the start of the pandemic to ensure, first and foremost, the health and safety of our partners, the animals in our care, and the customers we serve. These adaptations include: providing additional paid-time off and four cycles of appreciation bonuses to our frontline partners; establishing a $2.0 million employee support fund to assist our partners and their families impacted by the pandemic; investing in sanitation, plexiglass barriers, signage, and personal protective equipment; and adopting strict safety protocols that limit direct human interactions and promote social distancing, including temporarily reducing pet care center hours during the initial phase of the pandemic.

We were well-positioned to meet the increasing and evolving needs of pets and their parents at the onset of the pandemic. In March 2020, we experienced significant increases in customer pet food purchases, or pantry loading, and were able to maintain our in-stock levels for pet food products despite the sudden change in demand. As the months progressed, our sales growth shifted to our supplies category, due to an increase in pet ownership and shifts in disposable income spending toward pets. We deprioritized our companion animal business in the early months of the pandemic to enable our partners to focus on essential customer needs during reduced pet care center hours and to minimize the health and safety risk for our partners. As stay-at-home orders began to lift and pet care center hours normalized, we quickly accelerated companion animal sourcing to catch up with growing customer demands. In services, to ensure partner safety, we temporarily suspended our training services and vaccination clinic operations, and we reduced our grooming capacity while stay-at-home orders were in place. Although we had experienced increasing customer demand for services before the pandemic, sales attributable to such services declined significantly from March through May 2020 as a result of the suspension.

We have experienced a significant acceleration of our e-commerce business, particularly as it relates to the integrated offering with our pet care centers. Our ship-from-store capability enabled us to

maintain regular shipping timelines during a period when the broader market experienced difficulties. We capitalized on our BOPUS capability and rolled out curbside pick-up in a matter of weeks, enabling us to get products to customers faster and at a higher margin than online retailers that incur costs to ship products to their customers. We have incurred additional expenses to support our e-commerce business and integrated pet care center offerings. While pet care center customer traffic spiked at the onset of the pandemic with food pantry loading then decreased significantly as stay-at-home orders were put in place, our pet care center performance has improved as customers benefit from the combination of our e-commerce and digital platform and our integrated pet care center locations offering both convenient order pick-up and essential pet services.

We have taken a number of precautionary measures to ensure financial flexibility and maximize liquidity. We drew $250.0 million on the revolving credit facility in March 2020 given the uncertainty of the macroeconomic environment at the start of the pandemic, but as a result of our strong financial performance to-date, we have paid down $225.0 million of the March 2020 draw, leaving only $25.0 million outstanding as of August 1, 2020. We temporarily suspended capital expenditures to preserve liquidity, but as our financial results surpassed earlier expectations, we have returned to our initial capital plan. In efforts to control expenses, we negotiated discounts and concessions with landlords and vendors, executed disciplined prioritization across corporate and store expenses, and temporarily furloughed or implemented temporary pay cuts for non-frontline partners.

We may need to make future adaptions to our business model and/or take other temporary or precautionary measures as a result of any possible sustained spread or resurgence of the pandemic. Any future actions will continue to prioritize the safety of our partners and customers while simultaneously focusing on the dynamic needs of our customers.

Significant Components of Results of Operations

Net Sales

Our net sales comprise gross sales of products and services, net of sales tax and certain discounts and promotions offered to our customers, including those offered under our customer loyalty programs. Net sales are driven by comparable sales, new pet center locations, and expanded offerings.

Cost of Sales and Gross Profit

Gross profit is equal to our net sales minus our cost of sales. Gross profit rate measures gross profit as a percentage of net sales.

Our cost of sales includes the following types of expenses:

- direct costs net of vendor rebates, allowances, and discounts for products sold, including inbound freight charges;
- shipping and handling costs;
- inventory shrinkage costs and write-downs;
- payroll costs of pet groomers, trainers, veterinarians, and other direct costs of services; and
- costs associated with operating our distribution centers including payroll, occupancy costs and depreciation.

Our digital gross profit rate tends to be lower than the gross profit rate from sales in our pet care centers due to incremental costs associated with shipping and other expenses of delivery to customers. In addition, our gross profit rate tends to be lower for services than for products.

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Selling, General, and Administrative Expense

The following types of expenses are included in our selling, general, and administrative costs ("SG&A"):

- payroll costs of pet care center employees and management;
- store occupancy and utilities costs (including rent, depreciation, common area maintenance, and real estate taxes);
- other costs associated with store operations;
- credit and debit card fees and other third-party transaction fees like those charged by Paypal;
- store pre-opening and remodeling costs;
- advertising expenses; and
- general and administrative costs, including payroll and other costs associated with management and other support functions.

SG&A includes both fixed and variable costs and therefore is not directly correlated with net sales. We expect that our SG&A expenses will increase in future periods due to additional expenses we expect to incur as a result of being a public company, including stock-based compensation.

Goodwill and Indefinite-Lived Intangible Impairment

In connection with the Fiscal 2015 acquisition by our current Sponsors, we recorded goodwill of approximately $3.0 billion and an indefinite-lived trade name asset of $1.1 billion. We evaluate these assets for impairment annually and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Please read the discussion of these assets under "Critical Accounting Policies and Estimates."

Interest Expense

Our interest expense is primarily associated with the senior secured credit facilities, the Floating Rate Senior Notes, the 3.00% Senior Notes, and interest rate caps. Please read discussion under "—Liquidity and Capital Resources—Sources of Liquidity—Derivative Financial Instruments."

Income Tax Benefit

Income taxes consist of an estimate of federal and state income taxes based on enacted federal and state tax rates, as adjusted for allowable credits, deductions, and the valuation allowance against deferred tax assets, as applicable.

(Income) Loss from Equity Method Investees

Our equity method investments prior to Fiscal 2019 consisted primarily of our 50% owned veterinary joint venture and our 50% owned Mexico joint venture. Beginning in Fiscal 2019, the veterinary joint venture is now included in our consolidated results. Please read "Net Loss Attributable to Non-controlling Interest" below for more information regarding our non-controlling interests.

Net Loss Attributable to Non-controlling Interest

The non-controlling interest represents 50% of the net loss of our veterinary joint venture, which is a variable interest entity for which we were deemed to be the primary beneficiary beginning in Fiscal 2019 due to revisions made in the joint operating agreement. Prior to Fiscal 2019, the veterinary joint venture was accounted for as an equity method investment.

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Executive Summary

Our business transformation initiatives, accelerated by an increase in pet ownership and a shift in customer discretionary spend on pets, have driven strong top- and bottom-line growth in our business. Comparing the first twenty-six weeks of Fiscal 2020 and Fiscal 2019, we achieved the following results:

- increase in sales from $2.19 billion to $2.32 billion, representing period-over-period growth of 5.9%;
- comparable sales growth of 6.2%;
- increase in operating income from $45.6 million to $81.4 million, representing period-over-period growth of 78.5%;
- a decrease in net loss attributable to members from ($60.5) million to ($23.7) million, representing a period-over-period improvement of 60.8%; and
- an increase in Adjusted EBITDA from $192.8 million to $217.6 million, representing period-over-period growth of 12.9%.

For a description of our non-GAAP measures and reconciliations to their most comparable U.S. GAAP measures, please read the section titled “Selected Historical Consolidated Financial Data—Non-GAAP Financial Measures.”

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Results of Operations

The following table summarizes our results of operations and the percent of net sales of line items included in our consolidated statements of operations:

	Fiscal Year		Twenty-Six Weeks Ended	
	2019 (52 weeks ended February 1, 2020)	2018 (52 weeks ended February 2, 2019)	2020 August 1, 2020	2019 August 3, 2019
Statements of Operations Data (dollars in thousands):				
Net sales	$ 4,434,514	$ 4,392,173	$ 2,322,492	$ 2,192,789
Cost of sales	2,527,995	2,487,334	1,326,457	1,256,542
Gross profit	1,906,519	1,904,839	996,035	936,247
Selling, general, and administrative expenses	1,776,919	1,746,387	914,623	890,653
Goodwill and indefinite-lived intangible impairment	19,000	373,172	—	—
Operating income (loss)	110,600	(214,720)	81,412	45,594
Interest income	(335)	(420)	(283)	(170)
Interest expense	253,018	243,744	115,301	129,072
Loss on extinguishment of debt	—	460	—	—
Loss before income taxes and (income) loss from equity method investees	(142,083)	(458,504)	(33,606)	(83,308)
Income tax benefit	(35,658)	(45,840)	(5,597)	(19,816)
(Income) loss from equity method investees	(2,441)	1,124	(1,077)	(438)
Net loss	(103,984)	(413,788)	(26,932)	(63,054)
Net loss attributable to noncontrolling interest	(8,111)	—	(3,205)	(2,571)
Net loss attributable to members	$ (95,873)	$ (413,788)	$ (23,727)	$ (60,483)

	Fiscal Year		Twenty-Six Weeks Ended	
	2019 (52 weeks ended February 1, 2020)	2018 (52 weeks ended February 2, 2019)	August 1, 2020	August 3, 2019
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	57.0	56.6	57.1	57.3
Gross profit	43.0	43.4	42.9	42.7
Selling, general and administrative expenses	40.1	39.8	39.4	40.6
Goodwill and indefinite-lived intangible impairment	0.4	8.5	—	—
Operating income (loss)	2.5	(4.9)	3.5	2.1
Interest income	(0.0)	(0.0)	(0.0)	(0.0)
Interest expense	5.7	5.5	5.0	5.9
Loss on extinguishment of debt	—	0.0	—	—
Loss before income taxes and (income) loss from equity method investees	(3.2)	(10.4)	1.4	(3.8)
Income tax benefit	(0.8)	(1.0)	(0.2)	(0.9)
(Income) loss from equity method investees	(0.1)	0.0	(0.0)	0.0
Net loss	(2.3)	(9.4)	(1.2)	(2.9)
Net loss attributable to noncontrolling interest	(0.2)	—	(0.1)	(0.1)

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	Fiscal Year		Twenty-Six Weeks Ended	
	2019 (52 weeks ended February 1, 2020)	2018 (52 weeks ended February 2, 2019)	August 1, 2020	August 3, 2019
Net loss attributable to members	(2.1)%	(9.4)%	(1.1)%	(2.8)%
Operational Data:				
Comparable sales increase (decrease)	3.9%	(1.1)%	6.2%	4.1%
Total pet care centers at end of period	1,478	1,490	1,474	1,489
Total pet care centers with veterinarian practices at end of period	81	39	93	57
Total Active Customers (in thousands)	19,651	19,075	20,515	19,667
Total Active Multi-Channel Customers (in thousands)	3,024	2,786	3,388	2,956
Net loss margin(1)	(2.3)%	(9.4)%	(1.2)%	(2.9)%
Adjusted EBITDA (in thousands)(2)	$424,547	$437,836	$217,648	$192,844
Adjusted EBITDA margin(2)	9.6%	10.0%	9.4%	8.8%

(1) Net loss margin is defined as net loss divided by net sales.
(2) Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP financial measures. Please read “Selected Historical Consolidated Financial Data—Non-GAAP Financial Measures” for additional information regarding these non-GAAP financial measures and a reconciliation to the most comparable GAAP measures of each.

Twenty-six weeks ended August 1, 2020 compared with twenty-six weeks ended August 3, 2019

Net Sales and Comparable Sales

Net sales increased $129.7 million, or 5.9%, to $2.32 billion for the twenty-six weeks ended August 1, 2020 compared to net sales of $2.19 billion for the twenty-six weeks ended August 3, 2019 driven by a 6.2% increase in our comparable sales. With our investments in our business over the past two years, we were, and continue to be, well-positioned to meet the increasing and evolving needs of pets and their parents. Our sales growth period-over-period was a result of these investments, coupled with an increase in pet ownership and a shift in consumer spending toward the pet category as a result of the COVID-19 pandemic. Our e-commerce and digital sales increased from 7.1% of total net sales for the twenty-six weeks ended August 3, 2019 to 14.2% of total net sales for the twenty-six weeks ended August 1, 2020 driven by a change in consumer shopping preferences. With an integrated offering that includes BOPUS, curbside pick-up, and ship-from-store, we were able to quickly get products to customers in a safe manner regardless of their delivery or pick-up preference.

Supplies and companion animal sales increased $149.2 million due to increases in pet ownership and shifts in disposable income toward pets and represented 47.6% of sales in the twenty-six weeks ended August 1, 2020 compared to 43.7% of sales in the twenty-six weeks ended August 3, 2019. Dog and cat food sales were consistent period-over-period at $1.02 billion and represented 43.8% of sales in the twenty-six weeks ended August 1, 2020 compared to 46.5% of sales in the twenty-six weeks ended August 3, 2019. Services sales decreased $26.6 million and represented 7.4% of sales in the twenty-six weeks ended August 1, 2020 compared to 9.0% of sales in the twenty-six weeks ended August 3, 2019. The decrease was due to the temporary suspension of our training services and vaccination clinic operations and reducing our grooming capacity while stay-at-home orders were in place to ensure the safety of our partners. Slightly offsetting these decreases was growth in our hospital business of $19.4 million due to increases in comparable sales and the addition of 36 new hospitals period-over-period.

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Cost of Goods Sold and Gross Profit

Gross profit increased $59.8 million, or 6.4%, to $996.0 million for the twenty-six weeks ended August 1, 2020 compared to gross profit of $936.2 million for the twenty-six weeks ended August 3, 2019. As a percentage of sales, our gross profit rate increased to 42.9% for the twenty-six weeks ended August 1, 2020 compared to 42.7% for the twenty-six weeks ended August 3, 2019. The increases in gross profit and gross profit rate were due to the increase in net sales and the shift in sales mix to our supplies category, which typically carries higher margins, from our services category, which typically carries lower margins. The shift in sales to e-commerce, which typically carries lower margins, was slightly offset by the growth in BOPUS, curbside delivery, and ship-from-store, which typically carry higher margins as they reduce or eliminate shipping costs associated with online sales.

Slightly offsetting the period-over-period margin benefits were COVID-related expenses of approximately $4.1 million for appreciation bonuses for our frontline services partners, including groomers, trainers and veterinarians, and distribution center partners and approximately $0.9 million due to increased sanitation costs at our distribution centers and for purchases of personal protective equipment.

Selling, General and Administrative Expenses

SG&A expenses increased $24.0 million, or 2.7%, to $914.6 million for the twenty-six weeks ended August 1, 2020 compared to $890.7 million for the twenty-six weeks ended August 3, 2019. As a percentage of net sales, SG&A expenses decreased from 40.6% in the twenty-six weeks ended August 3, 2019 to 39.4% in the twenty-six weeks ended August 1, 2020. The increase period-over-period was driven by a $25.2 million increase in advertising expenses to support the acceleration of our e-commerce and digital sales growth, $11.5 million of COVID-related appreciation bonuses for our frontline pet care center partners, and $7.3 million of COVID-related expenses for sanitation, safety-related costs, personal protective equipment and the establishment of our employee assistance fund. Slightly offsetting these increases was a decrease in pet care center payroll costs of $14.5 million due to reduced pet care center hours and focus on essential selling activities.

Interest Expense

Interest expense decreased $13.8 million, or 10.7%, to $115.3 million in the twenty-six weeks ended August 1, 2020 compared with $129.1 million in the twenty-six weeks ended August 3, 2019. The decrease was primarily driven by lower interest rates, slightly offset by an increase in our average revolver balance period-over-period. In March 2020, we borrowed $250.0 million on the revolving credit facility as a precautionary measure given the uncertainty of the macroeconomic environment at the start of the COVID-19 pandemic. We subsequently paid down $225.0 million with $25.0 million remaining outstanding as of August 1, 2020. We expect that our interest expense will continue to decrease following the completion of this offering as we intend to use a portion of the net proceeds from this offering to redeem, after the Recapitalization, the remaining Floating Rate Senior Notes and the remainder of the proceeds, plus cash on hand, to repay a portion of the term loan facility.

Income Tax Benefit

Our effective tax rate was 19.2% for the twenty-six weeks ended August 1, 2020, resulting in an income tax benefit of $5.6 million, compared to an effective tax rate of 24.8% and income tax benefit of $19.8 million in the twenty-six weeks ended August 3, 2019. The decrease in income tax benefit was due to the decrease in loss before income taxes and (income) loss from equity method investees period-over-period. The decrease in our effective tax rate is primarily due to a valuation allowance for state interest expense limitation carryforwards under IRC §163(j) where it is not more likely than not that these deferred carryforwards will be utilized.

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Net Loss Attributable to Members

Net loss attributable to members decreased $36.8 million to $23.7 million in the twenty-six weeks ended August 1, 2020 compared with a net loss attributable to members of $60.5 million in the twenty-six weeks ended August 3, 2019. The improvement period-over-period was primarily driven by higher gross margin of $59.8 million and lower interest expense of $13.8 million, slightly offset by higher SG&A costs of $24.0 million and a lower income tax benefit of $14.2 million.

Fiscal 2019 (52 weeks) compared with Fiscal 2018 (52 weeks)

Net Sales and Comparable Sales

Net sales increased $42.3 million, or 1.0%, to $4.43 billion for Fiscal 2019 compared to net sales of $4.39 billion in Fiscal 2018 driven by a 3.9% increase in our comparable sales. Our sales growth year-over-year was a result of our overall pet care center sales performance, particularly our services, which increased $57.8 million and represented 9.1% of our total sales in Fiscal 2019 compared to 7.9% of sales in Fiscal 2018. The increase in services as a percentage of total net sales was driven by our grooming business and our veterinary hospitals. We added 42 veterinary hospitals during Fiscal 2019 bringing our total number of hospitals to 81 as of the end of the year compared with 39 hospitals as of the end of Fiscal 2018. Dog and cat food sales increased $8.7 million and remained a consistent percentage of our sales mix year-over-year. Slightly offsetting these increases was a decrease in our supplies and companion animal sales of $29.1 million, which was primarily attributable to the wind-down and migration of our Drs. Foster & Smith digital site to Petco.com. As noted above, our comparable sales exclude sales related to the Drs. Foster & Smith digital site.

Cost of Goods Sold and Gross Profit

Gross profit increased $1.7 million, or 0.1%, to $1.91 billion in Fiscal 2019 from gross profit of $1.90 billion in Fiscal 2018. Our overall gross profit increase was driven by our comparable sales growth in Fiscal 2019 and lower distribution center costs of $13.1 million driven by productivity enhancements and cost management initiatives, slightly offset by $7.0 million in higher distribution freight costs due to rate and fuel increases year-over-year. As a percentage of sales, our gross profit rate decreased to 43.0% compared to 43.4% in Fiscal 2018. The decrease in gross profit rate was primarily a result of a shift in overall sales mix due to an increase in services revenue, which typically carries lower margins. Slightly offsetting the decrease in gross profit rate was margin improvement due to an increase in sales of our owned brands, which carry higher gross margins and surpassed $1.0 billion in annual sales in Fiscal 2019. Our owned brand food and supplies represented 27.1% of merchandise sales in Fiscal 2019 compared to 24.4% of merchandise sales in Fiscal 2018.

Selling, General and Administrative Expenses

SG&A expenses increased $30.5 million, or 1.7%, to $1.78 billion in Fiscal 2019 compared to $1.75 billion in Fiscal 2018. As a percentage of net sales, SG&A expenses increased from 39.8% in Fiscal 2018 to 40.1% in Fiscal 2019. The increase is primarily driven by: higher advertising expense of $18.1 million due to investments in right-sizing our advertising footprint; a $12.0 million increase occupancy-related costs primarily due to an acceleration of non-cash lease rights expense as a result of adopting the lease accounting standard in Fiscal 2019; $12.0 million of hospital and general support costs associated with our veterinary joint venture that we began consolidating in Fiscal 2019; and an $11.0 million increase in pet care center payroll-related costs driven by investments in connection with our retail transformation initiative. Slightly offsetting these increases was lower depreciation and amortization expense of $13.5 million due to more assets becoming fully depreciated and $5.0 million in proceeds from the settlement of a legal claim.

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Goodwill and Indefinite-lived Intangible Impairment

Our annual impairment test in Fiscal 2019 indicated that the fair value of our single reporting unit exceeded the carrying value, and therefore no goodwill impairment charge was recorded. In Fiscal 2018, our annual impairment test resulted in a charge of $290.2 million driven by a combination of market conditions, increased competition from online competitors, and decreased financial performance.

The annual impairment analysis of our indefinite-lived trade name asset resulted in impairment charges of $19.0 million and $83.0 million in Fiscal 2019 and Fiscal 2018, respectively, driven by a combination of market conditions, increased competition from online competitors, and decreased financial performance.

Interest Expense

Interest expense increased $9.3 million, or 3.8%, to $253.0 million in Fiscal 2019 compared with $243.7 million in Fiscal 2018. The increase in expense was primarily driven by higher interest rates and a higher average revolver balance year-over-year.

Income Tax Benefit

Our effective tax rate was 27.3% in Fiscal 2019, resulting in an income tax benefit of $35.7 million, compared to an effective tax rate of 9.9% and income tax benefit of $45.8 million in Fiscal 2018. The increase in our effective tax rate in Fiscal 2019 was primarily due to the non-deductible goodwill impairment charge impacting our rate in Fiscal 2018. The lower effective tax rate in Fiscal 2018 was primarily due to the Tax Act that was enacted in December 2017.

Net Loss Attributable to Members

Net loss attributable to members decreased $317.9 million to $95.9 million in Fiscal 2019 compared with a net loss of $413.8 million in Fiscal 2018. The improvement year-over-year was primarily driven by lower goodwill and indefinite-lived intangible impairment of $354.2 million and leverage in our SG&A corporate support costs, slightly offset by planned increases in advertising and investments to support our transformation initiatives in-store operations, grooming, and veterinary expansion.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are funds generated by operating activities and borrowings from the revolving credit facility. Our ability to fund our operations, to make planned capital investments, to make scheduled debt payments and to repay or refinance indebtedness depends on our future operating performance and cash flows, which are subject to prevailing economic conditions and financial, business, and other factors, some of which are beyond our control. Cash and cash equivalents totaled $168.9 million as of August 1, 2020. We believe that our current resources, together with anticipated cash flows from operations and borrowing capacity under the revolving credit facility will be sufficient to finance our operations, meet our current debt obligations, and fund anticipated capital investments for the next 12 months. We may, however, seek additional financing to fund future growth or refinance our existing indebtedness through the debt capital markets, but we cannot be assured that such financing will be available on favorable terms, or at all.

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Cash Flows

The following table summarizes our consolidated cash flows:

(dollars in thousands)	Fiscal Year 2019 (52 weeks ended February 1, 2020)	Fiscal Year 2018 (52 weeks ended February 2, 2019)	Twenty-Six Weeks Ended August 1, 2020	Twenty-Six Weeks Ended August 3, 2019
Total cash provided by (used in):				
Operating activities	$ 110,337	$ 203,202	$ 92,389	$(29,841)
Investing activities	(139,041)	(142,682)	(48,674)	(75,458)
Financing activities	(3,071)	(32,099)	(19,069)	70,857
(Decrease) increase in cash, cash equivalents and restricted cash	$ (31,775)	$ 28,421	$ 24,646	$(34,442)

Operating Activities

Our primary source of operating cash is sales of products and services to customers, which are substantially all on a cash basis and therefore provide us with a significant source of liquidity. Our primary uses of cash in operating activities include purchases of inventory; freight and warehousing costs; employee-related expenditures; occupancy-related costs for our pet care centers, distribution centers and corporate support centers; credit card fees; interest under our debt agreements; and marketing expenses. Net cash provided by operating activities is impacted by our net loss adjusted for certain non-cash items, including: depreciation, amortization, impairments and write-offs; amortization of debt discounts and issuance costs; deferred income taxes; equity-based compensation; impairments of goodwill and intangible assets; and the effect of changes in operating assets and liabilities.

Net cash provided by operating activities was $92.4 million in the twenty-six weeks ended August 1, 2020 compared with net cash used in operating activities of $29.8 million in the twenty-six weeks ended August 3, 2019. The increase was driven by net sales growth of $129.7 million period-over-period related to the increase in pet ownership and shift in consumer spending toward the pet category as a result of the COVID-19 pandemic. A $16.7 million CARES Act deferral of the employer portion of certain payroll taxes, lower cash payments for interest of $14.9 million, and lower income tax payments of $12.0 million also contributed to the increase. This increase was offset by $23.8 million in COVID-19 related expenses, an increase in $21.4 million in shipping costs on higher e-commerce and digital sales, an increase in cash paid for advertising of $7.7 million and the timing and volume of inventory purchases.

Net cash provided by operating activities was $110.3 million in Fiscal 2019 compared with $203.2 million in Fiscal 2018. This was driven by a timing-related decrease of $25.0 million in cash collections on trade accounts receivable, $22.3 million in planned increases in cash paid for advertising to support our transformation initiatives, and $14.8 million of net cash used in operating activities by our veterinary joint venture, which we began consolidating beginning in Fiscal 2019. Increases of $4.4 million in cash paid for interest and $3.7 million in cash paid for income taxes also contributed to the decrease. The remaining decrease is primarily due to changes in other assets and liabilities, specifically the timing of inventory purchases and payments on accounts payable.

Investing Activities

Cash used in investing activities consists primarily of capital expenditures, which in Fiscal 2019 and Fiscal 2018 primarily supported our transformation initiatives. Net cash used in investing activities

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was $48.7 million and $75.5 million for the twenty-six weeks ended August 1, 2020 and August 3, 2019, respectively. The decrease in capital spend period-over-period was due to a strategic decision to temporarily suspend capital expenditures in the early months of the COVID pandemic to preserve liquidity given the uncertainty in the macroeconomic environment. Our capital expenditures resumed as our operations stabilized and financial results improved, and for Fiscal 2020, we now expect to incur capital expenditures as originally planned.

Net cash used in investing activities was $139.0 million in Fiscal 2019 compared with $142.7 million in Fiscal 2018 and related primarily to capital expenditures. Offsetting our cash used for capital expenditures in Fiscal 2019 was proceeds from the sale-leaseback of our San Antonio corporate support center, for which we received net proceeds of $18.5 million. The sale-leaseback enabled us to enhance our liquidity and fund investments to support our strategic growth and transformation initiatives.

The majority of our capital expenditures are discretionary in nature and made to expand our business. In Fiscal 2020, we expect to spend approximately $165.0 million to $180.0 million in capital expenditures.

Capital expenditures by category during the periods set forth below are as follows:

	Fiscal Year			Twenty-Six Weeks Ended	
(dollars in thousands)	2020 Estimate (52 weeks ending January 30, 2021)	2019 (52 weeks ended February 1, 2020)	2018 (52 weeks ended February 2, 2019)	August 1, 2020	August 3, 2019
New and existing pet care center locations	$ 95,000 – 100,000	$ 100,394	$ 84,671	$ 27,198	$ 54,087
Digital and Information technology	65,000 – 70,000	51,358	55,465	21,666	19,515
Supply chain and other	5,000 – 10,000	5,154	7,927	1,179	2,156
Total capital expenditures	$ 165,000 – 180,000	$ 156,906	$ 148,063	$ 50,043	$ 75,758

Financing Activities

Financing activities primarily consist of borrowings and paydowns on the revolving credit facility to support the working capital needs of the business and principal payments on the term loan facility of $25.3 million per year.

Net cash used in financing activities was $19.1 million for the twenty-six weeks ended August 1, 2020 and primarily consisted of term loan principal payments of $12.6 million and net payments on the revolving credit facility of $4.0 million. At the start of the COVID pandemic in March 2020, we took a precautionary draw on the revolving credit facility of $250.0 million. As operations stabilized and financials results improved, we paid down the revolving credit facility with $25.0 million remaining outstanding as of August 1, 2020.

Net cash provided by financing activities was $70.9 million for the twenty-six weeks ended August 3, 2019 and primarily consisted of term loan principal payments of $12.6 million and net borrowings on the revolving credit facility of $86.0 million to support the working capital needs of the business. The outstanding balance on the revolving credit facility was $86.0 million as of August 3, 2019.

Net cash used in financing activities was $3.1 million in Fiscal 2019 and primarily consisted of term loan principal payments of $25.3 million and net borrowings on the revolving credit facility of $29.0 million to support the working capital needs of the business. The outstanding balance on the revolving credit facility was $29.0 million as of February 1, 2020.

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Net cash used in financing activities was $32.1 million in Fiscal 2018 and primarily consisted of term loan principal payments of $25.3 million. No amounts were outstanding on the revolving credit facility as of February 2, 2019.

Sources of Liquidity

Senior Secured Credit Facilities

Petco Animal Supplies has a $2,525.0 million term loan facility maturing on January 26, 2023, which was most recently amended on January 27, 2017, and a revolving credit facility, providing for senior secured financing of up to $500.0 million expiring on the earlier of 91 days prior to the maturity of the term loan facility (currently October 27, 2022) or five years from the most recent amendment, subject to a borrowing base. The term loan facility and the revolving credit facility are collectively referred to as the "senior secured credit facilities."

As of August 1, 2020, the outstanding principal balance of the term loan facility was $2,411.4 million ($2,360.4 million, net of the unamortized discount and debt issuance costs). Interest under the term loan facility is, at our option, the bank's alternative base rate ("ABR") or LIBOR, adjusted for statutory reserve requirements ("Adjusted LIBOR"), subject to a 1.00% floor, payable upon maturity of the LIBOR contract, in either case, plus the applicable rate. The ABR is the greater of the bank prime rate, federal funds effective rate plus 0.5%, or the LIBOR quoted rate plus 2.0%. The applicable rate is 2.25% per annum for an ABR loan or 3.25% per annum for an Adjusted LIBOR loan. Additionally, when Petco Animal Supplies' senior secured first lien net leverage ratio falls below 4.00, each of the applicable rate options will be reduced by 0.25%. Principal payments under the term loan facility are $6.3 million quarterly.

As of August 1, 2020, $25.0 million was outstanding under the revolving credit facility and $339.9 million remains available, which is net of $60.7 million of outstanding letters of credit issued in the normal course of business and a $74.4 million borrowing base reduction for a shortfall in qualifying assets, net of reserves. The principal qualifying assets in our borrowing base are inventory and credit and debit card receivables.

The revolving credit facility has availability up to $500.0 million and a $150.0 million letter of credit sub-facility. The availability is limited to a borrowing base, which allows borrowings of up to 90% of eligible accounts receivable plus 90% of the net orderly liquidation value of eligible inventory plus up to $50.0 million of qualified cash of Petco Animal Supplies to which Petco Animal Supplies and the Guarantors have no access, less reserves as determined by the administrative agent. Letters of credit reduce the amount available to borrow under the revolving credit facility by their face value.

Interest on the revolving credit facility is based on either ABR or Adjusted LIBOR subject to a floor of 0%, in either case, plus an applicable margin. The applicable margin is currently equal to 50 basis points in the case of ABR loans and 150 basis points in the case of Adjusted LIBOR loans. The applicable margin is adjusted quarterly based on the average historical excess availability as a percentage of the Line Cap, which represents the lesser of the aggregate revolving credit facility and the borrowing base, as follows:

Average Historical Excess Availability	Applicable Margin for Adjusted LIBOR Loans	Applicable Margin for ABR Loans
Less than 33.3% of the Line Cap	1.75%	0.75%
Less than 66.7% but greater than or equal to 33.3% of the Line Cap	1.50%	0.50%
Greater than or equal to 66.7% of the Line Cap	1.25%	0.25%

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The revolving credit facility is subject to an unused commitment fee. If the actual daily utilized portion exceeds 50%, the unused commitment fee is 0.25%. Otherwise, the unused commitment fee is 0.375% and is not dependent upon excess availability.

The obligations under the senior secured credit facilities are secured by substantially all of the personal property assets of Petco Animal Supplies with differing priority rights to the various personal property assets ascribed to each facility. Both credit facility agreements, while not identical, contain certain affirmative and negative covenants related to indebtedness, liens, fundamental changes in the business, investments, restricted payments and agreements, and a fixed charge coverage ratio, among other things.

The credit agreements governing the senior secured credit facilities contain customary default provisions including, among others, the failure to make payments when due, defaults under other material indebtedness, non-compliance with covenants, change of control and bankruptcy, the occurrence of any of which would limit our ability to draw on the revolving credit facility and could result in the applicable lenders under the senior secured credit facilities accelerating the maturity of such indebtedness and foreclosing upon the collateral pledged thereunder.

Derivative Financial Instruments

In March 2016, we entered into a series of five interest rate cap agreements with four counterparties totaling $1,950.0 million to limit the maximum interest rate on a portion of our variable-rate debt and limit our exposure to interest rate variability when three-month LIBOR exceeds 2.25%.

Terms of our interest rate caps and their fair values as of August 1, 2020 are as follows (in thousands):

Notional amount	Effective date	Expiration date	Fair Value
$ 975,000	January 31 2017	January 31, 2021	$ (1,437)
243,750	January 31, 2017	January 31, 2021	(336)
243,750	January 31, 2017	January 31, 2021	(346)
243,750	January 31, 2017	January 31, 2021	(335)
243,750	January 31, 2017	January 31, 2021	(326)
$ 1,950,000			$ (2,780)

Although we are exposed to credit loss in the event of nonperformance by our counterparties, credit risk is considered limited due to the credit ratings of the counterparties and the use of a master netting agreement, which permits the netting of derivative payables and receivables. We have not historically incurred, and do not expect to incur in the future, any losses as a result of counterparty default. The notional amount of our outstanding derivatives is not an indicator of the magnitude of potential exposure.

The interest rate cap agreements contain provisions that would be triggered in the event we default on our debt agreements, which in turn could cause ineffectiveness or termination of the underlying cap agreements. As of August 1, 2020, no events of default have occurred. There is no collateral posting requirement outside the provisions in the debt agreements.

3.00% Senior Notes and Floating Rate Senior Notes

In connection with this offering, the 3.00% Senior Notes will be exchanged and canceled, and the Floating Rate Senior Notes will be fully redeemed after the application of the proceeds from this

offering. For more information regarding this indebtedness, please read “Recapitalization and Corporate Conversion” and Note 9 to the historical consolidated financial statements included elsewhere in this prospectus.

Off-Balance Sheet Arrangements and Contractual Obligations

Off-Balance Sheet Arrangements

We do not have any relationships that are considered off-balance sheet arrangements. We do enter into certain short-term lease commitments, letters of credit and purchase obligations in the normal course of business.

Contractual Obligations

The following summarizes our contractual obligations at February 1, 2020 and the effect such obligations could have on our liquidity and cash flow in future periods (amounts in thousands):

	Fiscal year					
	2020	2021 & 2022	2023 & 2024	2025 & beyond	Other	Total
Estimated interest and fees on debt obligations(1)	$ 162,455	$ 354,862	$ 85,313	$ —	$ —	$ 602,630
Purchase obligations(2)	181,326	25,872	16,009	4,489	—	227,696
Total commitments	343,781	380,734	101,322	4,489	—	830,326
Debt, short and long term(3)	25,250	2,530,453	750,000	—	—	3,305,703
Operating leases(4)	418,994	675,425	458,101	458,356	—	2,010,876
Finance leases(4)	4,327	5,513	4,319	6,157	—	20,316
Other long-term liabilities(5)	—	5,213	900	5,006	77,677	88,796
Total recorded liabilities	448,571	3,216,604	1,213,320	469,519	77,677	5,425,691
Total commitments and recorded liabilities	$ 792,352	$ 3,597,338	$ 1,314,642	$ 474,008	$ 77,677	$ 6,256,017

(1) Estimated interest on debt obligation is based on average interest rates in effect at August 1, 2020. Debt fees include commitment and other fees associated with the senior secured credit facilities.
(2) Purchase obligations include various obligations that have specified purchase commitments. As of February 1, 2020, future purchase obligations include open purchase orders and non-cancellable obligations under marketing, information technology, and employment contracts.
(3) Amounts shown for debt include principal payments only and exclude any debt discounts and deferred financing costs.
(4) Represents minimum rents payable under operating and finance leases, excluding common area maintenance, insurance, or tax payments, for which we are obligated.
(5) Other long-term liabilities consist of: self-insurance reserves; asset retirement obligations; and deferred and other compensation. For all items excluding other compensation, we are unable to make a reasonably reliable estimate of the timing of payments in individual years beyond 12 months, due to uncertainties in the timing of the settlement of liabilities; these items are therefore included in the “other” category.

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Segment

We operate under one reportable segment and support and serve pets and their parents through our integrated ecosystem of pet care centers, services, and e-commerce.

Inflation and Deflation Trends

Inflation and deflation can impact our financial performance. During inflationary periods, our financial results can be positively impacted in the short term as we sell lower-priced inventory in a higher price environment. Over the longer term, the impact of inflation is largely dependent on our ability to pass price increases to customers, which is subject to competitive market conditions. Although neither inflation nor deflation has had a material impact on our operating results, we can make no assurance that our business will not be affected by inflation or deflation in the future.

Seasonality

Our financial performance is not significantly impacted by seasonality, as the majority of our sales are generated by pet parents caring for their pets year-round.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the United States, or "GAAP," requires us to make assumptions and estimates about future results, and apply judgments that affect the reported amounts of assets, liabilities, net sales, expenses and related disclosures. We base our estimates and judgments on historical experience, current trends and other factors that we believe to be relevant at the time our consolidated financial statements are prepared. On an ongoing basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

We state our significant accounting policies in the notes to our annual consolidated financial statements, which are included in this prospectus. We believe that the following accounting policies and estimates described below have the greatest potential impact on our financial statements, and therefore we consider these to be critical to aid in fully understanding and evaluating our reported financial results.

Inventory Reserves

We value our inventory at the lower of the cost or net realizable value through the establishment of inventory valuation and shrink reserves. Cost is determined by the average cost method and includes inbound freight charges. Our valuation reserves represent the excess of the carrying value or average cost, over the amount we expect to realize from the ultimate sale of the inventory. Valuation reserves establish a new cost basis, and subsequent changes in facts or circumstances do not result in an increase in the newly established cost basis. Our valuation reserves are subject to uncertainties, as the calculation requires us to make assumptions regarding inventory aging, forecasted consumer demand and trends and the promotional environment.

Our inventory shrink reserve represents estimated physical inventory losses that have occurred since the last physical inventory date. Periodic inventory observations are performed on a regular basis

at store locations, and cycle counts are performed for inventory at distribution centers to ensure inventory is properly stated in our financial statements. During the period between counts at store and distribution center locations, we accrue for estimated shrink losses based on historical shrinkage results, taking into consideration any current trends in the business.

We have not made any material changes in our methodology used to establish our inventory valuation and shrink reserves during the past three fiscal years, and we have not had material adjustments between our estimated shrinkage percentages and actual results. A 10% difference in our actual valuation reserve at February 1, 2020 would have an insignificant effect on pre-tax loss in Fiscal 2019. Additionally, we do not believe there is a reasonable likelihood that there will be a material change in future estimates or assumptions we use to calculate our shrink reserve. However, if estimates of losses are inaccurate, we may be exposed to losses or gains that could be material. A 10% difference in our actual reserve at February 1, 2020 would have affected pre-tax loss by $2.8 million in Fiscal 2019.

Long-lived Assets

Long-lived assets, other than goodwill and intangible assets, which are separately discussed below, are tested for recoverability whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. A long-lived asset is not recoverable if its carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. If a long-lived asset is not recoverable, an impairment loss is recognized for the amount by which the carrying amount of the long-lived asset (or group of assets) exceeds its fair value, with fair value determined based on the income approach.

Factors we consider important and which could trigger an impairment review include: (i) significant underperformance of a store relative to expected historical or projected future operating results; (ii) significant changes in the manner of our use of assets or strategy for our overall business; (iii) significant negative industry or economic trends; or (iv) planned store closings.

We have not made any material changes in the accounting methodology we use to assess impairment losses during the past three fiscal years.

Goodwill and Trade Name Intangible Assets

Goodwill

We evaluate goodwill annually in our fourth quarter or whenever events or changes in circumstances indicate that the carrying value may not be recoverable. We have identified one reporting unit and selected our fourth fiscal quarter to perform our annual goodwill impairment testing. Goodwill impairment guidance provides entities the option to perform a qualitative assessment to determine whether further impairment testing is necessary. The qualitative assessment requires significant judgments about economic conditions, including the entity's operating environment, its industry and other market conditions, entity-specific events related to financial performance or loss of key personnel, and other events that could impact the reporting unit. If management concludes, based on assessment of relevant events, facts, and circumstances, that it is more likely than not that a reporting unit's fair value is greater than its carrying value, no further impairment testing is required.

If management's assessment of qualitative factors indicates that it is more likely than not that the fair value of a reporting unit is less than its carrying value, then a quantitative assessment is performed. We also have the option to bypass the qualitative assessment described above and proceed directly to the quantitative assessment, where we compare the fair value of the reporting unit

to its carrying value. If the fair value of the reporting unit exceeds the carrying value of our net assets assigned to that unit, goodwill is not considered impaired and we are not required to perform further testing. If the carrying value of net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then we would record an impairment loss equal to the difference.

The fair value of our reporting unit is estimated using the assistance of a third-party valuation firm and quantitative impairment tests are calculated using a discounted cash flow analysis and a public company analysis. Significant assumptions inherent in these valuation methodologies are employed and include, but are not limited to, prospective financial information, growth rates, discount rates, and comparable multiples from publicly traded companies in similar industries.

We have not made any material changes in the accounting methodology we use to assess goodwill impairment losses during the past three fiscal years.

Indefinite-lived trade name

We consider the Petco trade name to be an indefinite-lived intangible asset, as we currently anticipate that this trade name will contribute cash flows to us indefinitely. We perform our annual impairment test during the fourth quarter of each year or whenever events or changes in circumstances indicate the carrying value may not be recoverable. Management has the option to first perform a quantitative assessment of its trade name asset to determine whether it is necessary to perform a quantitative impairment test. We also have the option to bypass the qualitative assessment described above and proceed directly to quantitative assessment.

The fair value of our trade name is estimated using the assistance of a third-party valuation firm using the relief from royalty valuation method, a variation of the discounted cash flow approach. Significant assumptions inherent in the valuation methodology are employed and include, but are not limited to, prospective financial information, royalty rates and discount rates. An impairment charge is recorded for the amount by which the carrying amount of the trade name exceeds its fair value.

We have not made any material changes in the accounting methodology we use to assess indefinite-lived trade name impairment during the past three fiscal years.

Self-insurance Reserves

We maintain accruals for our self-insurance of workers' compensation, employee-related healthcare benefits and general and auto liabilities. Insurance coverage is in place above per occurrence retention limits to limit our exposure to large claims. These insurance policies have stated maximum coverage limits, after which we bear the risk of loss. When estimating our self-insurance reserves, we consider a number of factors, including historical experience, trends related to claims and payments, and information provided by our insurance brokers and actuaries. Periodically, we review our assumptions and valuations provided by our actuaries to determine the adequacy of our self-insurance reserves.

We are required to make assumptions and to apply judgments to estimate the ultimate cost to settle reported claims and claims incurred but not reported at the balance sheet date. There were no significant changes to the self-insurance reserves during the past three years other than routine current period activity. A 10% change in our self-insurance reserves at February 1, 2020 would have affected pre-tax loss by $8.2 million in Fiscal 2019.

Recent Accounting Pronouncements

Refer to Note 1 in the historical consolidated financial statements included elsewhere in this prospectus for information regarding recently issued accounting pronouncements.

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Quantitative and Qualitative Disclosures about Market Risk

We are subject to market risks arising from transactions in the normal course of our business. These risks are primarily associated with interest rate fluctuations, as well as changes in our credit standing, based on the capital and credit markets, which are not predictable. We do not currently hold any instruments for trading purposes.

Interest Rate Risk

We are subject to interest rate risk in connection with the senior secured credit facilities. As of February 1, 2020, we had $2,424.0 million outstanding under the term loan facility and $29.0 million outstanding under the revolving credit facility. The term loan facility and the revolving credit facility each bear interest at variable rates. After taking into account our interest rate caps: (i) an increase of 100 basis points in the variable rates on the amounts outstanding under the senior secured credit facilities as of February 1, 2020 would have increased annual cash interest in the aggregate by approximately $7.1 million; and (ii) a decrease of 100 basis points in the variable rates on the amounts outstanding under the senior secured credit facilities as of February 1, 2020 would have decreased annual cash interest in the aggregate by approximately $21.4 million. For information regarding the five interest rate cap agreements that we entered into in March 2016 to limit the maximum interest rate on a portion of our variable-rate debt and limit our exposure to interest rate variability, please read “—Liquidity and Capital Resources—Sources of Liquidity—Derivative Financial Instruments.”

We cannot predict market fluctuations in interest rates and their impact on our debt, nor can there be any assurance that long-term fixed-rate debt will be available at favorable rates, if at all. Consequently, future results may differ materially from estimated results due to adverse changes in interest rates or debt availability.

Credit Risk

As of February 1, 2020, our cash and cash equivalents were maintained at major financial institutions in the United States, and our current deposits are likely in excess of insured limits. We believe these institutions have sufficient assets and liquidity to conduct their operations in the ordinary course of business with little or no credit risk to us.

Foreign Currency Risk

Substantially all of our business is currently conducted in U.S. dollars. We do not believe that an immediate 10% increase or decrease in the relative value of the U.S. dollar as compared to other currencies would have a material effect on our operating results.

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BUSINESS

Our Mission

We love pets. We are a purpose-driven company dedicated to improving the lives of pets, their parents, and the partners who work for us. We are committed to being the leading, most trusted resource in pet care, providing a comprehensive portfolio of essential products and services with expert advice that addresses all aspects of pet health and wellness.

Our Company

We are a beloved brand in the U.S. pet care industry with more than 55 years of service to pets and the people who love and care for them. Since our founding in 1965, we have been developing new standards in pet care, delivering comprehensive wellness solutions through our products and services, and creating communities that deepen the pet-parent bond. Over the last three years, we have transformed the business from a successful traditional retailer to a disruptive, fully-integrated, digital-focused provider of pet health and wellness offerings. We revamped our leadership team and invested over $300 million to build out leading capabilities across e-commerce and digital, owned brands, data analytics, and a full suite of on-site services including veterinary care. Our investments have delivered a comprehensive, integrated, and technology-enabled ecosystem of channels and offerings, complemented by a rapid innovation capability that is disrupting the pet market and providing pet parents with a differentiated holistic solution for all their pet care needs. For more information regarding our transformation investments, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Innovation and Transformation.”

Our go-to-market strategy is powered by a multi-channel platform that integrates our strong digital presence with our nationwide physical network. Our data-driven digital footprint, consisting of an entirely redesigned e-commerce site and personalized mobile app, delivers an exceptional customer experience and serves as a hub for pet parents to manage their pets’ health, wellness, and merchandise needs, while enabling them to shop wherever, whenever, and however they want. By strategically leveraging our extensive physical network consisting of approximately 1,470 pet care centers located within three miles of 54% of our customers, we are able to offer our comprehensive product and service offering in a localized manner with a meaningful last-mile advantage over our competition. Through our connected platform, we serve our customers in a differentiated manner by offering the convenience of ship-from-store, BOPUS, and curbside pick-up. This integrated, multi-channel approach clearly resonates with our customers, as the number of customers who engage with us across multiple channels has grown by 20% over the last three years. Further, these multi-channel customers spend between 3x to 6x more with us compared to single-channel customers. In the last 12 months ended August 1, 2020, we achieved over 80% retention of our multi-channel customers.

Through our multi-channel platform, we provide a comprehensive offering of differentiated products and services that fulfill all the needs of pet parents and their pets. Our product offering leverages our owned brand portfolio and partnerships with premium third-party brands to deliver high quality food that avoids artificial ingredients, complemented by a wide variety of premium pet care supplies. We augment this premier product offering with a broad suite of professional services, including grooming as well as in-store and online training. Our service offering is further enhanced by a rapidly expanding, affordable veterinary service platform, which includes full-service veterinary hospitals, Vetco clinics, and tele-veterinarian services. In addition, we are increasingly linking our offerings with subscription programs such as membership and pet health insurance that create deeper engagement with our over 20 million Active Customers as of August 1, 2020, with our Pals loyalty program members accounting for approximately 80% of transactions in the twenty-six weeks ended August 1, 2020. In addition to providing

differentiated products and services, our over 23,000 knowledgeable, passionate partners provide important high-quality advice to our customers in our pet care centers. With our integrated platform and comprehensive offering, we provide a complete pet health and wellness ecosystem that drives engagement across our enterprise and creates life-long customer relationships.

Complete Pet Health and Wellness Ecosystem

Industry Dynamics

The U.S. pet care industry is a large, attractive growth market experiencing a significant acceleration in response to multiple secular themes. The industry serves more than 72 million households with pets and represents a total addressable market of $97 billion in 2020. Since 2008, the industry has grown at a 5% CAGR, driven by steady, predictable growth in the underlying pet population coupled with strong tailwinds associated with pet humanization. Due to the essential, consumable nature of pet care, the industry has demonstrated resilience across economic cycles. During the Great Recession, the industry delivered strong performance, growing at a CAGR of 6% from 2008 to 2010. With respect to our business, we are strategically focused on growing our presence in three of the fastest-growing areas of the market: services, e-commerce, and veterinary, which are projected to grow at 11%, 14%, and 9% CAGRs, respectively, from 2020 to 2024.

As a result of the COVID-19 pandemic, the industry is experiencing a significant increase in demand that is expected to be a tailwind for years to come. According to Packaged Facts, the number of households with pets in the United States is expected to increase by 4% in 2020, creating an estimated $4 billion in incremental annual demand for pet care products. Given the long-term, recurring demand for pet care products and services, which is expected to continue to grow in response to the pet humanization trend, this step function increase in the pet population represents a meaningful acceleration in total industry growth from 5% historically to 7% through 2024, according to Packaged Facts and company internal estimates. As pet care demand continues to grow, we believe we are well-positioned to capture an outsized portion of the growing market as the only fully-integrated, comprehensive pet care provider in the industry.

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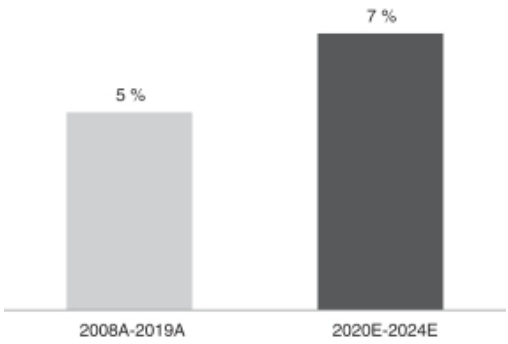
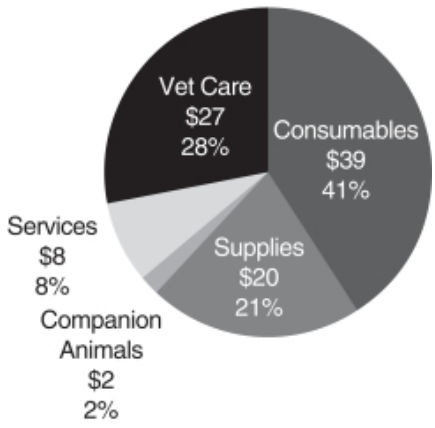
U.S. Pet Care Industry CAGR



Source: Packaged Facts and company internal estimates.

U.S. Pet Care Industry by Category

($ in billions, 2020)
Total: $97 billion



Source: Packaged facts and company internal estimates.

Our Transformation

Three years ago, we saw several major opportunities to accelerate our business. First, customers were shifting online and we saw a meaningful opportunity to better leverage our differentiated strengths and physical network to benefit from this shift. Second, research showed that pet parents had multiple care needs across products and services, but they were confused and looking for a partner to help them navigate to the right health and wellness decisions. Third, we recognized a need to become much more analytical and operationally rigorous. Lastly, the organization required clear strategic direction following a period of transition and cost cutting. Over the past three years we have invested over $300 million to support our innovation and business transformation strategies. These investments include: digital and e-commerce integration and expansion; data analytical capabilities; veterinary services; marketing and advertising; and our owned brands. Our transformation actions were focused on the following major initiatives and investments.

Assembled a Next Generation Leadership Team to Drive Transformation. Two years ago, we hired Ron Coughlin, who previously ran HP's $33 billion Personal Systems business as Division President and, prior to that, had a successful career in senior executive roles at PepsiCo and experience with businesses in transition. As Chief Executive Officer, he made multiple senior management hires and changes, adding digital and technology, consumer-packaged goods, marketing, and best-in-class retail experience to the leadership team. These executives bring experience from leading companies, including Best Buy, Walmart, Jet.com, Target, Bank of America, Williams Sonoma, and HP, among others. This highly qualified leadership team has implemented significant operational and cultural change to our business, including a substantial acceleration of our digital capabilities, optimizing the effectiveness of pet care center partners through training, enhanced analytic tools and communication, step changed marketing and customer engagement return on investment, launching a veterinary hospital network, and supporting the scaling of our pet health and wellness offerings.

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Built Leading E-Commerce and Digital Capabilities that Leverage our Physical Network. With pet parents increasingly engaging online, we aggressively invested to create a superior e-commerce and app experience to succeed in the market, improving the speed, navigation, personalization, and services access of our website and app. We focused on optimizing site merchandising, market-based pricing, convenient order delivery within two days, and digital sales conversion rate to successfully attract and retain customers, all of which have experienced noticeable growth since the fourth quarter of 2019. We launched a hassle-free repeat delivery service, which has the highest-rated customer satisfaction in the industry, and provides a revenue stream that increased 13% in Fiscal 2019 and 30% in the first half of Fiscal 2020. To further differentiate and create scale advantages, we leveraged our physical network to roll out key capabilities, including ship-from-store, which grew to over 630 enabled locations as of August 1, 2020, BOPUS, which grew over 300% from February 2, 2020 through September 30, 2020, and curbside pick-up that allow us to meet our customers anywhere they want to shop and provide a significant last-mile fulfilment advantage versus our competition, driven by our distributed inventory and proximity to customers. These efforts have resulted in total e-commerce sales, gross margin and customer lifetime value growth. E-commerce sales grew 33% in Fiscal 2019 and in the first half of Fiscal 2020 e-commerce sales grew 113% while gross margin grew 19%.

Reinvented Grooming and Training, and Launched a Full-Service Veterinary Hospital Network. Pet services represent the most personalized, sticky, high-touch part of the market, which is critical as we focus on acquiring and retaining high-value customers. In grooming, we invested in digital integration, marketing, staff compensation, and other operational improvements to transform a negative growth business in Fiscal 2018 into one that grew 10% in Fiscal 2019 while also adding 470,000 new customers and decreasing groomer turnover by over 30% from Fiscal 2018 to the end of the second quarter of Fiscal 2020. In training, we have led with innovation, and this year launched online training classes that can be conducted at home in order to attract new pet parents. In Fiscal 2017, we embarked on one of the fastest veterinary hospital build-outs in the industry and today offer full-service veterinary care at over 100 pet care centers, driving both incremental service and merchandise sales, and unlocking the prescription food addressable market.

Created a Highly Differentiated Owned and Exclusive Product Offering. We offer a highly differentiated owned and exclusive product assortment that engenders strong customer loyalty. We focused on three core product differentiating capabilities: nutritional expertise, exclusive partnerships, and a leading owned brand platform. As a testament to our commitment to pet health and wellness, in May 2019 we made the decision to pivot away from dog and cat food and treats that contain artificial ingredients making us the only major national retailer in the industry to take a stand against artificial ingredients in dog and cat food. We utilized a best brands strategy to form new partnerships with some of the most highly regarded premium food brands in the industry, such as Just Food For Dogs.

In 2019, we leveraged our established owned brand platform and capabilities to launch Reddy, a fashion-driven supplies brand, to complement WholeHearted, our premium food brand. We have grown our owned brand sales at a CAGR of 14% between Fiscal 2017 and Fiscal 2019, and during Fiscal 2019, our owned brands generated sales of $1.1 billion, or approximately 27% of total product sales, up from 17% of sales in Fiscal 2015. The combination of our differentiated food and supplies strategy, including owned and exclusive brands, has enabled us to offer a premium product offering, with more than 50% of our offering not available via online or mass competitors.

Implemented a Performance Culture Led by Data Analytics. Our differentiated singular view of the customer across products, services, and channels, in combination with insights from our Pals loyalty database, provides access to a robust wealth of data that is difficult to replicate. We implemented new capabilities to leverage these data to inform strategic and tactical decision-making across our organization, and ultimately drive higher customer engagement and lifetime value. We

created a singular view of our customer to drive everything from marketing decisions and innovation of new products and services to how we operate our pet care centers. In our pet care centers, we have pushed data down to our pet care center General Managers and field leadership teams through advanced sales reporting to enhance decision-making. We developed a user-friendly, action-focused dashboard (HUB), which enables our managers to track performance across multiple dimensions, identify opportunities, and execute strategies to drive incremental sales. We also simplified the key metrics that we utilize to track performance and aligned incentives against those metrics by rolling out a revamped incentive structure across our field organization.

Attracted Exceptional Talent in Key Growth Areas. As part of our strategic evolution, we recruited next generation talent across various levels and functional areas throughout the organization. In addition to systems investments, we added over 100 technology and analytics experts supporting our e-commerce and technology innovation efforts. In the field and services areas, we strategically acquired senior talent from leading companies in the retail, hospitality, and consumer sectors. We created effective training programs to develop critical skills, driving increased employee engagement and retention. In veterinary, we built a team of veterinarians, veterinary hospital operators, and veterinarian staff recruiters from leading companies in order to rapidly scale our model. We are dedicated to leveraging our rich diversity of talent to foster a culture that supports an open forum for idea exchange, promotes an environment of inclusion, and builds connections with our communities, partners, and vendors. Our team additions and investment in talent development have not only helped to raise our performance expectations, but have been instrumental in creating a purpose-driven performance culture across the organization.

For more information regarding our transformation investments, please read “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Innovation and Transformation.”

Despite everything we have accomplished in recent years (and our accelerating momentum in 2020), we believe that we are just getting started. The transformational investments and initiatives of the last three years strategically position us to pursue numerous opportunities that we believe will drive long-term growth. As we look ahead, we could not be more excited for the future.

Our Competitive Strengths

Category-Defining Brand with Long-Term Customer Relationships Built on Trust

Since our founding in 1965, we have focused on building long-term relationships with pet parents by providing an exceptional customer experience. Our top-of-mind awareness is among the highest in the industry, cited by 28% of customers as the first brand that comes to mind when asked to name a brand in pet products. Across our platform, we have a team of over 23,000 highly trained pet care experts who love animals and are passionate about sharing their expertise with pet parents. Through our people—such as digital experts, sales and engagement partners, groomers, trainers, companion animal experts, and veterinarians—we are able to build and maintain long-term, high-touch relationships with pet parents.

Our brand is consistently strengthened by the touchpoints we have with our customers across channels, products, and services. As of August 1, 2020, we served over 20 million Active Customers, with members of our Pals loyalty program representing over 80% of our transactions in the twenty-six weeks ended August 1, 2020 and ranking among the largest loyalty programs in the industry. We leverage the data from our Pals program via in-store technology (including hand-held devices that our partners use to assist customers with shopping), content, and recommendations in a highly personalized

manner. Our customer relationships are built on trust and supported by high customer affinity, as demonstrated by our average nine-out-of-ten Voice of Consumer rating in the first half of Fiscal 2020.

The Only Fully-Integrated Comprehensive Offering of Pet Products and Services Nationwide

We provide the only fully-integrated comprehensive offering of pet care products and services that meet the needs of pet parents everywhere—something that none of our competitors currently offer.

Our product strategy is built around an extensive offering that features premium owned and partner brands known for quality and innovation. We offer leading varieties of wholesome, premium food that build upon our expertise in pet nutrition. For example, we proudly offer premium brands such as human-grade Just Food For Dogs, which are not widely available in other national pet specialty stores. In addition to food, we offer a wide range of pet supplies to meet the needs of pet parents. The combination of our differentiated food and supplies strategy, including owned and exclusive brands, has enabled us to offer a premium product offering, with more than 50% of our offering not available via online or mass competitors.

Our service offering consists of professional grooming, training, and veterinary services. In addition to acting as a profitable driver of new customer acquisition, our service platform helps retain and expand the yearly spend of existing customers, drive visit frequency and digital engagement, and build long-term loyalty.

Through our connected multi-channel ecosystem, we are able to offer our comprehensive product and service offering across all channels to meet our customer wherever, whenever, and however they want to shop. During the six months ended August 1, 2020, customers who shopped across the four channels we track for these purposes (pet care center merchandise, e-commerce and digital, grooming and training services, and veterinary services including veterinary hospitals and Vetco clinics) spent on average 6x with us versus customers who only shopped one of these channels. Demonstrating the impact of our comprehensive ecosystem on our pet care centers, our 90 pet care centers that offer grooming, training and veterinary services and BOPUS generate on average more than twice the revenue, as measured over the last 12 months ended August 1, 2020, than that of our average pet care center in Fiscal 2017.

Connected Ecosystem Combining Leading Digital Capabilities and a Strategic Physical Network

We have built a connected ecosystem comprising leading digital capabilities and a national physical network. Through our Petco.com website and Petco app, we offer premier digital navigation, speed, assortment, market-based pricing, content, and personalization features. Through our physical network, we have the ability to consistently fulfill and deliver a growing assortment of products directly to consumers in addition to convenient offerings such as BOPUS and curbside pick-up. Our physical proximity to our customers also provides us a significant last-mile cost advantage relative to competitors. In the twenty-six weeks ended August 1, 2020, approximately 80% of Petco.com orders were fulfilled by our pet care centers, either as ship-from-store, BOPUS, or curbside pick-up. Additionally, we have experienced increasing pet care center sales through our Petco app since its launch, with many pet parents electing to take advantage of BOPUS and curbside pick-up for their orders. For customers seeking even greater convenience, we offer repeat delivery options that facilitate recurring purchases. Our repeat delivery revenue stream increased 13% in Fiscal 2019, and for the thirty-nine weeks ended October 31, 2020, BOPUS purchases and repeat deliveries of products accounted for 61% of Petco.com sales. Finally, we continually leverage our digital capabilities to innovate, such as online booking of grooming appointments, convenient at-home services like on-line training, and mobile grooming. Our connected ecosystem provides us with a singular view of our customer, which fuels our highly effective performance marketing function to drive repeat visits and

grow customer lifetime value. For the twenty-six weeks ended August 1, 2020, we achieved a Petco.com customer retention rate that was 27% higher than that of the prior year period.

Rapidly Growing Veterinary Services Offering Stack

According to Packaged Facts, more than 70% of pet owners have concerns about the affordability of veterinary healthcare. In response, we have established a differentiated and highly scalable, affordable veterinary healthcare service platform that consists of our full-service veterinary hospitals, Vetco clinics, and tele-veterinary services. In Fiscal 2019, we serviced over 400,000 customers through our veterinary offering platform.

We are rapidly expanding our full-service veterinary hospitals across the country to provide expanded service coverage. By integrating these veterinary hospitals into existing pet care centers, we benefit from significant structural advantages compared to existing veterinary care providers, positioning us to deliver a more affordable solution to our customers. Through our digitally enabled approach, we offer competitive and affordable exam fees, supported by convenient online appointment scheduling, text reminders and weekend booking availability. We have experienced strong early success from our veterinary hospital strategy driven by highly compelling unit economics. Our veterinary hospitals have historically required approximately $600,000 in build-out costs and generate four-wall profitability by year two. We target sales and four-wall EBITDA margins at maturity of approximately $1.5 million and 20%, respectively. The ability for customers to conveniently purchase health-related products, including prescription food, at the time of a veterinary appointment creates a strong complementary relationship in an under-penetrated category for Petco. Despite reducing the total selling square footage of an existing pet center when we add a veterinary hospital, we experience a sales uplift in merchandise and non-veterinary services. Average non-veterinary sales increased by approximately 600 basis points in the first year of veterinary hospital operations. Additionally, sales of prescription food, which require an on-site veterinary hospital, are currently averaging an incremental $1,000 of sales per week per pet care center. Our recent introduction of Petco Membership, a subscription program that provides access to our holistic health and wellness offering, and Petco Insurance leverage our growing veterinary services network to provide incremental benefits and convenience for customers.

Industry-Leading Grooming and Training Business Driving Recurring Trip Frequency

Leveraging our strategic physical network, we have built one of the largest grooming and training businesses in the pet care industry. These essential services drive recurring visits into our pet care centers, allowing us to earn a greater share of wallet from our customers, as demonstrated by the fact that over the past three years our service customers tend to spend 2x as much with us compared to our non-service customers.

In our grooming business, we served over 2 million pets across approximately 1,350 of our pet care centers during Fiscal 2019. We are building on the success of our investment strategy with the addition of new elements such as our “Spa Club” grooming loyalty program, breed-specific marketing, and mobile grooming. Spa Club has helped drive a 14% improvement in customer retention rate between the fourth quarter of Fiscal 2018 and the fourth quarter of Fiscal 2019.

In our training business, we served over 180,000 pets across approximately 1,470 pet care centers during Fiscal 2019. Because training is generally conducted at an early stage in a pet’s life, this offering is a strategic customer acquisition tool to engender long-term loyalty with new pet parents. We continue to focus on augmenting our core in-store training offering with the launch of at-home and online training classes. In Fiscal 2019, on average, our training customers spent 3.3x more with us than our non-training customers.

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Premier Owned Brand Product Development and Innovation Platform

We operate a leading, owned brand portfolio that has grown rapidly and is highly accretive to our product gross margins, typically driving a margin rate that is more than 1,000 basis points higher than comparable third-party brands. Our extensive direct customer relationships provide us with insights that allow us to identify unmet customer needs and trends and rapidly build products and services around those needs. We have an established infrastructure for developing, launching, and fostering growth in owned brand products, including an in-house packaged goods insights function, experienced fashion leadership, and a dedicated sourcing office in Asia.

Over the last three years, we have demonstrated the speed and depth of our innovation platform through the launch of 89 new brands and 5,000 new products. In 2016, we launched our first major proprietary pet food brand, WholeHearted, which features a premium ingredient panel, an attractive price point, quality packaging, and authentic branding that effectively targets millennial pet parents. In Fiscal 2019, we launched Reddy, our proprietary supplies brand that features premium fabrics and urban contemporary styling appealing to fashion-focused pet parents. We also believe our Well & Good brand has similar potential to tap into customer demand for premium wellness products. Sales of our owned brand portfolio have grown at a 14% CAGR between Fiscal 2017 and Fiscal 2019, and for Fiscal 2019, our owned brands generated sales of $1.1 billion, or approximately 27% of total product sales, up from 17% of product sales in Fiscal 2015.

Best-in-Pet Technology Capabilities

We have developed the ability to compete with the best-in-class innovation capabilities of our competitors. We invested over $150 million over the past three years in our digital systems and recruited leading digital talent, employing over 100 technology and analytics experts organized in rapid deployment “squad” structures linked to major areas like e-commerce, services, and CRM. Our operating experience and insights enable us to develop, test, and scale solutions in a rapid innovation cycle. We also seek to leverage our existing assets and advantages in the market to ensure our innovation implementations are not easily replicable by the competition. In the last 24 months, we have launched new programs, such as curbside pick-up, online dog training, an online food coach, our complete pet wellness app, pet medical record consolidation, and Petco Membership. Our ability to leverage our physical network has been a distinct competitive advantage. We believe our advanced innovation capabilities provide us with insights and opportunities to continue to enhance customer engagement, rapidly improve our offerings, and expand into new product and service lines faster and better than competitors.

Highly Experienced and Proven Management Team

We have an experienced and proven management team of successful retail, consumer, and technology industry veterans and a deep bench of talent supporting our emerging services, e-commerce, and omni-channel competencies.

- Our Chief Executive Officer, Ron Coughlin, who has been with Petco for over two years, brings 11 years of experience at HP, including eight as Division President, and 13 years of marketing experience at PepsiCo where he left as a Chief Marketing Officer
- Our Chief Financial and Operating Officer, Michael Nuzzo, actively oversees our supply chain and our services and veterinary businesses, after joining us in 2015, and has over 20 years of experience managing financial and operational strategy at leading public and private retail companies, including GNC and Abercrombie & Fitch
- Our Chief Digital & Innovation Officer, Darren MacDonald, brings critical e-commerce experience, having built one of the leading global e-commerce platforms during his prior roles at Walmart and Jet.com, and having developed one of the most trafficked online shopping comparison engines as CEO of Pronto Network, an IAC company

- Our Chief Pet Care Center Officer, Justin Tichy, offers deep field experience with leading store teams at public retail companies, including Best Buy, Target, and Walmart
- Our Chief Merchandising Officer, Nick Konat, brings leading consumer and retail expertise from managing merchandising strategies at Target as well as from his experience as a consultant at Accenture
- Our Chief Human Resources Officer, Michelle Bonfilio, has prior experience in the pet industry and senior human resources roles with leading public retailers, including The Gap and Williams Sonoma
- Our Chief Information and Administrative Offer, John Zavada, brings valuable information technology experience, formerly serving as CIO of Restoration Hardware and L Brands, among others
- Our Chief Legal Officer and Secretary, Ilene Eskenazi, brings over 20 years of legal experience from leading retail, apparel, and consumer packaged goods companies, having served as general counsel for other leading global brands such as Red Bull and True Religion
- Our Chief Marketing Officer, Tariq Hassan, brings significant marketing, brand management and communications experience, having served in leadership roles at Bank of America and Hewlett-Packard Company (now HP Inc.)

The balance of the senior team has experience from a host of high caliber companies.

Our Growth Strategies

Building upon our success to date, we see a significant opportunity to drive long-term growth across our business by executing on the following growth strategies:

Continue to Acquire New Customers and Drive Engagement Across All our Channels.

- **Acquire New Customers:** Strong secular trends in the industry are introducing new pet parents to the category. We are distinctively positioned to acquire new customers through our effective marketing, e-commerce engagement, new pet programs, Pals loyalty program, Petco app, and sticky services offerings, as well as our strategic physical network, which provides a low-cost acquisition and powerful brand awareness vehicle. As one of the most recognizable brands in the industry and the only fully-integrated complete solution for all pet health and wellness needs, we are distinctively positioned to successfully acquire new customers looking for the best first stop as new pet parents.
- **Increase Engagement and Monetization Across All Channels and Offerings:** Our multi-channel and multi-category customers represent our highest yearly and lifetime value spend levels and will be a meaningful contributor to our future growth. During the 12 months ended August 1, 2020, we achieved over 80% retention of our multi-channel customers. Over that same period, customers who engage with us across two or more channels spend on average 2.8x as much as our single-channel customers spend, and those who engage with us across three or more channels and all four channels spend on average 4.5x to 6.4x as much, respectively. We plan to drive these spend levels higher as we scale our e-commerce platform and full-service veterinary hospitals. Further, we believe we have an embedded opportunity to significantly grow the value of our active customer base by attracting customers to additional channels, leveraging our comprehensive health and wellness offering, in-store cross-selling, Petco app, advanced CRM capabilities, and subscription programs like repeat delivery, which directly facilitate multi-channel purchases.

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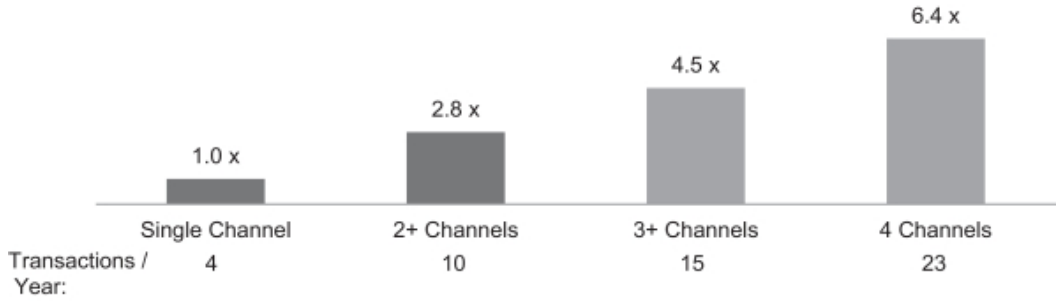
Relative Spend by Customer Type (Indexed to Single Channel Customer)



Source: Company data; customer spend data are as of the 12 months ended August 1, 2020; during the 12 months ended August 1, 2020, our average single-channel customer spent approximately $150.

Note: Channels consist of pet care center merchandise, e-commerce and digital, grooming and training services, and veterinary services.

- **Maximize Customer Engagement and Loyalty with Subscription Programs:** Beyond our repeat delivery program, we have only begun to capitalize on subscription revenue opportunities, including through the recent launches of additional value-add subscription programs:
- **Petco Membership:** an annual fee-based membership program that provides preferred access to our holistic health and wellness offering across products, grooming, and veterinary care;
- **PupBox:** a service that provides monthly shipments of premium food, treats, and merchandise to puppy parents; and
- **Petco Insurance:** an annual service that provides affordable, full-service pet health coverage with added pet product and services perquisites not offered by traditional insurance company plans.

All three programs have experienced strong initial customer reception to date. While these programs are relatively nascent, we are excited by the opportunity to bring together our product and service offerings under subscription programs that we believe will positively impact the customer experience while providing us with an attractive revenue stream from subscription businesses.

Continue to Grow Our Digital Business.

We intend to leverage our fully-integrated ecosystem, high-performance website and mobile app experience, fulfilment cost advantages, and differentiated services offerings to capitalize on the continued strong growth of e-commerce in the pet industry. In particular, we expect the continued expansion of BOPUS and curbside pick-up, which we are able to offer profitably given our strategic physical network, to allow us to substantially grow e-commerce sales while maintaining a leading customer fulfillment proposition. Our ability to connect our online platform with our in-person offerings, such as grooming, training, and veterinary care, creates a “flywheel” that drives greater online visits, which in turn create more opportunities for product cross-selling. By leveraging our technology and operational assets, we plan to continue delivering innovation and new multi-channel offerings with a goal of meeting or exceeding overall pet e-commerce industry growth, as well as increasing our e-commerce penetration.

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Expand Our Health & Wellness Services.

- **Rapid Expansion of our Differentiated Veterinary Services:** Veterinary care is one of the fastest-growing categories in the pet industry and one of our key strategic priorities. Through our comprehensive veterinary offering stack and affordable care positioning, we are disrupting the industry and intend to gain market share by expanding on our proven, replicable model of offering affordable, high-quality veterinary services to pet parents everywhere. We have experienced strong results from the 100 full-service veterinary hospitals currently open and plan to continue to add 60 to 70 hospitals per year to new, relocated, and remodeled pet care centers as we execute on a 900+ location white space. We also have the opportunity to utilize tele-veterinary services to grow the revenue base of our hospitals through convenient online appointments. Outside of our full-service veterinary hospitals, we are expanding our Vetco clinic business both within Petco and through partnerships with other retail partners. We believe that through our affordable, convenient, and tech-enabled veterinary proposition, we are well-positioned to capture increasing share in the attractive veterinary services market while driving overall share of customer wallet by marketing and cross-selling our non-veterinary offerings.
- **Continue to Grow Our Core Grooming and Training Businesses:** The grooming and training markets are highly fragmented and offer us an opportunity to meaningfully grow our market share. Grooming is a large addressable market in the United States, representing approximately $3 billion in 2020, according to Packaged Facts. Relative to our competitors, our scale and digital capabilities, such as convenient online scheduling, provide us with a compelling advantage. In our grooming business, we have an opportunity to increase productivity by adding staff to meet elevated customer demand, selling higher priced service packages, and adding mobile grooming capabilities to capture demand for at-home services. In our training business, we have a multi-year growth opportunity with our recently expanded offerings beyond our standard in-store group classes, including private, one-on-one classes both in-store and at-home, as well as online training classes taught by our elite trainers.

Drive Product Sales with Emphasis on Owned Brand Innovation and Exclusive Brands.

We have a significant opportunity to leverage our differentiated owned brand development and innovation capabilities to accelerate growth of our leading owned brand portfolio, which has experienced growth at a CAGR of 14% between Fiscal 2017 and Fiscal 2019. During Fiscal 2019, our owned brand business accounted for $1.1 billion of sales, or 27% of total product sales, driven by the success of our WholeHearted and recently launched Reddy brands, and our exclusive and differentiated product offerings accounted for $1.7 billion of sales, or 43%, of total product sales. Looking ahead, owned brands are a key strategic priority for us as we will leverage consumer insights to drive continued innovation in our offerings across food and supplies in a manner that is differentiated relative to our competitors. Additionally, we intend to grow our brand portfolio through new partnerships with premium brands in the industry, as well as expanding existing partnerships, such as a broader rollout of Just Food For Dogs pantries and on-site kitchens. Our differentiated food and supplies offering is a key driver of customer loyalty and stickiness, with more than 50% of our offering not available in online or mass competitors.

Leverage Category Capabilities to Expand Our Offerings and Geographies.

Our journey is just beginning. Our fully-integrated multi-channel ecosystem provides us with tremendous data and insights, as well as the ability to continually innovate and add new capabilities and offerings. We plan to continue to add to our service offerings with new elements of our breed-specific at-home and online training classes. In the subscription offering area, we are planning initiatives in proprietary credit card, membership, and wellness programs. Within our technology platform, we plan to build upon our strong momentum to rapidly innovate and roll out new capabilities.

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Internationally, we see significant opportunity to deploy our comprehensive model to expand our presence in new markets. We will leverage the success of our joint venture with Grupo Gigante in Mexico, where we have over 80 locations, and our wholesale partnership with Canadian Tire in Canada, where we have Petco products in approximately 450 locations, including the initial launch and build-out of dedicated Petco shop-in-shops, to continue to grow in these geographies. Looking ahead, we also see a meaningful opportunity to pursue a wholesale distribution approach like with Canadian Tire in new international geographies in Central and South America, Europe, and Asia.

Our Industry

The U.S. pet care industry is a large, attractive growth market experiencing a significant acceleration in response to multiple secular consumer themes. In 2020, the industry is expected to serve more than 72 million households with pets, representing a total addressable market of $97 billion. Due to its non-discretionary nature, the market has demonstrated a long-term track record of consistent growth and resilience throughout economic cycles. From 2020 to 2024, the industry is expected to grow at a 7% CAGR, driven by steady, predictable growth in the underlying pet population coupled with strong tailwinds associated with pet humanization and COVID-19.

As a result of the COVID-19 pandemic, the industry is experiencing a significant increase in demand that is expected to be a tailwind for years to come, given the long-term, subscription-like demand for pet care products and services. Packaged Facts predicts a 4% growth in pet-owning households in 2020. Although this step function increase in the pet population was offset in 2020 by a decrease in consumption of services (including veterinary services) during COVID-19 shutdowns, it represents a meaningful, long-term change in total industry growth from 5% historically to 7% through 2024, according to Packaged Facts and company internal estimates.

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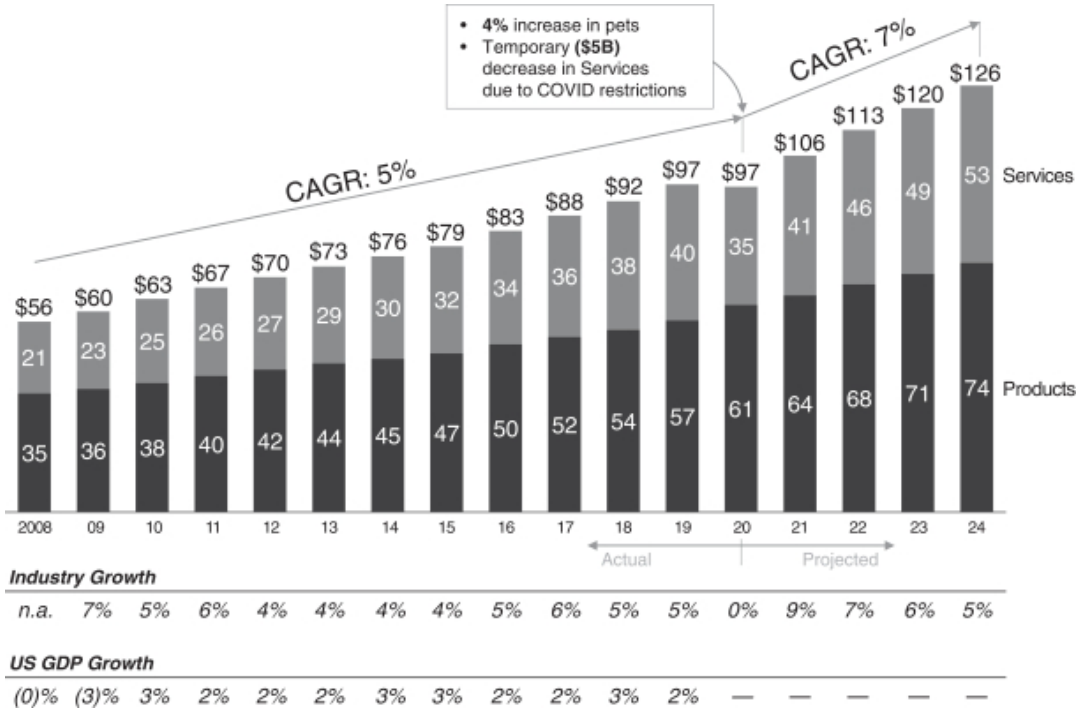
U.S. Pet Care Industry Sales ($ in billion)



Source: 2008 to 2014 based on aggregatation from American Pet Products Association and Packaged Facts. 2014 to 2024E based on Packaged Facts as adjusted for company internal estimates. US GDP Growth based on Bureau of Economic Analysis data.

The U.S. pet industry is broadly broken down into two categories: pet products, which includes non-discretionary food and supplies; and pet services, which includes essential veterinary services and non-medical services, such as grooming and training. Through our complete pet health and wellness ecosystem, we address all of these categories in a distinctive and holistic manner.

Pet Products

In 2020, the pet products category is expected to represent a $61 billion market consisting of the $39 billion pet consumables, $20 billion pet supplies, and $2 billion companion animals categories. Based on Packaged Facts and company internal estimates, pet food and supplies are forecasted to grow at a CAGR of 5% and 4%, respectively, from 2020 to 2024.

Within the pet products category, the pet specialty channel represents a 22% category share as of June 2020, according to Packaged Facts. Petco has significant brand dominance within the category, with approximately 31% market share of the total U.S. pet specialty channel as of 2019. With its dedicated focus and large assortment of pet products and services, the pet specialty channel is most competitively positioned to capitalize on category trends such as pet humanization, pet ownership growth, and growing demand for a one-stop destination for pet care.

Pet Services

The pet services category represents a $35 billion market consisting of the $27 billion veterinary services and $8 billion non-medical services categories in 2020. According to Packaged Facts and

company internal estimates, veterinary services and non-medical services are forecasted to grow at a CAGR of 9% and 14%, respectively, from 2020 to 2024. The pet services category is primarily addressed by pet specialty and veterinarian channels.

The same trends positively impacting the pet products market are also driving increased consumption of pet services, including veterinary, grooming, and training. We believe that the main drivers of consumer selection of service providers are trust, price, quality of care, and convenience. We believe that our integrated platform and comprehensive offering differentiate us from our competition and position us to benefit from the continued growth in pet services, as well as to grow share in what remains a highly fragmented market.

Impact of the COVID-19 Pandemic on Our Industry

Although the COVID-19 crisis has presented significant challenges to the broader economy, the pandemic has accelerated several consumer trends that have meaningfully benefited the pet care industry, which has been deemed essential by federal, state, and local authorities. Pet adoption and purchase has accelerated meaningfully as consumers spend more time at home and outdoors, and have an increasing desire for companionship, a need to entertain children, and a growing appreciation for the physical and mental health and wellness benefits of pet parenthood. According to Packaged Facts, over 86% and 84% of dog and cat owners, respectively, agree that pets have a positive impact on both physical and mental health. In addition, consumers are increasingly migrating from urban cities to less densely populated communities, which are more conducive to raising a pet.

Industry Trends

The following key trends have historically driven, and continue to drive, strong growth in the industry:

- **Large, Resilient Category with Favorable Long-Term Trends.** The pet industry is a large, stable market that has consistently demonstrated resilience across economic cycles, driven by the non-discretionary replenishment nature of consumable products and services such as pet food, grooming, and veterinary services.
- **Continued Momentum Behind the Pet Humanization Trend.** The pet humanization trend remains strong with 94% of pet parents agreeing “I consider my dog or cat to be part of my family,” according to Packaged Facts. In addition, according to an internal study, 94% of dog parents want to provide the healthiest, most nutritious food for their pet, but only 58% are confident they are doing so. These dynamics have resulted in increasing demand for premium pet care goods and services as pet parents seek to provide their pets with the best care possible. According to Packaged Facts, the annual spend per pet has grown at a 4% CAGR from $1,179 in 2015 to $1,401 in 2019.
- **Growing Consumption of Pet Health Services.** Attributable in part to the pet humanization trend, demand for pet health services has risen dramatically in recent years. Veterinary services represent the second-largest market within pet health services, having generated $27 billion of revenue in 2020.

  Rising focus on pet health is also driving increased adoption of pet insurance, especially in developed markets, where the rates of insured pets are as high as 25%. In the United States, the North American Pet Health Insurance Association reported that only 2% of pets are estimated to be covered by insurance, which implies potential for significant growth.
- **Shift Toward Digital, including Increased E-Commerce Penetration.** Pet parents are spending a greater share of their total pet care spend online. In the last several years, online growth has been driven by the increased adoption of pet food subscription programs and the general expansion of online membership services, which cover most major consumer packaged goods categories.

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- **Increased Customer Focus on Total Solutions and the Value of an Integrated Offering.** Convenience is playing an increasingly important role in the pet care industry as consumers become accustomed to online purchasing and subscription services. The ability to offer a one-stop destination for customers to manage all pet care needs, whether in store, online, in-home, or on a mobile device, is increasingly becoming a competitive advantage versus pure-play online, mass, and smaller independent specialty retailers. This is demonstrated by a recent Lippincott survey that stated that half of all pet parents prefer a one-stop experience and 73% of pet parents expect to make more purchases with a membership program.
- **Strong Growth Trends in International Markets.** The pet humanization trend continues to proliferate across the globe, with several countries around the world emerging as promising growth markets for the pet industry. Over the last several years, developing countries such as China and Mexico have experienced strong economic growth that has given rise to an expanding middle class with growing disposable income, driving increased pet ownership and spending on pets. Other countries in both South America and Asia have exhibited similar macro trends that are contributing to increased consumption on pet products and services.

These favorable tailwinds have driven strong and consistent growth in the industry, with spending on pets projected by Packaged Facts to reach $126 billion in the United States in 2024, up from $97 billion in 2020, representing a CAGR of 7%.

Our Comprehensive Offering

Product Offering

We offer a comprehensive product offering consisting of over 57,000 products across pet food, supplies, and companion animals available through our physical and online channels. In Fiscal 2019, 51% of our product sales comprised non-discretionary consumable products, such as food and supplements, which feature high purchase frequency over the life of a pet and sticky characteristics due to a strong desire for pet parents to avoid switching food brands. In addition, in Fiscal 2019, we generated more than 27% of our product sales from owned brands—such as WholeHearted, Reddy, and Well & Good. This represents a much higher percentage of our merchandise mix compared to our online competitors, helps the Petco ecosystem attract and retain customers, and also offers us an enhanced margin profile as owned brands, on average, have a more than 1,000 basis points higher margin than comparable third-party brands.

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Service Offering

We offer the industry's only fully-integrated comprehensive service offering that includes professional grooming, training and veterinary services. Unlike some other consumer purchases, the services we offer for pet parents are essential, recurring, and high frequency in nature. In addition to acting as a profitable driver of new customer acquisition, our service platform helps retain customers, drive physical visit frequency and digital engagement, and build long-term loyalty. During Fiscal 2019, our service offering sales grew 14% year-over-year, and represented approximately 9% of sales. As one of the fastest-growing parts of our business, we expect services as a percentage of sales to grow meaningfully as we continue to expand on our new Nexus format for our pet care centers, which has resulted in a higher mix of services relative to the pre-Nexus format mix.

Multi-Channel Platform

We have developed a data-driven go-to-market platform consisting of robust digital capabilities and a strategic physical network of pet care centers woven together by a singular view of the customer.

Data

We have built a proprietary customer database leveraging information collected across our digital and physical network to construct a singular view of each of our customers. Between our Pals program and our ability to capture purchase information across our channels, we have one of the most robust databases of Active Customers and pet spend in the industry. From these data, we identify customer cohorts, cross-selling opportunities, new pet parent trends, breed-specific purchase patterns, and the likelihood of certain customers trying services, in addition to other trends. Data analysis forms the basis for ongoing marketing activities, product development, and operational improvements.

Digital Capabilities

Over the last two years, we have implemented a radical transformation in our digital business spanning core site experience, offerings, and capabilities. Today, our robust digital capabilities consist of an entirely redesigned website, featuring an enhanced product discovery experience, and easy-to-use navigation of top brands, as well as a proprietary and personalized app that serves as a singular pet management center that helps pet parents track their health, wellness, and merchandise interactions with us. These digital capabilities have created a seamless multi-channel experience for our customers who, after downloading the app, spend increasingly more with us as they take advantage of more features offered on our digital platforms.

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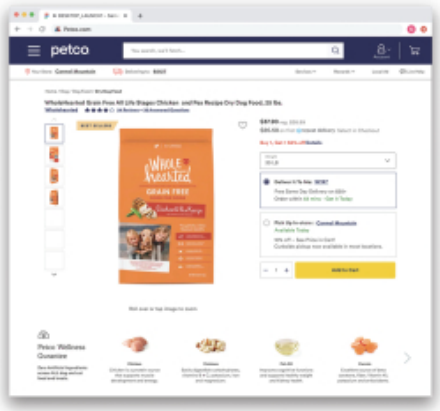
With repeat delivery, BOPUS, and curbside pick-up capabilities, guests can receive products more quickly and conveniently than pet-oriented online-only competitors who offer no option for same day shipping, which we plan to begin offering in December 2020. or other specialty operators. These capabilities seamlessly link our digital presence with our physical network, which positions us to more effectively serve our customers.



Physical Network

We operate approximately 1,470 pet care centers across the United States and Puerto Rico. Our Petco locations average approximately 14,000 square feet and typically carry 10,000 core SKUs, with nearly all offering grooming and training services, 800 offering Vetco clinics, and 100 offering full-service veterinary hospitals. We operate 59 locations in the United States under our Unleashed brand, our concept which caters to more urban areas, as well as 89 locations in Mexico through our joint venture with Grupo Gigante.

Over the last five years, we have used our new Nexus format for our new and remodeled pet care centers. This new proven format features a modernized in-store experience by showcasing our differentiated service offering, elevated nutrition engagement, and companion animal theater. Currently, our new Nexus format incorporates revenue-driving elements like ship-from-store fulfillment stations, full-service veterinary hospitals, Just Food For Dogs pantries and kitchens, Reddy branded shops, and prescription food assortment. We have also incorporated more in-store technology, including hand-held devices for our partners to assist customers with shopping, content, and recommendations.

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Our new Nexus remodel strategy has demonstrated significant economic benefits. As of the end of Fiscal 2019, the 81 locations with the new Nexus format and the revenue-driving elements (including the full-service veterinary hospital) cited above have, on average, experienced a lift in sales of approximately 600 basis points in the first full year post-remodel. As we continue to expand our Nexus format across our physical network, including veterinary hospitals, we expect to meaningfully increase the productivity and profitability generated by each pet care center, resulting in significant long-term growth for our company.

Marketing and Advertising

Over the last two years, we have completely overhauled our marketing and media strategy. The upgrade has been powered by talent infusions from Jet.com, Target, Bank of America, Pepsico, REI's membership group, HP, Kraft, and Samsung. The rebirth began with the major announcement of Petco's commitment to eliminate artificial ingredients. This announcement was Petco's largest PR/Media event impact in its history, strengthened brand awareness, and put Petco on the road to becoming a marketing-driven company. This was followed by a build-out of marketing behind our services offerings that helped drive our revenue growth from negative mid-single digits to positive growth of 14% in Fiscal 2019. We then built a world-class performance marketing capability that has meaningfully accelerated our e-Commerce business growth and positively impacted pet care center sales.

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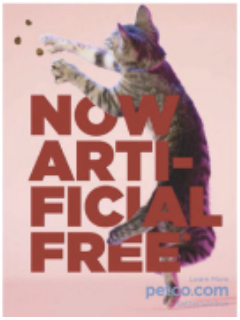
Correspondingly, we have seen a dramatic improvement in marketing return on investment. Our return on advertising spend (ROAS) more than doubles the median retailer ROAS of $3.00, and even exceeds the ROAS of specialty retailers in the 75th percentile of $6.37 per Nielsen. This strong return has given us an industry-leading customer lifetime value to customer acquisition cost ratio. We have been able to achieve these results through capability builds in insights, analytics, advanced digital marketing, analytics and improved CRM and loyalty expertise. As a result, marketing and advertising has become a “flywheel” driver of our recent strong business results.



Our Partners

Our Petco partners are our most significant assets, critical to the delivery of our transformation. Our store partners offer a level of customer engagement and content that is differentiated in retail and based on a true passion for pets. Over the past two years, we streamlined methods for setting executional priorities, provided comprehensive selling training, developed store-level sales marketing capabilities, and recaptured our partners’ hearts through enhanced benefits, employee resource groups, and constant communication through tools like Workplace, an intra-company communication and collaboration platform. These efforts have increased our customer satisfaction scores, decreased partner attrition by 3% in Fiscal 2019 over the previous year, and improved our revenue per employee-hour. Our partners, including our groomers and trainers, are primarily employed on an at-will basis, and are compensated through base salary and incentive programs.


Distribution Network

We operate five primary and three regional distribution centers located in various parts of the United States that handle almost all distribution for our company. Bulk items are shipped either directly

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from our main distribution centers or regional distribution centers to our pet care centers across the country. Manufacturers ship product to both the main and regional distribution centers. Over the past three years, we have continued to enhance warehouse and transportation information systems, our facilities, and links with our pet center fulfillment infrastructure. We currently fulfill orders from our e-commerce customers through all of our main distribution centers or directly from pet care centers. Our ship-from-store, BOPUS, and curbside programs enhance our distribution network, allowing us to more quickly and cost effectively serve our customers. During the first half of Fiscal 2020, approximately 79% of digital orders (including BOPUS and ship-from-store) were fulfilled by pet care centers, which has allowed us to deliver product more quickly and cost-effectively than we otherwise could by using traditional distribution center fulfillment. On average, BOPUS orders provide 4% higher margins than standalone online orders.

We only sell the products we carry directly to consumers and primarily purchase our products directly from our vendors rather than through third-party distributors. As such, we do not rely on third-party distributors to conduct our business. Any relationships we have with third-party distributors are governed by non-exclusive agreements that do not obligate us to minimum volume or fees, and such agreements may be terminated by either party on 90 days' prior written notice.

Vendor and Veterinarian Arrangements

We purchase merchandise from over 200 vendors. In Fiscal 2019, our top vendor represented approximately 5% of annual sales, and in the twenty-six weeks ended August 1, 2020, no single vendor accounted for more than 5% of our sales. We onboard our vendors using a standardized process to confirm their adherence to our standards, policies, and procedures, including those relating to legal compliance, standard payment terms, and product quality. These relationships are typically governed by our standard vendor terms and conditions, under which we submit purchase orders to our vendors specifying the types, quantities, and agreed prices for merchandise that we intend to purchase from them. These agreements do not typically have minimum order requirements or exclusivity obligations for either party. Our terms and conditions do not have a set term but allow us to terminate the relationship for convenience at any time upon written notice to the vendor. Our vendors may terminate the relationship on 90-days' written notice but are obligated to perform any purchase order accepted prior to such notice.

Our full-service veterinary hospitals are either operated by us or by third-party veterinary services partners with whom we have long-term contractual relationships. In the hospitals that are operated by our third-party veterinary services partners, we generally provide facilities, equipment, and customer relations management support, while the veterinary services partners provide staffing and run the day-to-day operations of the hospital. The veterinary service partners pay us a royalty based on hospital

sales and a license fee to use our space and equipment. Either party can terminate the contractual relationship upon 180-days' written notice or, as applicable, upon a breach of the contract by us or a violation of the standard operating procedures by the veterinary service partner. Our Vetco clinics are staffed by Vetco personnel, some of whom are independent contractor veterinarians.

Petco Foundation

At the Petco Foundation, a separately incorporated 501(c)(3) nonprofit organization supported both by contributions from us and contributions from our customers and community partners, we believe that every animal deserves to live its best life. Since 1999, the Petco Foundation has invested more than $280 million in lifesaving animal welfare work to make that happen. With our more than 4,000 animal welfare partners, we inspire and empower communities to make a difference by investing in adoption and medical care programs, spay/neuter services, pet cancer research, service and therapy animals, and numerous other lifesaving initiatives. Through the Think Adoption First program, the Petco Foundation partners with Petco stores and animal welfare organizations across the country to increase pet adoptions. To date, we have helped more than 6.3 million pets find their new loving families.

Properties

We have co-headquartered facilities, located in San Diego, California, and San Antonio, Texas. Our San Diego, California location was completed in the summer of Fiscal 2015, comprising a total of 257,000 square feet, and is under a long-term lease. Our San Antonio location consists of a sub-divided leased facility, comprising a total of 73,000 square feet.

We lease all of our distribution center locations and nearly all of our approximately 1,470 pet care centers. The original lease term for pet care centers is generally ten years, with certain leases being shorter or longer, and many of these leases contain renewal options. The vast majority of Pet care center leases, excluding renewal options, expire at various dates over the next ten years. Our pet care centers are generally located at sites co-anchored by strong destination stores. Certain leases require payment of property taxes, utilities, common area maintenance and insurance and, if annual sales at certain locations exceed specified amounts, provide for additional rent expense.

Legal Proceedings

We are involved in the legal proceedings described in Note 16, Commitments and Contingencies, in our historical consolidated financial statements included elsewhere in this prospectus, and we are subject to other claims and litigation arising in the ordinary course of business. The outcome of any litigation is inherently uncertain, and if decided adversely to us, or if we determine that settlement of particular litigation is appropriate, we may be subject to liability that could have a material adverse effect on our business. We believe that there are no pending lawsuits or claims that, individually or in the aggregate, may have a material effect on our business, financial condition or results of operations.

Our Trademarks and Other Intellectual Property

We believe that our rights in our intellectual property, including trademarks and domain names, as well as contractual provisions and restrictions on access to our proprietary technology, are important to our marketing efforts to develop brand recognition and differentiate our brand from our competitors. We own a number of trademarks that have been registered, or for which registration applications are pending, in the United States and certain foreign jurisdictions. These trademarks

include Bond & Co., Good 2 Go, Good Lovin', Harmony, Imagitarium, Leaps & Bounds, Pals Rewards, Petco, PetCoach, PupBox, Reddy, Ruff & Mews, So Phresh, Vetco, Well & Good, WholeHearted, and You & Me The current registrations of these trademarks are effective for varying periods of time and may be renewed periodically, provided that we, as the registered owner, or our licensees where applicable, comply with all applicable renewal requirements including, where necessary, the continued use of the trademarks in connection with similar goods. We expect to pursue additional trademark registrations to the extent we believe they would be beneficial and cost-effective.

In addition to trademark protection, we own numerous domain names, including www.petco.com. We also enter into, and rely on, confidentiality and proprietary rights agreements with our employees, consultants, contractors and business partners to protect our trade secrets, proprietary technology, and other confidential information. We further control the use of our proprietary technology and intellectual property through provisions in both our customer terms of use on our website and in our vendor terms and conditions.

We believe that our intellectual property has substantial value and has significantly contributed to our success to date. We continually engage with manufacturers to develop and market better quality pet products under our brand names to better serve our customers at a lower price.

Government Regulation

We are subject to a broad range of federal, state, local, and foreign laws and regulations intended to protect public health, natural resources, and the environment. Our operations, including our private brand manufacturing outsourcing partners, are subject to regulation by OSHA, the FDA, the USDA, the DEA and by various other federal, state, local, and foreign authorities regarding the processing, packaging, storage, distribution, advertising, labeling, and import of our products, including food safety standards. Please read "Risk Factors—Risks Related to Our Business—Our operations are subject to extensive governmental regulation, and we may incur material liabilities under, or costs in order to comply with, existing or future laws and regulation. Our failure to comply with such laws and regulations may result in enforcements, recalls, and other adverse actions that could disrupt our operations and adversely affect our financial results."

The FDA regulates animal feed, including pet food, under the Federal Food, Drug, and Cosmetic Act, (the "FFDCA"), and its implementing regulations. Although pet foods are not required to obtain premarket approval from the FDA, the FFDCA requires that all animal foods are safe for consumption, produced under sanitary conditions, contain no harmful substances, and are truthfully labelled. Most states also require that pet foods distributed in the state be registered or licensed with the appropriate state regulatory agency. In addition, most facilities that manufacture, process, pack, or hold foods, including pet foods, must register with the FDA and renew their registration every two years, and are subject to periodic FDA inspection. This includes most foreign, as well as domestic facilities. Registration must occur before the facility begins its pet food manufacturing, processing, packing, or holding operations.

In addition, any substance that is added to or is expected to become a component of a pet food must be used in accordance with a food additive regulation issued by the FDA, unless the substance is generally recognized as safe, or GRAS, under the conditions of its intended use. A food additive regulation may be obtained through the submission of a food additive petition to the FDA demonstrating that a food additive is safe for its intended use and has utility. Use of a food ingredient that is neither GRAS nor an approved food additive may cause a food to be adulterated, in which case the food may not be legally marketed in the United States.

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The labeling of pet foods is regulated by both the FDA and some state regulatory authorities. FDA regulations require proper identification of the product, a net quantity statement, a statement of the name and place of business of the manufacturer or distributor, and proper listing of all the ingredients in order of predominance by weight. Most states also enforce their own labeling regulations, many of which are based on model definitions and guidelines developed by the AAFCO. The AAFCO is a voluntary, non-governmental membership association of local, state, and federal agencies that are charged with regulation of the sale and distribution of animal feed, including pet foods. The degree of oversight of the implementation of these regulations varies by state, but typically includes a state review and approval of each product label as a condition of sale in that state.

FDA also regulates the inclusion of specific claims in pet food labeling. For example, pet food products that are labeled or marketed with claims that may suggest that they are intended to treat or prevent disease in pets would potentially meet the statutory definitions of both a food and a drug. The FDA has issued guidance regarding products that provide nutrients in support of an animal's daily nutrient needs but which are also labeled as being intended for use to diagnose, cure, mitigate, treat, or prevent disease, thereby meeting the statutory definitions of both a food and a drug. Noting an increase in the number of dog and cat foods labeled as being intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease, and noting that animal health may suffer when such products are not subject to pre-market FDA approval and are provided in the absence of a valid veterinarian-client-patient relationship, the FDA identified specific factors it will consider in determining whether to initiate enforcement action against products that satisfy the definitions of both an animal food and an animal drug, but which do not comply with the regulatory requirements applicable to animal drugs.

Under Section 423 of the FFDCA, the FDA may require the recall of an animal feed product if there is a reasonable probability that the product is adulterated or misbranded and the use of or exposure to the product will cause serious adverse health consequences or death. In addition, pet food manufacturers may voluntarily recall or withdraw their products from the market.

In addition, our business and our vendors' businesses are subject to foreign and domestic laws and regulations applicable to companies conducting business on the internet and the collection and use of personal information generally. Jurisdictions vary as to how, or whether, existing laws governing, areas such as data privacy and security, consumer protection or sales and other taxes, among other areas, apply to the internet and e-commerce, and these laws are continually evolving. Related laws may govern the manner in which we collect, use, store, or transfer sensitive information, or impose obligations on us in the event of a security breach or an inadvertent disclosure of such information. International jurisdictions impose different, and sometimes more stringent, consumer and privacy protections. Additionally, tax regulations in jurisdictions where we do not currently collect state or local taxes may subject us to the obligation to collect and remit such taxes, or to additional taxes, or to requirements intended to assist jurisdictions with their tax collection efforts. New legislation or regulations, the application of laws from jurisdictions whose laws do not currently apply to our business, or the application of existing laws and regulations to the internet and e-commerce generally could result in significant additional taxes on our business. Further, we could be subject to fines or other payments for any past failures to comply with these requirements. Please read "Risk Factors—Risks Related to Our Business—Our marketing programs, e-commerce initiatives and use of consumer information are governed by an evolving set of laws and enforcement trends, and unfavorable changes in privacy laws or trends, or our failure to comply with existing or future laws, could substantially harm our business and results of operations." The continued growth of and demand for e-commerce is likely to result in more laws and regulations that impose additional compliance burdens on e-commerce companies.

Certain states have laws, rules, and regulations that require that veterinary medical practices be either wholly owned or majority owned by licensed veterinarians and that corporations that are not

wholly owned or majority owned by licensed veterinarians refrain from providing, or holding themselves out as providers of, veterinary medical care, or directly employing or otherwise exercising control over veterinarians providing such care. In these states and jurisdictions, we provide management and other administrative services to veterinary practices rather than owning such practices or directly employing the veterinarians providing medical care. Although we believe that we have structured our operations to comply with our understanding of the veterinary medicine laws of each state and jurisdiction in which we operate, interpretive legal precedent and regulatory guidance varies by jurisdiction and is often sparse and not fully developed.

In addition, all of the states in which we operate impose various registration permit and/or licensing requirements. To fulfill these requirements, we have registered each of our facilities with appropriate governmental agencies and, where required, have appointed a licensed veterinarian to act on behalf of each facility. All veterinarians practicing in our animal wellness centers are required to maintain valid state licenses to practice and veterinarians practicing in our full-service hospitals are required to maintain valid licenses with the DEA. We are also required to comply with state laws governing the dispensing of prescription pet medications by our veterinarians. Additionally, our pet insurance plans must be registered with certain state departments of insurance and comply with their requirements. We cannot assure you that we will not be subject to reprimands, sanctions, probations, or fines, or that one or more of our licenses or registrations will not be suspended or revoked.

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MANAGEMENT

Directors and Executive Officers of Petco

The following table sets forth certain information as of November 20, 2020, regarding individuals who are expected to serve as our executive officers and/or directors following the completion of this offering.

Name	Age	Position with Petco
Ronald Coughlin, Jr.	54	Chief Executive Officer and Director
Michael Nuzzo	50	Executive Vice President, Chief Financial Officer and Chief Operating Officer
Michelle Bonfilio	50	Chief Human Resources Officer
Ilene Eskenazi	48	Chief Legal Officer and Corporate Secretary
Tariq Hassan	51	Chief Marketing Officer
Nicholas Konat	43	Chief Merchandising Officer
Darren MacDonald	42	Chief Digital & Innovation Officer
Justin Tichy	49	Chief Pet Care Center Officer
John Zavada	57	Chief Information & Administrative Officer
Maximilian Biagosch	48	Director
Cameron Breitner	46	Director
Gary Briggs	57	Director
Nishad Chande	45	Director
Christy Lake	46	Director
Jennifer Pereira	38	Director
Christopher J. Stadler	56	Director

Executive Officers

Ronald Coughlin, Jr. has served as our Chief Executive Officer and director since June 2018. In addition to the Chief Executive Officer role, he is expected to serve as Chairman of our board of directors following the completion of this offering. Prior to joining us, Mr. Coughlin served from 2014 to 2018 as President of HP Inc.'s Personal Systems segment, a $33 billion global business that offers consumer and commercial products and services. Previously, he served as Senior Vice President of Consumer PCs, Senior Vice President of LaserJet Hardware and Commercial Document Services and Solutions, and Senior Vice President of Sales, Strategy, and Marketing at HP Inc. (previously known as Hewlett-Packard Company). Prior to joining HP Inc. in 2007, Ron spent 13 years at PepsiCo in a range of senior executive roles, including Chief Marketing Officer of PepsiCo International Beverages. Mr. Coughlin earned a bachelor's degree in international marketing from Lehigh University and a master's degree in business administration from the Kellogg School of Management at Northwestern University.

Michael Nuzzo has served as our Executive Vice President, Chief Financial Officer since May 2015. He also became our Chief Operating Officer and President of our services businesses in July 2019. Prior to joining us, Mr. Nuzzo served from July 2014 to April 2015 as Chief Administrative Officer at 4moms, a technology and robotics startup company. Prior to joining 4moms, Mr. Nuzzo served as the Executive Vice President and Chief Financial Officer for GNC Holdings, Inc., a multinational health and nutrition retailer, from 2008 to 2014, playing a lead role in the company's initial public offering in 2011. From 1999 to September 2008, Mr. Nuzzo served in various senior level finance, retail operations, and strategic planning roles with Abercrombie & Fitch, a specialty retailer of casual clothing for men, women, and children, including Senior Vice President of Corporate Finance from June 2008 to

September 2008 and Vice President of Corporate Finance from January 2006 to May 2008. Prior to his work in the retail sector, Mr. Nuzzo was a senior consultant in the healthcare industry with William M. Mercer and Medimetrix Group. Mr. Nuzzo holds a bachelor's degree in economics from Kenyon College and a master's degree in finance and accounting from the University of Chicago.

Michelle Bonfilio has served as our Chief Human Resources Officer since October 2018. Prior to joining us, Ms. Bonfilio served from April 2017 to October 2018 as Chief Human Resources Officer for The Wine Group, LLC, the second-largest global producer of wine in the United States. Previously, she served as Vice President, Human Resources at Delta Dental of California from January 2016 to April 2017 and as Vice President, Human Resources at Big Heart Pet Brands from August 2014 to August 2015. She also held various HR leadership positions at Gap, Inc. from January 2005 to July 2014. Ms. Bonfilio holds a bachelor's degree in psychology from the University of California, Davis.

Ilene Eskenazi has served as our Chief Legal Officer and Corporate Secretary since September 2020. Prior to joining us, from 2016 to 2020, Ms. Eskenazi served as Global General Counsel and Chief Human Resources Officer at Boardriders, Inc. (formerly Quiksilver, Inc.), a leading action sports and lifestyle company. Previously, she served from 2013 to 2016 as Chief Legal Officer and Senior Vice President of Talent Operations and Performance at True Religion Apparel, Inc., an apparel and retail company. True Religion subsequently filed for Chapter 11 bankruptcy in July 2017, which it exited four months later. Before that, Ms. Eskenazi served as the General Counsel for Red Bull North America, Inc. between 2008 and 2013 and as the Deputy General Counsel at The Wonderful Company between 2002 and 2008. Ms. Eskenazi started her legal career at Skadden, Arps, Slate, Meagher and Flom LLP. Ms. Eskenazi holds a bachelor's degree in philosophy from the University of Michigan and a J.D. from the University of California, Los Angeles School of Law.

Tariq Hassan has served as our Chief Marketing Officer since July 2018. Prior to joining us, Mr. Hassan served from 2015 to 2017 as head of brand for Bank of America, a multinational investment bank and financial services holding company. Prior to that, he held global leadership roles with Hewlett-Packard Company (now HP Inc.), a leading global provider of personal computing and other access devices, imaging, and printing products, and related technologies, solutions and services, between 2008 and 2012, and global executive management roles with Omnicom Group, Inc., a global marketing, media, and corporate communications holding company, between 2001 and 2008 and then again between 2012 and 2014. Mr. Hassan holds an honors bachelor's degree in international political science and philosophy from the University of Western Ontario, and a master's degree in integrated marketing communications from Northwestern University.

Nicholas Konat has served as our Chief Merchandising Officer since September 2018. He joined Petco in 2015 as Vice President of Owned Brands, leading product innovation and design before being promoted to Senior Vice President of Owned Brands and Merchandising. Prior to joining us, Mr. Konat served as Director of Food and Merchandising Planning at Target Corporation, capping a 9+ year career there where he held a range of merchandising, planning and leadership roles across the food and fashion categories. Mr. Konat also spent six years with Accenture plc, a multinational professional services company. Mr. Konat holds an honors bachelor's degree in political science and government from St. John's University.

Darren MacDonald has served as our Chief Digital & Innovation Officer since June 2019. Prior to joining us, Mr. MacDonald served from February 2016 to January 2017 as Senior Vice President of Jet.com, a then e-commerce company, and from January 2017 to June 2019 as Group General Manager and Global Officer for U.S. at Walmart Inc., a multinational retail corporation. Prior to that, between April 2014 and February 2016, he was the Founder and CEO of Ingress Capital. Previously, he was the CEO of The Pronto Network, an IAC company, and also held a number of roles at Avery Dennison Corporation. Mr. MacDonald holds a bachelor's degree from the University of California,

Berkeley and a master's degree in business administration from the University of California, Los Angeles.

Justin Tichy has served as our Chief Pet Care Center Officer since October 2018. Prior to joining us, Mr. Tichy served from May 2015 to October 2018 as President of Sales at Confie, one of the largest privately held insurance brokers in the nation. Previously, he held key leadership positions at Best Buy Co., Inc., Target Corp., and Walmart Inc. Mr. Tichy holds a bachelor's degree in business management from Pennsylvania State University and a master's degree in organizational management from the University of Phoenix.

John Zavada has served as our Chief Information & Administrative Officer since September 2016. Prior to joining us, Mr. Zavada served from 2013 to 2016 as Senior Vice President and Chief Information Officer at Restoration Hardware, a luxury home-furnishings company. Previously, he filled Chief Information Officer roles at Guitar Center, Big Lots, Inc., Gottschalks Department Stores, and Victoria's Secret Stores. Mr. Zavada holds a bachelor's degree in business information systems from California State Polytechnic University.

Directors

Maximilian Biagosch has been a member of our board of directors since 2018. Mr. Biagosch is a Managing Director at CPP Investments, one of our Sponsors, which he joined in 2015. Between 2007 and 2015, Mr. Biagosch worked at Permira Advisers LLP, an international investment firm, where he was the head of Permira's Capital Markets Group. Prior to Permira Advisers LLP, Mr. Biagosch worked in investment banking at Deutsche Bank and at BNP Paribas. Mr. Biagosch received a Master of Laws (LLM) from Ludwig-Maximilians-Universität Munich. His experience across multiple industries and with portfolio company operational performance improvement qualifies him to serve on our board of directors.

Cameron Breitner has been a member of our board of directors since 2016. He is a Managing Partner at CVC, the private equity and investment advisory firm that advises and manages CVC Funds, one of our Sponsors, which he joined in 2007. He is the head of CVC's San Francisco office and shares responsibility for overseeing CVC's U.S. Private Equity activities. Prior to joining CVC, Mr. Breitner was a Managing Director at Centre Partners, a private equity firm, where he worked from 1998 to 2007. Prior to Centre Partners, he worked in mergers and acquisitions at Bowles Hollowell Conner & Co. Mr. Breitner currently serves on the board of directors of Advantage Solutions Inc., a leading business solutions provider to consumer goods manufacturers and retailers. Mr. Breitner has previously served on the board of directors of BJ's Wholesale Club Holdings, Inc. among many other public and private companies. Mr. Breitner received a bachelor's degree in psychology from Duke University. His retail industry experience qualifies him to serve on our board of directors.

Gary Briggs has been a member of our board of directors since 2018. Since 2019, he has served as the Chairman at Hawkfish, a data and technology firm. He also serves on the board of directors of Etsy and Afterpay. Previously, between 2013 and 2018, Mr. Briggs served as the Chief Marketing Officer of Facebook, Inc., a social media conglomerate corporation. Prior to joining Facebook, he served in various leadership roles at Google LLC, a technology company. Before then, he held a number of marketing and general management leadership roles at eBay Inc., PayPal, Inc., PepsiCo, Inc., and IBM Corp. Earlier in his career, he was a management consultant with McKinsey and Company. He holds a bachelor's degree from Brown University and a master's degree from the Kellogg School of Management at Northwestern University. His extensive experience in marketing and brand management qualifies him to serve on our board of directors.

Nishad Chande has been a member of our board of directors since 2016. He is a Senior Managing Director, U.S. Head of Consumer and Co-Head of Business Services at CVC, the private

equity and investment advisory firm that advises and manages CVC Funds, one of our Sponsors, which he joined in 2016. Prior to joining CVC, he worked at Centre Partners, a private equity firm, from 2005 to 2016, Bain & Company from 2003 to 2005, Raymond James Capital from 1999 to 2001, and Schroders from 1997 to 1999. Mr. Chande previously served on the board of directors of BJ's Wholesale Club Holdings, Inc. Mr. Chande holds a bachelor's degree in economics and mathematics from Dartmouth College and a master's in business administration degree from the Wharton School at the University of Pennsylvania. His experience across multiple industries qualifies him to serve on our board of directors.

Christy Lake has served as a member of our board of directors since 2018. Since April 2020 she has served as the Chief People Officer at Twilio, a cloud communications platform. Previously, between 2018 and 2020, Ms. Lake served as a Senior Vice President and Chief People Officer at Box, Inc., an internet company. Prior to Box, Ms. Lake worked at Medallia, serving as VP of People and Culture from 2016 to 2018 and VP of HRBP & HR Operations in 2016. Ms. Lake also served as Global Head of HR for HP's Personal Systems division from 2015 to 2016 and has held additional HR positions at HP and The Home Depot, among other companies. Ms. Lake holds a bachelor's degree in political science from the University of Connecticut. Her experience in leadership across various industries qualifies her to serve on our board of directors.

Jennifer Pereira has been a member of our board of directors since 2016. She is a Senior Principal at CPP Investments, one of our Sponsors, which she joined in 2011 and where she currently leads consumer and retail private equity efforts in North America. Prior to joining CPP Investments, Ms. Pereira worked at the Boston Consulting Group from 2006 to 2009. Ms. Pereira also serves as a director on the board of directors of Ultimate Kronos Group and as an observer on the board of directors of Merlin Entertainments Ltd. She holds a bachelor's degree in engineering from the University of Toronto and a master's degree in business administration from the Wharton School at the University of Pennsylvania. Her experience in private equity investing and the consumer and retail industries qualifies her to serve on our board of directors.

Christopher J. Stadler has been a member of our board of directors since 2016. He is a Managing Partner at CVC, the private equity and investment advisory firm that advises and manages CVC Funds, one of our Sponsors, which he joined in 2007. Mr. Stadler is on the board of the CVC Capital Partners advisory business and is the Co-Chairman of the Europe/North America Private Equity Board. Prior to joining CVC, he worked for Investcorp as Head of Private Equity, North America after joining as Managing Director in 1996. Mr. Stadler previously served on the board of directors of BJ's Wholesale Club Holdings, Inc. He holds a bachelor's degree in economics from Drew University and a master's degree in business administration from Columbia University. His experience across multiple industries qualifies him to serve on our board of directors.

Status as a Controlled Company

Because our Sponsors will control shares of Class A common stock and shares of Class B-2 common stock, which are the only classes of our common stock entitled to vote on director elections and which represent in the aggregate approximately % of the voting power with respect to director elections, we expect to be a controlled company as of the completion of this offering under the Nasdaq rules. A controlled company is not required to have a majority of independent directors or form an independent compensation or nominating and corporate governance committee. As a controlled company, we will remain subject to rules that require us to have an audit committee composed entirely of independent directors, subject to the "phase-in" rules applicable to newly public companies. Under the "phase in" rules, we must have at least three independent directors on our audit committee within one year of the effectiveness of the registration statement of which this prospectus forms a part. We expect to have at least independent directors upon the completion of this offering.

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If at any time we cease to be a controlled company, we will take all action necessary to comply with SEC rules and regulations and the Nasdaq rules, including by appointing a majority of independent directors to our board of directors and ensuring that we have a compensation committee and a nominating and corporate governance committee, each composed entirely of independent directors, subject to the permitted "phase-in" periods.

Board of Directors and Committees

Composition of Our Board of Directors After This Offering

Our business and affairs are managed under the direction of our board of directors. We expect our board of directors to consist of at least members upon the completion of this offering. We are in the process of identifying additional individuals who will serve on our board of directors upon the completion of this offering.

Our certificate of incorporation and bylaws, which will be in effect upon the completion of this offering, will provide for our board of directors to be classified into three classes of directors, serving staggered three-year terms of office. Our board of directors will have the exclusive power to fix the number of directors in each class. Only one class of directors will be elected at each annual meeting of our stockholders, with the other classes continuing for the remainder of their respective three-year terms. Directors designated as Class I directors will have initial terms expiring at the first annual meeting of stockholders following the completion of this offering. Directors designated as Class II directors will have initial terms expiring at the second annual meeting of stockholders following the completion of this offering. Directors designated as Class III directors will have initial terms expiring at the third annual meeting of stockholders following the completion of this offering. Beginning with the first annual meeting of stockholders following the completion of this offering, directors of each class the term of which shall then expire shall be elected to hold office for a three-year term and until the election and qualification of their respective successors in office or until any such director's earlier death, resignation, removal, retirement or disqualification.

In connection with this offering, we expect to enter into a stockholder's agreement with our Principal Stockholder, which will provide our Principal Stockholder with the right to designate a certain number of nominees for election to our board of directors and with certain committee nomination and observer rights. Specifically, pursuant to the stockholder's agreement, so long as our Principal Stockholder (including its permitted transferees under the stockholder's agreement) has sold, in the aggregate, (i) 50% or less of the total outstanding shares of Class A Common Stock and Class B-1 Common Stock beneficially owned (directly or indirectly) by it upon the completion of this offering, it will be entitled to nominate six directors, (ii) more than 50% but less than or equal to 75%, it will be entitled to nominate four directors; (iii) more than 75% but less than or equal to 90%, it will be entitled to nominate two directors; and (iv) more than 90%, it will not be entitled to nominate any directors. The size of the board is expected to be fixed at directors. If, with the Principal Stockholder's prior written consent, the size of the board is decreased, the Principal Stockholder will be entitled to designate the same number of persons for nomination and election to our board of directors as set forth above. If, with the Principal Stockholder's prior written consent, the size of the board is increased, our Principal Stockholder will be entitled to designate a proportional number of persons for nomination and election to our board of directors (rounded up to the nearest whole, even number). In addition, subject to any requirements, including independence requirements, for committee members imposed by applicable law or by the applicable rules of any national securities exchange on which the Class A common stock may be listed or traded, our Principal Stockholder will have the right to have two of its nominees appointed to serve on each committee of the board of directors for so long as our Principal Stockholder has the right to designate at least two directors for nomination and election to the board. Our Principal Stockholder will also be entitled to designate at least four non-voting observers to attend

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all meetings of the board of directors and its committees as long as our Principal Stockholder has nomination rights under the Stockholder's Agreement.

The Principal Stockholder has been deemed to have nominated Christopher J. Stadler, Cameron Breitner, and Nishad Chande as designees of CVC, and Jennifer Pereira, Maximilian Biagosch, and _____as designees of CPP Investments, for nomination and election to our board of directors.

In accordance with our certificate of incorporation and the stockholder's agreement, each of which will be in effect upon the completion of this offering, our board of directors will be divided into three classes with staggered three year terms. Our directors will be initially divided among the three classes as follows:

- the Class I directors will be , , and , and their terms will expire at the first annual meeting of stockholders to be held following the completion of this offering;
- the Class II directors will be , , and , and their terms will expire at the second annual meeting of stockholders to be held following the completion of this offering; and
- the Class III directors will be , , and , and their terms will expire at the third annual meeting of stockholders following the completion of this offering.

At any time when the members of the board are allocated among separate classes of directors, we will take all necessary action so that the directors designated by the Principal Stockholder are in the applicable classes of directors designated by the Principal Stockholder.

Please read "Certain Relationships and Related Party Transactions—Stockholder's Agreement" for more information.

Director Independence

Each of Gary Briggs and Christy Lake is expected to be "independent" as defined under the Nasdaq rules and Rule 10A-3 under the Exchange Act. We intend to appoint at least one other director who will be "independent" as defined under the Nasdaq rules and Rule 10A-3 under the Exchange Act within one year after the effective date of the registration statement of which this prospectus forms a part.

Committees of Our Board of Directors

In connection with this offering, our board of directors will establish an Audit Committee, as well as a Compensation Committee and a Nominating and Corporate Governance Committee. These committees are described below.

Audit Committee

In connection with this offering, we will form the Audit Committee as required by the Nasdaq listing rules consisting of , , and . We will rely on the phase-in rules of the SEC and Nasdaq with respect to the independence of our Audit Committee. These rules permit us to have an Audit Committee that has one member that is independent as of the effectiveness of the registration statement of which this prospectus forms a part, a majority of members that are independent within 90 days of the effectiveness of the registration statement of which this prospectus forms a part, and all members that are independent within one year of the effectiveness of the registration statement of which this prospectus forms a part. will qualify as the "independent" director for purposes of the SEC and Nasdaq independence rules that are applicable to audit committee members. will serve as the chair of the Audit Committee. is expected to qualify as an "audit committee financial expert" as defined by the SEC. The Audit Committee will be

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governed by a charter that complies with the Nasdaq rules. Our Audit Committee, among other things, will have responsibility for:

- assisting our board of directors in its oversight responsibilities regarding the integrity of our financial statements, our compliance with legal and regulatory requirements, the independent accountant's qualifications and independence, and our accounting and financial reporting processes of and the audits of our financial statements;
- preparing the report required by the SEC for inclusion in our annual proxy or information statement;
- approving audit and non-audit services to be performed by the independent accountants; and
- performing such other functions as our board of directors may from time to time assign to the audit committee.

Compensation Committee

Upon the completion of this offering, the Compensation Committee will consist of and . will serve as the chair of the Compensation Committee. As a controlled company, we will rely upon the exemption from the Nasdaq requirement that we have a compensation committee composed entirely of independent directors. The Compensation Committee will be governed by a charter that complies with the Nasdaq rules. Our Compensation Committee, among other things, will have responsibility for:

- reviewing and approving the compensation and benefits of our Chief Executive Officer and other executive officers;
- recommending the amount and form of non-employee director compensation;
- appointing and overseeing any compensation consultant; and
- performing such other functions as our board of directors may from time to time assign to the compensation committee.

Nominating and Corporate Governance Committee

Upon the completion of this offering, the Nominating and Corporate Governance Committee will consist of and . will serve as the chair of the Nominating and Corporate Governance Committee. As a controlled company, we will rely upon the exemption from the Nasdaq requirement that we have a nominating and corporate governance committee composed entirely of independent directors. The Nominating and Corporate Governance Committee will be governed by a charter that complies with the Nasdaq rules. Our Nominating and Corporate Governance Committee, among other things, will have responsibility for:

- identifying individuals qualified to become members of our board of directors, consistent with criteria approved by our board of directors; and
- developing and recommending to our board of directors a set of corporate governance guidelines and principles.

Compensation Committee Interlocks and Insider Participation

During Fiscal 2019 and currently, the Compensation Committee, which was formed in September 2018, consists of Max Biagosch (Chair), Cameron Breitner, and Christy Lake. None of our executive officers currently serves, or in the past fiscal year has served, as a member of our board of directors or Compensation Committee of any entity that has one or more executive officers serving on our board of directors or Compensation Committee. None of the members of the Compensation Committee is, nor has ever been, an officer or employee of our company.

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Code of Business Conduct and Ethics

We intend to adopt a code of business conduct and ethics in connection with this offering relating to the conduct of our business by all of our employees, officers and directors. Our code of business conduct and ethics will satisfy the requirement that we have a "code of conduct" under the Nasdaq and SEC rules. It will be posted on our website at www.petco.com. To the extent required under the listing rules and SEC rules, we intend to disclose future amendments to certain provisions of this code of business conduct and ethics, or waivers of such provisions, applicable to any of our executive officers or directors, on our website identified above.

Corporate Governance Guidelines

In connection the completion with this offering, we intend to adopt corporate governance guidelines, which will serve as a flexible framework within which our board of directors and its committees will operate. These guidelines will cover a number of areas, including the role of our board of directors, board composition and leadership structure, director independence, director selection, qualification and election, director compensation, executive sessions, CEO evaluation, succession planning, annual board assessments, board committees, director orientation and continuing education, board communication with stockholders and others. A copy of our corporate governance guidelines will be posted on our website at www.petco.com.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis, or CD&A, provides an overview of our executive compensation philosophy, objectives, and design and each element of our executive compensation program with regard to the compensation awarded, to, earned by, or paid to our named executive officers (our "NEOs"), during Fiscal 2019, as well as certain changes we have made to our executive compensation program since the end of Fiscal 2019. Our NEOs are or were employed by our subsidiary, Petco Animals Supplies Stores, Inc.

For Fiscal 2019, our NEOs were:

Name	Title
Ronald Coughlin, Jr.	Chief Executive Officer
Michael Nuzzo	Executive Vice President, Chief Financial Officer and Chief Operating Officer(1)
Darren MacDonald	Chief Digital & Innovation Officer(2)
Justin Tichy	Chief Pet Care Center Officer
Michelle Bonfilio	Chief Human Resources Officer
Laura Wilkin	Former Executive Vice President and Chief Supply Chain Officer(3)

(1) Mr. Nuzzo is, and throughout Fiscal 2019 was, our acting principal financial officer.
(2) Mr. MacDonald was appointed as Chief Digital and Innovation Officer on June 10, 2019.
(3) Ms. Wilkin's employment with us ended on August 30, 2019.

Principal Objectives of Our Compensation Program for Named Executive Officers

Our executive team is critical to our success and to building value for our stockholders. The principal objectives of our executive compensation program are to:

- attract and retain highly talented executives to serve in leadership positions and advance our long-term growth strategy;
- motivate such executives to succeed by providing compensation that is based on both short- and long-term Petco performance;
- reward our executives appropriately over time for performance that increases stockholder value; and
- align the interests of our officers with those of our stockholders by delivering a substantial portion of the officers' compensation through incentives that drive long-term enterprise value.

Our executive compensation program is designed to reinforce a sense of ownership in Petco, urgency with respect to our business growth and overall entrepreneurial spirit. The program links rewards to overall Petco performance.

Process for Setting Executive Compensation

Role of our Board of Directors and Management in Compensation Decisions

As described below, the primary elements of our executive compensation program are annual base salary, annual short-term cash incentives, long-term equity incentives, and retirement and termination benefits. Together, these items are intended to be complementary and serve the goals described above.

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Historically and during Fiscal 2019 prior to the formation of our Compensation Committee as described below, our executive compensation program was developed and overseen by our board of directors. In making decisions regarding the allocation of compensation between short-term and long-term compensation, between cash and non-cash compensation, or among different forms of cash and non-cash compensation, our board of directors took into account the views and recommendations of management, in particular our Chief Executive Officer, or our CEO (except with respect to his own compensation). Our CEO made recommendations about annual base salary increases, annual short-term incentive targets and long-term equity grants for our NEOs using market data and internal equity alignment while working within the parameters of our annual budget for base salary increases and the size of the equity pool.

In September 2018, our board of directors formed a Compensation Committee to oversee our executive compensation program going forward. The purpose of the Compensation Committee is to evaluate the compensation of the executive officers of Petco and assure that they are compensated effectively in a manner consistent with the stated compensation strategy of Petco, internal equity considerations, competitive practice, and the requirements of any appropriate regulatory bodies. In March 2020, the Compensation Committee began to schedule and administer stand-alone meetings in order to build more robust compensation-related governance practices.

Use of Compensation Consultants

In preparation for this offering, the Compensation Committee engaged Exequity as its independent compensation consultant in October 2019 to begin planning for stand-alone Compensation Committee meetings and to provide compensation consulting services going forward. It is expected that Exequity will provide services including a review and analysis of our executive compensation levels and practices, remuneration of members of our board of directors, executive officer and non-employee director ownership guidelines, peer group compensation, and long-term incentive plan design and grant practices.

Internal Pay Equity and Other Factors

In setting base salary, annual short-term cash incentives and long-term equity incentives, our board of directors, in collaboration with the CEO, has considered factors such as internal pay equity, the experience and length of service of the executive, relative responsibilities among members of our executive team, individual contributions by the executive, and business conditions. In addition, our board of directors has also relied on the experience of its Sponsor-affiliated members who consider the compensation of our executive team in light of the compensation structure of other portfolio companies or private equity-backed companies in general, which typically favors higher long-term incentive compensation due to the nature of such businesses and their ownership.

For elements of compensation other than total direct compensation, such as severance and change in control benefits, our board of directors has relied on its own business experience and familiarity with market conditions in determining the appropriate level of protections for our NEOs.

Elements of Compensation

The main components of our executive compensation during Fiscal 2019 included base salary, an annual cash incentive, long-term equity incentive awards, and other benefits and perquisites.

Base Salary

We pay our NEOs a base salary to provide them with a fixed, base level of compensation commensurate with the executive's skill, competencies, experience, contributions, and performance,

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as well as general review of market compensation. Base salaries are generally reviewed annually, and our board of directors makes adjustments to reflect individual and Petco performance as well as any survey and peer group data provided at such time. Our CEO and Chief Human Resources Officer make recommendations to our board of directors regarding base salary adjustments for our NEOs (except with respect to their own salaries). These recommendations are generally based upon the executive's individual contributions to Petco for the prior fiscal year, leadership and contribution to Petco performance, internal pay considerations, market conditions and survey data, and our overall budget for base salary increases for Petco employees generally. Our board of directors takes all of these factors into account when making its decisions on base salaries but does not assign any specific weight to any one factor. In addition to the annual base salary review, our board of directors may also adjust base salaries at other times during the year in connection with promotions, increased responsibilities, or to maintain competitiveness in the market.

There were no base salary increases awarded to NEOs in Fiscal 2019. The chart below provides the base salary for each of our NEOs as of the end of Fiscal 2019.

Name	Base Salary as of 02/01/2020
Ronald Coughlin, Jr.	$ 850,000
Michael Nuzzo	$ 650,000
Darren MacDonald	$ 550,000
Justin Tichy	$ 480,000
Michelle Bonfilio	$ 456,000
Laura Wilkin(1)	$ 515,000

(1) For Ms. Wilkin, this amount reflects her base salary in effect immediately prior to her separation.

Fiscal Year 2020 Base Salary Actions

In March 2020 the Compensation Committee reviewed total direct compensation for each named executive officer and awarded Ms. Bonfilio a base salary increase to $490,000 in light of market data and Ms. Bonfilio's position.

In connection with the COVID-19 pandemic and the resulting economic downturn, our executive leaders, including our NEOs, proactively agreed to temporarily receive reduced base salaries in light of the economic uncertainties caused by the pandemic. Effective April 19, 2020 through May 30, 2020, Mr. Coughlin agreed to receive no base salary, while all other NEOs agreed to 25% reductions in base salary. Effective May 31, 2020, base salaries for all NEOs returned to pre-pandemic levels.

In September 2020, the Compensation Committee awarded each NEO, except Ms. Bonfilio who received an increase earlier in the year, a 2.25% base salary increase in accordance with our annual merit cycle. These small base salary increases were consistent with Petco-wide increases provided to all salaried employees based upon Petco's strong performance through unprecedented times, which was accomplished as one team.

The chart below provides the base salary for each of our NEOs, excluding Ms. Wilkin, following the adjustments described herein.

Name	Base Salary as of 09/30/2020
Ronald Coughlin, Jr.	$ 869,125
Michael Nuzzo	$ 664,625
Darren MacDonald	$ 562,375
Justin Tichy	$ 490,800
Michelle Bonfilio	$ 490,000

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Annual Cash Incentive Program

A hallmark of the transformation of our business has been the belief that annual cash incentives should be based upon actual performance measured against specified key business and financial metrics. These metrics span both company and individual performance.

Each of our NEOs participates in our Corporate Annual Performance Incentive Plan (the "Bonus Plan") and is eligible for a target annual cash bonus that is equal to a percentage of his or her annual base salary. For Fiscal 2019, the target annual bonus for each of our NEOs was as follows:

Name	Target Annual Cash Incentive (% of Base Salary)
Ronald Coughlin, Jr.	125%
Michael Nuzzo	80%
Darren MacDonald	80%
Justin Tichy	60%
Michelle Bonfilio	60%
Laura Wilkin(1)	80%

(1) For Ms. Wilkin, this amount reflects her target bonus in effect prior to her separation.

At the beginning of each fiscal year, our board of directors establishes each NEO's target annual cash incentive amount as well as the performance metrics under the Bonus Plan. Annual cash incentives for our NEOs are based on the achievement of Petco and personal performance goals. For Fiscal 2019, the Bonus Plan considered a balanced mix of overall Petco financial measures (50%) ("Company Performance") and personal performance (50%) to assign its payout to each NEO. At the outset of Fiscal 2019, our board of directors set threshold, target, and maximum goals for each performance metric that it believed to be reasonable and reflective of current business conditions and our business plan and budget for the fiscal year. Our board of directors reserved the right to make adjustments to such goals based on non-recurring events during the fiscal year that were not otherwise in the purview of our board of directors when setting such goals. It was our board of directors' view that threshold levels of performance should have a higher probability of achievement and maximum levels should have lower probability of achievement, and that payouts associated with each should serve as significant incentive to employees. Notwithstanding performance of any particular Company Performance measure, the Bonus Plan provided that no payment would be paid if Adjusted EBITDA performance was less than 95% of the target goal.

In addition to the Company Performance measures, for each of the CEO's direct reports, personal performance is recommended by the CEO and approved by the Compensation Committee generally based on achievement of strategic objectives and support for our leadership and diversity and inclusion initiatives. For the CEO, personal performance is recommended and approved by the Compensation Committee.

Metric (dollars in millions)	Weighting	Threshold	Target(1)	Maximum
Company Performance				
Adjusted EBITDA(2)	35.0%	$ 407.3	$ 452.5	$ 515.9
Sales(3)	7.5%	$ 4,392.2	$4,508.4	$ 4,605.0
Levered Free Cash Flow(4)	7.5%	$ 228.1	$ 258.1	$ 295.1
Personal Performance	50.0%	—	—	—
Payout Percentage:		25%	100%	200%(5)

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(1) If performance is between the threshold and target amounts set forth above and between the target and maximum amounts set forth above, the payout percentage is interpolated on a straight line basis.
(2) For purposes of the Bonus Plan, Adjusted EBITDA, which is a non-GAAP financial measure, is generally calculated consistent with the calculations shown under "Selected Historical Consolidated Financial Data—Non-GAAP Financial Measures" above; however, the board of directors and/or Compensation Committee, as applicable, has discretion to consider additional adjustments or remove adjustments as permitted under the terms of the Bonus Plan.
(3) Sales means total net sales, as reported in the consolidated financial statements included in this prospectus. Please read "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Components of Results of Operations—Net Sales" for additional information regarding our net sales.
(4) Levered Free Cash Flow, which is a non-GAAP financial measure, means cash generated from operations, less incentive expense, taxes, interest, and investments in capital and/or strategic acquisitions.
(5) For Levered Free Cash Flow, the maximum payout percentage is 145%, rather than 200%.

Following completion of Fiscal 2019, the Compensation Committee utilized its discretion to establish a payout level of 105% for Fiscal 2019 in lieu of the Company Performance measures originally set in the beginning of Fiscal 2019 based on the Compensation Committee's subjective view of Petco's overall financial performance for Fiscal 2019. Although the Compensation Committee ultimately elected not to follow formulaically the Company Performance measures established at the outset of Fiscal 2019 and described above, the Compensation Committee believes that the portion of each NEO's annual cash incentive award that would have otherwise been related to Company Performance more accurately reflected how Petco performed during Fiscal 2019. Additionally, following the end of Fiscal 2019, the Compensation Committee reviewed and considered the individual contributions of each NEO and determined the actual amount earned by each of our NEOs under the Bonus Plan for Fiscal 2019. The Compensation Committee felt that strong financial performance for Petco in Fiscal 2019, combined with the strategic momentum delivered by the NEOs, supported above-target payout amounts for the Personal Performance metric within the plan. The table below sets forth the annual cash incentive award paid to each NEO for Fiscal 2019 under the Bonus Plan:

Name	Annual Cash Incentive Award for 2019
Ronald Coughlin, Jr.	$ 1,158,125
Michael Nuzzo	$ 646,000
Darren MacDonald(1)	$ 512,000
Justin Tichy(1)	$ 402,400
Michelle Bonfilio	$ 387,280
Laura Wilkin(2)	—

(1) Per the terms of their employment agreements, Messrs. MacDonald and Tichy were eligible to receive guaranteed payouts of at least $440,000 and $288,000, respectively, for Fiscal 2019.
(2) As a result of her separation from employment, Ms. Wilkin did not receive a payout under the Bonus Plan for Fiscal 2019.

Fiscal Year 2020 Annual Incentive Plan Actions

In connection with the COVID-19 pandemic and the extraordinary circumstances resulting from the economic downturn, the Compensation Committee has not approved an annual incentive plan for the 2020 fiscal year. The Compensation Committee plans to review operating performance, with a

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focus on our Adjusted EBITDA, and to use its discretion to determine annual incentive payouts for NEOs at the end of the 2020 fiscal year.

Long-Term Equity Incentive Compensation

Prior to this offering, our equity incentive program consisted of grants of Common Series C Units in Scooby LP, our indirect parent (the "C Units"). C Units are intended to qualify as "profits interests" for U.S. income tax purposes. The C Units are designed to align the NEOs' interests with the interests of our equity holders and represent interests in the future profits (once a certain level of proceeds has been generated) in Scooby LP. C Units generally vest in equal annual installments over five years following the date of grant. C Units are also subject to accelerated vesting in connection with a change in control and certain other events, as described under "—Potential Payments Upon Termination or Change in Control—C Units" below. It is expected that the C Units will remain outstanding following this offering.

C Units are granted with a "Distribution Threshold," which acts similar to a strike price for a stock option such that the holder will only realize value in excess of such amount. The Distribution Threshold has traditionally been reviewed and set on a periodic basis in conjunction with a Petco valuation. All C Unit grants in Fiscal 2019 were granted with a Distribution Threshold of $0.50 per unit pursuant to an outside valuation.

C Unit grants have been granted to new executives upon hire, or a short time thereafter, and grant amounts have been determined by internal equity alignment and external factors, including but not limited to sign-on awards and make-whole awards for employees forfeiting compensation opportunities from their prior employers. C Units are also granted from time-to-time thereafter for purposes related to recognition, promotion, retention, or other factors. In recognition of their performance, during Fiscal 2019, each of our NEOs other than Mr. Nuzzo received a grant of C Units as set described under "—2019 Grants of Plan-Based Awards Table" below.

Select management also have had an opportunity to purchase or receive Common Series B Units in Scooby LP (the "B Units"). These B Units are intended to represent full-value ownership interests equivalent to those held by our Sponsors (other than with respect to voting rights, which B Units do not possess) and have historically been purchased by holders for their then-fair market value. B Units are designed to align the NEOs' interests with the interests of our equity holders and represent interests in the future profits of Scooby LP. During Fiscal 2019, Darren MacDonald, in accordance with his employment agreement, received 1,400,000 fully vested B Units in order to compensate him for the loss of unvested compensation from his prior employer.

Fiscal Year 2020 Long-Term Equity Incentive Compensation Actions

As noted above, in recognition of unique contributions, an NEO may be awarded additional C Units. During the 2020 fiscal year, the following NEOs earned additional C Unit awards:

Name	C Units Granted (#)
Ronald Coughlin, Jr.	15,000,000
Michael Nuzzo	3,000,000
Darren MacDonald	—
Justin Tichy	1,000,000
Michelle Bonfilio	1,000,000
Laura Wilkin	—

Mr. Coughlin's and Mr. Nuzzo's awards were granted in recognition for their roles and extra efforts related to this offering and as a way to align their interests with our stockholders' interests. Their

grants were offered at a Distribution Threshold higher than other NEOs and significantly in excess of the then-fair market value of Scooby LP as determined pursuant to an outside valuation firm. Grants for Mr. Tichy and Ms. Bonfilio were awarded as recognition of strong performance, retention, and internal equity alignment purposes.

In connection with the consummation of this offering, we expect to grant equity awards to our NEOs under the 2020 Plan in the form of restricted stock units and nonqualified stock options, in each case, subject to three-year ratable vesting and terminations as provided in the applicable grant agreements.

Other Benefits and Perquisites

Health and Welfare Benefits

Our NEOs are eligible to participate in the health and welfare plans on the same terms offered to all of our salaried employees, with the exception of life insurance and disability coverage—which is provided at enhanced levels for all employees who serve as Vice Presidents or above.

Retirement Benefits

We have not maintained, and do not currently maintain, a defined benefit pension plan in which our NEOs participate. All of our NEOs are eligible to participate in our 401(k) plan (a tax-qualified defined contribution plan), which is a broad-based retirement plan in which generally all of our employees can participate. Under the 401(k) plan, we make discretionary matching contributions which, for our NEOs, is 100% of the first 1% of an employee's contributions and 50% on the next 2% of base salary deferred, subject to certain limits under the Code (as defined herein), and employees vest ratably in matching contributions over a period of three years of service.

All of our NEOs are also eligible to participate in our nonqualified deferred compensation plan (a non-tax-qualified retirement plan), which provides eligible employees with an opportunity to defer a portion of their annual base salary and bonus. Under the nonqualified deferred compensation plan, we make a discretionary matching contribution of 50% of an eligible employee's contributions on the first 1.5% of base salary deferred (or 3% if the eligible employee is not eligible to participate in our 401(k) plan), and a matching contribution of 50% of an eligible employee's contributions on the first 3% of annual bonus deferred. The nonqualified deferred compensation plan is described further under "—Nonqualified Deferred Compensation" below.

We believe that our retirement programs serve as an important tool to attract and retain our NEOs and other key employees. We also believe that offering the ability to create stable retirement benefits encourages our NEOs and other key employees to make a long-term commitment to us.

Severance Benefits under Employment Agreements

We have entered into employment agreements with each of our NEOs, which are described in more detail under "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table" and "—Potential Payments Upon Termination or Change in Control—Employment Agreements" below. The employment agreements provide our NEOs with severance protection, which is designed to be fair and competitive in order to aid in attracting and retaining experience executives.

Perquisites

During Fiscal 2019 we provided our NEOs with limited, low cost perquisites, including financial counseling services and wellness exams. We provide these limited perquisites to ensure our

compensation program, as a whole, remains competitive with companies for which we compete for talent. During Fiscal 2019, Mr. Coughlin also incurred expenses related to his family members accompanying him on business travel on a leased aircraft paid for by Petco. Mr. Coughlin was assessed imputed income related to the trip based on the length of the trip at the standard industry fare level and the terminal charge.

In connection with their hiring, Mr. MacDonald, Ms. Bonfilio, and Ms. Wilkin each received relocation assistance pursuant to our relocation package provided to all director-level and above employees who must relocate in connection with their hiring. The relocation package generally covers the following: (i) travel associated with finding a home, temporary living, or a final move, (ii) interim living expenses through corporate housing (which for Ms. Wilkin, was substituted with a single payment of $25,000 in lieu of directly provided corporate housing), (iii) expenses associated with the sale and/or purchase of a home, (iv) shipment and/or storage of household goods, (v) associated miscellaneous expenses up to a specified cap (generally $3,000, but for Ms. Bonfilio, $19,500), and (vi) certain tax gross-ups to assist with the tax impact of the program. These relocation benefits are subject to scaled repayment in the event the NEO voluntarily resigns or is terminated by us for cause within the 24-month period following the final reimbursement or payment provided under the program.

Other Matters

Tax and Accounting Implications of Executive Compensation Decisions

While there are currently no formal policies in place, as a result of this offering, the Compensation Committee expects to review and consider formal corporate governance policies regarding stock ownership and retention, anti-hedging, anti-pledging, and claw-backs.

Historically, as we have not been publicly traded, we have not previously taken the deductibility limit imposed by Section 162(m) of the Code into consideration in making compensation decisions. However, we expect that following the consummation of this offering, we may authorize compensation payments that exceed the deductibility limitation under Section 162(m) of the Code when we believe that such payments are appropriate to attract and retain executive talent. In addition, assuming Treasury Regulations that were proposed in 2019 take effect, amounts in excess of the $1 million threshold paid pursuant to our existing employment agreements and other arrangements may be nondeductible.

We account for the B Units and C Units granted to our NEOs in accordance with the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (“FASB ASC Topic 718”), which requires us to estimate the expense of an award over the vesting period applicable to such award.

Risk Assessment

The Compensation Committee does not believe that our executive and non-executive compensation programs encourage excessive or unnecessary risk taking, and any risk inherent in our compensation programs is unlikely to have a material adverse effect on us.

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Pursuant to 17 C.F.R. Section 200.83

Executive Compensation Tables

Summary Compensation Table

The table below sets forth the compensation earned by our NEOs during Fiscal 2019.

Name and Principal Position	Year	Salary ($)	Bonus ($)(4)	Stock Awards ($)(5)	All Other Compensation ($)(6)	Total ($)
Ronald Coughlin, Jr.	2019	$ 850,000	$ 1,158,125	$ 7,578,000	$ 44,527	$ 9,630,652
Chief Executive Officer						
Michael Nuzzo(1)	2019	$ 650,000	$ 1,146,000	—	$ 30,271	$ 1,826,271
EVP, Chief Financial Officer and Chief Operating Officer						
Darren MacDonald(2)	2019	$ 349,039	$ 512,000	$ 1,948,000	$ 267,677	$ 3,076,716
Chief Digital & Innovation Officer						
Justin Tichy	2019	$ 480,000	$ 414,400	$ 894,250	$ 5,292	$ 1,793,942
Chief Pet Care Center Officer						
Michelle Bonfilio	2019	$ 456,000	$ 387,280	$ 383,250	$ 194,396	$ 1,420,926
Chief Human Resources Officer						
Laura Wilkin(3)	2019	$ 307,019	—	$ 766,500	$ 2,536,002	$ 3,609,521
Former EVP and Chief Supply Chain Officer						

(1) Mr. Nuzzo is, and throughout Fiscal 2019 was, our acting principal financial officer.
(2) Mr. MacDonald was appointed as Chief Digital & Innovation Officer on June 10, 2019.
(3) Ms. Wilkin's employment with us ended on August 30, 2019, and in connection with her separation, we entered into a separation agreement (the "Wilkin Separation Agreement").
(4) Amounts in this column include: (i) under the terms of his 2018 Special Retention Bonus Agreement, Mr. Nuzzo received a $500,000 bonus payment for his continued employment with us through September 30, 2019. Mr. Nuzzo's 2018 Special Retention Bonus Agreement is described in more detail under "—Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table—Employment Agreements—Michael Nuzzo" below, (ii) under the terms of his employment agreement, Mr. Tichy was paid a $12,000 installment of his sign-on bonus, and (iii) each NEO, other than Ms. Wilkin, received an annual cash incentive award under the Bonus Plan for Fiscal 2019, as described in more detail under "—Compensation Discussion and Analysis —Elements of Compensation—Annual Cash Incentive Program" above, which were paid in early 2020.
(5) Amounts in this column represent the aggregate grant date fair value of the B Units and C Units granted during Fiscal 2019, calculated in accordance with FASB ASC Topic 718. For additional information regarding the assumptions underlying this calculation please read Note 13 to our consolidated financial statements for the fiscal year ended February 1, 2020.

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(6) Amounts reported in the "All Other Compensation" column include (i) matching contributions under our 401(k) plan made during Fiscal 2019, (ii) matching contributions under our nonqualified deferred compensation plan made during Fiscal 2019, (iii) reimbursement of relocation expenses, (iv) severance payments and benefits under the Wilkin Separation Agreement, (v) life insurance premiums paid by us for the benefit of the NEOs, (vi) income imputed for his family members accompanying him on business travel on a Petco-leased aircraft, and (vii) additional amounts, each as set forth in the following table.

Name	Petco 401(k) Match ($)	Petco NQDC Match ($)	Relocation Expenses ($)	Severance ($)	Life Insurance Premiums ($)	Aircraft ($)	Additional Amounts ($)(2)	All Other Compensation Total ($)
Ronald Coughlin, Jr.	$ 1,079	$26,042	—	—	$ 2,622	$3,252	$ 11,532	$ 44,527
Michael Nuzzo	$ 5,600	—	—	—	$ 1,710	—	$ 22,961	$ 30,271
Darren MacDonald	—	$ 3,490	$264,187	—	—	—	—	$ 267,677
Justin Tichy	—	—	—	—	$ 1,710	—	$ 3,582	$ 5,292
Michelle Bonfilio	$ 6,652	—	$181,952	—	$ 1,710	—	$ 4,082	$ 194,396
Laura Wilkin(1)	—	—	$ 7,197	$2,522,000	$ 2,828	—	$ 3,977	$ 2,536,002

(1) Under the terms of Ms. Wilkin's separation agreement, she received a lump sum payment of $515,000, equal to 12-months of her base salary at the time of her separation and a lump-sum payment of $7,000, the cost equivalent to Petco's outplacement service package. In addition, pursuant to a Special Retention Bonus Agreement entered into in 2018, Ms. Wilkin was paid a Special Bonus of $2,000,000 upon her termination and execution of a release of all claims against Petco.

(2) Additional amounts represent expenses incurred under the Petco's Financial Counseling and Executive Wellness benefits.

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2019 Grants of Plan-Based Awards Table

The following table includes information regarding annual cash incentive awards under the Bonus Plan and B Units and C Units granted to the NEOs, in each case, during Fiscal 2019.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			All Other Stock Awards: Number of Shares of Stock or Units(#)(2)	Grant Date Fair Value of Stock and Option Awards ($)(3)
		Threshold ($)	Target ($)	Maximum ($)		
Ronald Coughlin, Jr.						
Annual Cash Incentive		$ 265,625	$ 1,062,500	$ 2,125,000		
C Units	6/3/2019				30,000,000	$ 7,578,000
Michael Nuzzo						
Annual Cash Incentive		$ 130,000	$ 520,000	$ 1,040,000		
Darren MacDonald						
Annual Cash Incentive		$ 440,000	$ 440,000	$ 880,000		
B Units	7/1/2019				1,400,000	$ 686,000
C Units	7/1/2019				5,000,000	$ 1,262,000
Justin Tichy						
Annual Cash Incentive		$ 72,000	$ 288,000	$ 576,000		
C Units	4/1/2019				3,500,000	$ 894,250
Michelle Bonfilio						
Annual Cash Incentive		$ 68,400	$ 273,600	$ 547,200		
C Units	4/1/2019				1,500,000	$ 383,250
Laura Wilkin						
Annual Cash Incentive		$ 103,000	$ 412,000	$ 824,000		
C Units	5/1/2019				3,000,000	$ 766,500

(1) Amounts in these columns represent the threshold, target, and maximum payments for annual cash incentive awards under the Bonus Plan for Fiscal 2019. Threshold amounts represent a payment if the lowest performance level is achieved under all metrics associated with the Bonus Plan. As per the terms of his employment agreement, Mr. MacDonald was eligible for a guaranteed annual incentive payment of no less than $440,000 for the Fiscal Year. For additional information regarding the Bonus Plan and the amounts paid thereunder, please read "—Compensation Discussion and Analysis—Elements of Compensation—Annual Cash Incentive Program" above.

(2) Amounts in this column represent B Units granted to Mr. MacDonald and C Units granted to each NEO (other than Mr. Nuzzo) during Fiscal 2019. The B Units granted to Mr. MacDonald were fully vested at grant. C Units vest in equal annual increments over five years following the date of grant, subject to full acceleration upon the consummation of a change in control and partial acceleration in connection with certain other events. All C Unit grants in Fiscal 2019 were granted with a Distribution Threshold of $0.50 per unit pursuant to an outside valuation. Ms. Wilkin's C Units were forfeited upon her termination of employment.

(3) Amounts in this column represent the aggregate grant date fair value of the B Units and C Units granted during Fiscal 2019, calculated in accordance with FASB ASC Topic 718. For additional information regarding the assumptions underlying this calculation please read Note 13 to our consolidated financial statements for the fiscal year ended February 1, 2020. Please read "—Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity Incentive Compensation" above for more information regarding these grants.

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Narrative Disclosure to Summary Compensation Table and Grants of Plan-Based Awards Table

Employment Agreements

Ronald Coughlin, Jr.

In connection with Mr. Coughlin's commencement of employment as our chief executive officer on June 4, 2018, we entered into an employment agreement with Mr. Coughlin. Pursuant to Mr. Coughlin's employment agreement, he is entitled to receive a base salary of no less than $850,000, an annual bonus targeted at 125% of his base salary subject to the achievement of board-approved performance goals, a stock replacement payment in connection with his engagement of $8,000,000 (one-third of which remains subject to repayment upon a voluntary termination or termination by us for cause prior to June 4, 2021), and other customary terms and conditions. In addition, the agreement provides that Mr. Coughlin will receive a one-time "special performance bonus" of $5,000,000 if our earnings before interest, taxes, depreciation, and amortization ("EBITDA"), as adjusted by our board of directors, exceeds $500 million for any two consecutive fiscal years. Mr. Coughlin is eligible for certain payments upon certain terminations of employment, as described under "—Potential Payments Upon Termination or Change in Control—Employment Agreements—Ronald Coughlin, Jr." below.

Mr. Coughlin's agreement also subjects him to covenants regarding non-solicitation of our employees and our customers, vendors, distributors, and strategic partners while Mr. Coughlin is employed by us and for one year thereafter. Mr. Coughlin is also a party to our standard Employee Proprietary Information and Inventions Agreement which, among other things, provides us standard protections regarding the confidentiality of our proprietary information and our ownership of intellectual property.

Michael Nuzzo

Mr. Nuzzo is party to an employment agreement with us dated April 8, 2015, as amended January 26, 2016. Pursuant to Mr. Nuzzo's employment agreement, he was entitled to receive an initial base salary of $575,000, an annual bonus targeted at 80% of his base salary subject to the achievement of performance goals, and other customary terms and conditions. Mr. Nuzzo is eligible for certain payments upon certain terminations of employment, as described under "—Potential Payments Upon Termination or Change in Control—Employment Agreements—Michael Nuzzo" below. The agreement subjects Mr. Nuzzo to covenants regarding non-solicitation of our employees and our customers, vendors, distributors, and strategic partners while Mr. Nuzzo is employed by us and for one year thereafter. Mr. Nuzzo is also a party to our standard Employee Proprietary Information and Inventions Agreement which, among other things, provides us standard protections regarding the confidentiality of our proprietary information and our ownership of intellectual property.

Mr. Nuzzo is also party to a special retention bonus agreement, dated August 31, 2018, which was amended and restated effective October 8, 2020, that provides the opportunity for potential bonuses and awards (one of which may be earned in conjunction with the consummation of this offering), as described below.

- Cash retention bonuses totaling $1,500,000, of which $500,000 was paid in October 2019 and $1,000,000 will be paid if Mr. Nuzzo remains employed by us through March 31, 2021.
- One-time "special performance bonus" of $2,000,000 if our EBITDA exceeds $500 million for any two consecutive fiscal years, subject to his continued employment through the last day of the second such fiscal year.
- One-time grant of 3,000,000 C Units granted in September 2020 (described above under "Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity

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Incentive Compensation—Fiscal Year 2020 Long-Term Equity Incentive Compensation Actions"). To better align Mr. Nuzzo with the interests of current equityholders, this grant will utilize a special higher Distribution Threshold of $1.00 per unit. The award recognizes the unique role that Mr. Nuzzo plays with respect to generating future value and provides a heightened threshold for his attainment of reward associated with any future value generated by Petco.

- One-time restricted stock unit award with an aggregate value of $3,000,000 to be made in conjunction with an initial public offering (including this offering). The award will time vest equally over three years following the date the award is issued, with 34% vesting on the first anniversary of such date and 33% vesting on each of the second and third anniversaries of such date. This award will not be issued if we do not complete an initial public offering prior to September 30, 2021.

Mr. Nuzzo's special retention bonus agreement prior to its amendment and restatement also provided for two additional bonus opportunities which, under their terms, would have no longer be eligible to be earned upon consummation of this offering. Under the amended and restated special retention bonus agreement, the C Unit grant and restricted stock unit awards described above replaced these two additional bonus opportunities.

Mr. Nuzzo is eligible for certain payments upon certain terminations of employment and change in control events under the Nuzzo Employment Agreement and the special retention bonus agreement, as described under "—Potential Payments Upon Termination or Change in Control—Employment Agreements—Michael Nuzzo" below.

Darren MacDonald

In connection with his appointment, we entered into an employment agreement with Mr. MacDonald on May 25, 2019, pursuant to which Mr. MacDonald is entitled to receive a base salary of $550,000, annual bonus targeted at 80% of his base salary subject to achievement of performance goals (with a guaranteed bonus amount of at least $440,000 for Fiscal 2019), relocation assistance, and other customary terms and conditions. Pursuant to Mr. MacDonald's employment agreement, Mr. MacDonald was paid a retention bonus of $675,000 in February 2020 (one-half of which is subject to repayment upon voluntary termination or a termination by us for cause prior to June 18, 2021). In addition, Mr. MacDonald will be entitled to a "digital growth award" based on revenues and EBITDA of our digital platform ("Digital EBITDA") for each fiscal year through the fiscal year ending January 29, 2022, and Digital EBITDA is defined to mean (i) sales on our digital platform, less (ii) cost of goods sold attributable to such sales, less (iii) direct marketing spending on the digital platform, less (iv) any other direct expenses related to the digital platform, and subject to adjustment by our board in specified circumstances. The amount of the bonus will be determined as follows:

Digital Revenue	Minimum Digital EBITDA	Amount of Digital Growth Award
Less than $538 million	N/A	$0
At least $538 million but less than $591 million	$38 million	$500,000
At least $591 million but less than $619 million	$43 million	$1,076,000
At least $619 million but less than $645 million	$46 million	$2,420,000
$645 million or more	$48 million	$4,302,000

If digital revenue is in a range above the corresponding Digital EBITDA range but the minimum Digital EBITDA goal is not met, then the award will be the amount in the immediately-preceding row (e.g., if digital revenue were $600 million but Digital EBITDA were less than $43 million, the award would be $500,000). Any earned bonus will be paid following a change in control, an initial public

offering, a secondary public offering, or a cash dividend to our stockholders, subject to specified caps. Except as described under "—Potential Payments Upon Termination or Change in Control—Employment Agreements—Darren MacDonald" below, Mr. MacDonald must remain employed by us through the payment date in order to receive payment of any earned award. The digital growth award, if earned, will be settled one-half in cash and one-half in fully vested B Units.

Mr. MacDonald is eligible for certain payments upon certain terminations of employment, as described under "—Potential Payments Upon Termination or Change in Control—Employment Agreements—Darren MacDonald" below. The agreement also subjects Mr. MacDonald to covenants regarding non-solicitation of our employees and our customers, vendors, distributors, and strategic partners while Mr. MacDonald is employed by us and for one year thereafter. Mr. MacDonald is also a party to our standard Employee Proprietary Information and Inventions Agreement which, among other things, provides us standard protections regarding the confidentiality of our proprietary information and our ownership of intellectual property.

Justin Tichy

In connection with his appointment, we entered into an employment letter agreement with Mr. Tichy on September 17, 2018, pursuant to which Mr. Tichy was entitled to an initial base salary of $480,000, an annual bonus targeted at 60% of his base salary subject to achievement of performance goals (with a guaranteed bonus amount of at least $288,000 for Fiscal 2019), an initial signing bonus of $200,000, and other customary terms and conditions. Pursuant to the agreement, Mr. Tichy will receive a cash retention bonus of $500,000 if he remains employed by us in good standing through March 31, 2021 and a change in control event does not occur prior to such date. Additionally, Mr. Tichy is eligible for a bonus of $36,000, $24,000 of which has previously been paid, with the remaining $12,000 installment to be paid if Mr. Tichy remains employed by us through October 15, 2020.

Mr. Tichy is eligible for certain payments upon certain terminations of employment, as described under "—Potential Payments Upon Termination or Change in Control—Employment Agreements—Justin Tichy" below. Mr. Tichy is also a party to our standard Employee Proprietary Information and Inventions Agreement which, among other things, provides us standard protections regarding the confidentiality of our proprietary information and our ownership of intellectual property.

Michelle Bonfilio

In connection with her appointment, we entered into an employment letter agreement with Ms. Bonfilio on October 3, 2018, pursuant to which Ms. Bonfilio was entitled to an initial base salary of $456,000, an annual bonus targeted at 60% of her base salary subject to achievement of performance goals, relocation assistance through May 31, 2019, and other customary terms and conditions. Pursuant to the agreement, Ms. Bonfilio will receive a cash retention bonus of $250,000 if she remains employed by us in good standing through March 31, 2021 and a change in control event does not occur prior to such date.

We also have entered into a retention bonus agreement with Ms. Bonfilio that provides specified cash retention bonuses to Ms. Bonfilio. Pursuant to her retention agreement, Ms. Bonfilio will be eligible to receive the following retention bonuses, in addition to the cash retention bonus under her employment agreement: $100,000 on the first pay period following March 31, 2021, and $400,000 on the first pay period following February 1, 2022. The payment of each installment generally is subject to Ms. Bonfilio's continued employment through the specified date. However, if her employment is terminated by us without "cause" or due to her death or disability, she will receive any unpaid installments of the retention bonuses when otherwise due. In addition, if Ms. Bonfilio's employment is terminated by us for "cause" prior to February 1, 2022, she must repay the first installment of the retention bonus.

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Ms. Bonfilio is eligible for certain payments upon certain terminations of employment, as described under "—Potential Payments Upon Termination or Change in Control—Employment Agreements—Michelle Bonfilio" below. Ms. Bonfilio is also a party to our standard Employee Proprietary Information and Inventions Agreement which, among other things, provides us standard protections regarding the confidentiality of our proprietary information and our ownership of intellectual property.

Laura Wilkin

Prior to her separation, we were party to an employment letter agreement with Ms. Wilkin dated May 2, 2018, pursuant to which Ms. Wilkin was entitled to an initial base salary of $515,000, an annual bonus targeted at 80% of her base salary subject to achievement of performance goals, relocation assistance, a retention bonus of $2,000,000 payable 48 months following commencement of her employment, and other customary terms and conditions.

Outstanding Equity Awards at 2019 Fiscal Year-End

The following table reflects information regarding outstanding unvested C Units held by our NEOs as of February 1, 2020.

	Stock Awards	
Name	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(1)
Ronald Coughlin, Jr.(2)	66,000,000	$ 0
Michael Nuzzo(3)	4,580,557	$ 0
Darren MacDonald(4)	5,000,000	$ 0
Justin Tichy(5)	5,600,000	$ 0
Michelle Bonfilio(6)	2,400,000	$ 0
Laura Wilkin	—	—

(1) The C Units are intended to qualify as "profits interests" for U.S. tax purposes. They do not require the payment of an exercise price, but are economically similar to stock appreciation rights because they have no value for tax purposes as of the grant date and will obtain value only as the value of the underlying value of the security rises above its grant date value (referred to as the "distribution threshold"). Because, in each case, the unvested C Units would have had no value upon a liquidation as of February 1, 2020, we believe that, like stock appreciation rights, they are properly reported as having $0 value as of that date.

(2) Mr. Coughlin's unvested C Units were granted with the following distribution thresholds and have vested or will vest ratably on the following vesting dates subject to his continued employment with us through each vesting date:

Number of C Units	Distribution Threshold	Vesting Dates
12,000,000	$1.00	June 4, 2020, June 4, 2021, June 4, 2022, and June 4, 2023
24,000,000	$0.75	June 4, 2020, June 4, 2021, June 4, 2022, and June 4, 2023
30,000,000	$0.50	April 1, 2020, April 1, 2021, April 1, 2022, April 1, 2023, and April 1, 2024

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(3) Mr. Nuzzo's unvested C Units were granted with the following distribution thresholds and have vested or will vest ratably on the following vesting dates subject to his continued employment with us through each vesting date:

Number of C Units	Distribution Threshold	Vesting Dates
1,000,000	$0.75	January 26, 2021
290,279	$0.75	May 4, 2020
3,000,000	$0.50	January 26, 2021, January 26, 2022, and January 26, 2023
290,279	$0.50	May 4, 2020

(4) Mr. MacDonald's unvested C Units were granted with a distribution threshold of $0.50 and vest ratably on July 1, 2020, July 1, 2021, July 1, 2022, July 1, 2023, and July 1, 2025, in each case, subject to his continued employment with us through each vesting date.

(5) Mr. Tichy's unvested C Units were granted with the following distribution thresholds and have vested or will vest ratably on the following vesting dates subject to his continued employment with us through each vesting date:

Number of C Units	Distribution Threshold	Vesting Dates
2,800,000	$0.75	January 2, 2021, January 2, 2022, January 2, 2023, and January 2, 2024
2,800,000	$0.50	January 2, 2021, January 2, 2022, January 2, 2023, and January 2, 2024

(6) Ms. Bonfilio's unvested C Units were granted with the following distribution thresholds and have vested or will vest ratably on the following vesting dates subject to his continued employment with us through each vesting date:

Number of C Units	Distribution Threshold	Vesting Dates
1,200,000	$0.75	January 2, 2021, January 2, 2022, January 2, 2023, and January 2, 2024
1,200,000	$0.50	January 2, 2021, January 2, 2022, January 2, 2023, and January 2, 2024

Option Exercises and Stock Vested

The following table reflects the B Units and C Units held by our NEOs which vested during Fiscal 2019.

	Stock Awards	
Name	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(1)
Ronald Coughlin, Jr.	9,000,000	$ 0
Michael Nuzzo	7,741,671	$ 0
Darren MacDonald(2)	1,400,000	$ 686,000
Justin Tichy	1,400,000	$ 0
Michelle Bonfilio	600,000	$ 0
Laura Wilkin	—	—

(1) As described above under "—Outstanding Equity Awards at 2019 Fiscal Year End, we believe that the C Units that vested during Fiscal 2019 are similar to stock appreciation rights and have $0 value as of February 1, 2020 because they would not have received any payments upon a liquidation as of that date.

(2) Per the terms of his employment agreement, Mr. MacDonald was awarded 1,400,000 fully-vested B Unit shares, each with a unit-value of $0.49 at the end of Fiscal 2019.

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Nonqualified Deferred Compensation

The following table sets forth information regarding the value of accumulated benefits of our NEOs under our nonqualified deferred compensation arrangements as of February 1, 2020.

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)(1)
Ronald Coughlin, Jr.	$ 1,066,587	$ 26,042	$ 184,289	—	$ 1,595,773
Michael Nuzzo	—	—	—	—	—
Darren MacDonald	$ 8,250	$ 3,490	$ 416	—	$ 8,666
Justin Tichy	—	—	—	—	—
Michelle Bonfilio	—	—	—	—	—
Laura Wilkin	—	—	—	—	—

(1) Amounts include our matching contributions applicable to Fiscal 2019 employee deferrals as reported under "—Summary Compensation Table" above.

Mr. Coughlin and Mr. MacDonald have elected to participate in our nonqualified deferred compensation plan, which is an unfunded plan that is available to executives and certain key employees and directors of Petco. Under the plan and pursuant to the terms of their employment agreements, as applicable, participants are permitted to defer a portion of their annual base salary and bonus. We make a matching contribution of 50% of an eligible employee's contributions on the first 1.5% of base salary deferred (or 3% if the eligible employee is not eligible to participate in our 401(k) plan), and a matching contribution of 50% of an eligible employee's contributions on the first 3% of annual bonus deferred. Participants are 100% vested in matching contributions. Participants may select among a broad range of investment alternatives under this plan, and participants' accounts are credited with a rate of return based on the performance of the selected investments. Petco does not provide above-market or preferential earnings on deferred compensation. If a participant separates from service on or after reaching age 55 and attaining six years of service, the participant's account may be paid in a single lump sum or in annual installments from two to ten years (at the participant's election). If a participant separates from service without meeting the age and service requirements set forth above, or as a result of his or her death or disability, the participant (or his or her beneficiaries, as applicable) will receive his or her account balance in the form of a lump sum. We have established a rabbi trust to assist in meeting a portion of our obligations under the plan. To the extent required to comply with Section 409A of the Code, payment upon termination of employment is subject to a six-month delay.

Potential Payments Upon Termination or Change in Control

Employment Agreements

Ronald Coughlin, Jr.

Mr. Coughlin's employment agreement provides severance benefits to Mr. Coughlin in the event he is terminated without "Cause" or he resigns for "Good Reason," in each case, subject to his execution of a release of claims. The severance benefits include: (i) a lump sum payment equal to 18 months of his base salary; (ii) payment of any unpaid annual bonus from a prior fiscal year; (iii) a pro rata annual bonus for the year of termination based on actual achievement of applicable performance goals; (iv) if the special performance bonus was not previously paid, the $500 million EBITDA goal was achieved for the prior year, and the EBITDA goal ultimately is achieved for the year of termination, a pro rata special performance bonus; (v) pro rata vesting of the portion of any unvested outstanding C Units or other equity awards that would have vested on the next-scheduled vesting date; and (vi) Petco-paid continued health insurance benefits under COBRA for up to 18 months following Mr. Coughlin's termination.

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For purposes of Mr. Coughlin's employment agreement:

- "Cause" includes (i) Mr. Coughlin's material breach of his employment agreement; (ii) the willful failure or refusal by him to substantially perform his duties; (iii) the conviction of Mr. Coughlin of, or the entering of a plea of nolo contendere by him with respect to, a felony or a misdemeanor involving moral turpitude; or (iv) Mr. Coughlin's inability or failure to competently perform his duties in any material respect due to the use of drugs or alcohol, in the cases of clauses (i) and (ii), subject to customary notice and cure provisions.
- "Good Reason" means (i) the removal of Mr. Coughlin from our board of directors for any reason while he is employed by us; (ii) a material diminution in his authority, duties or responsibilities; (iii) a requirement that he report to any person or body other than our board of directors; (iv) a material diminution in his base salary or target bonus amount; (v) the relocation of his office to a location more than 30 miles from its present location; (vi) our failure to obtain the assumption in writing of its obligation to perform the employment agreement by any successor to all or substantially all of our assets, whether direct or indirect by a merger, consolidation, sale or similar transaction, unless such assumption occurs by operation of law; (vii) any bankruptcy, liquidation, receivership or other wind down of us or Scooby LP if (A) such event does not constitute a change in control (as defined in the Scooby LP limited partnership agreement) or (B) in connection with such event, (x) CVC Fund's affiliates and/or CPP Investments' affiliates do not retain the right to appoint the majority of the members of our board of directors and (y) a majority of our board of directors ceases to consist of members appointed by CVC Fund's affiliates and/or CPP Investments' affiliates; or (viii) any other action or inaction that constitutes a material breach by us of his employment agreement. If Mr. Coughlin intends to resign for one or more of the conditions listed above, he must give notice to us within 90 days after the initial existence of such condition, which we have 30 days to remedy following receipt of such notice. If we fail to cure, then any resignation by Mr. Coughlin within the 2-year period beginning with the initial existence of one or more of the foregoing conditions shall be deemed a resignation for "Good Reason."

Michael Nuzzo

Mr. Nuzzo's employment agreement provides severance benefits to Mr. Nuzzo in the event he is terminated without "Cause" or he resigns for "Good Reason," in each case, subject to his execution of a release of claims. The severance benefits include: (i) a lump sum payment equal to 18 months of base salary, and (ii) if the termination is without "Cause" and occurs within 12 months following a change in control, a pro rata bonus for the year of termination, based on actual performance immediately prior to such termination, but in no event greater than the target bonus.

For purposes of Mr. Nuzzo's employment agreement:

- "Cause" includes (i) Mr. Nuzzo's material breach of his employment agreement; (ii) the failure or refusal by Mr. Nuzzo to perform his duties; (iii) the conviction of Mr. Nuzzo of, or the entering of a plea of nolo contendere by him with respect to, a felony; (iv) Mr. Nuzzo's violation of our code of ethics or policies against discrimination or harassment; or (v) Mr. Nuzzo's inability or failure to competently perform his duties in any material respect due to the use of drugs or alcohol, in the cases of clauses (i) and (ii), subject to customary notice and cure provisions.
- "Good Reason" means (i) a material diminution in Mr. Nuzzo's authority, duties or responsibilities; (ii) a material diminution in the authority, duties or responsibilities or the person to whom Mr. Nuzzo reports; (iii) a material diminution in Mr. Nuzzo's base compensation; (iv) a material diminution of the budget over which Mr. Nuzzo has authority; (v) the relocation of his office to a location more than 50 miles from its present location other than a relocation to our

San Antonio Support Center; (vi) our failure to obtain the assumption in writing of its obligation to perform the employment agreement by any successor to all or substantially all of our assets; or (vii) any other action or inaction that constitutes a material breach by us of Mr. Nuzzo's employment agreement. If Mr. Nuzzo intends to resign for one or more of the conditions listed above, he must give notice of such intent to us within 90 days after the initial existence of such condition, which we have 30 days to remedy following receipt of such notice. If we fail to cure, then any resignation by Mr. Nuzzo within the 2-year period beginning with the initial existence of one or more of the foregoing conditions shall be deemed a resignation for "Good Reason."

In addition to the benefits under his employment agreement, if Mr. Nuzzo's employment is terminated without Cause or upon the occurrence of a Change in Control (as described below under "—C Units"), he will receive a pro rata portion of any unpaid retention bonuses based on the number of days Mr. Nuzzo was employed from August 31, 2018 through the date of such termination or event as compared to the number of days from August 31, 2018 through March 31, 2021, the date the final portion of the retention bonus is required to be paid.

Darren MacDonald

Mr. MacDonald's employment agreement provides severance benefits to Mr. MacDonald in the event he is terminated without "Cause" or he resigns for "Good Reason," in each case, subject to his execution of a release of claims. The severance benefits include: (i) a lump sum payment equal to 12 months of his base salary; (ii) a pro rata annual bonus for the year of termination based on actual performance; (iii) if the termination is less than six months prior to a change in control, public offering, secondary public offering, or payment of any cash dividend to our shareholders, payment of any earned Digital Growth Award; and (iv) Petco-paid continued health insurance benefits under COBRA for up to 12 months following Mr. MacDonald's termination.

For purposes of Mr. MacDonald's employment agreement:

- "Cause" includes (i) Mr. MacDonald's material breach of his employment agreement; (ii) the intentional and material failure or refusal by Mr. MacDonald to substantially perform his duties; (iii) the conviction of Mr. MacDonald of, or the entering of a plea of nolo contendere by him with respect to, a felony or a misdemeanor involving moral turpitude; or (iv) Mr. MacDonald's substantial inability or failure to perform the essential functions of his position even with reasonable accommodation as required by law, in the cases of clauses (i), (ii) and (iv), subject to customary notice and cure provisions.
- "Good Reason" means (i) a material diminution in Mr. MacDonald's authority, duties or responsibilities; (ii) a requirement that he report to any person or body other than the chief executive officer or our board of directors; (iii) a diminution in his base salary; (iv) the relocation of his office to a location more than 50 miles from its present location; (v) our failure to obtain the assumption in writing of its obligation to perform the employment agreement by any buyer or successor to us upon the effective date of merger, consolidation, sale or similar transaction, unless such assumption occurs by operation of law; or (vii) any other action or inaction that constitutes a material breach by us of Mr. MacDonald's employment agreement. If Mr. MacDonald intends to resign for one or more of the conditions listed above, he must give notice of such intent to us within 90 days after the initial existence of such condition, which we have 30 days to remedy following receipt of such notice. If we fail to cure, then any resignation by Mr. MacDonald within the 180-day period beginning with the initial existence of one or more of the foregoing conditions shall be deemed a resignation for "Good Reason."

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Justin Tichy

Mr. Tichy's employment agreement provides severance benefits in the event he is terminated without cause, subject to his execution of a release of claims. The severance benefits require a lump sum payment equal to 12 months of base salary.

Michelle Bonfilio

Ms. Bonfilio's employment agreement provides severance benefits in the event she is terminated without cause, subject to her execution of a release of claims. The severance benefits are a lump sum payment equal to 12 months of base salary.

In addition, any unpaid installments under Ms. Bonfilio's retention bonus agreement remain payable in the event of her termination of employment by us without "cause" or due to her death or disability. For purposes of the Ms. Bonfilio retention agreement, "cause" is defined to include any act of dishonesty or disloyalty, fraud, conviction of a felony or conviction of a misdemeanor involving moral turpitude, and/or willful misconduct by Ms. Bonfilio in the performance of her job duties.

C Units

All unvested C Units will become fully vested upon the occurrence of a "Change in Control", subject to each NEO's continued employment through such event. A Change in Control will not occur upon the closing of this offering for purposes of the C Units.

In addition to acceleration upon a Change in Control, a portion of each NEO's C Units may vest upon direct or indirect sales by Scooby LP of our Class A common stock, and all unvested C Units will fully accelerate in the event Scooby LP sells 90% of its direct or indirect holdings of our Class A common stock.

Upon an NEO's termination without "Cause" (and, for Mr. Coughlin, a resignation for "Good Reason"), (i) a pro-rata portion of the C Units that would have vested at the next regularly scheduled vesting date will be accelerated based on the number of days elapsed since the most recent vesting date as compared to the total number of days between the most recent vesting date and the next regularly scheduled vesting date; and (ii) the NEO will continue to receive the benefit of the preceding paragraph for direct or indirect sales of our Class A common stock by Scooby LP up to 180 days following the date of termination.

For purposes of the C Units, "Cause" and "Good Reason" generally have the meaning provided in the applicable NEO's employment agreement or, if such agreement does not define such term, the meaning set forth in the Scooby LP partnership agreement. Additionally, "Change in Control" generally includes (i) a third party's acquisition of 50% or more of Scooby LP or (ii) a third party's acquisition of all or substantially all of the assets of Scooby LP and its subsidiaries, in each case, so long as the proceeds received by the Sponsors or Scooby LP consist of cash or marketable securities.

Additionally, the C Units are subject to customary repurchase rights in favor of Scooby LP in the event of the NEO's termination of employment.

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Quantification of Potential Payments

The table below sets forth the aggregate amounts that would have been payable to each NEO under the Employment Agreements and C Units, as described above, assuming the applicable termination event or Change in Control occurred on February 1, 2020.

Name	Termination without Cause ($)	Resignation for Good Reason ($)	Qualifying Termination in Connection with a Change in Control ($)
Ronald Coughlin, Jr.			
Cash Payments(1)	$ 2,433,125	$ 2,433,125	—
Continued Health Benefits(2)	$ 23,170	$ 23,170	—
C Units(3)	$ 0	$ 0	$ 0
Total	$ 2,456,295	$ 2,456,295	$ 0
Michael Nuzzo			
Cash Payments(1)	$ 1,249,174	$ 1,249,174	$ 1,000,000
C Units(3)	—	—	$ 0
Total	$ 1,249,174	$ 1,249,174	$ 1,000,000
Darren MacDonald			
Cash Payments(1)	$ 1,062,000	$ 1,062,000	—
Continued Health Benefits(2)	$ 0	$ 0	—
C Units(3)	—	—	$ 0
Total	$ 1,062,000	$ 1,062,000	$ 0
Justin Tichy			
Cash Payments(1)	$ 480,000	—	—
C Units(3)	—	—	$ 0
Total	$ 480,000	—	$ 0
Michelle Bonfilio			
Cash Payments(1)	$ 456,000	—	—
C Units(3)	—	—	$ 0
Total	$ 456,000	—	$ 0

(1) These amounts were determined as follows. For Mr. Coughlin, this includes 18 months of his base salary ($1,275,000), and his annual bonus for Fiscal 2019 ($1,158,125). For Mr. Nuzzo, the severance consists of 18 months of his base salary ($975,000); he also would be entitled to a bonus payment of $969,000 (1.5 times his bonus for Fiscal 2019) if the termination were without "Cause" within 12 months following a change in control. In addition for Mr. Nuzzo, he would receive a pro rata portion of his $1,500,000 remaining retention bonus less the $500,000 already paid ($274,194) if he were terminated without cause or resigned for good reason prior to a change in control, or the full amount of the unpaid retention bonus of $1,000,000 upon a change in control. For Mr. MacDonald, this consists of 12 months of his base salary ($550,000) and his annual bonus for Fiscal 2019 ($512,000). For Mr. Tichy and Ms. Bonfilio, this consists of 12 months of their base salaries ($480,000 and $456,000, respectively). Ms. Bonfilio would also remain eligible to receive any unpaid installments of her retention bonuses when otherwise due.

(2) Amounts in this row are based on premiums in effect as of February 1, 2020, which are assumed for purposes of these calculations to remain in effect throughout the duration of the period in which continued health benefits are provided. For Mr. MacDonald, although he eligible to receive continued health benefits under the terms of his employment agreement, as of February 1, 2020, he was not a participant in our health plan and thus would not have received any benefit had the applicable termination occurred on such date.

(3) Amounts in this row reflect the C Units that will become vested upon occurrence of the applicable event based on the value of such C Units on February 1, 2020 if there had been a liquidation as of that date and payout of the corresponding C Units. As described above, because the

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liquidation value of Petco was less than the "Distribution Threshold" of all outstanding C Units as of February 1, 2020, no amounts would have been payable in connection with the vesting of such C Units.

Wilkin Separation Agreement

In connection with her termination of employment with us, we and Ms. Wilkin entered into the Wilkin Separation Agreement, pursuant to which she received termination benefits specified in her employment agreement and her Special Retention Bonus Agreement. These payments included (i) a lump sum payment of $515,000, equal to 12-months of her base salary at the time of her separation, (ii) a lump-sum payment of $7,000, the cost equivalent to our outplacement service package, and (iii) accelerated payment of her $2,000,000 retention bonus. We received a full release of claims in our favor pursuant to the Wilkin Separation Agreement, and all of Ms. Wilkin's C Units were forfeited or repurchased for $0.

2020 Equity Incentive Plan

In advance of the offering, we expect to adopt the Petco Health and Wellness Company, Inc. 2020 Equity Incentive Plan (the "2020 Plan"). The purpose of the 2020 Plan is to promote and closely align the interests of our employees, officers, non-employee directors, and other service providers and our stockholders by providing stock-based compensation and other performance-based compensation. The objectives of the 2020 Plan are to attract and retain the best available personnel for positions of substantial responsibility and to motivate participants to optimize the profitability and growth of Petco through incentives that are consistent with our goals and that link the personal interests of participants to those of our stockholders. The 2020 Plan will allow for the grant of stock options, both incentive stock options and "non-qualified" stock options; stock appreciation rights ("SARs"), alone or in conjunction with other awards; restricted stock and restricted stock units ("RSUs"); incentive bonuses, which may be paid in cash, stock, or a combination thereof; and other stock-based awards. We refer to these collectively herein as "Awards."

The following description of the 2020 Plan is not intended to be complete and is qualified in its entirety by the complete text of the 2020 Plan, a copy of which will be filed as an exhibit to the registration statement of which this prospectus forms a part. Stockholders and potential investors are urged to read the 2020 Plan in its entirety. Any capitalized terms which are used in this summary description but not defined here or elsewhere in this prospectus have the meanings assigned to them in the 2020 Plan.

Administration

The 2020 Plan will be administered by the Compensation Committee, or such other committee designated by our board of directors to administer the plan, which we refer to herein as the Administrator. The Administrator will have broad authority, subject to the provisions of the 2020 Plan, to administer and interpret the 2020 Plan and Awards granted thereunder. All decisions and actions of the Administrator will be final.

Stock Subject to 2020 Plan

The maximum number of shares that may be issued under the 2020 Plan will not exceed , subject to certain adjustments in the event of a change in our capitalization. Shares of common stock issued under the 2020 Plan may be either authorized and unissued shares or previously issued shares acquired by us. On termination or expiration of an Award under the 2020 Plan, in whole or in part, the

number of shares of common stock subject to such Award but not issued thereunder or that are otherwise forfeited back to Petco will again become available for grant under the 2020 Plan. Additionally, shares retained or withheld in payment of any exercise price, purchase price or tax withholding obligation of an Award will again become available for grant under the 2020 Plan.

Limits on Non-Employee Director Compensation

Under the 2020 Plan, the aggregate dollar value of all cash and equity-based compensation (whether granted under the Plan or otherwise) to our non-employee directors for services in such capacity shall not exceed $ during any calendar year. However, during the calendar year in which a non-employee director first joins our board of directors or during any calendar year in which a non-employee director serves as Chairman or Lead Director, such aggregate limit shall instead be $.

Types of Awards

Stock Options

All stock options granted under the 2020 Plan will be evidenced by a written agreement with the participant, which provides, among other things, whether the option is intended to be an incentive stock option or a non-qualified stock option, the number of shares subject to the option, the exercise price, exercisability (or vesting), the term of the option, which may not generally exceed ten years, and other terms and conditions. Subject to the express provisions of the 2020 Plan, options generally may be exercised over such period, in installments or otherwise, as the Administrator may determine. The exercise price for any stock option granted may not generally be less than the fair market value of the common stock subject to that option on the grant date. The exercise price may be paid in cash or such other method as determined by the Administrator, including an irrevocable commitment by a broker to pay over such amount from a sale of the shares issuable under an option, the delivery of previously owned shares or withholding of shares deliverable upon exercise. Other than in connection with a change in our capitalization, we will not, without stockholder approval, reduce the exercise price of a previously awarded option, and at any time when the exercise price of a previously awarded option is above the fair market value of a share of common stock, we will not, without stockholder approval, cancel and re-grant or exchange such option for cash or a new Award with a lower (or no) exercise price.

Stock Appreciation Rights

SARs may be granted alone or in conjunction with all or part of a stock option. Upon exercising a SAR, the participant is entitled to receive the amount by which the fair market value of the common stock at the time of exercise exceeds the exercise price of the SAR. This amount is payable in common stock, cash, restricted stock, or a combination thereof, at the Administrator's discretion.

Restricted Stock and RSUs

Awards of restricted stock consist of shares of stock that are transferred to the participant subject to restrictions that may result in forfeiture if specified conditions are not satisfied. RSUs result in the transfer of shares of cash or stock to the participant only after specified conditions are satisfied. The Administrator will determine the restrictions and conditions applicable to each award of restricted stock or RSUs, which may include performance vesting conditions.

Incentive Bonuses

Each incentive bonus will confer upon the participant the opportunity to earn a future payment tied to the level of achievement with respect to one or more performance criteria established for a

specified performance period. The Administrator will establish the performance criteria and level of achievement versus these criteria that will determine the threshold, target, and maximum amount payable under an incentive bonus, which criteria may be based on financial performance and/or personal performance evaluations. Payment of the amount due under an incentive bonus may be made in cash or shares, as determined by the Administrator.

Other Stock-Based Awards

Other stock-based awards are Awards denominated in or payable in, valued in whole or in part by reference to, or otherwise based on or related to, the value of stock.

Performance Criteria

The Administrator may specify certain performance criteria which must be satisfied before Awards will be granted or will vest. The performance goals may vary from participant to participant, group to group, and period to period.

Transferability

Awards generally may not be sold, transferred for value, pledged, assigned or otherwise alienated or hypothecated by a participant other than by will or the laws of descent and distribution, and each option or SAR may be exercisable only by the participant during his or her lifetime.

Amendment and Termination

Our board of directors has the right to amend, alter, suspend or terminate the 2020 Plan at any time, provided certain enumerated material amendments may not be made without stockholder approval. No amendment or alteration to the 2020 Plan or an Award or Award agreement will be made that would materially impair the rights of the holder, without such holder's consent; however, no consent will be required if the Administrator determines in its sole discretion and prior to the date of any change in control that such amendment or alteration either is required or advisable in order for us, the 2020 Plan or such Award to satisfy any law or regulation or to meet the requirements of or avoid adverse financial accounting consequences under any accounting standard, or is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated. The 2020 Plan is expected to be adopted by our board of directors and our sole stockholder in connection with this offering and will automatically terminate, unless earlier terminated by our board of directors, ten years after such approval by our board of directors.

2020 Employee Stock Purchase Plan

In advance of the offering, we expect to adopt the Petco Health and Wellness Company, Inc. 2020 Employee Stock Purchase Plan (the "ESPP"). The purpose of the ESPP is to encourage and enable our eligible employees to acquire a proprietary interest in us through the ownership of our Class A common stock. A maximum of shares may be purchased under the ESPP. The ESPP, and the rights of participants to make purchases thereunder, is intended to qualify under the provisions of Sections 421 and 423 of the Code.

The following description of the ESPP is not intended to be complete and is qualified in its entirety by the complete text of the ESPP, a copy of which will be filed as an exhibit to the registration statement of which this prospectus forms a part. Stockholders and potential investors are urged to read the ESPP in its entirety. Any capitalized terms which are used in this summary description but not defined here or elsewhere in this prospectus have the meanings assigned to them in the ESPP.

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Administration

The ESPP is administered by the Compensation Committee or another committee designated by our board of directors to administer the plan, which we refer to herein as the ESPP Administrator. All questions of interpretation of the ESPP are determined by the ESPP Administrator, whose decisions are final and binding upon all participants. The ESPP Administrator may delegate its responsibilities under the ESPP to one or more other persons.

Eligibility; Participation

Each employee is eligible to participate in the ESPP. The first offering period will run for approximately 24 months, with subsequent offering periods lasting for 12 months, unless otherwise determined by the ESPP Administrator. Each offering period will contain successive six-month purchase periods.

An eligible employee may begin participating in the ESPP effective at the beginning of an offering period or any purchase periods within an offering period. Once enrolled in the ESPP, a participant is able to purchase our common shares with payroll deductions at the end of the applicable offering period. Once an offering period is over, a participant is automatically enrolled in the next offering period unless the participant chooses to withdraw from the ESPP.

Purchase Price

The price per share at which shares are purchased under the ESPP is determined by the ESPP Administrator but in no event will be less than 85% of the fair market value of the common stock on the first or the last day of the offering period, whichever is lower. A participant may designate payroll deductions to be used to purchase shares up to a maximum of the percentage of the participant's compensation set by the ESPP Administrator (which rate may be changed from time to time, but in no event shall be greater than 15%). A participant may only change the percentage of compensation that is deducted to purchase shares under the ESPP (other than to withdraw entirely from the ESPP) effective at the beginning of an offering period. At the end of each offering period, unless the participant has withdrawn from the ESPP, payroll deductions are applied automatically to purchase common shares at the price described above. The number of shares purchased is determined by dividing the payroll deductions by the applicable purchase price.

Adjustments

In the event of any reorganizations, recapitalizations, stock splits, reverse stock splits, stock dividends, extraordinary dividends or distributions or similar events, the ESPP Administrator will appropriately adjust the number and class of shares available under the ESPP and the applicable purchase price of such shares.

Limitations on Participation

A participant is not permitted to purchase shares under the ESPP if the participant would own common stock possessing 5% or more of the total combined voting power or value of equity interests. A participant is also not permitted to purchase common stock with a fair market value in excess of $25,000 in any one calendar year (or more than 5,000 shares in any purchase period). A participant does not have the rights of a shareholder until the shares are actually issued to the participant.

Transferability

Rights to purchase Class A common stock under the ESPP may not be transferred by a participant and may be exercised during a participant's lifetime only by the participant.

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Amendment and Termination

The ESPP will become effective when it is approved by our sole stockholder prior to the completion of the offering described herein in accordance with applicable law. Our board of directors may amend, alter or discontinue the ESPP in any respect at any time; however, stockholder approval is required for any amendment that would increase the number of shares reserved under the ESPP other than pursuant to an adjustment as provided in the ESPP or materially change the eligibility requirements to participate in the ESPP.

Director Compensation

We pay cash compensation to our independent, non-employee directors for their services as directors. The table below describes the compensation provided to our independent, non-employee directors in Fiscal 2019, which consisted solely of an annual cash stipend paid quarterly.

Name(1)	Fees Earned or Paid in Cash ($)	Total ($)
Gary Briggs	$ 75,000	$75,000
Christy Lake	$ 75,000	$75,000

(1) As of February 1, 2020, Mr. Briggs and Ms. Lake each held 1,500,000 C Units originally granted in 2018 with a Distribution Threshold of $0.50, which are generally subject to the same terms as the C Units granted to our NEOs, as described under "Executive Compensation—Compensation Discussion and Analysis—Elements of Compensation—Long-Term Equity Incentive Compensation" and "Executive Compensation—Potential Payments Upon Termination or Change-in-Control—C Units" above.

In addition to the compensation described above, each of our independent, non-employee directors were offered reimbursement for reasonable, documented out-of-pocket expenses in connection with performing their duties.

Following this offering, we expect to adopt a director compensation program pursuant to which we expect to pay cash retainers, additional payments for serving on or as the chairperson of committees of our board of directors, and annual equity incentive awards. In addition, we expect that our director compensation program will provide each director with reimbursement for reasonable travel and miscellaneous expenses incurred in attending meetings and activities of our board of directors and its committees.

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PRINCIPAL STOCKHOLDERS

The following table sets forth the beneficial ownership of our common stock that, upon the consummation of this offering, will be owned by:

- each person known to us to beneficially own more than 5% of any class of our outstanding common stock;
- each member of our board of directors;
- each of our named executive officers; and
- all of our directors and executive officers as a group.

The amounts and percentage of shares of our common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a "beneficial owner" of a security if that person has or shares "voting power," which includes the power to vote or to direct the voting of such security, or "investment power," which includes the power to dispose of or to direct the disposition of such security. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, common stock subject to options or warrants held by that person that are currently exercisable or exercisable within 60 days of the date of this prospectus, if any, are deemed outstanding, but are not deemed outstanding for computing the percentage ownership of any other person. Except as indicated by footnote, the persons named in the table below have sole voting and investment power with respect to all shares of our common stock shown as beneficially owned by them, subject to community property laws where applicable.

The percentage ownership information shown in the table prior to the completion of this offering is based on shares of our Class A common stock, shares of our Class B-1 common stock and shares of our Class B-2 common stock outstanding as of , 2020, after giving effect to the Recapitalization and the Corporate Conversion. The percentage ownership information shown in the table after this offering is based on shares of our Class A common stock, shares of our Class B-1 common stock and shares of our Class B-2 common stock outstanding as of , 2020, after giving effect to the sale of shares of Class A common stock by us in this offering and assuming no exercise of the underwriters' option to purchase additional shares. The rights of the holders of our Class A common stock and our Class B-1 common stock are identical in all respects, except that our Class B-1 common stock does not vote on the election or removal of directors. The rights of the holders of our Class B-2 common stock differ from the rights of the holders of our Class A common stock and Class B-1 common stock in that holders of our Class B-2 common stock only possess the right to vote on the election or removal of directors. The table does not reflect any shares of our common stock that may be purchased through the directed share program, as described under "Underwriting (Conflicts of Interest)—Directed Share Program."

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All information with respect to beneficial ownership has been furnished by the respective 5% or more stockholders, directors, or executive officers, as the case may be. Unless otherwise noted, the mailing address of each listed beneficial owner is 10850 Via Frontera, San Diego, California 92127.

Name of Beneficial Owner	Shares Beneficially Owned Prior to this Offering								Shares Beneficially Owned Following this Offering							
	Class A		Class B-1		Class B-2		% of Total Voting Power(1)	% of Total Director Election and Removal Power	Class A		Class B-1		Class B-2		% of Total Voting Power(1)	% of Total Director Election and Removal Power
	Number	%	Number	%	Number	%			Number	%	Number	%	Number	%		
Principal Stockholders																
Scooby LP(2)(3)(4)		%		%		%	%	%		%		%		%	%	%
CVC Pet LP (3)(5)																
9314601 Canada Inc.(6)																
Directors and Named Executive Officers																
All Directors and Executive Officers as a group (persons)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

(1) Does not include the right to vote on the election or removal of our directors.

(2) Represents shares of our common stock directly held by Scooby LP, which is directly and indirectly owned by our Sponsors, certain co-investors and certain employees, directors, optionholders, and stockholders of Petco and its subsidiaries. Prior to the completion of this offering, Scooby LP will transfer our equity that it holds to our Principal Stockholder. The general partner of Scooby LP is Scooby GP LLC, a member managed limited liability company whose sole members are CVC Pet LP and CPP Investments. Both CVC Pet LP and CPP Investments have material consent rights with respect to the actions of Scooby GP LLC. In connection with the closing of this offering, our Principal Stockholder is expected to enter into a note purchase agreement. The note purchase agreement loan will be secured by a pledge of all of our common stock held by our Principal Stockholder and its affiliates.

(3) Investment and voting power with regard to shares indirectly beneficially held by CVC Pet LP rests with the Board of Directors of its general partner, CVC Scooby Jersey GP Limited, which Board consists of three or more individuals, each of whose with address is c/o CVC Scooby Jersey GP Limited, 27 Esplanade, St Helier, Jersey JE1 1SG, Channel Islands, and the approval of a majority of the individuals is required. Each such individual disclaims beneficial ownership of the securities held of record by Scooby LP.

(4) Investment and voting power with regard to shares indirectly beneficially held by CPP Investments (through Scooby LP) rests with Canada Pension Plan Investment Board. None of the members of the board of directors of Canada Pension Plan Investment Board has sole voting or dispositive power with respect to the shares of common stock beneficially owned by Canada Pension Plan Investment Board. The address of Canada Pension Plan Investment Board is One Queen Street East, Suite 2500, P.O. Box 101, Toronto, Ontario, M5C 2W5, Canada.

(5) Represents shares of our Class B-2 common stock directly held by CVC Pet LP. Prior to the completion of this offering, CVC Pet LP will transfer all of its shares of Class B-2 common stock to a wholly owned subsidiary.

(6) Represents shares of our Class B-2 common stock directly held by 9314601 Canada Inc., a wholly owned subsidiary of Richard Hamm, who is unaffiliated with Canada Pension Plan Investment Board. Prior to the completion of this offering, 9314601 Canada Inc. will transfer all of its shares of Class B-2 common stock to a wholly owned subsidiary. 9314601 Canada Inc. has agreed for itself and its wholly owned subsidiary not to vote or transfer any shares of Class B-2 common stock held by it or such subsidiary except as directed by Canada Pension Plan Investment Board, and accordingly, Canada Pension Plan Investment Board may be deemed to beneficially own such shares held by 9314601 Canada Inc. or such subsidiary for purposes of Section 13(d) of the Securities Exchange Act of 1934, as amended. See footnote (4) above for information regarding Canada Pension Plan Investment Board.

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DESCRIPTION OF INDEBTEDNESS

Senior Secured Credit Facilities

Petco Animal Supplies has a $2,525.0 million senior secured term loan facility (the "term loan facility"), maturing on January 26, 2023, which was most recently amended on January 27, 2017, and a senior secured asset-based revolving credit facility (the "revolving credit facility"), providing for senior secured financing of up to $500.0 million, subject to a borrowing base, expiring on the earlier of 91 days prior to the maturity of the term loan facility (currently October 27, 2022) or five years from the most recent amendment (August 23, 2023), which was most recently amended on August 23, 2018.

The obligations under the senior secured credit facilities are unconditionally guaranteed by each of Petco Animal Supplies' domestic material subsidiaries (the "Guarantors") and secured, subject to certain exceptions, by substantially all assets of Petco Animal Supplies and the Guarantors.

The credit agreements governing the senior secured credit facilities contain certain customary affirmative and negative covenants that relate to indebtedness, liens, fundamental changes in the business, investments, restricted payments, and agreements, among other things. The credit agreement governing the revolving credit facility requires Petco Animal Supplies to comply with a minimum fixed charge coverage ratio if excess availability falls below a specified threshold or other specified triggering events occur. Under the credit agreement governing the revolving credit facility, compliance with certain payment conditions, including a minimum fixed charge coverage, is required for Petco Animal Supplies taking certain corporate actions. Under the credit agreement governing the term loan facility, compliance with certain leverage criteria is required for Petco Animal Supplies taking certain corporate actions. These covenants apply to Petco Animal Supplies and its restricted subsidiaries.

The credit agreements governing the senior secured credit facilities contain customary default provisions including, among others, the failure to make payments when due, defaults under other material indebtedness, non-compliance with covenants, change of control, and bankruptcy, the occurrence of any of which would limit our ability to draw on the revolving credit facility and could result in the lenders under the senior secured credit facilities accelerating the maturity of such indebtedness and foreclosing upon the collateral pledged thereunder. Under the credit agreements governing the senior secured credit facilities, we are and will be permitted to enter into certain additional borrowing arrangements, subject to certain limitations. At August 1, 2020, we were in compliance with all of the covenants under the credit agreements governing the senior secured credit facilities.

Term Loan Facility

As of August 1, 2020, the outstanding principal balance of the term loan facility was $2,411.4 million ($2,360.4 million, net of the unamortized discount and debt issuance costs). Interest under the term loan facility is at our option of the bank's ABR, payable quarterly in arrears, or LIBOR (subject to a 1.00% floor), payable upon maturity of the LIBOR contract, plus the applicable rate in either case. The ABR is the greater of the bank prime rate, federal funds effective rate plus 0.5%, or adjusted LIBOR plus 2.0%. The applicable rate is based on the senior secured first lien net leverage ratio, and is currently calculated as follows:

Senior Secured First Lien Net Leverage Ratio	ABR Spread	LIBOR Rate Spread
>4.00 to 1.00	2.25%	3.25%
£4.00 to 1.00	2.00%	3.00%

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Principal payments under the term loan facility are $6.3 million quarterly, with the balance of the principal due at maturity.

Revolving Credit Facility

The revolving credit facility was most recently amended on August 23, 2018, to extend the availability of $500 million of commitments of consenting lenders to August 23, 2023, subject to a springing maturity 91 days inside the term loan facility maturity. The terms of the revolving credit facility remain substantially unchanged. As of August 1, 2020, $25.0 million was outstanding under the revolving credit facility.

The revolving credit facility has availability up to $500.0 million and a $150.0 million letter of credit sub-facility. The availability is limited to a borrowing base, which allows us to borrow up to 90.0% of eligible accounts receivable plus 90.0% of the net orderly liquidation value of the inventory plus 100% of qualified cash not to exceed $50.0 million, net of certain reserves. Letters of credit reduce the amount available to borrow under the revolving credit facility by their face value.

Interest on the revolving credit facility is based on either ABR or Adjusted LIBOR subject to a floor of 0%, in either case, plus an applicable margin. The applicable margin is currently equal to 50 basis points in the case of ABR loans and 150 basis points in the case of Adjusted LIBOR loans. The applicable margin is adjusted quarterly based on the average historical excess availability as a percentage of the Line Cap, which represents the lesser of the aggregate revolving credit facility and the borrowing base, as follows:

Average Historical Excess Availability	Applicable Margin for Adjusted LIBOR Loans	Applicable Margin for ABR Loans
Less than 33.3% of the Line Cap	1.75%	0.75%
Less than 66.7% but greater than or equal to 33.3% of the Line Cap	1.50%	0.50%
Greater than or equal to 66.7% of the Line Cap	1.25%	0.25%

The fee in effect on unused commitments is based on average daily exposure under the revolving credit facility, and is equal to 0.25% if the exposure exceeds 50% of the line cap in effect. Otherwise, the fee is equal to 0.375%.

As of August 1, 2020, $25.0 million was outstanding under the revolving credit facility and $339.9 million remains available, which is net of $60.7 million of outstanding letters of credit issued in the normal course of business and a $74.4 million borrowing base reduction for a shortfall in qualifying assets, net of reserves.

3.00% Senior Notes and Floating Rate Senior Notes

In connection with this offering, the 3.00% Senior Notes will be contributed to us and canceled, and the Floating Rate Senior Notes will be fully redeemed. For more information regarding this indebtedness, please read “Recapitalization and Corporate Conversion” and Note 9 to the historical consolidated financial statements included elsewhere in this prospectus.

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CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Procedures for Review, Approval, and Ratification of Related Person Transactions

Upon the completion of this offering, our board of directors will adopt a written policy regarding the review, approval, ratification, or disapproval by our Audit Committee of transactions between us or any of our subsidiaries and any related person (to be defined in the policy to include our executive officers, directors or director nominees, any stockholder beneficially owning in excess of 5% of our stock or securities exchangeable for our stock, and any immediate family member of any of the foregoing persons) in which the amount involved since the beginning of our last completed fiscal year will or may be expected to exceed $120,000 and in which one or more of such related persons has a direct or indirect material interest. In approving or rejecting any such transaction, we expect that our Audit Committee will consider the relevant facts and circumstances available and deemed relevant to the Audit Committee. Any member of the Audit Committee who is a related person with respect to a transaction under review will not be permitted to participate in the deliberations or vote on approval, ratification, or disapproval of the transaction.

Related Party Transactions

Our Sponsors are our principal beneficial owners through our Principal Stockholder and other entities and, after giving effect to the Corporate Conversion and the completion of this offering, will own shares of our Class A common stock, shares of our Class B-1 common stock, and shares of our Class B-2 common stock representing collectively approximately % of the voting power of our company. and , representatives of , are directors on our board of directors.

3.00% Senior Notes

In January 2016, we issued 0.75% Senior Unsecured Notes in an initial aggregate principal amount of $125,000,000 to Scooby LP and other noteholders. On April 16, 2019, the notes were extended, amended, and restated with an interest rate of 3.00% (with effectiveness from January 26, 2019) (as amended, the “3.00% Senior Notes”). The 3.00% Senior Notes were subsequently extended, amended, and restated on July 25, 2019, February 3, 2020, and September 28, 2020. As of September 28, 2020, Scooby LP held a total principal amount of $120.4 million of the 3.00% Senior Notes.

Prior to the completion of this offering, noteholders, including Scooby LP, will contribute to us $132 million aggregate principal amount of the outstanding 3.00% Senior Notes, plus accrued but unpaid interest. In connection with the contribution, we will pay Scooby LP $ million to cover certain of its expenses. After accounting for an offset of certain inter-company indebtedness, we will cancel the 3.00% Senior Notes and record the cancellation as a capital contribution to us. For more information about the 3.00% Senior Notes, please read “Recapitalization and Corporate Conversion” and Note 9 to our historical consolidated financial statements included elsewhere in this prospectus.

Promissory Note

Scooby LP holds a promissory note issued by Petco Animal Supplies with an initial principal amount of $3,499,999.88 in connection with the acquisition by Petco Animal Supplies of an online pet healthcare service on March 22, 2017. Half of this promissory note was redeemed effective as of March 25, 2019, and the remaining half of the promissory note equal to $1,749,999.94 remains outstanding as of August 1, 2020.

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Management Services Agreement

On January 26, 2016, and in connection with the acquisition of our company by our Sponsors, Petco Animal Supplies entered into a management services agreement with certain affiliates and/or investment advisors of our Sponsors (the "Sponsor MSA Parties"), pursuant to which the Sponsor MSA Parties agreed to provide certain management and financial services. The services include management, consulting, and financial planning services in connection with the operation and growth of our company. As compensation for such services, we agreed to reimburse the Sponsor MSA Parties' costs for services, including expenses related to maintaining the holding company structure through which our Sponsors own us indirectly, rendered plus reimbursement of reasonable out-of-pocket expenses incurred in connection with the services rendered. We also agreed to provide customary indemnification to the Sponsor MSA Parties. We paid approximately $310,000 in Fiscal 2017, $340,000 in Fiscal 2018, $45,000 in Fiscal 2019, and $80,000 in the twenty-six week period ended August 1, 2020 in costs and reimbursements. This agreement will be terminated in connection with the closing of this offering.

Registration Rights Agreement

In connection with the completion of this offering, we will enter into a registration rights agreement with the Principal Stockholder. We expect that the agreement will contain provisions that will require us to register under the federal securities laws the offer and resale of shares of our Class A common stock held by the Principal Stockholder upon demand thereof. The agreement will also grant the Principal Stockholder the opportunity to include its shares in any registration statement filed by us in connection with a public offering of our equity securities (customarily known as "piggyback rights"). These registration rights will be subject to certain conditions and limitations. We expect the Principal Stockholder to exercise its demand registration rights as soon as 180 days after completion of this offering pursuant to its obligations under the note purchase agreement. We will generally be obligated to pay all registration expenses in connection with these registration obligations, regardless of whether a registration statement is filed or becomes effective.

Stockholder's Agreement

In connection with the completion of this offering, we intend to enter into a stockholder's agreement with the Principal Stockholder. The stockholder's agreement will give our Principal Stockholder the right to designate a certain number of nominees for election to our board of directors and certain committee nomination and observer rights so long as the Principal Stockholder does not sell below, or beneficially owns (directly or indirectly), as applicable, a specified percentage of our outstanding Class A common stock and Class B-1 common stock. Please read "Management—Board of Directors and Committees—Composition of Our Board of Directors After This Offering." Additionally, the stockholder's agreement will specify that we will not take certain significant actions specified therein without the prior written consent of our Principal Stockholder as long as our Principal Stockholder (including its permitted transferees under the stockholder's agreement) beneficially owns (directly or indirectly) at least 25% of the outstanding shares of Class A common stock and Class B-1 common stock (as adjusted for stock splits, combinations, reclassifications and similar transactions). Such specified actions include:

- liquidation, dissolution or winding up of our company;
- any material change in the nature of the business or operations of our company and our subsidiaries, taken as a whole, as of the date of the stockholder's agreement;
- hiring or terminating the CEO of our company and his or her successors and, so long as our Principal Stockholder beneficially owns (directly or indirectly) at least 50% of the outstanding shares of Class A common stock and Class B-1 common stock (as adjusted for stock splits,

combinations, reclassifications, and similar transactions), hiring or terminating any other executive officer of our company and his or her successor;

- any mergers or other transaction that, if consummated, would constitute a "change in control" (as defined in the stockholder's agreement) or entering into any definitive agreement or series of related agreements that govern any transaction or series of related transactions that, if consummated, would result in a "change in control";
- entering into any agreement providing for the acquisition or divestiture of assets or persons, in each such case, involving consideration payable or receivable by the Company or any of its subsidiaries in excess of a specified monetary threshold in a 12-month period;
- any incurrence by us or any of our subsidiaries of indebtedness for borrowed money (including through capital leases, the issuance of debt securities or the guarantee of indebtedness of another person), other than indebtedness incurred under an existing and previously approved revolving credit facility, in excess of a specified monetary threshold in a 12-month period or that would result in our company's total net leverage ratio (as defined in the senior secured credit facilities) exceeding 4:00:1:00;
- any issuance or series of related issuances of equity securities by us or our subsidiaries, other than grants of equity securities under any equity compensation plan (including an employee stock purchase plan) approved by the board of directors or a committee thereof;
- any payment or declaration of any dividend or other distribution of any shares of Class A Common Stock or Class B-1 Common Stock or entering into any recapitalization transaction the primary purpose of which is to pay a dividend of shares of Class A Common Stock or Class B-1 Common Stock;
- any increase or decrease in the size of the board of directors or the committees of the board; and
- amendments to, or modification or repeal of, organizational documents (such as our certificate of incorporation and bylaws or equivalent organizational documents of our subsidiaries) that adversely affect any of the Principal Stockholder, CVC or CPP Investments or their respective affiliates.

Indemnification Agreements

Our bylaws will provide that we will indemnify our directors and officers to the fullest extent permitted by law. In addition, we intend to enter into separate indemnification agreements with our directors and certain officers. Each indemnification agreement will provide, among other things, for indemnification to the fullest extent permitted by law and our bylaws against any and all expenses, judgments, fines, penalties, and amounts paid in settlement of any claim, subject to certain exceptions contained in those agreements. The indemnification agreements will provide for the advancement or payment of all expenses to the indemnitee and for the reimbursement to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our bylaws or the applicable indemnification agreement.

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Pursuant to 17 C.F.R. Section 200.83

DESCRIPTION OF CAPITAL STOCK

The description of our Class A, Class B-1 and B-2 common stock and our preferred stock reflects the completion of the Corporate Conversion.

We are a Delaware corporation. After giving effect to the Corporate Conversion and the completion of this offering, our authorized capital stock will consist of shares of Class A common stock, $0.001 par value per share, of which shares will be issued and outstanding, shares of Class B-1 common stock, $0.001 par value per share, of which shares will be issued and outstanding, shares of Class B-2 common stock, $0.001 par value per share, of which shares will be issued and outstanding, and shares of preferred stock, par value $0.001 per share, all of which shares of preferred stock are undesignated. Our board of directors will be able to establish one or more series of preferred stock and fix the powers, designations, rights, and preferences of each such series from time to time. Immediately following this offering, we expect that no shares of preferred stock will be issued and outstanding. Our Sponsors will beneficially own all outstanding shares of Class B-1 common stock and Class B-2 common stock. Unless the context otherwise requires, references to “common stock” refer to our Class A common stock, our Class B-1 common stock, and our Class B-2 common stock, collectively.

The following description of the anticipated certificate of incorporation and bylaws does not purport to be complete and is qualified in its entirety by reference to the provisions of applicable law and to our anticipated certificate of incorporation and bylaws, which are filed as exhibits to the registration statement of which this prospectus is a part.

Class A Common Stock

Pursuant to our certificate of incorporation, holders of our Class A common stock will be entitled to one vote on all matters submitted to a vote of stockholders; provided, however, that, except as otherwise required by law, holders of Class A common stock, as such, shall not be entitled to vote on any amendment to our certificate of incorporation that relates solely to the terms of one or more outstanding series of preferred stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to our certificate of incorporation. Pursuant to our certificate of incorporation, holders of Class A common stock will not be entitled to cumulative voting.

Each share of Class A common stock is convertible into one share of Class B-1 common stock and one share of Class B-2 common stock at any time and from time to time at the option of the holder so long as such holder holds one or more shares of Class B-1 common stock or Class B-2 common stock at the time of conversion. No public stockholders will have this conversion right because they will not be eligible to hold shares of Class B-1 common stock or Class B-2 common stock.

Subject to the rights, if any, of the holders of any outstanding series of preferred stock, holders of our Class A common stock shall be entitled to receive dividends out of any of our funds legally available when, as, and if declared by our board of directors. Upon the dissolution, liquidation, or winding up of our company, subject to the rights, if any, of the holders of our preferred stock, the holders of our Class A common stock shall be entitled to receive the assets of our company available for distribution to its stockholders ratably in proportion to the number of shares held by them and the holders of our Class B-1 and Class B-2 common stock; provided, however, that the distribution to holders of Class B-2 common stock shall be limited to the aggregate par value of such holders’ then outstanding shares of Class B-2 common stock. Holders of Class A common stock will not have preemptive or conversion rights, other than as described above, or other subscription rights. There will be no redemption or sinking fund provisions applicable to our Class A common stock.

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Class B-1 and Class B-2 Common Stock

Pursuant to our certificate of incorporation, our Class B-1 common stock will have the same rights as our Class A common stock, except that holders of our Class B-1 common stock will not be entitled to vote in the election or removal of directors. Holders of our Class B-2 common stock will only have the right to vote in the election or removal of directors. Pursuant to our certificate of incorporation, holders of Class B-1 and Class B-2 common stock will not be entitled to cumulative voting.

Shares of our Class B-1 common stock will be convertible on a share-for-share basis into shares of our Class A common stock at the election of the holder. As a condition to such conversion, the holder of the shares of Class B-1 common stock to be converted must direct a holder of Class B-2 common stock to transfer an equal number of shares to our company.

Subject to the rights, if any, of the holders of any outstanding series of preferred stock, holders of our Class B-1 common stock shall be entitled to receive dividends out of any of our funds legally available when, as, and if declared by our board of directors. Upon our dissolution, liquidation, or winding up, subject to the rights, if any, of the holders of our preferred stock, the holders of shares of our Class B-1 common stock and Class B-2 common stock shall be entitled to receive the assets of our company available for distribution to its stockholders ratably in proportion to the number of shares held by them and the holders of our Class A common stock; provided, however, that the distribution to holders of Class B-2 common stock shall be limited to the aggregate par value of such holders' then-outstanding shares of Class B-2 common stock. Holders of Class B-1 and Class B-2 common stock will not have preemptive or conversion rights, other than as described above, or other subscription rights. There will be no redemption or sinking fund provisions applicable to our Class B-1 and Class B-2 common stock.

We divided the voting rights between Class B-1 common stock and Class B-2 common stock as described above in order to maintain CPP Investments' compliance with certain regulations under the Canada Pension Plan Investment Board Act, which restrict CPP Investments from investing in securities of a corporation that carry more than 30% of the votes that may be cast for the election of directors of such corporation. We will issue such number of shares of Class B-1 common stock and B-2 common stock as is necessary to facilitate CPP Investments' compliance with such regulations. For more information on the shares of Class B-2 common stock subject to such regulations, please read footnote (6) to the table in "Principal Stockholders."

Preferred Stock

Under the terms of our certificate of incorporation, our board of directors will be authorized, subject to limitations prescribed by the DGCL and by our certificate of incorporation, to issue up to shares of preferred stock in one or more series without further action by the holders of our common stock. Our board of directors will have the discretion, subject to limitations prescribed by the DGCL and by our certificate of incorporation, to determine the powers (including voting powers), preferences, and relative, participating, optional or other rights, if any, and the qualifications, limitations, or restrictions, if any, of the shares of each such series.

Dividends

The DGCL permits a corporation to declare and pay dividends out of "surplus" or, if there is no "surplus," out of its net profits for the fiscal year in which the dividend is declared or the preceding fiscal year. "Surplus" is defined as the excess of the net assets of the corporation over the amount determined to be the capital of the corporation by its board of directors. The capital of the corporation is typically calculated to be (and cannot be less than) the aggregate par value of all issued shares of our

common stock. Net assets equals the fair value of the total assets minus total liabilities. The DGCL also provides that dividends may not be paid out of net profits if, after the payment of the dividend, remaining capital would be less than the capital represented by the outstanding stock of all classes having a preference upon the distribution of assets. Declaration and payment of any dividend will be subject to the discretion of our board of directors.

Anti-Takeover Effects of Provisions of Our Certificate of Incorporation, our Bylaws, and Delaware Law

Some provisions of Delaware law, our certificate of incorporation, and our bylaws, which will be in effect upon the completion of the Corporate Conversion, will contain provisions that could make the following transactions more difficult: acquisitions of us by means of a tender offer, a proxy contest, or otherwise, or removal of our directors. These provisions may also have the effect of preventing changes in our executive team. It is possible that these provisions could make it more difficult to accomplish or could deter transactions that stockholders may otherwise consider to be in their best interest or in our best interests, including transactions that might result in a premium over the market price for the shares of our Class A common stock.

These provisions are expected to discourage coercive takeover practices and inadequate takeover bids. These provisions are also designed to encourage persons seeking to acquire control of us to first negotiate with us. We believe that the benefits of increased protection and our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure us outweigh the disadvantages of discouraging these proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Stockholder Meetings

Our certificate of incorporation and bylaws will provide that annual stockholder meetings will be held at a date, time, and place, if any, as exclusively selected by our board of directors. Prior to the Trigger Date (as defined below) special meetings of the stockholders of our company may be called only by the Chairman of the board of directors and by our board of directors and shall be called by the Chairman of our board of directors or by the Secretary at the request of our Principal Stockholder. From and after the Trigger Date, our certificate of incorporation and bylaws will provide that special meetings of the stockholders may be called only by the Chairman of our board of directors or by our board of directors. “Trigger Date” means the first date on which the Principal Stockholder (including its permitted transferees under the stockholder’s agreement) ceases to beneficially own (directly or indirectly) at least 50% of the shares of our outstanding Class A common stock and Class B-1 common stock.

Stockholder Action by Written Consent

Our certificate of incorporation will provide that from and after the Trigger Date, any action by stockholders must be taken only at an annual meeting or special meeting rather than by a written consent of the stockholders, subject to the rights of any series of preferred stock with respect to such rights (prior to the Trigger Date, any action required or permitted to be taken at any annual meeting or special meeting may be taken without a meeting, without prior notice and without a vote of stockholders, if a consent or consents in writing, setting forth the action so taken, is or are signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted).

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Board of Directors

Our certificate of incorporation will provide that our board of directors will be divided into three classes, each class serving three-year staggered terms. Our board of directors will have the exclusive power to fix the number of directors in each class. In addition, the stockholder's agreement will give our Principal Stockholder the right to designate a certain number of nominees for election to our board of directors and certain committee nomination and observer rights so long as the Principal Stockholder does not sell below, or beneficially owns (directly or indirectly), as applicable, a specified percentage of our outstanding Class A common stock and Class B-1 common stock. Please read "Management—Board of Directors and Committees—Composition of Our Board of Directors After This Offering."

Prior to the Trigger Date, any director may be removed at any time, with or without cause, by the holders of at least a majority of the voting power of the outstanding shares of our common stock entitled to vote on the election and removal of directors in the manner permitted by the stockholder's agreement. In all other cases and at any other time, our certificate of incorporation will provide that directors may only be removed from our board of directors only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the stock outstanding and entitled to vote on the election and removal of directors. Except in the case of a vacancy arising with respect to a director designated by our Principal Stockholder, our board of directors will have the sole power to fill any vacancy on our board of directors, whether such vacancy occurs as a result of an increase in the number of directors or otherwise.

Supermajority Provisions

Our certificate of incorporation and our bylaws will provide that the board of directors is expressly authorized to adopt, make, alter, amend or repeal our bylaws. From and after the Trigger Date, any adoption, alteration, amendment or repeal of our bylaws by our stockholders will require the affirmative vote of holders of at least 66 2/3% of the voting power of our outstanding common stock entitled to vote thereon. In addition, our certificate of incorporation will provide that from and after the Trigger Date, certain articles of the certificate of incorporation, including those relating to (i) the board size, classification, removal and vacancies, (ii) stockholder action by written consent, (iii) special meetings of stockholders, (iv) amendment of certificate and bylaws, (v) business combinations with interested stockholders, (vi) liability of directors, (vii) forum selection and (viii) waiver of corporate opportunity, may be amended only by a vote of at least 66 2/3% of the voting power of our outstanding common stock entitled to vote thereon.

Business Combination with Interested Stockholder

In general, Section 203 of the DGCL, an anti-takeover provision, prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with an interested stockholder, or person or group owning 15% or more of the corporation's voting stock, for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in the manner prescribed by the DGCL and Delaware Court of Chancery.

We intend to elect in our certificate of incorporation not to be subject to Section 203. Although our certificate of incorporation will contain provisions that have generally the same effect as Section 203, our Sponsors, our Principal Stockholder, 9314601 Canada Inc., their respective affiliates and successors, and their respective direct and indirect transferees will not be subject to such provisions regardless of the percentage of our voting stock owned by them.

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No Cumulative Voting

The DGCL provides that stockholders are not entitled to the right to cumulative votes in the election of directors unless our certificate of incorporation provides otherwise. Our certificate of incorporation will not provide for cumulative voting.

Requirements for Advance Notification of Stockholder Meetings, Nominations, and Proposals

Our bylaws will establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors, other than nominations made by or at the direction of our board of directors or a committee of our board of directors. For any matter to be "properly brought" before a meeting, a stockholder will have to comply with advance notice requirements and provide us with certain information related to the stockholder giving the notice, the beneficial owner (if any) on whose behalf the nomination is made, and information about the proposal or nominee for election to our board of directors.

Forum Selection

Our certificate of incorporation will provide that, unless we select or consent in writing to the selection of another forum, the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have jurisdiction, another state court or a federal court located within the State of Delaware) shall be the exclusive forum for any complaints asserting any "internal corporate claims," which include claims in the right of our company (i) that are based upon a violation of a duty by a current or former director, officer, employee, or stockholder in such capacity or (ii) as to which the DGCL confers jurisdiction upon the Court of Chancery. Further, unless we select or consent to the selection of an alternative forum, the federal district courts of the United States shall be the exclusive forum for the resolution of any complaint asserting a cause of action arising under the Securities Act. Our exclusive forum provision will not apply to suits brought to enforce any liability or duty created by the Exchange Act, and investors cannot waive compliance with the federal securities laws and the rules and regulations thereunder. Any person or entity purchasing or otherwise acquiring an interest in any shares of our capital stock shall be deemed to have notice of and to have consented to the forum provisions in our certificate of incorporation. It is possible that a court could find our exclusive forum provision to be inapplicable or unenforceable. Although we believe this provision benefits us by providing increased consistency in the application of Delaware law in the types of lawsuits to which it applies, the provision may have the effect of discouraging lawsuits against our directors and officers.

Provisions of Our Certificate of Incorporation Relating to Corporate Opportunities

Delaware law permits corporations to adopt provisions renouncing any interest or expectancy in certain opportunities that are presented to the corporation or its officers, directors, or stockholders. Our certificate of incorporation will, to the maximum extent permitted from time to time by Delaware law, renounce any interest or expectancy that we have in, or right to be offered an opportunity to participate in, specified business opportunities that are from time to time presented to certain of our directors or stockholders or their respective affiliates. Specifically, our certificate of incorporation will provide that, to the fullest extent permitted by law, none of our Principal Stockholder, our Sponsors, 9314601 Canada Inc., or any of their affiliates, including any directors designated for nomination and election to our board of directors by our Principal Stockholder under the Stockholder's Agreement (together, the "Identified Persons") will have any duty to refrain from (i) engaging in a corporate opportunity in the same or similar lines of business in which we or our affiliates now engage or propose to engage or (ii) otherwise competing with us or our affiliates. In addition, to the fullest extent permitted by law, in the event that any Identified Person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself or himself or its or his affiliates or for us or our affiliates, such person will have no duty to communicate or offer such transaction or business

opportunity to us or any of our affiliates and they may take any such opportunity for themselves or offer it to another person or entity. To the fullest extent permitted by law, a corporate opportunity shall not be deemed to be a potential corporate opportunity for our company if it is a business opportunity that (i) our company is neither financially or legally able, nor contractually permitted, to undertake, (ii) from its nature, is not in the line of our company's business or is of no practical advantage to our company, or (iii) is one in which our company has no interest or reasonable expectancy. To the fullest extent permitted by law, any person purchasing or otherwise acquiring or holding any interest in any shares of our capital stock will be deemed to have notice of and to have consented to the above-summarized provisions.

Dissenters' Rights of Appraisal and Payment

Under the DGCL, with certain exceptions, our stockholders will have appraisal rights in connection with a merger or consolidation of our company. Pursuant to the DGCL, stockholders who properly request and perfect appraisal rights in connection with such merger or consolidation will have the right to receive payment of the fair value of their shares as determined by the Delaware Court of Chancery.

Stockholders' Derivative Actions

Under the DGCL, any of our stockholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the stockholder bringing the action is a holder of our common stock at the time of the transaction to which the action relates or such stockholder's stock thereafter devolved by operation of law.

Limitations on Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties, subject to certain exceptions. Our certificate of incorporation will include a provision that eliminates the personal liability of directors for monetary damages for any breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL. The effect of these provisions is to eliminate the rights of us and our stockholders, through stockholders' derivative suits on our behalf, to recover monetary damages from a director for breach of fiduciary duty as a director, including breaches resulting from grossly negligent behavior. However, exculpation does not apply to any director if the director has acted in bad faith, knowingly or intentionally violated the law, authorized illegal dividends or redemptions, or derived an improper benefit from his or her actions as a director.

Our bylaws will provide that we must indemnify and advance expenses to our directors and officers to the fullest extent authorized by the DGCL, subject to reimbursement in the event it is ultimately determined that the individual was not entitled to indemnification under the DGCL or the indemnification agreement. We also are expressly authorized to carry directors' and officers' liability insurance providing indemnification for our directors, officers, and certain employees for some liabilities. We believe that these indemnification and advancement provisions and insurance are useful to attract and retain qualified directors and executive officers. In addition, we intend to enter into separate indemnification agreements with our directors and certain other officers. Such indemnification agreements will provide, among other things, for indemnification to the fullest extent permitted by law and our bylaws against any and all expenses, liabilities, judgments, fines, penalties, and amounts paid in settlement of any claim, subject to certain exceptions contained in those agreements. The indemnification agreements will also provide for the advancement or payment of all expenses to the indemnitee and for the repayment to us if it is found that such indemnitee is not entitled to such indemnification under applicable law and our bylaws.

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The limitation of liability, indemnification, and advancement provisions to be included in our certificate of incorporation and bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duty. These provisions also may have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. In addition, your investment may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

There is currently no pending material litigation or proceeding involving any of our directors, officers, or employees for which indemnification is sought.

Registration Rights

For a description of registration rights with respect to our Sponsors, please read “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

Transfer Agent and Registrar

The transfer agent and registrar for our Class A common stock is .

Listing

We have applied to list our Class A common stock for quotation on Nasdaq under the symbol “WOOF.”

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SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our Class A common stock. Future sales of our Class A common stock in the public market, or the availability of such shares for sale in the public market, could adversely affect the market price of our Class A common stock prevailing from time to time. As described below, only a limited number of shares will be available for sale shortly after this offering due to contractual and legal restrictions on resale. Nevertheless, sales of a substantial number of shares of our Class A common stock in the public market after such restrictions lapse, or the perception that those sales may occur, could adversely affect the prevailing market price of our Class A common stock at such time and our ability to raise equity-related capital at a time and price we deem appropriate.

Sales of Restricted Shares

After giving effect to the Corporate Conversion and the completion of this offering, we will have outstanding an aggregate of shares of Class A common stock. Of these shares, all of the shares of Class A common stock to be sold in this offering (or shares assuming the underwriters exercise the option to purchase additional shares in full) will be freely tradable without restriction or further registration under the Securities Act, unless the shares of Class A common stock are held by any of our "affiliates" as such term is defined in Rule 144 under the Securities Act. All remaining shares of Class A common stock will be deemed "restricted securities" as such term is defined under Rule 144. The restricted securities were, or will be, issued and sold by us in private transactions and are eligible for public sale only if registered under the Securities Act or if they qualify for an exemption from registration under Rule 144 or Rule 701 under the Securities Act, which rules are summarized below.

As a result of the lock-up agreements described below and the provisions of Rule 144 and Rule 701 under the Securities Act, all of our Class A common stock (excluding our Class A common stock to be sold in this offering) will be available for sale in the public market upon the expiration of the lock-up agreements, beginning 180 days after the date of this prospectus (subject to extension) and when permitted under Rule 144 or Rule 701.

Lock-up Agreements

We, all of our directors and executive officers, and certain affiliates will agree not to sell any Class A common stock or securities convertible into or exchangeable for shares of our Class A common stock for a period of 180 days from the date of this prospectus, subject to certain exceptions.

Rule 144

In general, under Rule 144 under the Securities Act as currently in effect, a person (or persons whose shares are aggregated) who is not deemed to have been an affiliate of ours at any time during the three months preceding a sale, and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months (including any period of consecutive ownership of preceding non-affiliated holders) would be entitled to sell those shares, subject only to the availability of current public information about us. A non-affiliated person who has beneficially owned restricted securities within the meaning of Rule 144 for at least one year would be entitled to sell those shares without regard to the provisions of Rule 144.

A person (or persons whose shares are aggregated) who is deemed to be an affiliate of ours and who has beneficially owned restricted securities within the meaning of Rule 144 for at least six months

would be entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then-outstanding shares of our Class A common stock or the average weekly trading volume of our Class A common stock reported through Nasdaq during the four calendar weeks preceding the filing of notice of the sale. Such sales are also subject to certain manner of sale provisions, notice requirements, and the availability of current public information about us.

Rule 701

In general, under Rule 701 under the Securities Act, any of our employees, directors, officers, consultants, or advisors who purchases shares from us in connection with a compensatory stock or option plan or other written agreement before the effective date of this offering is entitled to sell such shares 90 days after the effective date of this offering in reliance on Rule 144, without having to comply with the holding period requirement of Rule 144 and, in the case of non-affiliates, without having to comply with the public information, volume limitation, or notice filing provisions of Rule 144. The SEC has indicated that Rule 701 will apply to typical stock options granted by an issuer before it becomes subject to the reporting requirements of the Exchange Act, along with the shares acquired upon exercise of such options, including exercises after the date of this prospectus.

Stock Issued Under Employee Plans

We intend to file a registration statement on Form S-8 under the Securities Act to register Class A common stock issuable under the 2020 Plan and ESPP. This registration statement on Form S-8 is expected to be filed following the effective date of the registration statement of which this prospectus is a part and will be effective upon filing. Accordingly, shares registered under such registration statement will be available for sale in the open market following the effective date, unless such shares are subject to vesting restrictions with us, Rule 144 restrictions applicable to our affiliates, or the lock-up restrictions described above.

Registration Rights Agreement

In connection with the completion of this offering, we will enter into a registration rights agreement with the Principal Stockholder. Please read “Certain Relationships and Related Party Transactions—Registration Rights Agreement.”

Stockholder’s Agreement

In connection with the completion of this offering, we will enter into a stockholder’s agreement with an entity controlled by our Sponsors. Please read “Certain Relationships and Related Party Transactions—Stockholder’s Agreement.”

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CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO NON-U.S. HOLDERS

The following is a general discussion of certain U.S. federal income tax considerations with respect to the ownership and disposition of our Class A common stock applicable to non-U.S. Holders who acquire such shares in this offering and hold such shares as a capital asset (generally, property held for investment). For purposes of this discussion, a "non-U.S. Holder" generally means a beneficial owner of our Class A common stock that is not or is not treated as, for U.S. federal income tax purposes, a partnership or any of the following:

- an individual who is a citizen or resident of the United States;
- a corporation created or organized under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is includible in gross income for U.S. federal income tax purposes, regardless of its source; or
- a trust if (a) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more "United States persons" (as defined in the Internal Revenue Code of 1986, as amended (the "Code")) have the authority to control all substantial decisions of the trust or (b) such trust has in effect a valid election to be treated as a U.S. person for U.S. federal income tax purposes.

This discussion is based on current provisions of the Code, Treasury regulations promulgated thereunder, judicial opinions, published positions of the Internal Revenue Service (the "IRS"), and other applicable authorities, all of which are subject to change or differing interpretations (possibly with retroactive effect). This discussion does not address all aspects of U.S. federal income taxation that may be important to a particular non-U.S. Holder in light of that non-U.S. Holder's circumstances, including Medicare taxes imposed on net investment income and the alternative minimum tax, nor does it address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as U.S. federal estate and gift taxation) or state, local, or non-U.S. taxation. This discussion does not address tax considerations applicable to investors that may be subject to special treatment under the U.S. federal income tax laws, such as:

- banks, insurance companies, and other financial institutions;
- tax-exempt entities;
- brokers, dealers, or traders in securities or foreign currencies;
- controlled foreign corporations and corporations that accumulate earnings to avoid U.S. federal income tax;
- passive foreign investment companies;
- persons that hold our Class A common stock as part of a straddle, hedge, conversion transaction, or other integrated investment;
- persons required to accelerate the recognition of any item of gross income with respect to our Class A common stock as a result of such income being included in an applicable financial statement;
- entities or arrangements treated as partnerships for U.S. federal income tax purposes and investors therein;
- persons that own or are deemed to own, actually or constructively, more than 5% of our Class A common stock for U.S. federal income tax purposes (except as described below under "—Gain on Sale or Other Taxable Disposition of Class A Common Stock");

- persons deemed to sell our Class A common stock under the constructive sale provisions of the Code;
- persons who hold or receive our Class A common stock pursuant to the exercise of any employee stock option or otherwise as compensation;
- tax-qualified retirement plans;
- "qualified foreign pension funds" as defined in Section 897(l)(2) of the Code and entities all of the interests of which are held by qualified foreign pension funds; and
- U.S. expatriates and former citizens or long-term residents of the United States.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds our Class A common stock, the tax treatment of a partner will generally depend on the status of the partner and the activities of Scooby LP. Partners of a partnership considering an investment in our Class A common stock should consult their tax adviser as to the particular U.S. federal income tax consequences applicable to them of the ownership and disposition of our Class A common stock.

We have not sought, and will not seek, any ruling from the IRS with respect to the tax consequences discussed herein, and there can be no assurance that the IRS will not take a position contrary to the tax consequences discussed below or that any position taken by the IRS would not be sustained.

THIS DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. EACH NON-U.S. HOLDER SHOULD CONSULT ITS TAX ADVISER REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE OWNERSHIP AND DISPOSITION OF OUR CLASS A COMMON STOCK.

Dividends

As described in the section entitled "Dividend Policy," we do not anticipate declaring or paying dividends to holders of our common stock in the foreseeable future. However, in general, any distributions we make to a non-U.S. Holder with respect to such holder's shares of our Class A common stock that constitute dividends for U.S. federal income tax purposes will be subject to U.S. withholding tax at a rate of 30% of the gross amount, unless the non-U.S. Holder is eligible for a reduced rate of withholding tax under an applicable tax treaty and the non-U.S. Holder provides proper certification of its eligibility for such reduced rate (including providing a valid IRS Form W-8BEN or W-8BEN-E (or other applicable documentation)) to us or our paying agent prior to the payment of dividends. If a non-U.S. Holder holds stock through a financial institution or other agent acting on the non-U.S. Holder's behalf, the non-U.S. Holder will be required to provide appropriate documentation to such agent. The non-U.S. Holder's agent will then be required to provide such certification to us or our paying agent, either directly or through other intermediaries. A non-U.S. Holder that does not timely furnish the required documentation, but that qualifies for a reduced treaty rate, may obtain a refund of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS. Non-U.S. Holders should consult their tax adviser regarding their entitlement to benefits under any applicable income tax treaty. A distribution will constitute a dividend for U.S. federal income tax purposes to the extent of our current or accumulated earnings and profits as determined for U.S. federal income tax purposes. Any distribution not constituting a dividend will be treated first as reducing the adjusted basis in the non-U.S. Holder's shares of our Class A common stock and, to the extent it exceeds the adjusted basis in the non-U.S. Holder's shares of our Class A common stock, as gain from the sale or exchange of such stock and will be treated as described below under "—Gain on Sale or Other Taxable Disposition of Class A Common Stock."

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Dividends we pay to a non-U.S. Holder that are effectively connected with its conduct of a trade or business within the United States will not be subject to U.S. withholding tax, as described above, if the non-U.S. Holder complies with applicable certification and disclosure requirements (including providing a valid IRS Form W-8ECI). Instead, unless an applicable tax treaty provides otherwise, such dividends generally will be subject to U.S. federal income tax on a net income basis, in the same manner as if the non-U.S. Holder were a United States person for U.S. federal income tax purposes. In addition, if the non-U.S. Holder receiving effectively connected dividends is an entity treated as a corporation for U.S. federal income tax purposes, such holder's effectively connected earnings and profits (subject to adjustments) may be subject to a U.S. federal branch profits tax at a rate of 30% (or such lower rate as may be specified by an applicable tax treaty). Non-U.S. Holders should consult their tax adviser regarding any applicable income tax treaties that may provide for different rules.

Any distributions we make to a non-U.S. Holder with respect to such holder's shares of our Class A common stock will also be subject to the rules discussed below under the headings "Backup Withholding, Information Reporting and Other Reporting Requirements" and "Foreign Account Tax Compliance Act."

Gain on Sale or Other Taxable Disposition of Class A Common Stock

In general, subject to the discussions below under the headings "Backup Withholding, Information Reporting and Other Reporting Requirements" and "Foreign Account Tax Compliance Act," a non-U.S. Holder will not be subject to U.S. federal income tax on any gain recognized upon the sale or other taxable disposition of the non-U.S. Holder's shares of our Class A common stock unless:

- the gain is effectively connected with a trade or business carried on by the non-U.S. Holder within the United States;
- the non-U.S. Holder is an individual and is present in the United States for 183 days or more in the taxable year of disposition and certain other conditions are met; or
- we are or have been a U.S. real property holding corporation (a "USRPHC") for U.S. federal income tax purposes at any time within the shorter of the five-year period preceding such disposition or such non-U.S. Holder's holding period in such shares (the "Relevant Period").

Unless an applicable tax treaty provides otherwise, gain that is effectively connected with the conduct of a trade or business in the United States (or so treated) will generally be subject to U.S. federal income tax on a net basis, in the same manner as if the non-U.S. Holder were a United States person for U.S. federal income tax purposes. In addition, if the non-U.S. Holder realizing the gain is a corporation, the branch profits tax described above also may apply to such holder's effectively connected earnings and profits (subject to adjustments).

An individual non-U.S. Holder who is subject to U.S. federal income tax because the non-U.S. Holder was present in the United States for 183 days or more during the year of sale or other taxable disposition of our Class A common stock will generally be subject to a flat 30% tax on the gain recognized on such disposition, which may be offset by certain U.S.-source capital losses (assuming certain requirements are met, including timely filing of U.S. federal income tax returns with respect to such losses).

Generally, a corporation is a USRPHC if the fair market value of its United States real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests and its other assets used or held for use in a trade or business. We do not believe that we are, and do not anticipate that we will become, a USRPHC for U.S. federal income tax purposes. Even

if we are or become a USRPHC, as long as our Class A common stock continues to be regularly traded on an established securities market in the United States within the meaning of applicable Treasury regulations, a non-U.S. Holder will not be subject to U.S. federal income tax on any gain recognized as a result of the disposition of our Class A common stock if such non-U.S. Holder has not held (actually or constructively) more than 5% of our outstanding Class A common stock at any time within the Relevant Period. If we are or become a USRPHC and a non-U.S. Holder has held (actually or constructively) more than 5% of our outstanding Class A common stock at any time within the Relevant Period, then (A) such non-U.S. Holder will generally be subject to tax on the net gain derived from the disposition on a net basis, in the same manner as if the non-U.S. Holder were a United States person for U.S. federal income tax purposes, unless an applicable income tax treaty provides otherwise, and (B) a purchaser may be required to withhold 15% of the proceeds payable to such non-U.S. Holder from a sale or other taxable disposition of our Class A common stock. Non-U.S. Holders should consult their tax advisers regarding the application of these rules to them, including if we are or become a USRPHC.

Non-U.S. Holders should consult their tax adviser regarding the application of these rules to them, and any potentially applicable income tax treaties that may provide for different rules than those set forth in this discussion.

Backup Withholding, Information Reporting, and Other Reporting Requirements

We must report annually to the IRS, and to each non-U.S. Holder, the amount of distributions paid to, and the tax withheld with respect to, each non-U.S. Holder. These reporting requirements apply regardless of whether such distributions constitute dividends or whether withholding was reduced or eliminated by an applicable tax treaty. Copies of this information reporting may also be made available under the provisions of a specific tax treaty or agreement with the tax authorities in the country in which the non-U.S. Holder resides or is established.

A non-U.S. Holder will generally be subject to backup withholding for dividends on our Class A common stock paid to such holder, unless such non-U.S. Holder certifies under penalties of perjury that, among other things, it is a non-U.S. Holder, and otherwise complies with all applicable legal requirements.

Information reporting and backup withholding generally are not required with respect to the amount of any proceeds from the sale or other disposition of our Class A common stock by a non-U.S. Holder outside the United States through a foreign office of a foreign broker that does not have certain specified connections to the United States. However, if a non-U.S. Holder sells or otherwise disposes of its shares of our Class A common stock through a U.S. broker or the U.S. office of a foreign broker, the broker will generally be required to report the amount of proceeds paid to the non-U.S. Holder to the IRS and also backup withhold on that amount, unless such non-U.S. Holder provides appropriate certification to the broker of its status as a non-U.S. person or otherwise establishes an exemption. Information reporting will also apply if a non-U.S. Holder sells its shares of our Class A common stock through a foreign broker deriving more than a specified percentage of its income from U.S. sources or having certain other connections to the United States, unless such broker has documentary evidence in its records that such non-U.S. Holder is a non-U.S. person and certain other conditions are met, or such non-U.S. Holder otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. Holder generally can be credited against the non-U.S. Holder’s U.S. federal income tax liability, if any, or refunded, provided that the required information is furnished to the IRS in a timely manner. Non-U.S. Holders should consult their tax advisers regarding the application of the information reporting and backup withholding rules to them.

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Foreign Account Tax Compliance Act

Withholding taxes may be imposed under Sections 1471 to 1474 of the Code, the Treasury regulations promulgated thereunder and other official guidance (commonly referred to as "FATCA") on certain types of payments made to non-U.S. financial institutions and certain other non-U.S. entities. Specifically, a 30% withholding tax may be imposed on dividends on, or (subject to the proposed Treasury Regulations discussed below) gross proceeds from the sale or other disposition of, our Class A common stock paid to a "foreign financial institution" or a "non-financial foreign entity" (each as defined in the Code and whether such institution or entity is the beneficial owner or an intermediary), unless those entities comply with certain requirements under the Code and applicable Treasury regulations, which requirements may be modified by an "intergovernmental agreement" entered into between the United States and an applicable foreign country. Future Treasury regulations or other official guidance may modify these requirements.

Pursuant to recently proposed regulations, the Treasury Department has indicated its intent to eliminate the requirements under FATCA of withholding on gross proceeds from the sale or other disposition of certain financial instruments (which would include our stock). The Treasury Department has indicated that taxpayers may rely on these proposed regulations pending their finalization. There can be no assurance that final regulations would provide an exemption from withholding taxes under FATCA for gross proceeds from the disposition of property such as our Class A common stock.

Any applicable FATCA withholding tax will apply to all withholdable payments without regard to whether the beneficial owner of the payment would otherwise be entitled to an exemption from imposition of withholding tax pursuant to an applicable tax treaty with the United States or U.S. domestic law. Prospective investors should consult their tax advisers regarding the potential application of withholding under FATCA to their investment in our Class A common stock.

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UNDERWRITING (CONFLICT OF INTEREST)

We and the underwriters named below have entered into an underwriting agreement with respect to our Class A common stock being offered. Subject to certain conditions, each underwriter has severally agreed to purchase the number of shares indicated in the following table. Goldman Sachs & Co. LLC and BofA Securities, Inc. are the representatives of the underwriters.

Underwriters	Number of Shares
Goldman Sachs & Co. LLC	
BofA Securities, Inc.	
Citigroup Global Markets Inc.	
Evercore Group L.L.C.	
Credit Suisse Securities (USA) LLC	
UBS Securities LLC	
Wells Fargo Securities, LLC	
Robert W. Baird & Co. Incorporated	
Guggenheim Securities LLC	
Total	

The underwriters are committed to take and pay for all of the shares of our Class A common stock being offered, if any are taken, other than the shares covered by the option described below unless and until this option is exercised.

The underwriters have an option to buy up to an additional shares from us to cover sales by the underwriters of a greater number of shares than the total number set forth in the table above. They may exercise that option for 30 days. If any shares are purchased pursuant to this option, the underwriters will severally purchase shares in approximately the same proportion as set forth in the table above.

The following table shows the per share and total underwriting discounts and commissions to be paid to the underwriters by us. Such amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

Paid by Petco

	No Exercise	Full Exercise
Per Share	$	$
Total	$	$

Shares sold by the underwriters to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus. Any shares sold by the underwriters to securities dealers may be sold at a discount of up to $ per share from the initial public offering price. After the initial offering of our Class A common stock, the representatives may change the offering price and the other selling terms. The offering of our Class A common stock by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

We and our officers, directors, and holders of substantially all of the shares of our Class A common stock have agreed or will agree with the underwriters, subject to certain exceptions, not to dispose of or hedge any of their Class A common stock or securities convertible into or exchangeable for shares of our Class A common stock during the period from the date of this prospectus continuing through the date days after the date of this prospectus, except with the prior written consent of . This agreement does not apply to any existing employee benefit plans. Please read "Shares Eligible for Future Sale" for a discussion of certain transfer restrictions.

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Prior to the offering, there has been no public market for the shares of Class A common stock. The initial public offering price will be negotiated between us and the representatives. Among the factors to be considered in determining the initial public offering price of our Class A common stock, in addition to prevailing market conditions, will be our historical performance, estimates of our business potential and earnings prospects, an assessment of our management, and the consideration of the above factors in relation to market valuation of companies in related businesses.

We estimate that our share of the total expenses of this offering, excluding underwriting discounts and commissions, will be approximately $. We have agreed to reimburse the underwriters for certain expenses in an amount up to $.

An application has been made to list the Class A common stock on Nasdaq under the symbol “WOOF.” In order to meet one of the requirements for listing the Class A common stock on Nasdaq, the underwriters have undertaken to sell lots of 100 or more shares to a minimum of 400 beneficial holders.

In connection with this offering, the underwriters may purchase and sell shares of our Class A common stock in the open market. These transactions may include short sales, stabilizing transactions, and purchases to cover positions created by short sales. Short sales involve the sale by the underwriters of a greater number of shares than they are required to purchase in this offering, and a short position represents the amount of such sales that have not been covered by subsequent purchases. A “covered short position” is a short position that is not greater than the amount of additional shares for which the underwriters’ option described above may be exercised. The underwriters may cover any covered short position by either exercising their option to purchase additional shares or purchasing shares in the open market. In determining the source of shares to cover the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase additional shares pursuant to the option described above. “Naked” short sales are any short sales that create a short position greater than the amount of additional shares for which the option described above may be exercised. The underwriters must cover any such naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Class A common stock in the open market after pricing that could adversely affect investors who purchase in this offering. Stabilizing transactions consist of various bids for or purchases of Class A common stock made by the underwriters in the open market prior to the completion of this offering.

The underwriters may also impose a penalty bid. This occurs when a particular underwriter repays to the underwriters a portion of the underwriting discount received by it because the representatives have repurchased shares sold by or for the account of such underwriter in stabilizing or short covering transactions.

Purchases to cover a short position and stabilizing transactions, as well as other purchases by the underwriters for their own accounts, may have the effect of preventing or retarding a decline in the market price of our Class A common stock, and together with the imposition of the penalty bid, may stabilize, maintain, or otherwise affect the market price of the Class A common stock. As a result, the price of the Class A common stock may be higher than the price that otherwise might exist in the open market. The underwriters are not required to engage in these activities and may end any of these activities at any time. These transactions may be effected on Nasdaq, in the over-the-counter market or otherwise.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

Directed Share Program

At our request, affiliates of BofA Securities, Inc., a participating underwriter, has reserved for sale, at the initial public offering price, up to 5% of the shares offered by this prospectus for sale to certain of our directors, officers, and employees. Any shares purchased by our directors, officers, or employees pursuant to our directed share program will be subject to the lock-up agreements described above. If these persons purchase reserved shares it will reduce the number of shares available for sale to the general public. Any reserved shares that are not so purchased will be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

Relationships

The underwriters and their respective affiliates are full-service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage, and other financial and non-financial activities and services. Certain of the underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the issuer and to persons and entities with relationships with the issuer, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and their respective affiliates, officers, directors and employees may purchase, sell, or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities, and/or instruments of the issuer (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the issuer. The underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas, and/or publish or express independent research views in respect of such assets, securities, or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities, and instruments.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make because of any of those liabilities. Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Conflicts of Interest

The GS Noteholders hold a portion of the Floating Rate Senior Notes. The GS Noteholders receive interest payments and, upon the redemption of the Floating Rate Notes, will receive a pro rata portion of the redemption payment. As described in “Use of Proceeds,” the GS Noteholders will receive 5% or more of the net proceeds of this offering. Therefore, such underwriter is deemed to have a conflict of interest within the meaning of FINRA Rule 5121. Accordingly, this offering is being conducted in compliance with Rule 5121, which requires, among other things, that a “qualified independent underwriter” participate in the preparation of, and exercise the usual standards of “due diligence” with respect to, the registration statement and this prospectus. BofA has agreed to act as a qualified independent underwriter for this offering and to undertake the legal responsibilities and liabilities of an underwriter under the Securities Act, specifically including those inherent in Section 11

thereof. BofA will not receive any additional fees for serving as a qualified independent underwriter in connection with this offering. We have agreed to indemnify BofA against liabilities incurred in connection with acting as a qualified independent underwriter, including liabilities under the Securities Act. Pursuant to Rule 5121, Goldman, Sachs & Co. will not confirm any sales to any account over which it exercises discretionary authority without the specific written approval of the account holder. Please read "Use of Proceeds" for additional information.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area (each a "Member State"), no offer of Class A shares of our common stock (the "Shares") may be made to the public in that Member State other than:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the representatives; or

(c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation, provided that no such offer of Shares shall require our company or any of the representatives to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation and each person who initially acquires any Shares or to whom any offer is made will be deemed to have represented, acknowledged, and agreed to and with each of the representatives and our company that it is a qualified investor as defined in the Prospectus Regulation.

In the case of any Shares being offered to a financial intermediary as that term is used in Article 5 of the Prospectus Regulation, each financial intermediary will be deemed to have represented, acknowledged, and agreed that the Shares acquired by it in the offer have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Shares to the public, other than their offer or resale in a Member State to qualified investors as so defined or in circumstances in which the prior consent of the representatives has been obtained to each such proposed offer or resale.

For the purposes of this provision, the expression an "offer to the public" in relation to any Shares in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase Shares, and the expression "Prospectus Regulation" means Regulation (EU) 2017/1129 (as amended).

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

In the United Kingdom, this prospectus is only addressed to and directed at qualified investors who are (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the Order); or (ii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "relevant persons"). Any investment or investment activity to which this prospectus relates is available only to relevant persons and will only be engaged in with relevant persons. Any person who is not a relevant person should not act or rely on this prospectus or any of its contents.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are "accredited investors," as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are "permitted clients," as defined in National Instrument 31-103 Registration Requirements, Exemptions, and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

The shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) (the "Companies (Winding Up and Miscellaneous Provisions) Ordinance") or which do not constitute an invitation to the public within the meaning of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "Securities and Futures Ordinance"), (ii) to "professional investors" as defined in the Securities and Futures Ordinance and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" in Hong Kong as defined in the Securities and Futures Ordinance and any rules made thereunder.

Singapore

This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares may not be circulated or distributed, nor may the shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined under Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA")) under Section 274 of the SFA, (ii) to a "relevant person" (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to conditions set forth in the SFA.

Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a corporation (which is not an "accredited investor" (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor, the "securities" (as defined in Section 239(1) of the SFA) of that corporation shall not be transferable for six months after that corporation has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a "relevant person" (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer in that corporation's securities pursuant to Section 275(1A) of the SFA, (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore ("Regulation 32"). Where the shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is a trust (where the trustee is not an "accredited investor" (as defined in Section 4A of the SFA)) whose sole purpose is to hold investments and each beneficiary of the trust is an accredited investor, the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for six months after that trust has acquired the shares under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a "relevant person" (as defined in Section 275(2) of the SFA), (2) where such transfer arises from an offer that is made on terms that such rights or interest are acquired at a consideration of not less than S$200,000 (or its equivalent in a foreign currency) for each transaction (whether such amount is to be paid for in cash or by exchange of securities or other assets), (3) where no consideration is or will be given for the transfer, (4) where the transfer is by operation of law, (5) as specified in Section 276(7) of the SFA, or (6) as specified in Regulation 32.

Japan

The securities have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended) (the "FIEA"). The securities may not be offered or sold, directly or indirectly, in Japan or to or for the benefit of any resident of Japan (including any person resident in Japan or any corporation or other entity organized under the laws of Japan) or to others for reoffering or resale, directly or indirectly, in Japan or to or for the benefit of any resident of Japan, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with any relevant laws and regulations of Japan.

Switzerland

We have not and will not register with the Swiss Financial Market Supervisory Authority ("FINMA") as a foreign collective investment scheme pursuant to Article 119 of the Federal Act on Collective Investment Scheme of 23 June 2006, as amended ("CISA"), and accordingly the securities being offered pursuant to this prospectus have not and will not be approved, and may not be licenseable, with FINMA. Therefore, the securities have not been authorized for distribution by FINMA as a foreign collective investment scheme pursuant to Article 119 CISA and the securities offered hereby may not be offered to the public (as this term is defined in Article 3 CISA) in or from Switzerland. The securities may solely be offered to "qualified investors," as this term is defined in Article 10 CISA, and in the circumstances set out in Article 3 of the Ordinance on Collective Investment Scheme of 22 November 2006, as amended ("CISO"), such that there is no public offer. Investors, however, do not benefit from protection under CISA or CISO or supervision by FINMA. This prospectus and any other materials relating to the securities are strictly personal and confidential to each offeree and do not constitute an offer to any other person. This prospectus may only be used by those qualified investors to whom it has been handed out in connection with the offer described herein and may neither directly or indirectly be distributed or made available to any person or entity other than its recipients. It may not be used in connection with any other offer and shall in particular not be copied

and/or distributed to the public in Switzerland or from Switzerland. This prospectus does not constitute an issue prospectus as that term is understood pursuant to Article 652a and/or 1156 of the Swiss Federal Code of Obligations. We have not applied for a listing of the securities on the SIX Swiss Exchange or any other regulated securities market in Switzerland, and consequently, the information presented in this prospectus does not necessarily comply with the information standards set out in the listing rules of the SIX Swiss Exchange and corresponding prospectus schemes annexed to the listing rules of the SIX Swiss Exchange.

Dubai International Financial Centre

This prospectus relates to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority (the "DFSA"). This prospectus is intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this prospectus nor taken steps to verify the information set forth herein and has no responsibility for the prospectus. The shares to which this prospectus relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus, you should consult an authorized financial advisor.

Australia

No placement document, prospectus, product disclosure statement, or other disclosure document has been lodged with the Australian Securities and Investments Commission in relation to the offering. This prospectus does not constitute a prospectus, product disclosure statement, or other disclosure document under the Corporations Act 2001 (the "Corporations Act"), and does not purport to include the information required for a prospectus, product disclosure statement, or other disclosure document under the Corporations Act.

Any offer in Australia of the shares may only be made to persons (the "Exempt Investors") who are "sophisticated investors" (within the meaning of section 708(8) of the Corporations Act), "professional investors" (within the meaning of section 708(11) of the Corporations Act) or otherwise pursuant to one or more exemptions contained in section 708 of the Corporations Act so that it is lawful to offer the shares without disclosure to investors under Chapter 6D of the Corporations Act.

The shares applied for by Exempt Investors in Australia must not be offered for sale in Australia in the period of 12 months after the date of allotment under the offering, except in circumstances where disclosure to investors under Chapter 6D of the Corporations Act would not be required pursuant to an exemption under section 708 of the Corporations Act or otherwise or where the offer is pursuant to a disclosure document which complies with Chapter 6D of the Corporations Act. Any person acquiring shares must observe such Australian on-sale restrictions.

This prospectus contains general information only and does not take account of the investment objectives, financial situation or particular needs of any particular person. It does not contain any securities recommendations or financial product advice. Before making an investment decision, investors need to consider whether the information in this prospectus is appropriate to their needs, objectives, and circumstances, and, if necessary, seek expert advice on those matters.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

LEGAL MATTERS

The validity of the shares of Petco Class A common stock offered by this prospectus will be passed upon for us by Gibson, Dunn & Crutcher, New York, New York. Certain legal matters in connection with this offering will be passed upon for the underwriters by Latham & Watkins LLP, New York, New York.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our consolidated financial statements at February 1, 2020, February 2, 2019, and August 1, 2020 and for the years ended February 1, 2020 and February 2, 2019, and for the twenty-six week period ended August 1, 2020, as set forth in their report. We have included our consolidated financial statements in the prospectus and elsewhere in the registration statement in reliance on Ernst & Young LLP's report, given on their authority as experts in accounting and auditing.

CHANGE IN AUDITOR

On July 17, 2020, our Audit Committee approved the appointment of Ernst & Young LLP ("Ernst & Young") as the independent registered public accounting firm for Petco Holdings, Inc. LLC, our consolidated, wholly owned subsidiary ("Petco Holdings"), to audit Petco Holdings' consolidated financial statements under PCAOB standards as of and for the fiscal years ended February 2, 2019 and February 1, 2020. On September 30, 2020, the appointment was updated to reflect Ernst & Young as the independent registered public accounting firm for PET Acquisition LLC. KPMG LLP ("KPMG") had previously audited, in accordance with American Institute of Certified Public Accountant standards, the consolidated financial statements of Petco Holdings as of and for the fiscal years ended February 2, 2019 and February 1, 2020. We informed KPMG on July 6, 2020 that it would be dismissed as the auditor of Petco Holdings. KPMG was never engaged to audit any of PET Acquisition LLC's consolidated financial statements.

The audit reports of KPMG on Petco Holdings' consolidated financial statements as of and for the fiscal years ended February 2, 2019 and February 1, 2020 did not contain an adverse opinion or disclaimer of opinion and were not qualified or modified as to uncertainties, audit scope or accounting principles.

During the fiscal years ended February 2, 2019 and February 1, 2020 and the subsequent interim period through the date of KPMG's dismissal as Petco Holdings' auditor, there were no "disagreements" (as defined in Item 304(a)(1)(iv) of Regulation S-K under the Exchange Act) between Petco Holdings and KPMG on any matter of accounting principles or practices, financial disclosure or auditing scope or procedure, which disagreements, if not resolved to the satisfaction of KPMG would have caused it to make reference to the subject matter of the disagreements in its reports on Petco Holdings' consolidated financial statements for such fiscal years.

During the fiscal years ended February 2, 2019 and February 1, 2020 and the subsequent interim period through the date of KPMG's dismissal as Petco Holdings' auditor, there were no "reportable events" (as defined in Item 304(a)(1)(v) of Regulation S-K under the Exchange Act).

During the fiscal years ended February 2, 2019 and February 1, 2020 and the subsequent interim period through the date of KPMG's dismissal as Petco Holdings' auditor, we did not consult with Ernst & Young regarding the application of accounting principles to a specified transaction, either completed or proposed; or the type of audit opinion that might be rendered on Petco Holdings' consolidated financial statements, and no written report or oral advice was provided that Ernst & Young concluded was an important factor considered by us in reaching a decision as to the accounting, auditing, or financial reporting issue for Petco Holdings.

We have provided KPMG with a copy of the disclosure set forth in this section and requested that KPMG furnish us with a letter addressed to the SEC stating whether or not KPMG agrees with the statements made herein, each as required by applicable SEC rules. A copy of KPMG's letter, dated November 20, 2020, is attached hereto as Exhibit 16.1.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

WHERE YOU CAN FIND MORE INFORMATION

We have filed with the SEC a registration statement on Form S-1 under the Securities Act relating to the shares of our Class A common stock offered by this prospectus. This prospectus, which constitutes a part of the registration statement, does not contain all of the information set forth in the registration statement or the exhibits and schedules thereto. For more information regarding us and the shares of our Class A common stock offered by this prospectus, we refer you to the full registration statement, including the exhibits and schedules filed therewith. This prospectus summarizes provisions that we consider material of certain contracts and other documents to which we refer you. Because the summaries may not contain all of the information that you may find important, you should review the full text of those documents.

The SEC maintains a website at www.sec.gov that contains reports, information statements, and other information regarding issuers that file electronically with the SEC. Our registration statement, of which this prospectus constitutes a part, can be downloaded from the SEC's website. As a result of this offering, we will become subject to the full information requirements of the Exchange Act and will file with or furnish to the SEC periodic reports and other information. We intend to furnish or make available to our stockholders annual reports containing our audited financial statements prepared in accordance with GAAP. We also intend to furnish or make available to our stockholders quarterly reports containing our unaudited interim financial information, including the information required by Form 10-Q, for the first three fiscal quarters of each fiscal year. Following the completion of this offering, our website will be located at www.petco.com. We intend to make our periodic reports and other information filed with or furnished to the SEC available, free of charge, through our website, as soon as reasonably practicable after those reports and other information are electronically filed with or furnished to the SEC. Information on our website or any other website is not incorporated by reference into this prospectus and does not constitute a part of this prospectus.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

PET ACQUISITION LLC

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

PET ACQUISITION LLC

Report of Independent Registered Public Accounting Firm

To the Members and the Board of Managers of PET Acquisition LLC

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of PET Acquisition LLC (the Company) as of February 1, 2020, February 2, 2019, and August 1, 2020, the related consolidated statements of loss and comprehensive loss, members' equity and cash flows for the years ended February 1, 2020 and February 2, 2019, and for the twenty-six week period ended August 1, 2020, and the related notes and the financial statement schedule listed in the Index at Item 16(b) (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at February 1, 2020, February 2, 2019, and August 1, 2020, and the results of its operations and its cash flows for the years ended February 1, 2020 and February 2, 2019, and for the twenty-six week period ended August 1, 2020, in conformity with U.S. generally accepted accounting principles.

Adoption of ASU No. 2016-02

As discussed in Note 1 to the consolidated financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of ASU No. 2016-02, *Leases (Topic 842)* and related amendments.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We have served as the Company's auditor since 2020.

San Diego, California
November 3, 2020

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

PET ACQUISITION LLC

CONSOLIDATED BALANCE SHEETS

(In thousands)

	February 1, 2020	February 2, 2019	August 1, 2020
ASSETS			
Current assets:			
Cash and cash equivalents	$ 148,785	$ 180,649	$ 168,892
Receivables, less allowance for doubtful accounts ($1,982, $1,940 and $2,099, respectively)	31,516	27,879	36,724
Merchandise inventories, net	478,968	470,144	489,095
Prepaid expenses	24,854	48,762	31,052
Other current assets	26,882	34,174	30,164
Total current assets	711,005	761,608	755,927
Fixed assets, net	656,256	683,547	614,862
Operating lease right-of-use assets	1,459,604	—	1,428,563
Goodwill	2,179,310	2,176,290	2,179,310
Trade name	1,025,000	1,044,000	1,025,000
Other intangible assets, net	1,553	128,006	1,067
Other long-term assets	122,390	130,928	120,080
Total assets	$ 6,155,118	$ 4,924,379	$ 6,124,809
LIABILITIES AND EQUITY			
Current liabilities:			
Accounts payable and book overdrafts	$ 293,203	$ 276,932	$ 274,232
Accrued salaries and employee benefits	93,685	94,267	98,304
Accrued expenses and other liabilities	148,181	143,917	182,342
Current portion of operating lease liabilities	278,229	—	275,065
Current portion of long-term debt and other lease liabilities	28,643	28,354	27,595
Total current liabilities	841,941	543,470	857,538
Senior secured credit facilities, net, excluding current portion	2,362,302	2,338,175	2,356,169
Senior notes, net	866,145	859,244	867,778
Operating lease liabilities, excluding current portion	1,156,742	—	1,149,642
Deferred taxes, net	265,276	304,203	243,119
Other long-term liabilities	101,651	241,378	112,922
Total liabilities	5,594,057	4,286,470	5,587,168
Commitments and contingencies (Notes 8, 9 and 16)			
Members' equity:			
Members' interest	1,358,130	1,347,622	1,362,643
Accumulated deficit	(780,466)	(707,518)	(804,193)
Accumulated other comprehensive loss	(8,273)	(2,195)	(9,274)
Total members' equity	569,391	637,909	549,176
Noncontrolling interest	(8,330)	—	(11,535)
Total equity	561,061	637,909	537,641
Total liabilities and equity	$ 6,155,118	$ 4,924,379	$ 6,124,809

See accompanying notes to consolidated financial statements.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

PET ACQUISITION LLC

CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(In thousands, except per unit amounts)

	Fiscal years ended		Twenty-six weeks ended	
	February 1, 2020 (52 weeks)	February 2, 2019 (52 weeks)	August 1, 2020	August 3, 2019 (unaudited)
Net sales	$ 4,434,514	$ 4,392,173	$ 2,322,492	$ 2,192,789
Cost of sales	2,527,995	2,487,334	1,326,457	1,256,542
Gross profit	1,906,519	1,904,839	996,035	936,247
Selling, general and administrative expenses	1,776,919	1,746,387	914,623	890,653
Goodwill and indefinite-lived intangible impairment	19,000	373,172	—	—
Operating income (loss)	110,600	(214,720)	81,412	45,594
Interest income	(335)	(420)	(283)	(170)
Interest expense	253,018	243,744	115,301	129,072
Loss on extinguishment of debt	—	460	—	—
Loss before income taxes and (income) loss from equity method investees	(142,083)	(458,504)	(33,606)	(83,308)
Income tax benefit	(35,658)	(45,840)	(5,597)	(19,816)
(Income) loss from equity method investees	(2,441)	1,124	(1,077)	(438)
Net loss	(103,984)	(413,788)	(26,932)	(63,054)
Net loss attributable to noncontrolling interest	(8,111)	—	(3,205)	(2,571)
Net loss attributable to members	(95,873)	(413,788)	(23,727)	(60,483)
Other comprehensive loss, net of tax:				
Foreign currency translation adjustment	952	(79)	(4,689)	465
Unrealized loss on derivatives	(9,088)	(3,434)	(61)	(8,539)
Losses (gains) on derivatives reclassified to income	2,058	1,215	3,749	(587)
Total other comprehensive loss, net of tax	(6,078)	(2,298)	(1,001)	(8,661)
Comprehensive loss	(110,062)	(416,086)	(27,933)	(71,715)
Comprehensive loss attributable to noncontrolling interest	(8,111)	—	(3,205)	(2,571)
Comprehensive loss attributable to members	$ (101,951)	$ (416,086)	$ (24,728)	$ (69,144)
Loss per unit attributable to Common Series A and Common Series B members, basic and diluted	$ (0.07)	$ (0.28)	$ (0.02)	$ (0.04)
Weighted average units used in computing loss per unit attributable to Common Series A and Common Series B members	1,457,985	1,457,164	1,458,558	1,457,412

See accompanying notes to consolidated financial statements.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

PET ACQUISITION LLC

CONSOLIDATED STATEMENTS OF MEMBERS' EQUITY

(In thousands)

	Members' interest	Accumulated deficit	Accumulated other comprehensive loss	Total members' equity	Noncontrolling interest	Total equity
Balance at February 3, 2018	$1,339,272	$ (295,337)	$ 1,710	$1,045,645	$ —	$1,045,645
Equity-based compensation expense (Note 13)	8,452	—	—	8,452	—	8,452
Repurchase of equity	(102)	—	—	(102)	—	(102)
Net loss	—	(413,788)	—	(413,788)	—	(413,788)
Foreign currency translation adjustment, net of tax of $(28)	—	—	(79)	(79)	—	(79)
Unrealized loss on derivatives, net of tax of $(1,211)	—	—	(3,434)	(3,434)	—	(3,434)
Losses on derivatives reclassified to income, net of tax of $427	—	—	1,215	1,215	—	1,215
Cumulative effect adjustments	—	1,607	(1,607)	—	—	—
Balance at February 2, 2019	1,347,622	(707,518)	(2,195)	637,909	—	637,909
Consolidation of joint venture	—	—	—	—	(462)	(462)
Equity-based compensation expense (Note 13)	9,489	—	—	9,489	—	9,489
Partial settlement of member note	1,019	—	—	1,019	—	1,019
Net loss	—	(95,873)	—	(95,873)	(8,111)	(103,984)
Contributions from noncontrolling interest	—	—	—	—	243	243
Foreign currency translation adjustment, net of tax of $335	—	—	952	952	—	952
Unrealized loss on derivatives, net of tax of $(3,184)	—	—	(9,088)	(9,088)	—	(9,088)
Losses on derivatives reclassified to income, net of tax of $721	—	—	2,058	2,058	—	2,058
Cumulative effect adjustments	—	22,925	—	22,925	—	22,925
Balance at February 1, 2020	$1,358,130	$ (780,466)	$ (8,273)	$ 569,391	$ (8,330)	$ 561,061

	Members' interest	Accumulated deficit	Accumulated other comprehensive loss	Total members' equity	Noncontrolling interest	Total equity
Balance at February 1, 2020	$1,358,130	$ (780,466)	$ (8,273)	$ 569,391	$ (8,330)	$561,061
Equity-based compensation expense (Note 13)	4,617	—	—	4,617	—	4,617
Repurchase of equity	(104)	—	—	(104)	—	(104)
Net loss	—	(23,727)	—	(23,727)	(3,205)	(26,932)
Foreign currency translation adjustment, net of tax of $(1,645)	—	—	(4,689)	(4,689)	—	(4,689)
Unrealized loss on derivatives, net of tax of $(19)	—	—	(61)	(61)	—	(61)
Losses on derivatives reclassified to income, net of tax of $1,316	—	—	3,749	3,749	—	3,749
Balance at August 1, 2020	$1,362,643	$ (804,193)	$ (9,274)	$ 549,176	$ (11,535)	$537,641

	Members' interest	Accumulated deficit	Accumulated other comprehensive loss	Total members' equity	Noncontrolling interest	Total equity
Balance at February 2, 2019	$1,347,622	$ (707,518)	$ (2,195)	$ 637,909	$ —	$637,909
Consolidation of joint venture (unaudited)	—	—	—	—	(462)	(462)
Equity-based compensation expense (unaudited) (Note 13)	4,252	—	—	4,252	—	4,252
Partial settlement of member note (unaudited)	1,019	—	—	1,019	—	1,019
Net loss (unaudited)	—	(60,483)	—	(60,483)	(2,571)	(63,054)
Contributions from noncontrolling interest (unaudited)	—	—	—	—	243	243
Foreign currency translation adjustment, net of tax of $162 (unaudited)	—	—	465	465	—	465
Unrealized loss on derivatives, net of tax of $(3,018) (unaudited)	—	—	(8,539)	(8,539)	—	(8,539)
Gains on derivatives reclassified to income, net of tax of $(208) (unaudited)	—	—	(587)	(587)	—	(587)
Cumulative effect adjustments (unaudited)	—	22,925	—	22,925	—	22,925
Balance at August 3, 2019 (unaudited)	$1,352,893	$ (745,076)	$ (10,856)	$ 596,961	$ (2,790)	$594,171

See accompanying notes to consolidated financial statements.

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

PET ACQUISITION LLC

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	Fiscal years ended		Twenty-six weeks ended	
	February 1, 2020 (52 weeks)	February 2, 2019 (52 weeks)	August 1, 2020	August 3, 2019 (unaudited)
Cash flows from operating activities:				
Net loss	$ (103,984)	$ (413,788)	$ (26,932)	$ (63,054)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	173,544	186,997	86,038	85,614
Amortization of debt discounts and issuance costs	23,455	22,588	12,125	11,598
Provision for deferred taxes	(45,087)	(51,748)	(21,753)	(20,369)
Equity-based compensation	9,489	8,452	4,617	4,252
Impairments, write-offs and losses on sale of fixed and other assets	11,871	17,677	6,261	5,684
Loss on extinguishment of debt	—	460	—	—
(Income) loss from equity method investees	(2,441)	1,124	(1,077)	(438)
Amounts reclassified out of accumulated other comprehensive income (Note 10)	2,806	1,642	5,066	(795)
Change in contingent consideration obligation	883	(4)	(391)	780
Goodwill and indefinite-lived intangible impairment	19,000	373,172	—	—
Non-cash operating lease costs	441,981	—	216,729	223,267
Changes in assets and liabilities:				
Receivables	(3,845)	23,630	(5,208)	(3,836)
Merchandise inventories	(8,193)	644	(11,056)	(28,407)
Prepaid expenses and other assets	(5,223)	9,663	(9,153)	(13,059)
Accounts payable and book overdrafts	15,928	23,771	(18,955)	(8,696)
Accrued salaries and employee benefits	(1,395)	18,006	3,116	(9,068)
Accrued expenses and other liabilities	(3,043)	(21,861)	35,747	(4,976)
Operating lease liabilities	(408,562)	—	(196,700)	(209,980)
Other long-term liabilities	(6,847)	2,777	13,915	1,642
Net cash provided by (used in) operating activities	110,337	203,202	92,389	(29,841)
Cash flows from investing activities:				
Cash paid for fixed assets	(156,906)	(148,063)	(50,043)	(75,758)
Cash paid for intangible assets	(450)	(300)	—	(450)
Insurance recoveries	489	—	—	130
Cash paid for other acquisitions, net of cash acquired (Note 4)	(2,813)	—	—	—
Cash from consolidation of joint venture (Note 1)	1,205	—	—	1,205
Cash paid for investments	(585)	(9,912)	—	(585)
Proceeds from sale of investment	—	9,145	—	—
Distributions from equity investees	—	—	73	—
Proceeds from sale of assets	—	—	1,296	—
Proceeds from sale-leasebacks, net (Note 3)	18,549	2,298	—	—
Proceeds from partial surrender of officers' life insurance	1,470	4,150	—	—
Net cash used in investing activities	(139,041)	(142,682)	(48,674)	(75,458)
Cash flows from financing activities:				
Borrowings under long-term debt agreements	1,297,000	313,000	440,000	566,000
Repayments of long-term debt	(1,293,250)	(338,250)	(456,625)	(492,625)
Debt prepayment, issuance and refinancing costs	(58)	(3,098)	—	(58)
Payments for finance and capital lease liabilities	(3,447)	(2,890)	(2,089)	(1,894)
Partial settlement of member note	(809)	—	—	(809)
Cash received from noncontrolling interest	243	—	—	243
Repurchase of equity	—	(111)	(105)	—
Payment of contingent consideration	(2,750)	(750)	(250)	—
Net cash (used in) provided by financing activities	(3,071)	(32,099)	(19,069)	70,857
Net (decrease) increase in cash, cash equivalents and restricted cash	(31,775)	28,421	24,646	(34,442)
Cash, cash equivalents and restricted cash at beginning of year	186,493	158,072	154,718	186,493
Cash, cash equivalents and restricted cash at end of year	$ 154,718	$ 186,493	$ 179,364	$ 152,051
Supplemental cash flow disclosures:				
Interest paid, net	$ 217,664	$ 213,254	$ 95,284	$ 110,135
Capitalized interest	$ 953	$ 83	$ 174	$ 1
Income taxes paid	$ 15,036	$ 11,379	$ 1,344	$ 13,298
Supplemental non-cash investing and financing activities disclosure:				
Accounts payable and accrued expenses for capital expenditures	$ 21,962	$ 17,132	$ 22,370	$ 5,182

See accompanying notes to consolidated financial statements.

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PET ACQUISITION LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

1. Summary of Significant Accounting Policies

Description of Business and Basis of Presentation

PET Acquisition LLC (together with its consolidated subsidiaries, "the Company") is a national specialty retailer of premium pet consumables, supplies and companion animals and services with 1,474 retail locations in 50 states, the District of Columbia and Puerto Rico as of August 1, 2020. The Company also offers an expanded range of consumables, supplies and services through its *www.petco.com, www.petcoach.co, www.petinsurancequotes.com,* and *www.pupbox.com* websites.

The Company is a Delaware limited liability company that was formed on November 19, 2015 as an acquisition entity controlled by Scooby LP, which is indirectly owned by funds affiliated with CVC Capital Partners, CPP Investments, a Canadian company (together with CVC Capital Partners, the "Sponsors"), and certain co-investors. On January 26, 2016, the Company completed a merger (the "Acquisition") whereby Petco Holdings, Inc. converted from a Delaware corporation to a Delaware limited liability company and became a wholly owned subsidiary of the Company.

The Company is owned by (i) its Common Series A Unit holders, (ii) its Common Series B Unit holders, (iii) its Common Series C Unit holders, and (iv) its Voting Common Unit holders. Voting Common Units have exclusive voting rights with regards to the election and removal of managers on the Company's board of managers. Common Series A Units have exclusive voting rights with regards to all other matters to be voted on. The Voting Common Units do not represent an economic interest in the Company.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of PET Acquisition LLC, its wholly owned subsidiaries, and a variable interest entity for which it is the primary beneficiary. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. These estimates are based on information that is currently available and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could vary from those estimates under different assumptions or conditions.

Unaudited Interim Consolidated Financial Information

The accompanying interim consolidated statements of loss and comprehensive loss, members' equity and cash flows for the twenty-six weeks ended August 3, 2019 are unaudited. These unaudited interim consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. In management's opinion, the unaudited interim consolidated financial statements have been prepared on the same basis as the audited financial

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PET ACQUISITION LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

statements and include all adjustments, which include only normal recurring adjustments, necessary for the fair presentation of the Company's consolidated results of operations and cash flows for the twenty-six weeks ended August 3, 2019. The financial data and other information disclosed in these notes related to the twenty-six weeks ended August 3, 2019 are also unaudited.

Fiscal Year

The Company's fiscal year ends on the Saturday closest to January 31, resulting in years of either 52 or 53 weeks. All references to a fiscal year refer to the fiscal year ending on the Saturday closest to January 31 of the following year. For example, references to fiscal 2019 refer to the fiscal year beginning on February 3, 2019 and ending on February 1, 2020. Fiscal 2019 and 2018 included 52 weeks.

Subsequent Events

The Company evaluated subsequent events through November 3, 2020, the date the consolidated financial statements were available to be issued.

Segment Reporting

Operating segments are components of an enterprise about which separate financial information is available and is evaluated regularly by the chief operating decision maker ("CODM") in deciding how to allocate resources and in assessing performance. A select group of senior executives collectively serves as the Company's CODM. The Company manages its business as one reportable operating segment which is designed to sell pet food, supplies and companion animals, and services to pet parents across store and online channels.

Cash and Cash Equivalents

Cash equivalents represent all liquid investments with original maturities of three months or less and include money market mutual funds. The Company maintains cash and cash equivalent balances with financial institutions that exceed federally insured limits. The Company has not experienced any losses related to these balances. Included in the Company's cash and cash equivalents are credit and debit card receivables from banks, which typically settle within five business days, of $31.1 million and $29.8 million at February 1, 2020 and February 2, 2019, respectively. At August 1, 2020, credit and debit card receivables were $31.5 million. The following table provides a reconciliation of cash, cash equivalents and restricted cash reported in the consolidated balance sheets to the total amounts reported in the consolidated statements of cash flows. Restricted cash is held in a trust used for certain employee benefit costs.

	February 1, 2020	February 2, 2019	August 1, 2020
Cash and cash equivalents	$ 148,785	$ 180,649	$ 168,892
Restricted cash included in other current assets	5,933	5,844	10,472
Total cash, cash equivalents and restricted cash in the statement of cash flows	$ 154,718	$ 186,493	$ 179,364

Outstanding checks in excess of funds on deposit (book overdrafts) totaled $52.4 million and $43.3 million for the Company at February 1, 2020 and February 2, 2019, respectively, and are

reflected in accounts payable and book overdrafts in the consolidated balance sheets. At August 1, 2020, excess funds on deposit (book overdrafts) totaled $58.7 million.

Vendor Rebates and Allowances

Most of the Company's receivables are due from vendors. Receivables are stated net of an allowance for doubtful accounts for estimated credit losses, which is determined by continually evaluating individual receivables, the vendor's financial condition and current and expected economic conditions. The additions and deductions to the allowance for doubtful accounts were not material for all periods presented.

The Company receives vendor allowances, primarily in the form of cooperative advertising reimbursements, rebate incentives, prompt purchase discounts, and vendor compliance charges pursuant to agreements with certain vendors. Substantially all vendor allowances are initially deferred as a reduction of the cost of inventory purchased and recorded as a reduction to cost of sales in the consolidated statements of loss and comprehensive loss as the inventory is sold. Vendor rebates and allowances that are identified as specific, incremental and identifiable costs incurred by the Company in selling the vendors' products are classified as a reduction of selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss as the costs are incurred, as the related costs are also classified as selling, general and administrative expenses.

Merchandise Inventories

Merchandise inventories represent finished goods and are stated at the lower of cost or net realizable value. Cost is determined by the average-cost method and includes inbound freight charges. Physical inventories are performed on a regular basis at store locations and cycle counts are performed for inventory at distribution centers. During the period between counts at store and distribution center locations, the Company accrues for estimated losses related to inventory shrinkage based on historical inventory shrinkage results and current trends in the business. Inventory shrinkage may occur due to theft, loss, or the deterioration of goods, among other reasons. The Company assesses its inventory for estimated obsolescence or unmarketable inventory and writes down the difference between the cost of inventory and the estimated market value based upon historical mark-downs, supply on-hand and assumptions about future sales.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and amortization or at fair value as of the date of the Acquisition. Store facilities and equipment under finance leases are recorded at the present value of minimum lease payments at the inception of the lease. Maintenance and minor repairs are expensed as incurred.

Buildings, equipment, furniture and fixtures are depreciated using the straight-line method over the estimated useful life of the asset. Leasehold and building improvements are amortized using the straight-line method over the term of the lease or the estimated useful life of the improvement, whichever is shorter. Land is not depreciated. Amortization of fixed assets financed through finance leases is included in depreciation and amortization expense.

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PET ACQUISITION LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

The Company's fixed assets are generally depreciated or amortized using the following estimated useful lives:

Buildings	30 years
Equipment	3 to 7 years
Furniture and fixtures	4 to 7 years
Leasehold and building improvements	5 to 10 years

Costs incurred to develop internal-use software during the application development stage, which include costs to design the software configuration and interfaces, coding, installation and testing, are capitalized and reported at cost, less accumulated amortization. Costs of significant upgrades and enhancements that result in additional functionality are also capitalized, whereas costs incurred for maintenance and minor upgrades and enhancements are expensed as incurred. Software and capitalized development costs are included in the Company's equipment fixed asset category and are amortized using the straight-line method over the estimated useful life of the asset.

The Company assesses its fixed assets, including internal use software, for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. The review of recoverability is based on estimates of the undiscounted future cash flows expected to be generated by an asset (or group of assets) at a store level. If impairment exists due to the inability to recover the asset's carrying value, impairment losses are measured as the amount by which the asset's carrying value exceeds its fair value using the income approach and are recorded as a reduction of the related asset and charged to the consolidated statements of loss and comprehensive loss.

Goodwill

Goodwill represents the excess of the cost of acquired businesses over the fair value of the tangible and identifiable intangible assets acquired and liabilities assumed. Goodwill is not amortized. The Company performs its annual impairment test during the fourth quarter of each fiscal year, or more frequently when warranted by events or changes in circumstances. The Company has the option to first perform a qualitative assessment of its goodwill to determine whether it is necessary to perform a quantitative impairment test. If the Company concludes it is more likely than not that its goodwill is impaired, management evaluates the recoverability of goodwill by comparing the carrying value of the Company's reporting unit to the fair value. An impairment charge is recorded for the amount by which the carrying amount exceeds the reporting unit's fair value, with the loss recognized not exceeding the total amount of goodwill allocated to that reporting unit.

The Company has one reporting unit. The fair value of the Company's reporting unit is estimated by a third party valuation firm. Fair value estimates used in the quantitative impairment test were calculated using a discounted cash flow analysis and a public company analysis. The discounted cash flow analysis measures the value of an asset by the present value of its future estimated cash flows. The public company analysis analyzes transactional and financial data of publicly traded companies to develop valuation multiples. These multiples are then applied to the Company to develop an indication of fair value. Significant assumptions inherent in the valuation methodologies for goodwill are employed and include, but are not limited to, prospective financial information, growth rates, discount rates and comparable multiples from publicly traded companies in similar industries.

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PET ACQUISITION LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

Other Intangible Assets

Other intangible assets represent the Company's trade name, educational website content, certain contract costs, and customer lists. The Company's trade name is a non-amortizable intangible asset. All other intangibles have finite lives and are amortized using the straight-line method over their estimated useful lives. Prior to the adoption of Accounting Standards Update No. 2016-02 – Leases in fiscal 2019, other intangible assets also included favorable lease rights.

The Company reviews its amortizable intangible assets with finite lives for impairment whenever events or changes in circumstances indicate that the carrying value of its intangible assets may not be recoverable. The amount of impairment, if any, is measured based on fair value, which is determined using future projected discounted operating cash flows.

The Company performs its annual impairment test during the fourth quarter of each fiscal year, or more frequently when warranted by events or changes in circumstances. The Company also has the option to first perform a qualitative assessment of its indefinite-lived intangible assets to determine whether it is necessary to perform a quantitative impairment test. The fair value of the Company's indefinite-lived trade name is estimated by a third party valuation firm using the relief from royalty valuation method. Significant assumptions inherent in the valuation methodologies for the indefinite-lived trade name are employed and include, but are not limited to, prospective financial information, royalty rates and discount rates. An impairment charge is recorded for the amount by which the carrying amount of the indefinite-lived trade name exceeds its fair value.

Joint Ventures, Equity Method Investments, and Variable Interest Entities

Investments for which the Company exercises significant influence but does not have control are accounted for under the equity method. These investments have primarily consisted of a 50% joint venture with Grupo Gigante, S.A.B. de C.V. (the "Mexico joint venture") to establish Petco locations in Mexico and a 45% joint venture with a domestic partner to sell over-the-counter and prescription pet medications. The Company's share of the investees' results is presented as either income or loss from equity method investees in the accompanying consolidated statements of loss and comprehensive loss.

The joint ventures are not material to the Company's consolidated financial statements. The equity method of accounting is applicable as the Company is not the primary beneficiary but has significant influence over the operation and financial policies of the pet medication joint venture. The equity method of accounting is applicable for the Mexico joint venture as the Company does not own more than 50% of voting power, but has significant influence over the operation and financial policies of the investee.

The Mexico joint venture purchases certain inventory items and store assets from the Company. The Company also receives royalties from the Mexico joint venture for the use of its trademarks. Revenues generated from these transactions were not material in fiscal 2019 and 2018 and the twenty-six weeks ended August 1, 2020 and August 3, 2019. The cumulative unrealized foreign currency adjustment on the translation of the Company's investment in the joint venture and the foreign currency translation impact of the royalty receivable are recorded in accumulated other comprehensive income ("AOCI"), net of tax.

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PET ACQUISITION LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

The Company consolidates variable interest entities ("VIEs") where it has been determined that the Company is the primary beneficiary of those entities' operations. The Company holds a 50% investment in a joint venture with a domestic partner to build and operate veterinary clinics in Petco locations, which was previously accounted for under the equity method. In March 2019, the Company entered into an amended agreement governing the joint venture's operations and determined that the Company had the power to direct the activities most important to the VIE. As a result, the joint venture is a VIE for which the Company is now the primary beneficiary. Accordingly, the assets, liabilities, and noncontrolling interest of the VIE, which were not material, were measured at fair value as of the date the Company became the primary beneficiary in accordance with ASC 805 – Business Combinations. The results of operations and statements of financial position of the VIE, which are not material, are included in the Company's consolidated financial statements beginning in March 2019. Under the amended agreement, the domestic partner provides certain management and support services to the joint venture. These services include administrative, financial reporting, compliance, and technology support services in connection with the operation and growth of the joint venture. As compensation for these services, the joint venture pays the domestic partner a quarterly joint venture management fee equal to a portion of clinic revenues, subject to a minimum fixed fee. The Company incurred and recorded $1.4 million of joint venture management fees under this agreement in fiscal 2019, which are included in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss. Joint venture management fees for the twenty-six weeks ended August 1, 2020 and August 3, 2019 were $1.0 million and $0.6 million, respectively.

The Company also has an investment in a pet specialty company, which was previously accounted for under the equity method. In October 2019, the Company concluded that it no longer holds significant influence over the operation and financial policies of this investee. Accordingly, the Company discontinued the equity method of accounting for this investee. Since this investment does not have a readily determinable fair value, the Company now measures its investment at cost minus impairment, if any, with adjustments resulting from observable price changes (the "cost method"). Additionally, the carrying value of this investment was reduced from $0.9 million to $0.0 million, as the Company no longer considers the investment to be recoverable.

Fair Value Measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. When determining fair value, the Company considers the principal or most advantageous market in which the Company would conduct a transaction, in addition to the assumptions that market participants would use when pricing the related assets or liabilities, including non-performance risk.

A three-level hierarchy prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

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PET ACQUISITION LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 — Unobservable inputs for the asset or liability.

Refer to Notes 8, 9, 10 and 11 for fair value disclosures for the senior secured term credit facilities, senior notes, derivatives, and other types of assets and liabilities measured at fair value, respectively.

Self-Insurance Reserves

The Company is self-insured for workers' compensation, general, auto liability and employee-related health care benefits, a portion of which is paid by the Company's employees. Additionally, the Company has insurance coverage to limit its exposure above a per occurrence retention limit. These insurance policies have stated maximum coverage limits after which the Company bears the risk of loss. The Company determines the related liabilities using a number of factors including historical experience and trends related to claims and payments, information provided by the Company's insurance brokers and actuaries, an estimate of incurred but not reported claims and industry experience and trends. Estimates of future claim costs for workers' compensation, general, auto liability and employee-related health care benefits are recorded on an undiscounted basis. All estimates of ultimate loss and loss adjustment expense and resulting reserves are subject to inherent variability caused by the nature of the insurance process. The potentially long period of time between the reporting of an occurrence of an incident and the final resolution of a claim and the possible effects of changes in the legal, social and economic environments contribute to this variability. The Company reports self-insurance liabilities gross of insurance recoveries. As of February 1, 2020, insurance recoveries of $6.0 million and $18.4 million were recorded in other current assets and other long-term assets, respectively. As of February 2, 2019, insurance recoveries of $6.9 million and $22.0 million were recorded in other current assets and other long-term assets, respectively. As of August 1, 2020, insurance recoveries of $5.6 million and $17.0 million were recorded in other current assets and other long-term assets, respectively.

Self-insurance reserves are reflected in the consolidated balance sheets as follows (in thousands):

	February 1, 2020	February 2, 2019	August 1, 2020
Current:			
Workers' compensation and employee-related health care benefits	$ 21,443	$ 22,763	$22,975
General and auto liability reserves	5,135	6,222	4,063
	$ 26,578	$ 28,985	$27,038
Non-current:			
Workers' compensation reserve	$ 46,834	$ 57,157	$45,552
General and auto liability reserves	13,188	16,601	10,588
	$ 60,022	$ 73,758	$56,140

The current portion and non-current portion of self-insurance reserves for workers' compensation and employee-related health care benefits are included in accrued salaries and employee benefits and

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other long-term liabilities, respectively, in the consolidated balance sheets. The current portion and non-current portion of self-insurance reserves for general and auto liability costs are included in accrued expenses and other liabilities and other long-term liabilities, respectively, in the consolidated balance sheets.

Revenue Recognition

The Company recognizes revenue when control of promised goods or services is transferred to customers, in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services.

See Note 2 for further discussion on revenue recognition.

Cost of Sales

Cost of sales includes the following types of expenses:

- Direct costs (net of vendor rebates, allowances and discounts for products sold) including inbound freight charges;
- Shipping and handling costs associated with sales to customers;
- Freight costs associated with moving merchandise inventories;
- Inventory shrinkage costs and write-downs;
- Payroll costs of pet groomers, trainers, veterinarians and other direct costs of services; and
- Costs associated with operating the Company's distribution centers including payroll, occupancy costs and depreciation

Selling, General and Administrative Expenses

Selling, general and administrative expenses include the following types of expenses:

- Payroll and benefit costs of store and corporate employees;
- Occupancy and operating costs of store and corporate facilities;
- Depreciation and amortization related to store and corporate assets;
- Credit card fees;
- Store pre-opening and remodeling costs;
- Advertising costs; and
- Other administrative costs

Advertising Expenses

The Company records advertising expense as incurred and classifies advertising costs within selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss. The Company's advertising expenses, net of cooperative advertising

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reimbursements, were $97.7 million, $79.6 million, $73.0 million and $47.8 million for fiscal 2019 and 2018 and the twenty-six weeks ended August 1, 2020 and August 3, 2019, respectively. Vendor cooperative advertising reimbursements reduced total advertising expense by $18.4 million, $13.3 million, $10.1 million and $8.7 million for fiscal 2019 and 2018 and the twenty-six weeks ended August 1, 2020 and August 3, 2019, respectively.

Leases

The majority of the Company's lease liabilities are real estate operating leases from which store, corporate support, and distribution operations are conducted. The Company also leases equipment and certain store locations under finance leases. Lease terms generally do not include options to extend or terminate the lease unless it is reasonably certain that the option will be exercised. Effective fiscal 2019, for any lease with an initial term in excess of 12 months, the related lease assets and liabilities are recognized on the consolidated balance sheet as an operating or finance lease at the commencement of the lease agreement. Leases with an initial term of 12 months or less are not recorded on the consolidated balance sheet. The Company recognizes lease expense for these short-term leases on a straight-line basis over the lease term.

Operating lease assets represent the right to use an underlying asset for the lease term, and operating lease liabilities represent the obligation to make lease payments arising from the lease. These assets and liabilities are recognized based on the present value of future payments over the lease term at the commencement date. The Company uses a collateralized incremental borrowing rate based on the information available at the commencement date to determine the present value of future payments. Operating leases typically require payment of certain non-lease costs, such as real estate taxes, common area maintenance and insurance. These components comprise the majority of the Company's variable lease costs and are excluded from the present value of lease liabilities unless an event occurs that results in the payments becoming fixed for the remaining term. The remaining lease and non-lease components are accounted for together as a single lease component for all underlying classes of assets. Operating lease assets are adjusted for lease incentives, initial direct costs, impairments, and exit or disposal costs.

Operating lease costs are recognized on a straight-line basis from the commencement date to the end of the lease term. Operating lease costs relating to distribution centers are included in cost of sales, and operating lease costs relating to store and corporate support locations are included in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss. Amortization on finance lease right-of-use assets relating to distribution centers are included in cost of sales, and amortization on finance lease right-of-use assets relating to store and corporate support locations are included in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss. Interest on finance lease right-of-use assets is included in interest expense in the consolidated statements of loss and comprehensive loss. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company's sublease portfolio consists mainly of operating leases with a domestic partner to operate dog boarding and daycare facilities, which are not material.

The Company records contractual obligations associated with the retirement of long-lived assets at their fair value at the time the obligations are incurred. These obligations arise from certain leases

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and primarily relate to the cost of removing leasehold improvements and certain fixtures from such lease sites and restoring the sites to their original condition. Upon initial recognition of the liability, that cost is capitalized as part of the related long-lived asset and depreciated on a straight-line basis over the estimated useful life of the asset. Activity related to these obligations in fiscal 2019 and 2018 and the twenty-six weeks ended August 1, 2020 and August 3, 2019 was not material. The Company's asset retirement obligation was $5.5 million, $4.3 million, and $5.8 million at February 1, 2020, February 2, 2019, and August 1, 2020, respectively, and is included in other long-term liabilities in the consolidated balance sheets.

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of loss and comprehensive loss in the period that includes the enactment date. Valuation allowances, if any, are recorded against net deferred tax assets when it is considered more likely than not that some portion or all of a deferred tax asset may not be recoverable. Deferred tax assets and liabilities are recorded as either net non-current assets or net non-current liabilities on the consolidated balance sheets. Refer to Note 14 for further disclosures of the Company's income taxes.

Management regularly evaluates the likelihood of recognizing the benefit for income tax positions it has taken in various federal and state filings by considering relevant facts, circumstances and information available. The authoritative guidance clarifies the accounting for income taxes by prescribing a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold for recognizing benefit of a tax position is that such position is more likely than not to be sustained upon examination by the taxing authority, including resolution of any related appeals or litigation processes, and is based on the technical merits of the position.

Equity-Based Compensation

Equity-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the vesting period of the award, which is also the requisite service period, based upon the corresponding vesting method and probability of vesting (Note 13). The Company recognizes the effect of pre-vesting forfeitures as they occur. The Company's equity-based compensation charges relate to partnership unit awards.

Equity Valuation

The per share fair value of equity was determined by the Company's board of directors based on enterprise valuations performed by management with the assistance of a third-party valuation firm, taking into consideration any recent market transactions involving the Company's equity. The valuation of the equity of any private company involves various estimates and assumptions that may differ from actual values.

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For fiscal 2019 and for the twenty-six weeks ended August 1, 2020, the Company's equity value was determined using a combination of two valuation approaches:

Income Approach – estimates the fair value based on the present value of the Company's future estimated cash flows and the residual value of the Company beyond the forecast period. These future cash flows, including the cash flows beyond the forecast period for the residual value, are discounted to their present values using an appropriate discount rate, to reflect the risks inherent in the Company achieving these estimated cash flows.

Market Approach (specifically, the guideline public company method) – estimates fair value based upon the observed valuation multiples of comparable public companies, the equity of which is freely-traded by investors in the public securities markets.

For fiscal 2018, in addition to the two valuation approaches above, the Company's equity value was also determined using the market transaction approach, which utilizes the per share price of recent market transactions involving comparable companies or the Company's common stock, such as in the Acquisition by two unrelated third-party investors. For fiscal 2019 and the twenty-six weeks ended August 1, 2020, the market transaction was not used due to the limited number of recent transactions of comparable companies.

The results of the valuation approaches were weighted based on a variety of factors including: current macroeconomic environment, current industry conditions and length of time since arms-length market transaction events. Additionally, a discount for lack of marketability was applied to account for the lack of access to an active public market. The resulting value was then allocated to outstanding equity using an option-pricing model.

Membership Units

At August 1, 2020, there were 1,297,999,923 Common Series A Units, 342,710,243 Common Series B Units, 222,976,146 Common Series C Units, and 100 Voting Common Units authorized for issuance. Issued and outstanding membership units consisted of the following:

	February 1, 2020	February 2, 2019	August 1, 2020
Common Series A Units issued and outstanding	1,118,999,923	1,118,999,923	1,118,999,923
Common Series B Units issued and outstanding	339,558,148	338,158,148	339,558,148
Common Series C Units issued and outstanding	183,389,373	143,081,289	175,755,623
Voting Common Units issued and outstanding	100	100	100

Loss per unit is presented in conformity with the two-class method required for participating securities. The Common Series C Units are held by Scooby LP. The Company considered the impact of presenting a separate earnings per unit calculation for Common Series C Units. However, as earnings and losses are only allocable to Common Series C Units after certain applicable thresholds have been met, and such thresholds have not been met for loss per unit purposes, no losses were allocated to Common Series C Units.

Pre-Opening Costs

Costs incurred in connection with opening new stores are expensed as incurred and are included in selling, general and administrative expenses in the Company's consolidated statements of loss and comprehensive loss. Such costs include advertising, payroll, initial store supplies and utilities.

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Sponsor Management Fees

On January 26, 2016, the date of the Acquisition, the Company entered into a management services agreement with certain affiliates and/or investment advisors of the Sponsors (the "Sponsor MSA Parties"), pursuant to which the Sponsor MSA Parties agreed to provide certain management and financial services. The services include management, consulting and financial planning services in connection with the operation and growth of the Company. As compensation for such services, the Company agreed to reimburse the Sponsor MSA Parties' costs for services rendered, including expenses relating to maintaining the holding company structure through which the Sponsors own the Company indirectly, plus reimbursement of reasonable out-of-pocket expenses incurred in connection with the services rendered. The Company also agreed to provide customary indemnification to the Sponsor MSA Parties. The agreement has a term of ten years and is automatically renewed in one-year increments thereafter, unless otherwise earlier terminated. Management fees incurred and recorded by the Company during Fiscal 2019 and 2018 and the twenty-six weeks ended August 1, 2020 and August 3, 2019 were not material. These fees are included in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss.

Derivative Instruments

In March 2016, the Company entered into a series of five interest rate cap agreements with four counterparties totaling $1,950.0 million to limit the maximum interest rate on a portion of the Company's variable-rate debt and limit its exposure to interest rate variability when three-month LIBOR exceeds 2.25%. The interest rate caps are accounted for as cash flow hedges, and changes in the fair value of the interest rate caps are reported as a component of AOCI.

Refer to Note 10 for further disclosures of the Company's derivative instruments and hedging activities.

Recent Accounting Pronouncements

In February 2016, the FASB issued Accounting Standards Update No. 2016-02 – Leases ("ASU 2016-02" or "ASC 842"), which requires leases to be recognized on the balance sheet as assets and liabilities for the rights and obligations created by leased assets. The Company adopted this accounting policy at the beginning of fiscal 2019 and recognized a cumulative effect adjustment to retained earnings, as permitted under Accounting Standards Update No. 2018-11 – Leases: Targeted Improvements. The Company set an accounting policy election not to capitalize leases with a term of twelve months or less. In addition, the Company elected the transition package of practical expedients, which allowed the Company to carry forward for its existing leases: i) the historical lease classification as either operating or finance; ii) the assessment of whether any expired or existing contracts are or contain leases; and iii) capitalization of initial direct costs. Additionally, the Company elected the practical expedients to account for certain leases at a portfolio level and to not separate lease and non-lease components.

Previously designated capital leases are now considered finance leases under the new guidance. The designation of operating leases remains substantially unchanged under the new guidance.

Adoption of this accounting policy resulted in the recognition of $1.61 billion of operating lease right-of-use assets, along with $1.54 billion of corresponding lease liabilities on February 3, 2019. As

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part of the adoption, $91.6 million of other long-term liabilities, which included existing deferred rent, tenant improvement allowances, reserves for closed stores, and unfavorable lease rights, were derecognized with a corresponding adjustment to operating lease right-of-use assets. Also, $33.8 million in prepaid rent, previously included within prepaid expenses, was reclassified as a reduction to the current portion of operating lease liabilities. Additionally, $125.2 million of existing favorable lease rights, which were previously recorded within other intangible assets, were also derecognized with a corresponding adjustment to operating lease right-of-use assets. The Company recorded a $22.9 million cumulative-effect adjustment to retained earnings, primarily related to the derecognition of a deferred gain on the sale-leaseback of its corporate headquarters, which was previously being recognized over the initial lease term as a reduction of selling, general, and administrative expenses. The adoption did not have a material impact on the Company's liquidity. Refer to Note 6, Leases, for additional information regarding the Company's accounting policy for leases and additional disclosures.

In April 2020, the FASB issued clarifying guidance on accounting for certain lease concessions related to the effects of the COVID-19 pandemic under ASC 842. The FASB staff indicated that it would be acceptable for entities to make an election to account for lease concessions related to the effects of the COVID-19 pandemic consistent with how they would be accounted for as though enforceable rights and obligations for those concessions existed in the original contract. Consequently, for such lease concessions, an entity will not need to reassess each existing contract to determine whether enforceable rights and obligations for concessions exist, and an entity can elect to apply or not to apply the lease modification guidance in ASC 842 to those contracts. The election is available for concessions related to the effects of the COVID-19 pandemic that result in the total payments required by the modified contract being substantially the same as or less than total payments required by the original contract. In accordance with this guidance, the Company made a policy election to account for such lease concessions related to the effects of the COVID-19 pandemic that resulted in the total payments required by the modified contract being substantially the same as or less than total payments required by the original contract as though enforceable rights and obligations to make those concessions existed in the original contract. Consequently, for such lease concessions, the Company did not reassess each existing contract to determine whether enforceable rights and obligations for concessions existed and elected not to apply the lease modification guidance in ASC 842 to those contracts. The Company accounted for COVID-19 lease abatements, which were not material, as reductions to variable lease expense and accounted for lease deferrals as a resolution of a contingency that fixes previously variable lease payments which resulted in a remeasurement of the lease liability with a corresponding adjustment to the right of use asset.

In June 2016, the FASB issued Accounting Standards Update No. 2016-13 – Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, which amends the accounting for recognizing impairments of financial assets. Under the new accounting guidance, credit losses for financial assets held at amortized cost will be estimated based on expected losses rather than the current incurred loss impairment model. The new accounting guidance also modifies the impairment model for available-for-sale debt securities. The Company adopted this accounting policy on February 2, 2020. The adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

In August 2018, the FASB issued Accounting Standards Update No. 2018-15 – Intangibles— Goodwill and Other—Internal-Use Software (Subtopic 350-40), which amends ASC 350-40 to address

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a customer's accounting for implementation costs incurred in a cloud computing arrangement that is a service contract. The Company adopted this accounting policy on February 2, 2020. The adoption did not have a material impact on the Company's consolidated financial statements and related disclosures.

2. Revenue Recognition

The Company generates revenue primarily from the sale of products and services. Revenue is recognized when the control of promised goods or services is transferred to customers, in an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods or services. Control refers to the ability of the customer to direct the use of, and obtain substantially all of, the remaining benefits from the goods or services.

Net sales by product type and services were as follows (in thousands):

	Fiscal years ended		Twenty-six weeks ended	
	February 1, 2020 (52 weeks)	February 2, 2019 (52 weeks)	August 1, 2020	August 3, 2019
Dog and cat food	$ 2,054,280	$ 2,045,593	$ 1,018,026	$ 1,018,563
Supplies and companion animals	1,938,904	1,967,996	1,106,364	957,176
Services and other	441,330	378,584	198,102	217,050
Net sales	$ 4,434,514	$ 4,392,173	$ 2,322,492	$ 2,192,789

For all contracts with customers, the Company evaluates whether it is the principal (i.e. to report revenue on a gross basis) or agent (i.e. to report revenue on a net basis). Generally, the Company is the principal in its contracts with customers as it controls the related goods or services before they are transferred to the customer.

Revenue from product sales and services is reported net of sales refunds, which includes an estimate of future returns based on historical refund rates, with a corresponding reduction to cost of sales. The Company records a refund liability for sales returns, which is included in accrued expenses and other liabilities, and a corresponding asset for anticipated cost recoveries, which is included in other current assets. There is inherent judgment in estimating future refunds as they are susceptible to factors outside of the Company's influence. The Company has significant experience in estimating the amount of refunds based primarily on historical data.

Revenue is recognized net of applicable sales tax in the consolidated statements of loss and comprehensive loss. Sales tax liability is included in accrued expenses and other liabilities in the consolidated balance sheets.

The Company's contract liabilities primarily relate to product merchandise not yet delivered to customers, unredeemed gift cards, services not yet completed, and options that provide a material right to customers, such as its customer loyalty program. The Company did not have any material contract assets or contract liabilities as of February 1, 2020, February 2, 2019 or August 1, 2020.

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Product Revenue

Product revenue is recognized when control passes, which generally occurs at a point in time when the customer completes a transaction in the store and receives the merchandise. The Company's payment terms are typically at the point of sale.

For transactions initiated online, customers choose whether to have it delivered to them (using third-party parcel delivery companies) or to collect their merchandise from one of the Company's stores ("buy online, pick up in store," or "BOPUS"). For items delivered directly to the customer, control passes and revenue is recognized when delivery has been completed to the customer, as title has passed and possession has transferred to the customer. For BOPUS sales, control passes and revenue is recognized once the customer has taken possession of the merchandise. Any fees charged to customers for delivery (such as shipping and handling) are a component of the transaction price and are recognized when delivery has been completed. The Company uses delivery information to determine when to recognize revenue for products and any related delivery fee revenue.

Service Revenue

The Company recognizes service revenue from pet grooming, veterinary care, and certain other in-store services once the service is completed, as this is when the customer has the ability to direct the use of and obtain the benefits of the service. Payment terms are typically at the point of sale, but may also occur upon completion of the service. The Company's service contracts are primarily with retail and veterinary customers.

The Company recognizes service revenue from dog training ratably over the life of the contract, as this pattern best depicts when customers use the services provided and, accordingly, when delivery of the performance obligation occurs.

Gift Cards

The Company sells its own gift cards to customers in its retail stores, online, and through select third parties. The Company recognizes revenue from gift cards when gift cards are redeemed by the customer. The Company also recognizes revenue for the portion of gift card values that is not expected to be redeemed ("breakage"). Breakage is estimated based upon historical redemption patterns and other factors, such as laws and regulations applicable to each jurisdiction. There is judgment in assessing redemption patterns and the ultimate value of gift cards that is not expected to be redeemed.

Sales Incentives and Customer Loyalty Program

The Company has a customer loyalty program that allows members to earn points for each qualifying purchase. Points earned enable members to receive a certificate that may be redeemed on future purchases within 45 days of the issuance date. The loyalty program points represent customer options that provide a material right and, accordingly, are performance obligations for each applicable contract. The relative standalone selling price of points earned by loyalty program members is deferred and included as part of accrued expenses and other liabilities in the consolidated balance sheets based on the amount of points that are projected to be redeemed, subject to breakage. Revenue is recognized for these performance obligations as actual redemptions occur and the Company updates its estimate of the amount of points that are projected to be redeemed. There is judgment in assessing redemption patterns and the ultimate value of points that is not expected to be redeemed.

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The Company issues coupons that are not earned in conjunction with a purchase of a product or service, typically as part of targeted marketing activities. Additionally, the Company issues coupons in conjunction with the purchase of products or services. However, these coupons typically do not materially exceed the range of discounts given to similar customers and do not confer a material right. In both of these cases, these are not performance obligations and are instead recognized as a reduction of the transaction price when redeemed by the customer.

Practical Expedients and Exemptions

The Company does not present certain qualitative and quantitative information relating to its remaining performance obligations, as substantially all of the Company's remaining performance obligations have an original expected duration of one year or less. The Company's remaining performance obligations are not material.

3. Sale-Leaseback Transaction

In January 2020, the Company sold and leased back its San Antonio, Texas corporate support center for $19.0 million with net cash proceeds of $18.5 million. The transaction qualified for sale-leaseback accounting, in which the Company recognized the sale, resulting in an initial gain of $3.1 million, which is reflected as a reduction of selling, general, and administrative expenses. The lease has been classified as an operating lease and contains a 10 year initial term plus renewal options.

4. Other Acquisitions

During fiscal 2019, the Company completed the acquisition of a small, regional veterinary business for total consideration of approximately $3.0 million. Net tangible and identifiable intangible assets acquired and liabilities assumed were not material. The acquisition resulted in the recognition of $3.0 million of goodwill, which is deductible for tax purposes.

Pro forma results of operations for the acquisition have not been presented because they are not material to the consolidated results of operations.

5. Composition of Balance Sheet Accounts

Prepaid Expenses

Prepaid expenses consisted of the following (in thousands):

	February 1, 2020	February 2, 2019	August 1, 2020
Prepaid occupancy-related costs	$ 4,500	$ 29,536	$ 5,674
Other prepaid expenses	20,354	19,226	25,378
	$ 24,854	$ 48,762	$31,052

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Fixed Assets, Net

Fixed assets, net, consisted of the following (in thousands):

	February 1, 2020	February 2, 2019	August 1, 2020
Equipment	$ 578,842	$ 509,557	$ 597,521
Leasehold improvements	490,506	429,586	505,623
Furniture and fixtures	267,458	244,547	272,792
Buildings and related improvements	23,134	38,490	22,983
Land	3,904	6,888	3,889
	1,363,844	1,229,068	1,402,808
Less accumulated depreciation	(707,588)	(545,521)	(787,946)
	$ 656,256	$ 683,547	$ 614,862

The Company's depreciation and amortization expense for fixed assets, net was $172.5 million, $184.6 million, $85.6 million and $85.1 million for fiscal 2019 and 2018 and the twenty-six weeks ended August 1, 2020 and August 3, 2019, respectively.

Other Intangible Assets, Net

Components of other intangible assets, net were as follows (dollar amounts in thousands):

	February 1, 2020				
	Estimated useful lives (years)	Weighted average remaining estimated life (years)	Gross amount	Accumulated amortization	Net amount
Customer lists	3-7	2.4	$ 3,944	$ (2,512)	$ 1,432
Proprietary technology	5-17	4.2	848	(727)	121
Total intangible assets subject to amortization	3-17	2.5	4,792	(3,239)	1,553
Indefinite-lived intangible trade name	—	—	1,025,000	—	1,025,000
Total intangible assets			$1,029,792	$ (3,239)	$1,026,553

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	February 2, 2019				
	Estimated useful lives (years)	Weighted average remaining estimated life (years)	Gross amount	Accumulated amortization	Net amount
Favorable lease rights	3-34	14.8	$ 160,340	$ (35,162)	$ 125,178
Customer lists	3-7	3.2	3,944	(1,722)	2,222
Proprietary technology	5-17	1.3	858	(546)	312
Contract costs	9	8.9	300	(6)	294
Total intangible assets subject to amortization	3-34	14.6	165,442	(37,436)	128,006
Indefinite-lived intangible trade name	—	—	1,044,000	—	1,044,000
Total intangible assets			$1,209,442	$ (37,436)	$1,172,006

	August 1, 2020				
	Estimated useful lives (years)	Weighted average remaining estimated life (years)	Gross amount	Accumulated amortization	Net amount
Customer lists	3-7	2.1	$ 3,944	$ (2,907)	$ 1,037
Proprietary technology	5-17	14.3	848	(818)	30
Total intangible assets subject to amortization	3-17	2.5	4,792	(3,725)	1,067
Indefinite-lived intangible trade name	—	—	1,025,000	—	1,025,000
Total intangible assets			$1,029,792	$ (3,725)	$1,026,067

Quantitative impairment tests were performed on the Company's trade name in the fourth quarter of fiscal 2019 and 2018. The fair value of the Company's indefinite-lived trade name was determined by a third party valuation firm using the relief from royalty valuation method. As a result of the quantitative impairment tests performed, trade name impairment charges of $19.0 million and $83.0 million were recorded in the fiscal 2019 and 2018 financial statements, respectively. There were no triggering events identified and no indications of impairment of the Company's indefinite lived trade name or other intangible assets during the twenty-six week periods ended August 1, 2020 and August 3, 2019.

The Company's amortization expense for other intangible assets was $1.0 million, $15.5 million, $0.5 million and $0.5 million for fiscal 2019 and 2018 and the twenty-six weeks ended August 1, 2020 and August 3, 2019, respectively, and is included in selling, general and administrative expenses in the accompanying consolidated statements of loss and comprehensive loss. As a result of the adoption of ASU 2016-02 in fiscal 2019, favorable lease rights were derecognized with a corresponding adjustment to operating lease right-of-use assets (Note 1).

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At August 1, 2020, the Company's scheduled intangible asset amortization expense was as follows (in thousands):

Fiscal years	Amortization expense
Remainder of 2020	$ 353
2021	344
2022	344
2023	4
2024	2
Thereafter	20
Total intangible asset amortization	$ 1,067

Accrued Salaries and Employee Benefits

Accrued salaries and employee benefits consisted of the following (in thousands):

	February 1, 2020	February 2, 2019	August 1, 2020
Accrued compensation	$ 45,209	$ 41,727	$46,541
Accrued paid time-off	27,033	29,777	28,788
Self-insurance reserves	21,443	22,763	22,975
	$ 93,685	$ 94,267	$98,304

Accrued Expenses and Other Liabilities

Accrued expenses and other liabilities consisted of the following (in thousands):

	February 1, 2020	February 2, 2019	August 1, 2020
Accrued real estate taxes	$ 29,659	$ 25,379	$ 27,847
Accrued capital expenditures	21,962	17,132	22,370
Sales taxes payable	16,753	15,992	20,268
Accrued income taxes	5,701	9,276	22,242
Accrued advertising	6,164	7,192	21,303
Other accrued expenses and liabilities	67,942	68,946	68,312
	$ 148,181	$ 143,917	$ 182,342

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Other Long-Term Liabilities

Other long-term liabilities consisted of the following (in thousands):

	February 1, 2020	February 2, 2019	August 1, 2020
Self-insurance reserves	$ 60,022	$ 73,758	$ 56,140
Deferred rent	—	50,894	—
Unfavorable lease rights	—	30,812	—
Other liabilities	41,629	85,914	56,782
	$ 101,651	$ 241,378	$ 112,922

As a result of the adoption of ASU 2016-02 in fiscal 2019, deferred rent, tenant improvement allowances, reserves for closed stores, and unfavorable lease rights were derecognized with a corresponding adjustment to operating lease right-of-use assets (Note 1).

6. Leases

Lease assets and liabilities are reflected in the Company's consolidated balance sheets as follows (in thousands):

Leases	Balance sheet location	February 1, 2020	August 1, 2020
Assets			
Operating leases	Operating lease right-of-use assets	$ 1,459,604	$ 1,428,563
Finance leases	Fixed assets, net(1)	11,976	10,235
Total lease assets		$ 1,471,580	$ 1,438,798
Liabilities			
Current			
Operating leases	Current portion of operating lease liabilities	$ 278,229	$ 275,065
Finance leases	Current portion of long-term debt and other lease liabilities	3,393	2,345
Non-current			
Operating leases	Operating lease liabilities, excluding current portion	1,156,742	1,149,642
Finance leases	Other long-term liabilities	13,041	12,002
Total lease liabilities		$ 1,451,405	$ 1,439,054

(1) Finance lease right-of-use assets are recorded net of accumulated amortization of $13.4 million and $15.9 million as of February 1, 2020 and August 1, 2020, respectively.

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The components of total lease cost are as follows (in thousands):

	Fiscal year ended February 1, 2020	Twenty-six weeks ended August 1, 2020	Twenty-six weeks ended August 3, 2019
Operating lease cost	$ 441,981	$ 216,729	$ 223,267
Finance lease cost:			
Amortization of right-of-use lease assets	3,919	1,824	2,828
Interest on lease liabilities	973	476	480
Variable lease cost	112,709	53,374	58,321
Sublease income	(5,450)	(2,261)	(3,040)
Total lease cost	$ 554,132	$ 270,142	$ 281,856

Rent expense prior to the adoption of ASU 2016-02 totaled $413.9 million for fiscal year 2018. The Company had approximately $24.1 million in fixed assets financed through capital leases at February 2, 2019. The Company's related accumulated amortization for these fixed assets was $10.6 million at February 2, 2019.

Other information for the Company's leases is as follows (in thousands):

	Fiscal year ended February 1, 2020	Twenty-six weeks ended August 1, 2020	Twenty-six weeks ended August 3, 2019
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 408,562	$ 196,700	$ 209,980
Operating cash flows from finance leases	$ 973	$ 509	$ 512
Financing cash flows from finance leases	$ 3,447	$ 2,089	$ 1,894
Lease assets obtained in exchange for lease liabilities:			
Operating leases	$ 133,219	$ 85,388	$ 60,260
Finance leases	$ 3,695	$ 4	$ 518

	February 1, 2020	August 1, 2020
Weighted average remaining lease term:		
Operating leases	6.3 years	6.2 years
Finance leases	6.8 years	6.8 years
Weighted average discount rate:		
Operating leases	10.6%	10.5%
Finance leases	6.2%	6.2%

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At February 2, 2019, prior to the adoption of ASU 2016-02, the Company's future minimum lease payments under non-cancellable operating and capital leases were as follows (in thousands):

Fiscal years	Operating leases	Capital leases
2019	$ 401,160	$ 4,041
2020	372,055	3,805
2021	328,344	2,342
2022	276,683	2,115
2023	224,818	1,715
Thereafter	567,961	6,560
Total minimum payments	$ 2,171,021	$ 20,578
Less amount representing interest		(4,080)
Present value of capital lease payments		16,498
Less current portion of capital leases		(3,104)
Capital lease obligations, excluding current portion		$ 13,394

At August 1, 2020, the Company's future minimum lease payments under non-cancellable operating and finance leases are as follows (in thousands):

Fiscal years	Operating leases	Finance leases
Remainder of 2020	$ 175,612	$ 1,727
2021	399,519	2,375
2022	336,532	2,646
2023	285,817	2,295
2024	230,565	2,025
Thereafter	532,531	6,653
Total minimum payments	$ 1,960,576	$ 17,721
Less imputed interest	(535,869)	(3,374)
Present value of lease payments	1,424,707	14,347
Less current portion	(275,065)	(2,345)
Lease liabilities, excluding current portion	$ 1,149,642	$ 12,002

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7. Goodwill

The changes in the carrying amount of the Company's goodwill were as follows (in thousands):

	February 1, 2020	February 2, 2019	August 1, 2020
Beginning balance:			
Goodwill	$ 2,984,253	$ 2,984,245	$ 2,987,273
Accumulated impairment	(807,963)	(517,791)	(807,963)
Goodwill, net	$ 2,176,290	$ 2,466,454	$ 2,179,310
Additions from acquisitions	$ 3,020	$ —	$ —
Purchase price adjustments	—	8	—
Impairment	—	(290,172)	—
Ending balance:			
Goodwill	$ 2,987,273	$ 2,984,253	$ 2,987,273
Accumulated impairment	(807,963)	(807,963)	(807,963)
Goodwill, net	$ 2,179,310	$ 2,176,290	$ 2,179,310

A quantitative impairment test was performed on the Company's goodwill in the fourth quarter of fiscal 2019. The result of the quantitative impairment test indicated that the fair value of the reporting unit was higher than its carrying value, and therefore no goodwill impairment charge was recorded for fiscal 2019. A quantitative impairment test was performed on the Company's goodwill in the fourth quarter of fiscal 2018, and a goodwill impairment charge of $290.2 million was recognized. There were no triggering events identified and no indications of impairment of the Company's goodwill during the twenty-six week periods ended August 1, 2020 and August 3, 2019.

8. Senior Secured Credit Facilities

The Company has a $2,525.0 million senior secured term loan facility maturing on January 26, 2023 ("Term Loan Facility"), which was most recently amended on January 27, 2017 ("Amended Term Loan Facility"), and a senior secured asset-based revolving credit facility (the "Amended Revolving Credit Facility"), providing for senior secured financing of up to $500.0 million expiring on the earlier of 91 days prior to the maturity of the Amended Term Loan Facility (currently October 27, 2022 or five years from the most recent amendment), subject to a borrowing base. The Amended Term Loan Facility and the Amended Revolving Credit Facility are collectively referred to as the "Senior Secured Credit Facilities."

As of February 1, 2020, the outstanding principal balance of the Amended Term Loan Facility was $2,424.0 million ($2,363.4 million, net of the unamortized discount and debt issuance costs). As of February 2, 2019, the outstanding principal balance of the Amended Term Loan Facility was $2,449.3 million ($2,370.0 million, net of the unamortized discount and debt issuance costs). The weighted average interest rate on the borrowings outstanding was 5.1% and 6.1% as of February 1, 2020 and February 2, 2019, respectively. As of August 1, 2020, the outstanding principal balance of the Amended Term Loan Facility was $2,411.4 million ($2,360.4 million, net of the unamortized discount and debt issuance costs). At August 1, 2020, the weighted average interest rate on the borrowings outstanding was 4.3%. Debt issuance costs are being amortized over the contractual term

to interest expense using the effective interest rate in effect at issuance. As of February 1, 2020, February 2, 2019 and August 1, 2020, the estimated fair value of the Amended Term Loan Facility was approximately $2,011.9 million, $1,910.4 million, and $2,194.1 million, respectively, based upon Level 2 fair value hierarchy inputs (Note 1).

As of February 1, 2020, $29.0 million was outstanding, with a weighted average interest rate of 5.3%, under the Amended Revolving Credit Facility. As of February 2, 2019, no amounts were outstanding under the Amended Revolving Credit Facility. As of August 1, 2020, $25.0 million was outstanding, with a weighted average interest rate of 1.7%, under the Amended Revolving Credit Facility. At August 1, 2020, $339.9 million was available under the Amended Revolving Credit Facility, which is net of $60.7 million of outstanding letters of credit issued in the normal course of business and a $74.4 million borrowing base reduction for a shortfall in qualifying assets, net of reserves. Unamortized debt issuance costs of $4.9 million, $6.6 million and $4.0 million relating to the Amended Revolving Credit Facility were outstanding and were being amortized using the straight-line method over the remaining term of the agreement as of February 1, 2020, February 2, 2019 and August 1, 2020, respectively.

The Company's obligations under the Senior Secured Credit Facilities are secured by substantially all of the personal property assets of the Company with differing priority rights to the various personal property assets ascribed to each facility. Both credit facility agreements, while not identical, contain certain affirmative and negative covenants related to indebtedness, liens, fundamental changes in the business, investments, restricted payments and agreements and a fixed charge coverage ratio, among other things. As of August 1, 2020, the Company is in compliance with its covenants on the agreements.

The credit agreements governing the Senior Secured Credit Facilities contain customary default provisions including, among others, the failure to make payments when due, defaults under other material indebtedness, non-compliance with covenants, change of control and bankruptcy, the occurrence of any of which would limit the Company's ability to draw on the Amended Revolving Credit Facility and could result in the applicable lenders under the Senior Secured Credit Facilities accelerating the maturity of such indebtedness and foreclosing upon the collateral pledged thereunder.

Amended Term Loan Facility

On June 17, 2016, the Company amended the Term Loan Facility, which consisted of two tranches ("Tranche B-1" and "Tranche B-2"). The covenants of the amended facility were substantially similar to those of the original facility, while the interest rate spread declined. Interest under the amended facility was at the Company's option the bank's alternative base rate ("ABR") or the London Interbank Offered Rate ("LIBOR"), adjusted for statutory reserve requirements ("Adjusted LIBOR"), with Tranche B-1 subject to a 1.00% floor, payable upon maturity of the LIBOR contract, in either case plus the applicable rate. The ABR was the greater of the bank prime rate, federal funds effective rate plus 0.5% or the LIBOR quoted rate plus 1.0% (or 2.0% for Tranche B-1). The applicable rate was 3.00% (previously 3.75%) per annum for Tranche B-1 and 3.25% (previously 4.00%) for Tranche B-2 for an ABR loan or 4.00% (previously 4.75%) per annum for Tranche B-1 and 4.25% (previously 5.00%) for Tranche B-2 for an Adjusted LIBOR loan. Additionally, when the Company's senior secured first lien net leverage ratio falls below 4.00, each of the applicable rate options will be reduced by 0.25%.

On January 27, 2017, the Company amended the Amended Term Loan Facility further and consolidated Tranche B-2 into Tranche B-1. The covenants of the amended facility are substantially

similar to those of the existing facility, while the interest rate spread declined. Interest under the Amended Term Loan Facility continues to be at the Company's option the bank's ABR or Adjusted LIBOR subject to a 1.00% floor, payable upon maturity of the LIBOR contract, in either case plus the applicable rate. The ABR is the greater of the bank prime rate, federal funds effective rate plus 0.5% or the LIBOR quoted rate plus 2.0%. The applicable rate is 2.25% (previously 3.00%) per annum for an ABR loan or 3.25% (previously 4.00%) per annum for an Adjusted LIBOR loan. Additionally, when the Company's senior secured first lien net leverage ratio falls below 4.00, each of the applicable rate options will be reduced by 0.25%. Principal payments under the Amended Term Loan Facility are $6.3 million quarterly.

Amended Revolving Credit Facility

On August 23, 2018, the Company amended its Revolving Credit Facility to increase the total availability to $555.0 million and to extend the maturity on $500.0 million of this availability from January 26, 2021 to the earlier of 91 days prior to the maturity of the Amended Term Loan Facility (currently October 27, 2022) or five years from closing. The remaining $55.0 million of availability was set to expire on the original maturity date of January 26, 2021. All other key terms of the Amended Revolving Credit Facility remained unchanged.

Fees relating to the August 23, 2018 amendment consisted of arranger fees and other third party expenses. Approximately $3.1 million of the Amended Revolving Credit Facility fees under the August 23, 2018 amendment were capitalized in the accompanying consolidated balance sheet as a contra-liability, and no loss on debt extinguishment was recognized. The remaining portion of debt issuance costs of the Amended Revolving Credit Facility previously capitalized were set to amortize over the expected remaining term to interest expense using the effective interest rate in effect on the date of issuance.

On December 14, 2018, the Company terminated the $55.0 million additional availability relating to the January 26, 2021 tranche of the Amended Revolving Credit Facility. All other key terms of the Amended Revolving Credit Facility remain unchanged.

The Amended Revolving Credit Facility has availability up to $500.0 million and a $150.0 million letter of credit sub-facility. The availability is limited to a borrowing base, which allows borrowings of up to 90% of eligible accounts receivable plus 90% of the net orderly liquidation value of eligible inventory plus up to $50 million of qualified cash of the Company to which the Company and guarantors have no access, less reserves as determined by the administrative agent. Letters of credit reduce the amount available to borrow under the Amended Revolving Credit Facility by their face value.

Interest on the Amended Revolving Credit Facility is based on either ABR or Adjusted LIBOR subject to a floor of zero percent, in either case, plus an applicable margin. The applicable margin is currently equal to 50 basis points in the case of ABR loans and 150 basis points in the case of Adjusted LIBOR loans.

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The applicable margin is adjusted quarterly based on the average historical excess availability as a percentage of the Line Cap, which represents the lesser of the aggregate Amended Revolving Credit Facility and the borrowing base, as follows:

Average Historical Excess Availability	Applicable Margin for Adjusted LIBOR Loans	Applicable Margin for ABR Loans
Less than 33.3% of the Line Cap	1.75%	0.75%
Less than 66.7% but greater than or equal to 33.3% of the Line Cap	1.50%	0.50%
Greater than or equal to 66.7% of the Line Cap	1.25%	0.25%

The Amended Revolving Credit Facility is subject to an unused commitment fee. If the actual daily utilized portion exceeds 50%, the unused commitment fee is 0.25%. Otherwise, the unused commitment fee is 0.375% and is not dependent upon excess availability.

9. Senior Notes

Floating Rate Senior Notes

On January 26, 2016, the Company issued unsecured senior notes maturing on January 26, 2024 in a private offering (the "Floating Rate Senior Notes"). Debt issuance costs of $26.2 million related to the Floating Rate Senior Notes are being amortized over the contractual term to interest expense using the effective interest rate in effect at issuance. The Floating Rate Senior Notes bear interest at a floating rate equal to three-month LIBOR, subject to a 1.00% floor, plus 8.0% per annum (the "Applicable Margin") payable quarterly in arrears.

At February 1, 2020, the outstanding principal balance of the Floating Rate Senior Notes was $750.0 million and the carrying amount was $734.4 million, net of the unamortized debt issuance costs. The weighted average interest rate on the borrowings outstanding was 9.9% as of February 1, 2020. At February 2, 2019, the outstanding principal balance of the Floating Rate Senior Notes was $750.0 million and the carrying amount was $731.4 million, net of the unamortized debt issuance costs. The weighted average interest rate on the borrowings outstanding was 10.9% as of February 2, 2019. At August 1, 2020, the outstanding principal balance of the Floating Rate Senior Notes was $750.0 million and the carrying amount was $736.1 million, net of the unamortized debt issuance costs. The weighted average interest rate on the borrowings outstanding was 9.1% as of August 1, 2020. At February 1, 2020, February 2, 2019 and August 1, 2020, the estimated fair value of the Floating Rate Senior Notes was approximately $701.7 million, $696.2 million and $750.0 million, respectively, based upon Level 2 fair value hierarchy inputs (Note 1) and the expected timing of repayment or settlement as of each reporting date.

The Company may redeem the Floating Rate Senior Notes at its option, in whole or in part, at par value. The indenture governing the Floating Rate Senior Notes specifies a number of events of default (many of which are subject to applicable cure periods), including, among others, the failure to make payments when due, defaults under other agreements or instruments of indebtedness and non-compliance with covenants. Upon the occurrence of an event of default, the holders of the Floating Rate Senior Notes may declare all amounts outstanding to be immediately due and payable. As of August 1, 2020, the Company is in compliance with its debt covenants.

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3.00% Senior Notes

On January 26, 2016, the Company issued senior unsecured notes maturing on January 25, 2019 in a private offering to its members. Interest on the notes was originally 0.75% per annum, payable semi-annually either in cash or by means of capitalizing such interest and adding it to the then outstanding principal amount of the notes.

On April 6, 2019, the Company amended the notes to extend their maturity to July 25, 2019. Interest under these notes (the "3.00% Senior Notes") is now 3.00% per annum, payable upon maturity. On July 25, 2019, February 3, 2020, and September 28, 2020, the Company further amended the notes to extend their maturity to January 25, 2020, January 25, 2021, and January 25, 2023, respectively. At February 1, 2020, February 2, 2019 and August 1, 2020, the outstanding principal balance of the 3.00% Senior Notes was $131.7 million, $127.8 million and $131.7 million, respectively. At February 1, 2020, February 2, 2019 and August 1, 2020, the estimated fair value of the 3.00% Senior Notes was approximately $121.4 million, $127.9 million and $126.6 million, respectively, based upon debt yields and the redemption option, which are considered Level 2 fair value hierarchy inputs (Note 1). The borrowings are classified as long-term obligations due to the Company's intent and ability to refinance these obligations on a long-term basis.

The Company may redeem the 3.00% Senior Notes at any time, in whole or in part, by paying the then outstanding principal balance plus accrued interest up to the redemption date. The indentures governing the notes specify a number of events of default (subject to applicable cure periods), including, among others, the failure to make payments when due, defaults under other instruments of indebtedness and non-compliance with covenants. Upon the occurrence of an event of default, the holders of the 3.00% Senior Notes may declare all amounts outstanding to be immediately due and payable. The Company is currently in compliance with its covenants under the note indentures.

10. Derivative Instruments

In March 2016, the Company entered into a series of five interest rate cap agreements with four counterparties totaling $1,950.0 million to limit the maximum interest rate on a portion of the Company's variable-rate debt and limit its exposure to interest rate variability when three-month LIBOR exceeds 2.25%.

Terms of the Company's interest rate caps and their fair values are as follows (in thousands):

	Notional amount	Effective date	Expiration date	Derivative (liability) asset fair value		
				February 1, 2020	February 2, 2019	August 1, 2020
	$ 975,000	January 31, 2017	January 31, 2021	$ (2,849)	$ 2,430	$ (1,437)
	243,750	January 31, 2017	January 31, 2021	(666)	702	(336)
	243,750	January 31, 2017	January 31, 2021	(686)	663	(346)
	243,750	January 31, 2017	January 31, 2021	(664)	701	(335)
	243,750	January 31, 2017	January 31, 2021	(646)	736	(326)
Total	$ 1,950,000			$ (5,511)	$ 5,232	$ (2,780)

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Interest rate caps are reflected in the Company's consolidated balance sheets as follows (in thousands):

(Liabilities) Assets	Balance sheet location	February 1, 2020	February 2, 2019	August 1, 2020
Current asset portion of interest rate caps	Other current assets	$ —	$ 2,865	$ —
Current liability portion of interest rate caps	Accrued expenses and other liabilities	(5,511)	—	(2,780)
Non-current asset portion of interest rate caps	Other long-term assets	—	2,367	—
Total interest rate caps		$ (5,511)	$ 5,232	$ (2,780)

Although the Company is exposed to credit loss in the event of nonperformance by its counterparties, credit risk is considered limited due to the credit ratings of the counterparties and the use of a master netting agreement, which permits the netting of derivative payables and receivables. The Company has not historically incurred, and does not expect to incur in the future any losses as a result of counterparty default. The notional amount of the Company's outstanding derivatives is not an indicator of the magnitude of potential exposure.

The interest rate cap agreements contain provisions that would be triggered in the event the Company defaults on its debt agreements (Note 8 and Note 9), which in turn could impact the assessment of hedge effectiveness or cause termination of the underlying cap agreements. As of August 1, 2020, no events of default have occurred. There is no collateral posting requirement outside the provisions in the debt agreements.

The interest rate caps are accounted for as cash flow hedges because the interest rate caps are expected to be highly effective in hedging variable rate interest payments. Changes in the fair value of the interest rate caps are reported as a component of AOCI. As of February 1, 2020, February 2, 2019 and August 1, 2020, AOCI included unrealized losses of $10.7 million ($7.9 million, net of tax), $1.2 million ($0.9 million, net of tax) and $5.7 million ($4.2 million, net of tax), respectively. Approximately $2.8 million and $1.6 million of pre-tax losses deferred in AOCI were reclassified to interest expense during fiscal 2019 and 2018, respectively. Approximately $5.1 million of pre-tax losses and $0.8 million of pre-tax gains deferred in AOCI were reclassified to interest expense during the twenty-six weeks ended August 1, 2020 and August 3, 2019, respectively. The Company currently estimates that $5.7 million of pre-tax losses related to trade date costs on its interest rate caps that are currently deferred in AOCI will be reclassified to interest expense in the consolidated statement of operations within the next twelve months. This estimate could vary based on actual amounts as a result of changes in market conditions.

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11. Fair Value Measurements

Assets and Liabilities Measured on a Recurring Basis

The following table presents information about assets and liabilities that are measured at fair value on a recurring basis and indicate the fair value hierarchy of the valuation techniques utilized to determine such fair value (in thousands):

	February 1, 2020		
	Level 1	Level 2	Level 3
Assets (liabilities):			
Money market mutual funds	$ 5,919	$ —	$ —
Investments of officer's life insurance	$ —	$ 12,142	$ —
Interest rate caps	$ —	$ (5,511)	$ —
Non-qualified deferred compensation plan	$ —	$(12,075)	$ —

	February 2, 2019		
	Level 1	Level 2	Level 3
Assets (liabilities):			
Money market mutual funds	$40,953	$ —	$ —
Investments of officer's life insurance	$ —	$ 11,676	$ —
Interest rate caps	$ —	$ 5,232	$ —
Non-qualified deferred compensation plan	$ —	$(11,523)	$ —

	August 1, 2020		
	Level 1	Level 2	Level 3
Assets (liabilities):			
Money market mutual funds	$24,580	$ —	$ —
Investments of officer's life insurance	$ —	$ 12,455	$ —
Interest rate caps	$ —	$ (2,780)	$ —
Non-qualified deferred compensation plan	$ —	$(12,826)	$ —

The fair value of money market mutual funds is based on quoted market prices, such as quoted net asset values published by the fund as supported in an active market. Money market mutual funds included in the Company's cash and cash equivalents were $0.0 million and $35.2 million as of February 1, 2020 and February 2, 2019, respectively. Money market mutual funds included in the Company's cash and cash equivalents were $14.2 million as of August 1, 2020. Also included in the Company's money market mutual funds balances were $5.9 million, $5.8 million and $10.5 million as of February 1, 2020, February 2, 2019 and August 1, 2020, respectively, which relate to the Company's restricted cash, and are included in other current assets in the consolidated balance sheets.

The fair values of the interest rate caps are determined using a discounted cash flow analysis on the expected cash flows of each interest rate cap (Note 10). This analysis reflects the contractual terms, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values are determined by netting the discounted future fixed cash receipts payments and the discounted expected variable cash receipts. The variable cash receipts are based on an expectation of future interest rates (forward curves) derived from observable market interest rate yield curves. The Company qualitatively assesses both its own nonperformance risk and the respective

counterparties' nonperformance risk in the fair value measurements. The valuations also consider credit risk adjustments, including nonperformance risk, that are necessary to reflect the probability of default by the counterparties' or the Company. As of February 1, 2020, February 2, 2019, and August 1, 2020, the credit risk adjustments were not material.

The Company maintains a deferred compensation plan for key executives and other members of management, which is fully funded by investments in officers' life insurance. The fair value of this obligation is based on participants' elected investments, which reflect the closing market prices of similar assets.

Assets Measured on a Non-Recurring Basis

The Company's non-financial assets, which primarily consist of goodwill, other intangible assets, fixed assets and equity and cost method investments, are reported at carrying value, or at fair value as of the date of the Acquisition, and are not required to be measured at fair value on a recurring basis. However, on a periodic basis (at least annually for goodwill and indefinite-lived intangibles or whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable), non-financial assets are assessed for impairment. If impaired, the carrying values of the assets are written down to fair value using Level 3 inputs.

The Company holds an investment in a pet specialty company, which was previously accounted for under the equity method. In October 2019, the Company concluded that it no longer holds significant influence over the operation and financial policies of this investee. Accordingly, the Company discontinued the equity method of accounting for this investee. Additionally, the carrying value of this investment was reduced from $0.9 million to $0.0 million, as the Company no longer considers the investment to be recoverable. The related loss is included in selling, general, and administrative expenses in the accompanying consolidated statements of loss and comprehensive loss.

In fiscal 2019, the Company determined that the fair value of its reporting unit was greater than its carrying amount, and therefore no goodwill impairment charge was recorded (Note 7). In fiscal 2019, the Company determined that the carrying amount of its trade name exceeded its fair value, resulting in a trade name impairment charge of $19.0 million. The Company recorded impairment charges of $0.7 million on other intangible assets and $3.2 million on its other cost method investments in fiscal 2019. The related losses are included in selling, general, and administrative expenses in the accompanying consolidated statements of loss and comprehensive loss. There were no other indications of impairment of the Company's other intangible assets or equity and cost method investments in fiscal 2019.

In fiscal 2018, the Company determined that the carrying amount of its reporting unit and trade name exceeded their fair values, resulting in impairment charges of $290.2 million and $83.0 million, respectively. There were no other indications of impairment of the Company's indefinite-lived trade name, other intangible assets or equity and cost method investments in fiscal 2018.

The Company recorded fixed asset and right-of-use asset impairment charges of $13.0 million, $5.8 million and $5.3 million in fiscal year 2019 and for the twenty-six weeks ended August 1, 2020 and August 3, 2019, respectively. Prior to the adoption of ASU 2016-02, the Company recorded fixed asset

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(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

impairment charges of $15.0 million in fiscal year 2018. Impairment charges related to distribution centers are recorded in cost of sales, whereas impairment charges related to store and corporate locations are recorded in selling, general and administrative expense in the accompanying consolidated statements of loss and comprehensive loss.

12. Employee Benefit Plans

The Company has employee savings plans that permits eligible participants to make contributions by salary reduction pursuant to either section 401(k) of the Internal Revenue Code or under the Company's non-qualified deferred compensation plan.

Prior to January 1, 2019, the Company generally matched 50% of the first 6% of compensation that was contributed by each participating employee to the 401(k) plan. Prior to January 1, 2019, eligible participants that held positions as director and above were limited to a matching contribution of 50% of the first 3% of compensation contributed to the plan. Under the 401(k) plan, the Company match was subject to a 5-year vesting schedule. Employees were required to complete twelve months of service with the Company to participate in the plan.

On January 1, 2019, the Company amended its 401(k) plan. The Company now generally matches 100% of the first 1% plus 50% of the next 5% of compensation contributed by each participating employee. For eligible participants that hold positions as director and above, the Company matches, at its discretion, 100% of the first 1% plus 50% of the next 2% of compensation that is contributed by each participating employee to the plan. The Company match is subject to a 3-year vesting schedule. Employees are now required to complete six months of service with the Company to participate in the amended plan.

Under the Company's non-qualified deferred compensation plan, the Company matches 50% of the first 6% of compensation contributed by each participating employee to the plan from the date of eligibility until the point of time that the participating employee is eligible to participate in the Company's 401(k) plan. Once a participating employee is eligible to participate in the 401(k) plan, the Company match is 50% of the first 3% of compensation contributed by the employee to the plan.

In connection with the required matches, Company contributions to the plans were $6.9 million and $4.9 million for fiscal years 2019 and 2018, respectively. Company contributions to the plans were $2.6 million and $3.4 million for the twenty-six weeks ended August 1, 2020 and August 3, 2019, respectively.

13. Equity-Based Compensation Expense

Subsequent to the Acquisition, Scooby LP established an incentive plan ("the 2016 Incentive Plan") pursuant to which eligible employees, consultants and non-employee directors of the Company are eligible to receive partnership unit awards ("Series C Units"). Series C Unit awards are restricted profit interests in Scooby LP subject to a distribution threshold and were originally based upon attainment of certain criteria or events as follows:

(1) 50% time-based units that vest in equal installments on each anniversary of the grant date. Upon a change in control, all time-based units become fully vested.

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(2) 30% EBITDA-based units that would have vested each year based on specified annual and cumulative EBITDA targets. Upon a change in control, the number of unvested EBITDA-based units that would have vested was dependent upon whether the proceeds resulting from the change in control were greater than the EBITDA-based unit acceleration amount with respect to the investment.

(3) 20% internal rate of return ("IRR")-based units that would have vested upon a change in control if the change in control resulted in an IRR to the Sponsors greater than or equal to 23% and a multiple of invested capital greater than or equal to 2.0.

In July 2018, the Company effected a modification for current employees as follows:

(1) The distribution threshold for time-based units was reduced.

(2) EBITDA-based and IRR-based units were converted to time-based units with a reduced distribution threshold that will vest in five equal installments beginning on the anniversary of the original grant date beginning in calendar year 2019.

Based on the modified distribution thresholds, the incremental compensation cost related to the modification was $11.0 million, which is being recognized over the remaining term of the grants. Series C Unit awards following the modification are generally issued in the form of time-based units that vest in equal annual installments. Upon a change in control, these units become fully vested.

In October 2018, the Company accelerated the vesting of a portion of Series C Units held by an executive in connection with their separation of employment and in December 2018, the Company accelerated the vesting of Series C Units held by a former board member in connection with their separation from the board. These modifications resulted in $2.1 million of incremental compensation expense recognized during fiscal 2018.

For the Series C Units granted during fiscal 2019 and 2018, the weighted average fair value per unit was estimated to be $0.25 and $0.35, respectively. For the Series C Units granted during the twenty-six weeks ended August 1, 2020 and August 3, 2019, the weighted average fair value per unit was estimated to be $0.23 and $0.25, respectively.

The weighted average fair value per Series C Unit was calculated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

	Fiscal years ended		Twenty-six weeks ended	
	February 1, 2020 (52 weeks)	February 2, 2019 (52 weeks)	August 1, 2020	August 3, 2019
Dividend yield	0.0%	0.0%	0.0%	0.0%
Expected volatility(1)	60.0%	45.0% - 65.0%	60.0%	60.0%
Weighted average volatility (1)	60.0%	58.5%	60.0%	60.0%
Risk-free interest rate(2)	1.4% - 2.3%	2.5% - 3.0%	0.9% - 1.3%	1.8% - 2.3%
Expected term(3)	5.0 years	4.0 to 5.5 years	4.0 years	5.0 years

(1) The expected volatility is estimated based on the historical volatility of a select peer group of similar publicly traded companies for a term that is consistent with the expected term of the Series C Units.
(2) The risk-free interest rates are based on the U.S. Treasury constant maturity interest rate whose term is consistent with the expected term of the Series C Units.

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(3) The expected term of the Series C Units is based on estimated liquidity event timing.

Prior to the modification, the Company's IRR-based Series C Units were not valued because they were not deemed probable of vesting.

Series C Unit activity under the 2016 Incentive Plan was as follows (in thousands):

	Units
Series C Units outstanding, February 2, 2019	143,081
Granted	59,120
Forfeited	(18,812)
Series C Units outstanding, February 1, 2020	183,389
Granted	1,376
Forfeited	(9,009)
Series C Units outstanding, August 1, 2020	175,756
Series C Units vested, August 1, 2020	74,833
Series C Units available for future grant, August 1, 2020	47,221

Charges with respect to awards issued pursuant to the 2016 Incentive Plan are reflected in the Company's consolidated financial statements. The Company recorded $9.5 million and $8.5 million of compensation expense in fiscal 2019 and 2018, respectively. The Company recorded $4.6 million and $4.3 million of compensation expense for the twenty-six weeks ending August 1, 2020 and August 3, 2019, respectively. Compensation expense related to the Company's Series C Units is generally not tax deductible.

In July 2019, 1.4 million Series B Units of Scooby LP were granted to an executive, resulting in $0.7 million of compensation expense and a corresponding income tax benefit of $0.2 million recognized during fiscal 2019. Vested Series B Units and Series C Units of Scooby LP contain provisions whereby the holder may require Scooby LP to repurchase these units upon a termination event due to death or disability. The Company is not required to repurchase its own membership units upon the occurrence of such an event.

As of August 1, 2020, unrecognized compensation expense related to the unvested portion of the Company's Series C Units was $11.7 million, which is expected to be recognized over a weighted average period of 2.9 years.

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14. Income Taxes

Income tax benefit consisted of the following (in thousands):

	Fiscal years ended		Twenty-six weeks ended	
	February 1, 2020 (52 weeks)	February 2, 2019 (52 weeks)	August 1, 2020	August 3, 2019
Current:				
Federal	$ 4,273	$ 2,504	$ 10,732	$ (1,079)
State	5,156	3,404	5,424	1,632
	$ 9,429	$ 5,908	$ 16,156	$ 553
Deferred:				
Federal	$ (34,814)	$ (43,657)	$ (17,415)	$ (16,065)
State	(10,273)	(8,091)	(4,338)	(4,304)
	$ (45,087)	$ (51,748)	$ (21,753)	$ (20,369)
Income tax benefit	$ (35,658)	$ (45,840)	$ (5,597)	$ (19,816)

Income tax expense for fiscal 2018 was impacted by the adjustment of deferred tax assets and liabilities related to the reduction in the U.S. federal statutory income tax rate from 35% to 21% under the U.S. Tax Cuts and Jobs Act ("Tax Act"), which was enacted on December 22, 2017. The Company re-measured certain deferred tax assets and liabilities based on the federal rate at which they are expected to reverse in the future, which is generally 21%.

A reconciliation of income tax benefit at the federal statutory rate with the provision for income taxes is as follows (in thousands):

	Fiscal years ended			
	February 1, 2020 (52 weeks)		February 2, 2019 (52 weeks)	
Income tax benefit at federal statutory rate	$ (27,524)	21.0%	$ (96,473)	21.0%
Non-deductible expenses	1,986	(1.5)	60,691	(13.3)
State taxes, net of federal tax benefit	(4,073)	3.1	(3,714)	0.8
U.S. tax reform	—	—	(2,252)	0.5
Tax credits	(4,150)	3.2	(3,616)	0.8
Other, net	(1,897)	1.5	(476)	0.1
	$ (35,658)	27.3%	$ (45,840)	9.9%

	Twenty-six weeks ended			
	August 1, 2020		August 3, 2019	
Income tax benefit at federal statutory rate	$ (6,121)	21.0%	$ (16,806)	21.0%
Non-deductible expenses	1,165	(4.0)	792	(1.0)
State taxes, net of federal tax benefit	859	(2.9)	(2,858)	3.5
Tax credits	(1,500)	5.1	(968)	1.2
Other, net	—	—	24	0.1
	$ (5,597)	19.2%	$ (19,816)	24.8%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

The increase in the effective tax rate in fiscal 2019 is primarily due to the non-deductible goodwill impairment charge impacting the rate in fiscal 2018 (Note 7). The decrease in the federal statutory rate in fiscal 2018 is due to changes in the federal tax rate, as applied to fiscal year taxpayers, as a result of the Tax Act. In accordance with the Tax Act, as a fiscal year taxpayer, a blended tax rate should be determined based on the applicable rates before and after the change and the number of days in the period within the taxable year before and after the effective date of the change in tax rate.

The decrease in the effective tax rate in the twenty-six weeks ended August 1, 2020 when compared to the twenty-six weeks ended August 3, 2019 is primarily due to a valuation allowance being applied to certain deferred tax assets in the twenty-six weeks ended August 1, 2020 relating to certain state interest expense limitation carryforwards under IRC §163(j), as discussed below.

Significant components of the Company's deferred tax assets and liabilities were as follows (in thousands):

	February 1, 2020	February 2, 2019	August 1, 2020
Deferred tax assets:			
Inventory	$ 17,449	$ 16,124	$ 18,980
Deferred rent	—	8,868	—
Accrued employee benefits	31,203	34,301	34,559
Net operating losses, state tax credit carryforwards	6,539	2,659	6,808
Interest expense limitation carry-forward under IRC §163(j)	54,330	26,015	50,869
Store closure reserves	—	5,276	—
Lease-related items	332,546	—	369,111
Other	6,339	4,177	6,653
Total deferred tax assets	448,406	97,420	486,980
Valuation allowance	(5,068)	(428)	(6,751)
Net deferred tax assets	443,338	96,992	480,229
Deferred tax liabilities:			
Fixed assets	(73,159)	(73,467)	(59,187)
Intangible assets	(261,773)	(265,468)	(263,184)
Debt restructuring	(15,551)	(20,023)	(13,268)
Lease-related items	(341,278)	(24,646)	(370,969)
Investments in joint ventures	(14,942)	(15,567)	(15,335)
Other	(1,911)	(2,024)	(1,405)
Total deferred tax liabilities	(708,614)	(401,195)	(723,348)
	$ (265,276)	$ (304,203)	$ (243,119)

Effective fiscal 2018, the Tax Act includes changes to the amount of tax deductible business interest expense available in a taxable year. Generally, the amount of deductible business interest that can be deducted in a current taxable year cannot exceed the sum of 30% of the taxpayer's adjusted taxable income for the year, plus the taxpayer's business interest income for the year. The amount of business interest expense disallowed as a deduction in the current year may be carried forward

indefinitely. As of August 1, 2020, the Company has recorded a deferred tax asset of $50.9 million reflecting the benefit of $219.0 million in interest limitation carryforwards.

In assessing the realizability of deferred tax assets, the Company considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. With the exception to certain state net operating losses discussed below, management believes that it is more likely than not that the Company will realize the benefits of these deductible differences. This is based upon future reversals of existing taxable temporary differences and projections for future taxable income over the periods in which the deferred tax assets are deductible. The Company considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

As of August 1, 2020, the Company has recorded a deferred tax asset of $2.5 million reflecting the benefit of $45.6 million in state income tax net operating loss carryforwards, which will begin to expire in fiscal 2020. The Company has recorded a deferred tax asset of $0.9 million reflecting the benefit of $3.8 million of federal income tax net operating loss carryforwards, which will begin to expire in fiscal 2033. The Company believes that it is more likely than not that the state net operating loss carryforward will not be realized. In recognition of this risk, the Company recorded a valuation allowance of $2.5 million on the deferred tax asset related to these state net operating loss carryforwards as of August 1, 2020. The Company recorded a deferred tax asset of $3.4 million for certain state tax credits as of August 1, 2020. The Company believes it is more likely than not that these credits will not be realized and has recorded a $2.8 million valuation allowance related to these credits. If or when recognized, the tax benefits related to any reversal of the valuation allowance on deferred tax assets will be accounted for as a reduction of income tax expense.

Unrecognized tax benefits were not material as of February 1, 2020, February 2, 2019, and August 1, 2020. Changes in unrecognized tax benefits were not material during fiscal 2019 and 2018, and the twenty-six week periods ended August 1, 2020 and August 3, 2019. The Company does not anticipate that unrecognized tax benefits will significantly increase or decrease over the next 12 months. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense.

The Company is no longer subject to examination for U.S. federal income tax for periods prior to fiscal 2015. The Company is no longer subject to examination by state tax authorities for tax periods prior to fiscal 2012. The Company is currently under audit by various state jurisdictions for various years. Though the estimated completion dates of these audits are not known, it is possible that these audits will be completed within the next 12 months. In addition, the Company does not foresee other material changes to the federal or state uncertain tax positions affecting income tax expense within the next 12 months. The Company has no material foreign operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

15. Accumulated Other Comprehensive Income (Loss)

Changes in the balances of each component included in AOCI are presented below (net of tax, in thousands):

	Derivatives	Equity securities	Foreign currency translation adjustment	Total
Balance at February 3, 2018	$ 2,572	$ 158	$ (1,020)	$ 1,710
Other comprehensive loss before reclassifications	(3,434)	—	(79)	(3,513)
Amounts reclassified from AOCI	1,215	—	—	1,215
Other comprehensive loss	(2,219)	—	(79)	(2,298)
Cumulative effect adjustments	(1,226)	(158)	(223)	(1,607)
Balance at February 2, 2019	$ (873)	$ —	$ (1,322)	$(2,195)
Other comprehensive (loss) income before reclassifications	(9,088)	—	952	(8,136)
Amounts reclassified from AOCI	2,058	—	—	2,058
Other comprehensive (loss) income	(7,030)	—	952	(6,078)
Balance at February 1, 2020	$ (7,903)	$ —	$ (370)	$(8,273)

	Derivatives	Equity securities	Foreign currency translation adjustment	Total
Balance at February 1, 2020	$ (7,903)	$ —	$ (370)	$(8,273)
Other comprehensive loss before reclassifications	(61)	—	(4,689)	(4,750)
Amounts reclassified from AOCI	3,749	—	—	3,749
Other comprehensive income (loss)	3,688	—	(4,689)	(1,001)
Balance at August 1, 2020	$ (4,215)	$ —	$ (5,059)	$(9,274)

	Derivatives	Equity securities	Foreign currency translation adjustment	Total
Balance at February 2, 2019	$ (873)	$ —	$ (1,322)	$ (2,195)
Other comprehensive (loss) income before reclassifications (unaudited)	(8,539)	—	465	(8,074)
Amounts reclassified from AOCI (unaudited)	(587)	—	—	(587)
Other comprehensive (loss) income (unaudited)	(9,126)	—	465	(8,661)
Balance at August 3, 2019 (unaudited)	$ (9,999)	$ —	$ (857)	$(10,856)

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PET ACQUISITION LLC

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, Cont'd
(Information for the twenty-six weeks ended August 3, 2019 is unaudited)

16. Commitments and Contingencies

Baseball Stadium Naming Rights Commitment

In March 2003, the Company entered into an agreement with San Diego Ballpark Funding LLC and Padres L.P. to name the San Diego Padres' new stadium Petco Park. The naming rights include signage, advertising and other promotional benefits. The agreement term is 22 years. Pursuant to the agreement, the Company pays an annual contract fee. Fees for fiscal 2019 and 2018 were $4.0 million and $3.8 million, respectively. Fees for both of the twenty-six weeks ended August 1, 2020 and August 3, 2019 were $2.0 million. These fees are included in selling, general and administrative expenses in the consolidated statements of loss and comprehensive loss, and will be adjusted by the maximum annual change related to the San Diego consumer price index per year through 2026.

COVID-19

The COVID-19 pandemic has been a highly disruptive economic and societal event that has affected the business and has had a significant impact on consumer shopping behavior. To serve pet parents while also providing for the safety of employees, the Company has adapted certain aspects of the business. Throughout the crisis, the Company continues to monitor the rapidly evolving situation and will continue to adapt its operations to address federal, state and local standards, meet the needs of pets and pet parents, and implement standards that the Company believes to be in the best interest of the safety and well-being of its employees. The duration and severity of the pandemic remains uncertain.

Litigation

The Company is involved in the legal proceedings and is subject to other claims and litigation arising in the ordinary course of its business. The Company has made accruals with respect to certain of these matters, where appropriate, which are reflected in the Company's consolidated financial statements but are not, individually or in the aggregate, considered material. For other matters, the Company has not made accruals because management has not yet determined that a loss is probable or because the amount of loss cannot be reasonably estimated. While the ultimate outcome of the matters cannot be determined, the Company currently does not expect that these matters will have a material adverse effect on its consolidated financial statements. The outcome of any litigation is inherently uncertain, however, and if decided adversely to the Company, or if the Company determines that settlement of particular litigation is appropriate, the Company may be subject to liability that could have a material adverse effect on its consolidated financial statements.

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PET ACQUISITION LLC

SCHEDULE I – CONDENSED FINANCIAL INFORMATION OF PET ACQUISITION LLC (PARENT COMPANY)

All operating activities of the Company are conducted by the subsidiaries. PET Acquisition LLC is a holding company and does not have any material assets or conduct business operations other than investments in subsidiaries. The Senior Secured Credit Facilities and Floating Rate Senior Notes of Petco Animal Supplies, Inc., a wholly owned subsidiary of PET Acquisition LLC, contain provisions whereby Petco Animal Supplies, Inc. has restrictions on the ability to pay dividends, loan funds and make other upstream distributions to PET Acquisition LLC.

These condensed parent company financial statements have been prepared using the same accounting principles and policies described in the notes to the consolidated financial statements. Refer to the consolidated financial statements and notes presented above for additional information and disclosures with respect to these condensed financial statements.

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PET ACQUISITION LLC

SCHEDULE I – CONDENSED FINANCIAL INFORMATION OF PET ACQUISITION LLC (PARENT COMPANY)

BALANCE SHEETS
(In thousands)

	February 1, 2020	February 2, 2019	August 1, 2020
ASSETS			
Cash and cash equivalents	$ 100,002	$ 100,002	$ 100,002
Other current assets	1,487	538	1,973
Other long-term assets	139	135	141
Investment in subsidiary	599,549	665,161	580,824
Total assets	$ 701,177	$ 765,836	$ 682,940
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities	$ 17	$ —	$ 20
Senior notes	131,703	127,839	131,703
Other liabilities	66	88	2,041
Total liabilities	131,786	127,927	133,764
Members' equity:			
Members' interest	1,358,130	1,347,622	1,362,643
Accumulated deficit	(780,466)	(707,518)	(804,193)
Accumulated other comprehensive loss	(8,273)	(2,195)	(9,274)
Total members' equity	569,391	637,909	549,176
Total liabilities and members' equity	$ 701,177	$ 765,836	$ 682,940

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

PET ACQUISITION LLC

SCHEDULE I – CONDENSED FINANCIAL INFORMATION OF PET ACQUISITION LLC (PARENT COMPANY)

STATEMENTS OF LOSS
(In thousands)

	Fiscal years ended		Twenty-six weeks ended	
	February 1, 2020 (52 weeks)	February 2, 2019 (52 weeks)	August 1, 2020	August 3, 2019 (unaudited)
Equity in loss of subsidiary	$ (92,967)	$(412,989)	$(22,237)	$ (59,031)
Selling, general, and administrative expenses	(4)	(4)	(2)	(2)
Interest expense, net	(3,851)	(1,008)	(1,974)	(1,928)
Loss before income taxes	(96,822)	(414,001)	(24,213)	(60,961)
Income tax benefit	(949)	(213)	(486)	(478)
Net loss	$ (95,873)	$(413,788)	$(23,727)	$ (60,483)

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PET ACQUISITION LLC

SCHEDULE I – CONDENSED FINANCIAL INFORMATION OF PET ACQUISITION LLC (PARENT COMPANY)

STATEMENTS OF CASH FLOWS
(In thousands)

	Fiscal years ended		Twenty-six weeks ended	
	February 1, 2020 (52 weeks)	February 2, 2019 (52 weeks)	August 1, 2020	August 3, 2019 (unaudited)
Cash flows from operating activities:				
Net loss	$ (95,873)	$(413,788)	$ (23,727)	$ (60,483)
Adjustments to reconcile net income to net cash provided in operating activities:				
Equity in loss of subsidiary	92,967	412,989	22,237	59,031
Changes in assets and liabilities	2,906	799	1,490	1,452
Net cash provided by operating activities	—	—	—	—
Net change in cash and cash equivalents	—	—	—	—
Cash and cash equivalents at beginning of year	100,002	100,002	100,002	100,002
Cash and cash equivalents at end of year	$ 100,002	$ 100,002	$ 100,002	$ 100,002

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Shares

Class A Common Stock

PROSPECTUS

Goldman Sachs & Co. LLC

BofA Securities

Citigroup

Evercore ISI

Credit Suisse

UBS Investment Bank

Wells Fargo Securities

Baird

Guggenheim Securities

Through and including , 2020 (the 25th day after the date of this prospectus), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

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PART II
INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

Item 13. Other Expenses of Issuance and Distribution

Set forth below are the expenses (other than underwriting discounts) expected to be incurred in connection with the issuance and distribution of the securities registered hereby. With the exception of the SEC registration fee and the FINRA filing fee, the amounts set forth below are estimates.

SEC registration fee	$ *
FINRA filing fee	*
Nasdaq listing fee	*
Printing and engraving expenses	*
Fees and expenses of legal counsel	*
Accounting and consulting fees and expenses	*
Transfer agent and registrar fees	*
Total	$

* To be filed by amendment.

Item 14. Indemnification of Directors and Officers

We are currently organized as a Delaware limited liability company. Prior to the effectiveness of this registration statement, we will convert into a Delaware corporation pursuant to a statutory conversion and change its name to Petco Health and Wellness Company, Inc. Our certificate of incorporation will provide that a director will not be liable to the corporation or its stockholders for monetary damages to the fullest extent permitted by the DGCL. In addition, if the DGCL is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the corporation, in addition to the limitation on personal liability provided for in our certificate of incorporation, will be limited to the fullest extent permitted by the amended DGCL. Our bylaws will provide that the corporation will indemnify, and advance expenses to, any officer or director to the fullest extent authorized by the DGCL.

Section 145 of the DGCL provides that a corporation may indemnify directors and officers and other employees and individuals against expenses, including attorneys' fees, judgments, fines, and amounts paid in settlement in connection with specified actions, suits, and proceedings whether civil, criminal, administrative, or investigative, other than a derivative action by or in the right of the corporation, if they acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. A similar standard is applicable in the case of derivative actions, except that indemnification extends only to expenses, including attorneys' fees, incurred in connection with the defense or settlement of such action and the statute requires court approval before there can be any indemnification where the person seeking indemnification has been found liable to the corporation. The statute provides that it is not exclusive of other indemnification that may be granted by a corporation's certificate of incorporation, bylaws, disinterested director vote, stockholder vote, agreement, or otherwise.

Our bylaws will also contain indemnification rights for our directors and our officers. Specifically, our bylaws will provide that we shall indemnify our officers and directors to the fullest extent authorized by the DGCL.

Further, we expect to obtain and maintain directors' and officers' insurance to cover our directors, officers, and some of our employees for certain liabilities.

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Pursuant to 17 C.F.R. Section 200.83

We expect to enter into written indemnification agreements with our directors and executive officers. The indemnification agreements will provide our directors and executive officers with contractual rights to indemnification, and expense advancement and reimbursement, to the fullest extent permitted under the DGCL, subject to certain exceptions contained in those agreements.

The underwriting agreement provides for indemnification by the underwriters of us and our officers and directors, and by us of the underwriters, for certain liabilities arising under the Securities Act or otherwise in connection with this offering. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers, or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Item 15. Recent Sales of Unregistered Securities

3.00% Senior Notes

In January 2016, we issued 0.75% Senior Unsecured Notes in an initial aggregate principal amount of $125,000,000 to Scooby LP and other noteholders. On April 16, 2019, the notes were extended, amended, and restated with an interest rate of 3.00% (with effectiveness from January 26, 2019). The notes were issued pursuant to the exemption from registration afforded by Section 4(a)(2) of the Securities Act and were subsequently extended, amended, and restated on July 25, 2019, February 3, 2020, and September 28, 2020.

Item 16. Exhibits and Financial Statement Schedules

(a) The following documents are filed as exhibits to this Registration Statement:

Exhibit Number	Description of Document
1.1*	Form of Underwriting Agreement
3.1	Form of Second Amended and Restated Certificate of Incorporation
3.2	Form of Second Amended and Restated Bylaws
4.1	Form of Registration Rights Agreement
4.2	Form of Stockholder's Agreement
5.1*	Opinion of Gibson, Dunn & Crutcher LLP as to the legality of the securities being registered
10.3†	Form of Petco Health and Wellness Company, Inc. 2020 Equity Incentive Plan
10.4†	Form of Indemnification Agreement
10.5†	Employment Agreement between Petco Animal Supplies, Inc. and Ronald Coughlin, Jr. dated June 4, 2018
10.6#†	Employment Agreement between Petco Animal Supplies Stores, Inc. and Michael Nuzzo dated April 8, 2015
10.7#†	Amendment to Employment Agreement between Petco Animal Supplies Stores, Inc., Scooby LP, and Michael Nuzzo dated January 26, 2016
10.8†	Employment Agreement between Petco Animal Supplies, Inc. and Darren MacDonald dated May 25, 2019
10.9#†	Employment Letter between Petco Animal Supplies Stores, Inc. and Justin Tichy dated September 17, 2018

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Exhibit Number	Description of Document
10.10#†	Employment Letter between Petco Animal Supplies Stores, Inc. and Michelle Bonfilio dated October 3, 2018
10.11#†	Employment Letter between Petco Animal Supplies Stores, Inc. and Laura Wilkin dated May 2, 2018
10.12†	Release of Claims Agreement between Petco Animal Supplies Stores, Inc., Scooby LP, PET Acquisition LLC, and Laura Wilkin dated August 13, 2019
10.13#†	Form of Common Series C Unit Award Agreement
10.14†	Retention Bonus Agreement between Petco Animal Supplies Stores, Inc. and Michelle Bonfilio dated April 1, 2020
10.15*†	Amended and Restated Special Retention Bonus Agreement between Petco Animal Supplies, Inc. and Michael Nuzzo dated October 8, 2020
10.16#	Term Loan Credit Agreement, dated as of January 26, 2016, among Pet Acquisition Merger Sub LLC, as initial borrower, Petco Animal Supplies, Inc., as successor borrower, the Lenders party thereto and Citibank, N.A., as Administrative Agent and Collateral Agent
10.17#	Revolving Credit Agreement, dated as of January 26, 2016, among Pet Acquisition Merger Sub LLC, as initial borrower, Petco Animal Supplies, Inc., as successor borrower, the Lenders party thereto and Citibank, N.A., as Administrative Agent and Collateral Agent
10.18#	Term Loan Guarantee and Collateral Agreement, dated as of January 26, 2016, among Pet Acquisition Merger Sub LLC, as initial borrower, Petco Animal Supplies, Inc., as successor borrower, each other Grantor party thereto and Citibank, N.A., as Administrative Agent and Collateral Agent
10.19#	ABL Guarantee and Collateral Agreement, dated as of January 26, 2016, among Pet Acquisition Merger Sub LLC, as initial borrower, Petco Animal Supplies, Inc., as successor borrower, each other Grantor party thereto and Citibank, N.A., as Administrative Agent and Collateral Agent
10.20#	Intercreditor Agreement, dated as of January 26, 2016, among Citibank, N.A., as ABL Agent and Initial Term Loan Agent, Pet Acquisition Merger Sub LLC, as the initial borrower under the Initial Term Loan Credit Agreement and the ABL Credit Agreement, Petco Animal Supplies, Inc., as the borrower under the Initial term Loan Credit Agreement and the ABL Credit Agreement and each subsidiary of Petco Holdings, Inc. that is a party thereto
10.21#	First Amendment Agreement, dated as of June 17, 2016, to the Term Loan Credit Agreement, dated as of January 26, 2016, among, inter alios, Petco Holdings, Inc. LLC (f/k/a Petco Holdings, Inc.), Petco Animal Supplies, Inc., the Lenders from time to time party thereto and Citibank, N.A., as Administrative Agent and Collateral Agent
10.22#	Second Amendment Agreement, dated as of January 27, 2017, to the Term Loan Credit Agreement, dated as of January 26, 2016 (as amended by the First Amendment Agreement dated as of June 17, 2016), among, inter alios, Petco Holdings, Inc. LLC (f/k/a Petco Holdings, Inc.), Petco Animal Supplies, Inc., the Lenders from time to time party thereto and Citibank, N.A., as Administrative Agent and Collateral Agent
10.23#	First Amendment Agreement, dated as of August 23, 2018, to the Revolving Credit Agreement, dated as of January 26, 2016, among, inter alios, Petco Holdings, Inc. LLC (f/k/a Petco Holdings, Inc.), Petco Animal Supplies, Inc., the Guarantor signatories thereto, the Lenders from time to time party thereto and Citibank, N.A., as Administrative Agent and Collateral Agent

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Exhibit Number	Description of Document
10.24†	Form of Petco Health and Wellness Company, Inc. 2020 Employee Stock Purchase Plan
16.1	Letter from KPMG LLP to SEC, dated November 20, 2020
21.1*	List of Subsidiaries
23.1*	Consent of Gibson, Dunn & Crutcher LLP (included in 5.1 above)
23.2*	Consent of Ernst & Young LLP, Independent Registered Accounting Firm
24.1*	Power of Attorney (included on the signature page of this Registration Statement)

Previously Filed
* To be filed by amendment.
† Management contract or compensatory plan or arrangement.

(b) Financial Statement Schedules:

Schedule I

Parent Company Condensed Financial Information required to be filed under this item are set forth on pages F-45 through F-48.

Item 17. Undertakings

The undersigned registrant hereby undertakes to provide to the underwriter at the completion specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer, or controlling person of the registrant in the successful defense of any action, suit, or proceeding) is asserted by such director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether such indemnification by it is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that,

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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Pursuant to 17 C.F.R. Section 200.83

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in San Diego, State of California, on the day of , 2020.

PET Acquisition LLC

By: _____
Name: Ronald Coughlin, Jr.
Title: Chief Executive Officer

Confidential Treatment Requested by PET Acquisition LLC
Pursuant to 17 C.F.R. Section 200.83

POWER OF ATTORNEY

Each person whose signature appears below hereby constitutes and appoints Ronald Coughlin, Jr., Michael Nuzzo, and Ilene Eskenazi, and each of them, any of whom may act without joinder of the other, the individual's true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for the person and in his or her name, place, and stead, in any and all capacities, to sign this Registration Statement and any or all amendments, including post-effective amendments to the Registration Statement, including a prospectus or an amended prospectus therein and any Registration Statement for the same offering that is to be effective upon filing pursuant to Rule 462 under the Securities Act, and all other documents in connection therewith to be filed with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact as agents or any of them, or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement and Power of Attorney have been signed by the following persons in the capacities indicated on the day of , 2020.

Signature	Title
Ronald Coughlin, Jr.	Chief Executive Officer (principal executive officer)
Michael Nuzzo	Chief Financial Officer and Chief Operating Officer (principal financial and accounting officer)
Maximilian Biagosch	Director
Cameron Breitner	Director
Gary Briggs	Director
Nishad Chande	Director
Lars Haegg	Director
Christy Lake	Director
Jennifer Pereira	Director
Christopher J. Stadler	Director

FORM OF
SECOND AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF

Petco Health and Wellness Company, Inc.
(a Delaware corporation)

Petco Health and Wellness Company, Inc., organized and existing under the laws of the State of Delaware, DOES HEREBY CERTIFY AS FOLLOWS:

1. The name of the corporation is Petco Health and Wellness Company, Inc.

2. The original certificate of incorporation was filed with the Secretary of State of the State of Delaware on _____, ____, 2020 under the name "Petco Health and Wellness Company, Inc."

3. This Second Amended and Restated Certificate of Incorporation (the "Certificate of Incorporation") restates, integrates and amends the certificate of incorporation of the Corporation, as amended and/or restated. This Certificate of Incorporation has been duly adopted in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL").

4. The text of the certificate of incorporation of the Corporation is hereby amended and restated by this Certificate of Incorporation to read in its entirety as follows:

ARTICLE I
NAME

The name of the corporation is Petco Health and Wellness Company, Inc. (the "Corporation").

ARTICLE II
AGENT

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, Wilmington, New Castle County, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III
PURPOSE

The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the DGCL.

ARTICLE IV
STOCK

Section 4.1 Authorized Stock. The total number of shares of all classes of capital stock that the Corporation shall have authority to issue is _____, consisting of:

_____ shares of Class A Common Stock, par value $0.001 per share ("Class A Common Stock"), _____shares of Class B-1 Common Stock, par value $0.001 per share ("Class B-1 Common Stock"), _____ shares of Class B-2 Common Stock, par value $0.000001 per share ("Class B-2 Common Stock" and, together with Class A Common Stock and Class B-1 Common Stock, the "Common Stock") and _____ shares of Preferred Stock, par value $0.001 per share (the "Preferred Stock"). The number of outstanding shares of Class B-1 Common Stock and Class B-2 Common Stock must be equal to each other at all times.

Section 4.2 Common Stock.

(a) Voting.

(i) Generally. Except as otherwise required by the DGCL or as set forth in this Certificate of Incorporation: (A) each holder of record of Class A Common Stock, as such, shall be entitled to vote on all matters on which stockholders generally are entitled to vote, including, without limitation, the election, removal or replacement of directors, (B) each holder of record of Class B-1 Common Stock, as such, shall be entitled to vote on all matters on which stockholders generally are entitled to vote, other than the election, removal or replacement of directors, and (C) each holder of record of Class B-2 Common Stock, as such, shall be entitled to vote only on the election, removal or replacement of directors and shall not be entitled to vote on any other matter. Subject to the foregoing limitation on the voting rights of the Class B-1 Common Stock and the Class B-2 Common Stock, each holder of Class A Common Stock, each holder of Class B-1 Common Stock and each holder of Class B-2 Common Stock shall be entitled to one vote for each share of Common Stock held on any matter upon which they are entitled to vote. There shall be no cumulative voting.

(ii) Class Voting. Except as required by the DGCL or as set forth in this Certificate of Incorporation, on any matter submitted to a vote of the holders of Common Stock, the holders of the Class A Common Stock, the Class B-1 Common Stock and/or the Class B-2 Common Stock, as applicable, entitled to vote on such matter shall vote together as a single class, and not separately as single classes, at any annual meeting or special meeting of the stockholders of the Corporation, or in connection with any action taken by written consent.

(iii) Vote on Amendment to Terms of Preferred Stock. Unless otherwise required by law, holders of Common Stock, as such, shall not be entitled to vote on any amendment to this Certificate of Incorporation, including any certificate of designations relating to any series of Preferred Stock (each hereinafter referred to as a "Preferred Stock Designation"), that relates solely to the terms of one or more outstanding series of Preferred Stock if the holders of such affected series are entitled, either separately or together with the holders of one or more other such series, to vote thereon pursuant to this Certificate of Incorporation (including any Preferred Stock Designation).

(b) Dividends. Subject to applicable law and the rights, if any, of the holders of any outstanding series of Preferred Stock or any class or series of stock having a preference over or the right to participate with the Class A Common Stock, the Class B-1 Common Stock and Class B-2 Common Stock with respect to the payment of dividends and other distributions in cash, property or shares of capital stock of the Corporation, dividends and other distributions may be declared and paid on the Class A Common Stock and the Class B-1 Common Stock equally, on a per share basis, out of the assets of the Corporation that are by law available therefor at such times and in such amounts as the Board of Directors in its discretion shall

determine; provided, however, that in the event that such dividend or other distribution is paid in the form of shares of Common Stock or rights to acquire Common Stock, (i) the holders of Class A Common Stock shall receive Class A Common Stock or rights to acquire Class A Common Stock, as the case may be, and (ii) the holders of Class B-1 Common Stock shall receive Class B-1 Common Stock or rights to acquire Class B-1 Common Stock, as the case may be. In the event that any shares of Class B-1 Common Stock or any right to acquire any shares of Class B-1 Common Stock are issued as a dividend or other distribution to the holders of Class B-1 Common Stock, a corresponding number of shares of Class B-2 Common Stock or right to acquire a corresponding number of shares of Class B-2 Common Stock, respectively, shall be issued pro rata to the holders of Class B-2 Common Stock as a dividend or distribution. Except as otherwise provided under this Certificate of Incorporation, dividends and other distributions shall not be declared by the Board of Directors or paid in respect of Class B-2 Common Stock. Notwithstanding the foregoing, the Board of Directors may declare and pay a dividend or other distribution per share of Class A Common Stock or Class B-1 Common Stock that is not equal to the dividend or other distribution declared and paid (whether in the amount of such dividend or distribution payable per share, the form in which such dividend or distribution is payable, the timing of the payment, or otherwise) if the declaration and payment of such unequal dividend or distribution are approved in advance by the affirmative vote (or written consent) of the holders of a majority of the outstanding shares of Class A Common Stock and Class B-1 Common Stock, each voting separately as a class.

(c) Conversion.

(i) Conversion Rights.

(A) Shares of Class A Common Stock shall be convertible at any time at the option of the holder of such shares into an equal number of shares of both Class B-1 Common Stock and Class B-2 Common Stock but only at such time that such holder is, without giving effect to the applicable conversion in question, the record owner of shares of Class B-1 Common Stock or Class B-2 Common Stock. Any such holder converting any of its shares of Class A Common Stock may require that any such shares of Class B-2 Common Stock (that would otherwise be issued to such holder pursuant to such conversion) be issued to any of its Affiliates (as defined in the Stockholder's Agreement) or any holder of Class B-2 Common Stock as may be designated by such requesting holder. Shares of Class B-1 Common Stock shall be convertible at any time into an equal number of shares of Class A Common Stock at the option of the holder of such shares of Class B-1 Common Stock, with a corresponding number of shares of Class B-2 Common Stock being transferred to the Corporation pursuant to Section 4.2(c)(ii)(C) as a condition of such conversion.

(B) Upon any transfer (excluding the grant of a pledge, lien, charge or grant of a security interest, except as provided in the next succeeding sentence) of shares of Class B-1 Common Stock by the Principal Stockholder (as defined in the Stockholder's Agreement to be entered into by and between the Corporation and_____ (as the same may be amended, supplemented, restated or otherwise modified from time to time, the "Stockholder's Agreement")), which is, as of _____, indirectly controlled by (1) certain funds or vehicles (the "CVC Funds") advised and/or managed by CVC (as defined in the Stockholder's Agreement) and (2) Canada Pension Plan Investment Board, a Canadian company ("CPP Investments," and together with CVC, the CVC Funds and their respective Affiliates (as defined in the Stockholder's Agreement) and successors, the "Sponsors"), to any person other than the Sponsors, such shares of Class B-1 Common Stock shall automatically

convert into shares of Class A Common Stock, effective immediately upon such transfer, provided, however, that as a condition of the shares of Class B-1 Common Stock being transferred and converted as provided in this subsection (B), a corresponding number of shares of Class B-2 Common Stock must be transferred to the Corporation pursuant to Section 4.2(c)(ii)(C). Any transfer of shares of Class B-1 Common Stock in violation of this subsection (B) shall be void ab initio, and no conversion of the Class B-1 Common Stock shall occur. The Principal Stockholder may elect for the automatic conversion provisions of this subsection (B) to apply to any Affiliate (as defined in the Stockholder's Agreement) of the Principal Stockholder, in each case by written notice delivered to the Corporation at its principal office prior to such pledge, lien, charge, grant of a security interest or transfer, as applicable.

(ii) Conversion Mechanics.

(A) Each conversion of shares pursuant to Section 4.2(c)(i)(A) shall be effected, in the case of certificated shares, by the surrender of the certificate or certificates representing the shares to be converted at the principal office of the Corporation at any time during normal business hours and, in the case of both certificated and uncertificated shares, by delivery to the Corporation at its principal office of prior written notice by the holder of such shares stating the number of shares that any such holder desires to so convert and identifying the holder of Class B-2 Common Stock that will transfer a corresponding number of Class B-2 Common Stock to the Corporation in connection with such conversion. Such conversion shall be deemed to have been effected as of the close of business on the date on which such certificate or certificates representing the shares of Class B-1 Common Stock being converted, if applicable, have been surrendered to the Corporation and the same number of shares of Class B-2 Common Stock have been transferred to the Corporation (in accordance with Section 4.2(c)(ii)(C)), and at such time, the rights of any such holder with respect to the converted class of Common Stock shall cease. In the case of any conversion pursuant to Section 4.2(c)(i)(B), such conversion shall be deemed to occur automatically, and without any further action by the Corporation, the transferee or the transferor (except that, prior to the conversion, such transferor must cause an equal number of shares of Class B-2 Common Stock to be transferred and delivered to the Corporation at its principal office in accordance with Section 4.2(c)(ii)(C) hereof), simultaneously with the transfer of the relevant shares of Class B-1 Common Stock to the transferee. Simultaneously with the conversion, the person or persons in whose name or names the new shares of Common Stock are to be issued upon such conversion shall be deemed to have become the holder or holders of record of such new shares.

(B) In the case of certificated shares, promptly after such surrender and the receipt by the Corporation of the written notice from such holder, the Corporation shall issue and deliver, in accordance with the surrendering holder's instructions, the certificate or certificates for the Common Stock issuable upon such conversion and a certificate representing any shares of Common Stock that were represented by the certificate or certificates delivered to the Corporation in connection with such conversion but that were not converted. The issuance of certificates for the Common Stock upon conversion shall be made without charge to the holder or holders of such shares. Notwithstanding the previous sentence, the holder shall pay (or reimburse the Corporation for) any and all documentary, stamp or similar issue or transfer taxes in respect of the conversion or other cost incurred by the Corporation or the holder in connection with such conversion.

(C) As a condition precedent to any conversion or transfer of Class B-1 Common Stock pursuant to Section 4.2(c)(i)(A) or Section 4.2(c)(i)(B), respectively,

the converting or transferring holder, as applicable, shall cause an equal number of shares of Class B-2 Common Stock to be transferred to the Corporation. Any transfer of Class B-2 Common Stock that occurs pursuant to this Section 4.2(c)(ii)(C) shall be deemed effective at the time that the corresponding conversion is deemed to be effective or transfer is deemed to occur, and at such time, the rights of any holder of Class B-2 Common Stock with respect to such stock shall cease.

(iii) Amendment to Conversion Rights. Notwithstanding anything contained in this Certificate of Incorporation to the contrary, Section 4.2(c) may be amended, altered, repealed or rescinded, in whole or in part, or any provision inconsistent with Section 4.2(c) may be adopted, in addition to any other vote required by the DGCL or this Certificate of Incorporation, only by the affirmative vote of the holders of at least a majority of the shares of Class B-1 Common Stock then outstanding.

(d) Transfers. The Corporation shall not close its books against the transfer of any share of Common Stock, or of any share of Common Stock issued or issuable upon conversion of shares of Common Stock, in any manner that would interfere with the timely conversion of such shares of Common Stock.

(e) Liquidation. Upon the dissolution, liquidation or winding up of the Corporation, subject to the rights of the holders of any outstanding series of Preferred Stock, the holders of shares of Class A Common Stock, Class B-1 Common Stock and Class B-2 Common Stock shall be entitled to receive the assets of the Corporation available for distribution to its stockholders ratably in proportion to the number of shares of Common Stock held by them, provided, however, that the aggregate distribution to the holders of Class B-2 Common Stock, as such, shall be limited to the aggregate par value of such holders' then-outstanding shares of Class B-2 Common Stock.

Section 4.3 Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. Subject to limitations prescribed by law and the provisions of this Article IV (including any Preferred Stock Designation), the Board of Directors is hereby authorized to provide by resolution and by causing the filing of a Preferred Stock Designation for the issuance of the shares of Preferred Stock in one or more series, and to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences, and relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions, if any, of the shares of each such series.

Section 4.4 No Class Vote on Changes in Authorized Number of Shares of Stock. Subject to the rights of the holders of any outstanding series of Preferred Stock, the requirements of this Certificate of Incorporation with respect to the outstanding number of shares of Class B-1 Common Stock and Class B-2 Common Stock being equal in number, and Section 4.6, the number of authorized shares of Class A Common Stock, Class B-1 Common Stock, Class B-2 Common Stock or Preferred Stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of at least a majority of the voting power of the stock outstanding and entitled to vote thereon irrespective of the provisions of Section 242(b)(2) of the DGCL.

Section 4.5 Redemption; Cancellation. The Class A Common Stock, the Class B-1 Common Stock and the Class B-2 Common Stock are not redeemable. Subject to the requirements of this Certificate of Incorporation with respect to the outstanding number of shares

of Class B-1 Common Stock and Class B-2 Common Stock being equal in number, nothing in this Section 4.5 shall prevent the Corporation from repurchasing shares of Class A Common Stock, Class B-1 Common Stock or Class B-2 Common Stock.

Section 4.6 Reservation of Stock. The Corporation will at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock such number of shares of Class A Common Stock as will from time to time be sufficient to effect the conversion of all outstanding Class B-1 Common Stock for Class A Common Stock.

Section 4.7 Reclassifications, Mergers and Other Transactions.

(a) Proportional Treatment. If the Corporation in any manner subdivides, combines or reclassifies the outstanding shares of Class A Common Stock, Class B-1 Common Stock or Class B-2 Common Stock, the outstanding shares of the other such class shall, concurrently therewith, be subdivided, combined or reclassified in the same proportion and manner such that the same proportionate equity ownership between the holders of outstanding Class A Common Stock, Class B-1 Common Stock and Class B-2 Common Stock on the record date for such subdivision, combination or reclassification is preserved, unless different treatment of the shares of each such class, subject to the requirements of this Certificate of Incorporation with respect to the outstanding number of shares of Class B-1 Common Stock and Class B-2 Common Stock being equal in number, is approved by (i) the holders of a majority of the outstanding Class A Common Stock, (ii) the holders of a majority of the outstanding Class B-1 Common Stock and (iii) the holders of a majority of the outstanding Class B-2 Common Stock, each of (i), (ii) and (iii) voting as separate classes.

(b) Maintenance.

(i) The Corporation shall undertake all actions, including, without limitation, a reclassification, dividend, subdivision, combination or recapitalization, with respect to the shares of Class B-1 Common Stock and Class B-2 Common Stock necessary to maintain at all times a one-to-one ratio between such classes of stock.

(ii) The Corporation shall not consolidate, merge, combine or consummate any other transaction in which shares of Class A Common Stock are exchanged for or converted into other stock or securities, or the right to receive cash and/or any other property, unless in connection with any such consolidation, merger, combination or other transaction each share of Class B-1 Common Stock and each share of Class B-2 Common Stock, on a combined basis, shall be entitled to be exchanged for or converted into the same kind and amount of stock or securities, cash and/or any other property, as the case may be, into which or for which each share of Class A Common Stock is exchanged or converted; provided, that the consideration for each share of Class B-1 Common Stock and Class B-2 Common Stock on a combined basis shall be deemed the same kind and amount into which or for which each share of Class A Common Stock is exchanged or converted, so long as any differences in the kind and amount of stock or securities, cash and/or any other property are intended (as determined by the Board of Directors in good faith) to maintain the relative voting and economic rights of the Class B-1 Common Stock and the Class B-2 Common Stock relative to each other and the Class A Common Stock; provided, further, that the foregoing provisions of this Section 4.7(b)(ii) shall not apply to any action or transaction (including any consolidation, merger or combination) approved by (A) the holders of a majority of the outstanding Class A Common Stock and (B) the holders of a

majority of the outstanding Class B-1 Common Stock, each of (A) and (B) voting as separate classes.

Section 4.8 Class B-2 Transfer Restriction. No holder of shares of Class B-2 Common Stock may, directly or indirectly, offer, sell, gift, assign or transfer (whether by merger, consolidation, conversion, operation of law or otherwise) (a "Transfer") any shares of Class B-2 Common Stock other than to the Corporation or to any Affiliate (as defined in the Stockholder's Agreement) of such holder, the Principal Stockholder, a Sponsor or any other person designated by the Principal Stockholder. Transfer shall include the grant of a pledge, lien, charge or grant of a security interest in shares of Class B-2 Common Stock but shall not include any such pledge, lien, charge or grant in favor of any person to whom the Principal Stockholder pledged or otherwise granted a security interest in any of the Principal Stockholder's shares of Common Stock (or any transfer of such shares in connection with any foreclosure thereon). Any attempt by a holder of Class B-2 Common Stock to Transfer all or any part of its shares of Class B-2 Common Stock in violation of this Section 4.8 shall be void ab initio and shall not be effective to Transfer any such shares or any interest therein.

Section 4.9 Legends. All certificates or book entries representing shares of Class B-1 Common Stock and Class B-2 Common Stock shall bear a legend substantially in the following form (or in such other form as the Board of Directors may determine):

THE SECURITIES REPRESENTED BY THIS [CERTIFICATE] [BOOK ENTRY] ARE SUBJECT TO THE RESTRICTIONS (INCLUDING RESTRICTIONS ON TRANSFER, IF ANY) SET FORTH IN THE AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF THE CORPORATION AS IT MAY BE AMENDED AND/OR RESTATED (A COPY OF WHICH IS ON FILE WITH THE SECRETARY OF THE CORPORATION AND SHALL BE PROVIDED FREE OF CHARGE TO ANY STOCKHOLDER MAKING A REQUEST THEREFOR).

ARTICLE V
BOARD OF DIRECTORS

Section 5.1 Number. Except as otherwise provided for or fixed pursuant to the provisions of Article IV hereof (including any Preferred Stock Designation), the Board of Directors shall consist of not fewer than three nor more than 15 directors, the exact number to be determined from time to time solely by resolution of the Board of Directors, subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement.

Section 5.2 Classification; Vacancies and Newly Created Directorships; Removal.

(a) Except as may be otherwise provided with respect to directors elected by the separate vote of the holders of one or more series of Preferred Stock provided for or fixed pursuant to the provisions of Article IV hereof (including any Preferred Stock Designation) (the "Preferred Stock Directors"), the Board of Directors shall be divided into three classes, designated Class I, Class II and Class III. The Board of Directors shall have the exclusive power to fix the number of directors in each class, subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement. Class I directors shall initially serve until the first annual meeting of stockholders following the initial effectiveness of this Section 5.2; Class II directors shall initially serve until the second annual meeting of stockholders following

the initial effectiveness of this Section 5.2; and Class III directors shall initially serve until the third annual meeting of stockholders following the initial effectiveness of this Section 5.2. Commencing with the first annual meeting of stockholders following the initial effectiveness of this Section 5.2, directors of each class, the term of which shall then expire, shall be elected to hold office for a three-year term and until the election and qualification of their respective successors in office or until any such director's earlier death, resignation, removal, retirement or disqualification. In case of any increase or decrease, from time to time, in the number of directors (other than Preferred Stock Directors), the number of directors in each class shall be fixed solely by the Board of Directors (as determined solely by the Board of Directors), subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement. The Board of Directors is authorized to assign members of the Board of Directors already in office to Class I, Class II or Class III, subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement.

(b) Subject to the rights of the holders of any outstanding series of Preferred Stock, and unless otherwise required by law, newly created directorships resulting from any increase in the authorized number of directors and any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled solely by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors, or by the sole remaining director, in each case, in the manner permitted by the Stockholder's Agreement. Any director so chosen shall hold office until the next election of the class, for which such director shall have been chosen and until his or her successor shall have been duly elected and qualified or until any such director's earlier death, resignation, removal, retirement or disqualification. No decrease in the authorized number of directors shall shorten the term of any incumbent director.

(c) Any director (other than any Preferred Stock Director) may be removed from office at any time, but only for cause and only by the affirmative vote of the holders of at least a majority of the voting power of the stock outstanding and entitled to vote on the election and removal of directors; provided, however, that prior to the Trigger Date (as defined below), any such director may be removed at any time, with or without cause, by the holders of at least a majority of the voting power of the outstanding shares of Common Stock entitled to vote on the election and removal of directors in the manner permitted by the Stockholder's Agreement. Notwithstanding the foregoing, whenever the holders of any class or series are entitled to elect one or more directors by this Certificate of Incorporation (including any Preferred Stock Designation), with respect to the removal without cause of a director or directors so elected, the vote of the holders of the outstanding shares of that class or series, and not the vote of the outstanding shares as a whole, shall apply. For purposes of this Certificate of Incorporation, the "Trigger Date" means the first date on which the Principal Stockholder ceases to beneficially own (directly or indirectly) shares representing at least 50% of the aggregate number of shares of Class A Common Stock and Class B-1 Common Stock issued and outstanding (as adjusted for stock splits, combinations, reclassifications and similar transactions), with such beneficial ownership to be determined in accordance with Rule 13d-3 promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

(d) During any period when the holders of one or more series of Preferred Stock have the separate right to elect additional directors as provided for or fixed pursuant to the provisions of Article IV hereof (including any Preferred Stock Designation), and upon commencement and for the duration of the period during which such right continues: (i) the then

otherwise total authorized number of directors of the Corporation shall automatically be increased by such number of directors that the holders of any series of Preferred Stock have a right to elect, and the holders of such Preferred Stock shall be entitled to elect the additional directors so provided for or fixed pursuant to said provisions; and (ii) each Preferred Stock Director shall serve until such Preferred Stock Director's successor shall have been duly elected and qualified, or until such director's right to hold such office terminates pursuant to said provisions, whichever occurs earlier, subject to his or her earlier death, disqualification, resignation or removal. Except as otherwise provided for or fixed pursuant to the provisions of Article IV hereof (including any Preferred Stock Designation), whenever the holders of one or more series of Preferred Stock having a separate right to elect additional directors cease to have or are otherwise divested of such right pursuant to said provisions, the terms of office of all Preferred Stock Directors elected by the holders of such series of Preferred Stock, or elected to fill any vacancies resulting from the death, resignation, disqualification or removal of such additional directors, shall forthwith terminate (in which case each such Preferred Stock Director shall cease to be qualified as a director and shall cease to be a director) and the total authorized number of directors of the Corporation shall be automatically reduced accordingly.

Section 5.3 Powers. Except as otherwise required by the DGCL or as provided in this Certificate of Incorporation (including any Preferred Stock Designation), the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

Section 5.4 Election; Annual Meeting of Stockholders.

(a) Written Ballot Not Required. The directors of the Corporation need not be elected by written ballot unless the Bylaws of the Corporation (as amended from time to time, the "Bylaws") so provide.

(b) Notice. Advance notice of nominations for the election of directors, and of business other than nominations, to be proposed by stockholders for consideration at a meeting of stockholders of the Corporation shall be given in the manner and to the extent provided in or contemplated by the Bylaws.

(c) Annual Meeting. Any annual meeting of stockholders, for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held at such place, if any, either within or without the State of Delaware, on such date, and at such time as the Board of Directors shall fix. The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

ARTICLE VI
STOCKHOLDER ACTION

Prior to the Trigger Date, any action required or permitted to be taken at any annual or special meeting of the stockholders of the Corporation may be taken upon a vote of the stockholders at an annual or special meeting duly called or by consent of the stockholders in lieu of a meeting of stockholders. From and after the Trigger Date, any action required or permitted to be taken at any annual or special meeting of the stockholders of the Corporation may be taken only at an annual or special meeting of stockholders duly called and may not be taken by consent of the stockholders in lieu of such a meeting. Notwithstanding the foregoing, any action required or permitted to be taken by the holders of Preferred Stock, voting separately as a series

or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable Preferred Stock Designation relating to such series of Preferred Stock.

ARTICLE VII
SPECIAL MEETINGS OF STOCKHOLDERS

Except as otherwise required by law, and except as otherwise provided for or fixed pursuant to the provisions of Article IV hereof (including any Preferred Stock Designation), prior to the Trigger Date, a special meeting of the stockholders of the Corporation may be called at any time by the Board of Directors or the Chairman of the Board of Directors and shall be called by the Chairman of the Board of Directors or by the Secretary of the Corporation at the request of the Principal Stockholder and may not be called by any other person or persons. From and after the Trigger Date, except as otherwise required by law, and except as otherwise provided for or fixed pursuant to the provisions of Article IV hereof (including any Preferred Stock Designation), a special meeting of the stockholders of the Corporation may be called at any time only by the Board of Directors or the Chairman of the Board of Directors, and may not be called by any other person or persons. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board of Directors.

ARTICLE VIII
BUSINESS COMBINATIONS WITH INTERESTED STOCKHOLDERS

Section 8.1 Opt Out. The Corporation hereby expressly elects that it shall not be governed by, or otherwise subject to, Section 203 of the DGCL.

Section 8.2 Applicable Restrictions to Business Combinations. Notwithstanding the foregoing, the Corporation shall not engage in any business combination (as defined below), at any point in time at which any class of Common Stock is registered under Section 12(b) or 12(g) of the Exchange Act with any interested stockholder (as defined below) for a period of three years following the time that such stockholder became an interested stockholder, unless:

(a) prior to such time, the Board of Directors approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, or

(b) upon consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of the voting stock (as defined below) of the Corporation outstanding at the time the transaction commenced, excluding for purposes of determining the voting stock outstanding (but not the outstanding voting stock owned by the interested stockholder) those shares owned by (A) persons who are directors and also officers and (B) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer, or

(c) at or subsequent to such time, the business combination is approved by the Board of Directors and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66⅔% of the outstanding voting stock of the Corporation which is not owned by the interested stockholder.

Section 8.3 Certain Definitions. For purposes of this Article VIII, references to:

(a) "affiliate" means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another person.

(b) "associate," when used to indicate a relationship with any person, means: (i) any corporation, partnership, unincorporated association or other entity of which such person is a director, officer or partner or is, directly or indirectly, the owner of 20% or more of any class of voting stock; (ii) any trust or other estate in which such person has at least a 20% beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and (iii) any relative or spouse of such person, or any relative of such spouse, who has the same residence as such person.

(c) "business combination," when used in reference to the Corporation and any interested stockholder of the Corporation, means:

(i) any merger or consolidation of the Corporation or any direct or indirect majority-owned subsidiary of the Corporation (A) with the interested stockholder, or (B) with any other corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested stockholder and as a result of such merger or consolidation this Article VIII is not applicable to the surviving entity;

(ii) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions), except proportionately as a stockholder of the Corporation, to or with the interested stockholder, whether as part of a dissolution or otherwise, of assets of the Corporation or of any direct or indirect majority-owned subsidiary of the Corporation which assets have an aggregate market value equal to 10% or more of either the aggregate market value of all the assets of the Corporation determined on a consolidated basis or the aggregate market value of all the outstanding stock of the Corporation;

(iii) any transaction which results in the issuance or transfer by the Corporation or by any direct or indirect majority-owned subsidiary of the Corporation of any stock of the Corporation or of such subsidiary to the interested stockholder, except: (A) pursuant to the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which securities were outstanding prior to the time that the interested stockholder became such; (B) pursuant to a merger under Section 251(g) of the DGCL; (C) pursuant to a dividend or distribution paid or made, or the exercise, exchange or conversion of securities exercisable for, exchangeable for or convertible into stock of the Corporation or any such subsidiary which security is distributed, pro rata to all holders of a class or series of stock of the Corporation subsequent to the time the interested stockholder became such; (D) pursuant to an exchange offer by the Corporation to purchase stock made on the same terms to all holders of said stock; or (E) any issuance or transfer of stock by the Corporation; provided, however, that in no case under items (C) through (E) of this subsection (iii) shall there be an increase in the interested stockholder's proportionate share of the stock of any class or series of the Corporation or of the voting stock of the Corporation (except as a result of immaterial changes due to fractional share adjustments);

(iv) any transaction involving the Corporation or any direct or indirect majority-owned subsidiary of the Corporation which has the effect, directly or indirectly, of increasing the proportionate share of the stock of any class or series, or securities convertible into

the stock of any class or series, of the Corporation or of any such subsidiary which is owned by the interested stockholder, except as a result of immaterial changes due to fractional share adjustments or as a result of any purchase or redemption of any shares of stock not caused, directly or indirectly, by the interested stockholder; or

(v) any receipt by the interested stockholder of the benefit, directly or indirectly (except proportionately as a stockholder of the Corporation), of any loans, advances, guarantees, pledges, or other financial benefits (other than those expressly permitted in subsections (i) through (iv) above) provided by or through the Corporation or any direct or indirect majority-owned subsidiary.

(d) "control," including the terms "controlling," "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting stock, by contract, or otherwise. A person who is the owner of 20% or more of the outstanding voting stock of a corporation, partnership, unincorporated association or other entity shall be presumed to have control of such entity, in the absence of proof by a preponderance of the evidence to the contrary. Notwithstanding the foregoing, a presumption of control shall not apply where such person holds voting stock, in good faith and not for the purpose of circumventing this Article VIII, as an agent, bank, broker, nominee, custodian or trustee for one or more owners who do not individually or as a group have control of such entity.

(e) "interested stockholder" means any person (other than the Corporation or any direct or indirect majority-owned subsidiary of the Corporation) that (i) is the owner of 15% or more of the outstanding voting stock of the Corporation, or (ii) is an affiliate or associate of the Corporation and was the owner of 15% or more of the outstanding voting stock of the Corporation at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested stockholder; and the affiliates and associates of such person; provided, however, that the term "interested stockholder" shall not include (A) any Principal Holder, Principal Holder Direct Transferee or Principal Holder Indirect Transferee, (B) a stockholder that becomes an interested stockholder inadvertently and (x) as soon as practicable divests itself of ownership of sufficient shares so that such stockholder ceases to be an interested stockholder and (y) would not, at any time within the three-year period immediately prior to a business combination between the Corporation and such stockholder, have been an interested stockholder but for the inadvertent acquisition of ownership or (C) any person whose ownership of shares in excess of the 15% limitation set forth herein is the result of any action taken solely by the Corporation; provided, however, that such person specified in this clause (C) shall be an interested stockholder if thereafter such person acquires additional shares of voting stock of the Corporation, except as a result of further corporate action not caused, directly or indirectly, by such person. For the purpose of determining whether a person is an interested stockholder, the voting stock of the Corporation deemed to be outstanding shall include stock deemed to be owned by the person through application of the definition of "owner" below but shall not include any other unissued stock of the Corporation which may be issuable pursuant to any agreement, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise.

(f) "owner," including the terms "own" and "owned," when used with respect to any stock, means a person that individually or with or through any of its affiliates or associates:

(i) beneficially owns such stock, directly or indirectly; or

(ii) has (A) the right to acquire such stock (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise; provided, however, that a person shall not be deemed the owner of stock tendered pursuant to a tender or exchange offer made by such person or any of such person's affiliates or associates until such tendered stock is accepted for purchase or exchange; or (B) the right to vote such stock pursuant to any agreement, arrangement or understanding; provided, however, that a person shall not be deemed the owner of any stock because of such person's right to vote such stock if the agreement, arrangement or understanding to vote such stock arises solely from a revocable proxy or consent given in response to a proxy or consent solicitation made to 10 or more persons; or

(iii) has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except voting pursuant to a revocable proxy or consent as described in clause (B) of subsection (ii) above), or disposing of such stock with any other person that beneficially owns, or whose affiliates or associates beneficially own, directly or indirectly, such stock.

(g) "person" means any individual, corporation, partnership, unincorporated association or other entity.

(h) "Principal Holder Direct Transferee" means any person that acquires (other than in a registered public offering), directly from one or more of the Principal Holders, beneficial ownership of 15% or more of the then-outstanding voting stock of the Corporation.

(i) "Principal Holder Indirect Transferee" means any person that acquires (other than in a registered public offering) directly from any Principal Holder Direct Transferee or any other Principal Holder Indirect Transferee beneficial ownership of 15% or more of the then-outstanding voting stock of the Corporation.

(j) "Principal Holders" means the Principal Stockholder, the Sponsors, affiliates of the Sponsors and the Principal Stockholder, [9314601 Canada Inc.], a _____ _____ ("[9314601 Canada Inc.]"), affiliates of [9314601 Canada Inc.], and their respective successors; provided, however, that the term "Principal Holders" shall not include (i) the Corporation or any of the Corporation's direct or indirect subsidiaries and (ii) any of the Principal Holders' respective portfolio companies (as such term is commonly understood).

(k) "stock" means, with respect to any corporation, capital stock and, with respect to any other entity, any equity interest.

(l) "voting stock" means stock of any class or series entitled to vote generally in the election of directors and, with respect to any entity that is not a corporation, any equity interest entitled to vote generally in the election of the governing body of such entity. Every reference in this Article VIII to a percentage or proportion of voting stock shall refer to such percentage or other proportion of the votes of such voting stock.

ARTICLE IX
EXISTENCE

The Corporation shall have perpetual existence.

ARTICLE X
AMENDMENT

Section 10.1 Amendment of the Certificate of Incorporation. Subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement, the Corporation reserves the right at any time, and from time to time, to amend, alter, change or repeal any provision contained in this Certificate of Incorporation (including any Preferred Stock Designation), and other provisions authorized by the laws of the State of Delaware at the time in force may be added or inserted, in the manner now or hereafter prescribed by the laws of the State of Delaware, and all powers, preferences and rights of any nature conferred upon stockholders, directors or any other persons by and pursuant to this Certificate of Incorporation (including any Preferred Stock Designation) in its present form or as hereafter amended are granted subject to this reservation. Notwithstanding the foregoing, from and after the Trigger Date, subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement and except as otherwise provided in this Certificate of Incorporation (including any provision of a Preferred Stock Designation that provides for a greater or lesser vote) and in addition to any other vote required by law, the affirmative vote of the holders of at least 66⅔% of the voting power of the stock outstanding and entitled to vote thereon, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal, or adopt any provision inconsistent with, Articles V, VI, VII, VIII, X, XI, XII and XIII of this Certificate of Incorporation.

Section 10.2 Amendment of the Bylaws. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, but subject to the terms of any series of Preferred Stock then outstanding and to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement, the Board of Directors is expressly authorized to adopt, amend or repeal the Bylaws. Except as otherwise provided in this Certificate of Incorporation (including the terms of any Preferred Stock Designation that require an additional vote) or the Bylaws, and in addition to any requirements of applicable law and subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement, (a) prior to the Trigger Date, the affirmative vote of the holders of at least a majority of the voting power of the stock outstanding and entitled to vote thereon, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal, or adopt any provision inconsistent with, any provision of the Bylaws, and (b) from and after the Trigger Date, the affirmative vote of the holders of at least 66⅔% of the voting power of the stock outstanding and entitled to vote thereon, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal, or adopt any provision inconsistent with, any provision of the Bylaws.

ARTICLE XI
LIABILITY OF DIRECTORS

Section 11.1 No Personal Liability. To the fullest extent permitted by the DGCL as the same exists or as may hereafter be amended, no director of the Corporation shall be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director.

Section 11.2 Amendment or Repeal. Any amendment, repeal or elimination of this Article XI, or the adoption of any provision of this Certificate of Incorporation inconsistent with this Article XI, shall not affect its application with respect to an act or omission by a director occurring before such amendment, adoption, repeal or elimination. If the DGCL hereafter is amended to eliminate or limit the liability of a director, then a director of the Corporation, in addition to the circumstances in which a director is not personally liable as set forth in the preceding sentence, shall not be liable to the fullest extent permitted by the amended DGCL.

ARTICLE XII
FORUM FOR ADJUDICATION OF DISPUTES

Section 12.1 Forum. Unless the Corporation, in writing, selects or consents to the selection of an alternative forum: (a) the sole and exclusive forum for any complaint asserting any internal corporate claims (as defined below), to the fullest extent permitted by law, and subject to applicable jurisdictional requirements, shall be the Court of Chancery of the State of Delaware (or, if the Court of Chancery does not have, or declines to accept, jurisdiction, another state court or a federal court located within the State of Delaware); and (b) the sole and exclusive forum for any complaint asserting a cause of action arising under the Securities Act of 1933, to the fullest extent permitted by law, shall be the federal district courts of the United States of America. For purposes of this Article XII, "internal corporate claims" means claims, including claims in the right of the Corporation that are based upon a violation of a duty by a current or former director, officer, employee or stockholder in such capacity, or as to which the DGCL confers jurisdiction upon the Court of Chancery. Any person or entity purchasing or otherwise acquiring or holding any interest in shares of stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article XII.

Section 12.2 Enforceability. If any provision of this Article XII shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law, the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Article XII (including, without limitation, each portion of any sentence of this Article XII containing any such provision held to be invalid, illegal or unenforceable that is not itself held to be invalid, illegal or unenforceable) and the application of such provision to other persons or entities or circumstances shall not in any way be affected or impaired thereby.

ARTICLE XIII
CERTAIN STOCKHOLDER RELATIONSHIPS

Section 13.1 General. In recognition and anticipation that (a) certain directors, principals, officers, employees and/or other representatives, including any directors designated for nomination and election to the Board of Directors by the Principal Stockholder pursuant to the Stockholder's Agreement, of the Principal Stockholder, Sponsors and their respective Affiliates (as defined below) may serve as directors, officers or agents of the Corporation, and (b) the Principal Stockholder, Sponsors, [9314601 Canada Inc.] and their respective Affiliates may now engage and may continue to engage in the same or similar activities or related lines of business as those in which the Corporation, directly or indirectly, may engage and/or other business activities that overlap with or compete with those in which the Corporation, directly or indirectly, may engage, the provisions of this Article XIII are set forth to regulate and define the conduct of certain affairs of the Corporation with respect to certain classes or categories of business opportunities as they may involve any of the Principal Stockholder, Sponsors, [9314601

Canada Inc.] or their respective Affiliates and the powers, rights, duties and liabilities of the Corporation and its directors, officers and stockholders in connection therewith.

Section 13.2 Renunciation of Certain Corporate Opportunities; No Duty to Refrain. To the fullest extent permitted by law, the Corporation hereby renounces any interest or expectancy in, or right to be offered an opportunity to participate in, any business opportunity which may be a corporate opportunity for the Principal Stockholder, Sponsors, [9314601 Canada Inc.] or any of their respective Affiliates (such Persons (as defined below) being referred to, collectively, as "Identified Persons" and, individually, as an "Identified Person") and the Corporation or any of its Affiliates. To the fullest extent permitted by law, none of the Identified Persons shall have any duty to refrain from directly or indirectly (a) engaging in the same or similar business activities or lines of business in which the Corporation or any of its Affiliates now engages or proposes to engage or (b) otherwise competing with the Corporation or any of its Affiliates, and, to the fullest extent permitted by law, no Identified Person shall be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty solely by reason of the fact that such Identified Person engages in any such activities. In the event that any Identified Person acquires knowledge of a potential transaction or other business opportunity which may be a corporate opportunity for itself, herself or himself and the Corporation or any of its Affiliates, such Identified Person shall, to the fullest extent permitted by law, have no duty to communicate or offer such transaction or other business opportunity to the Corporation or any of its Affiliates and, to the fullest extent permitted by law, shall not be liable to the Corporation or its stockholders or to any Affiliate of the Corporation for breach of any fiduciary duty as a stockholder, director or officer of the Corporation solely by reason of the fact that such Identified Person pursues or acquires such corporate opportunity for itself, herself or himself, or offers or directs such corporate opportunity to another Person.

Section 13.3 Opportunities Not Deemed Corporate Opportunities. In addition to and notwithstanding the foregoing provisions of this Article XIII, a corporate opportunity shall not be deemed to be a potential corporate opportunity for the Corporation if it is a business opportunity that (a) the Corporation is neither financially or legally able, nor contractually permitted, to undertake, (b) from its nature, is not in the line of the Corporation's business or is of no practical advantage to the Corporation or (c) is one in which the Corporation has no interest or reasonable expectancy.

Section 13.4 Definitions. For purposes of this Article XIII, (a) "Affiliate" means, (i) in respect of the Principal Stockholder, any Sponsor or [9314601 Canada Inc.], any Person that, directly or indirectly, is controlled by such Principal Stockholder, Sponsor or [9314601 Canada Inc.], controls such Principal Stockholder, Sponsor or [9314601 Canada Inc.], or is under common control with such Principal Stockholder, Sponsor or [9314601 Canada Inc.] and shall include (A) any principal, member, director, partner, manager, stockholder, officer, employee or other representative, including any directors designated for nomination and election to the Board of Directors by the Principal Stockholder pursuant to the Stockholder's Agreement, of any of the foregoing (other than the Corporation and any entity that is controlled by the Corporation and any of the respective portfolio companies (as such term is commonly understood) of the Principal Stockholder, any Sponsor or [9314601 Canada Inc.]) and (B) any funds or vehicles advised by respective Affiliates of such Principal Stockholder, Sponsor or [9314601 Canada Inc.] and (ii) in respect of the Corporation, any Person that, directly or indirectly, is controlled by the Corporation; and (b) "Person" shall mean any individual, corporation, general or limited partnership, limited liability company, joint venture, trust, association or any other entity.

Section 13.5 Notice and Consent. To the fullest extent permitted by law, any Person purchasing or otherwise acquiring or holding any interest in any shares of capital stock of the Corporation shall be deemed to have notice of and to have consented to the provisions of this Article XIII.

***

[This Certificate of Incorporation shall become effective at Eastern Time on , 202_.]

[*The remainder of this page has been intentionally left blank.*]

IN WITNESS WHEREOF, this Second Amended and Restated Certificate of Incorporation has been executed by a duly authorized officer of the Corporation on this day of , 202_.

Petco Health and Wellness Company, Inc.

By: _____
Name:
Title:

FORM OF SECOND AMENDED AND RESTATED BYLAWS

OF

Petco Health and Wellness Company, Inc.
(a Delaware corporation)

ARTICLE I
CORPORATE OFFICES

Section 1.1 Registered Office. The registered office of Petco Health and Wellness Company, Inc. (the "Corporation") shall be fixed in the Certificate of Incorporation of the Corporation (as amended and/or restated from time to time, the "Certificate of Incorporation").

Section 1.2 Other Offices. The Corporation may also have an office or offices, and keep the books and records of the Corporation, except as otherwise required by law, at such other place or places, either within or without the State of Delaware, as the Corporation may from time to time determine or the business of the Corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 2.1 Annual Meeting. Any annual meeting of stockholders, for the election of directors and for the transaction of such other business as may properly come before the meeting, shall be held at such place, if any, either within or without the State of Delaware, on such date, and at such time as the Board of Directors shall fix. The Board of Directors may postpone, reschedule or cancel any annual meeting of stockholders previously scheduled by the Board of Directors.

Section 2.2 Special Meeting. Except as otherwise required by law, and except as otherwise provided for or fixed pursuant to the Certificate of Incorporation, including any certificate of designations relating to any series of Preferred Stock (each hereinafter referred to as a "Preferred Stock Designation"), prior to the Trigger Date (as defined in the Certificate of Incorporation), a special meeting of the stockholders of the Corporation may be called at any time by the Board of Directors or the Chairman of the Board of Directors and shall be called by the Chairman of the Board of Directors or by the Secretary of the Corporation at the request of the Principal Stockholder (as defined in the Certificate of Incorporation) and may not be called by any other person or persons. From and after the Trigger Date, except as otherwise required by law, and except as otherwise provided for or fixed pursuant to the Certificate of Incorporation (including any Preferred Stock Designation), a special meeting of the stockholders of the Corporation may be called at any time only by the Board of Directors or the Chairman of the Board of Directors and may not be called by any other person or persons. The Board of Directors may postpone, reschedule or cancel any special meeting of stockholders previously scheduled by the Board of Directors. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting by or at the direction of the Board of Directors.

Section 2.3 Notice of Stockholders' Meetings.

(a) Whenever stockholders are required or permitted to take any action at a meeting, notice of the place, if any, date, and time of the meeting of stockholders, the record date for determining the stockholders entitled to vote at the meeting (if such date is different from the record date for determining the stockholders entitled to notice of the meeting), the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such meeting and, if the meeting is to be held solely by means of remote communications, the means for accessing the list of stockholders contemplated by Section 2.5 of these Bylaws, shall be given. The notice shall be given not less than 10 nor more than 60 days before the date on which the meeting is to be held, to each stockholder entitled to vote at such meeting as of the record date for determining the stockholders entitled to notice of the meeting, except as otherwise provided by law, the Certificate of Incorporation (including any Preferred Stock Designation) or these Bylaws. In the case of a special meeting, the purpose or purposes for which the meeting is called also shall be set forth in the notice.

(b) Except as otherwise required by law, notice may be given in writing directed to a stockholder's mailing address as it appears on the records of the Corporation and shall be given: (i) if mailed, when notice is deposited in the U.S. mail, postage prepaid; and (ii) if delivered by courier service, the earlier of when the notice is received or left at such stockholder's address.

(c) So long as the Corporation is subject to the Securities and Exchange Commission's proxy rules set forth in Regulation 14A under the Securities Exchange Act of 1934 (the "Exchange Act"), notice shall be given in the manner required by such rules. To the extent permitted by such rules, notice may be given by electronic transmission directed to the stockholder's electronic mail address, and if so given, shall be given when directed to such stockholder's electronic mail address unless the stockholder has notified the Corporation in writing or by electronic transmission of an objection to receiving notice by electronic mail or such notice is prohibited by Section 232(e) of the General Corporation Law of the State of Delaware (the "DGCL"). If notice is given by electronic mail, such notice shall comply with the applicable provisions of Sections 232(a) and 232(d) of the DGCL.

(d) Notice may be given by other forms of electronic transmission with the consent of a stockholder in the manner permitted by Section 232(b) of the DGCL and shall be deemed given as provided therein.

(e) An affidavit that notice has been given, executed by the Secretary of the Corporation, Assistant Secretary or any transfer agent or other agent of the Corporation, shall be *prima facie* evidence of the facts stated in the notice in the absence of fraud. Notice shall be deemed to have been given to all stockholders who share an address if notice is given in accordance with the "householding" rules set forth in Rule 14a-3(e) under the Exchange Act and Section 233 of the DGCL.

(f) When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the place, if any, date and time thereof, and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be

present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken; provided, however, that if the adjournment is for more than 30 days, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting. If after the adjournment a new record date for stockholders entitled to vote is fixed for the adjourned meeting, the Board of Directors shall fix a new record date for notice of such adjourned meeting in accordance with Section 7.6(a), and shall give notice of the adjourned meeting to each stockholder of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting.

Section 2.4 Organization.

(a) Unless otherwise determined by the Board of Directors, meetings of stockholders shall be presided over by the Chairman of the Board of Directors, or in his or her absence, by another person designated by the Board of Directors. The Secretary of the Corporation, or in his or her absence, an Assistant Secretary, or in the absence of the Secretary and all Assistant Secretaries, a person whom the chairman of the meeting shall appoint, shall act as secretary of the meeting and keep a record of the proceedings thereof.

(b) The date and time of the opening and the closing of the polls for each matter upon which the stockholders shall vote at a meeting of stockholders shall be announced at the meeting by the chairman of the meeting. The Board of Directors may adopt such rules and regulations for the conduct of any meeting of stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the chairman of the meeting shall have the authority to adopt and enforce such rules and regulations for the conduct of any meeting of stockholders and the safety of those in attendance as, in the judgment of the chairman, are necessary, appropriate or convenient for the conduct of the meeting. Rules and regulations for the conduct of meetings of stockholders, whether adopted by the Board of Directors or by the chairman of the meeting, may include, without limitation, establishing: (i) an agenda or order of business for the meeting; (ii) rules and procedures for maintaining order at the meeting and the safety of those present; (iii) limitations on attendance at or participation in the meeting to stockholders entitled to vote at the meeting, their duly authorized and constituted proxies and such other persons as the chairman of the meeting shall permit; (iv) restrictions on entry to the meeting after the time fixed for the commencement thereof; (v) limitations on the time allotted for consideration of each agenda item and for questions and comments by participants; (vi) regulations for the opening and closing of the polls for balloting and matters which are to be voted on by ballot (if any); and (vii) procedures (if any) requiring attendees to provide the Corporation advance notice of their intent to attend the meeting. Subject to any rules and regulations adopted by the Board of Directors, the chairman of the meeting may convene and, for any or no reason, from time to time, adjourn and/or recess any meeting of stockholders pursuant to Section 2.7. The chairman of the meeting, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall have the power to declare that a nomination or other business was not properly brought before the meeting if the facts warrant (including if a determination is made, pursuant to Section 2.10(c)(i) of these Bylaws, that a nomination or other business was not made or proposed, as the case may be, in accordance with Section 2.10 of these Bylaws), and if such chairman should so declare, such nomination shall be disregarded or such other business shall not be transacted.

Section 2.5 List of Stockholders. The Corporation shall prepare, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting; provided, however, that if the record date for determining the stockholders entitled to vote is less than 10 days before the date of the meeting, the list shall reflect the stockholders entitled to vote as of the 10th day before the meeting date. Such list shall be arranged in alphabetical order and shall show the address of each stockholder and the number of shares registered in the name of each stockholder. Nothing in this Section 2.5 shall require the Corporation to include electronic mail addresses or other electronic contact information on such list. Such list shall be open to the examination of any stockholder for any purpose germane to the meeting at least 10 days prior to the meeting: (a) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of meeting; or (b) during ordinary business hours at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then a list of stockholders entitled to vote at the meeting shall be produced and kept at the time and place of the meeting during the whole time thereof and may be examined by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting. Except as otherwise required by law, the stock ledger shall be the only evidence as to who are the stockholders entitled to examine the list of stockholders required by this Section 2.5 or to vote in person or by proxy at any meeting of stockholders.

Section 2.6 Quorum. Except as otherwise required by law, the Certificate of Incorporation (including any Preferred Stock Designation) or these Bylaws, at any meeting of stockholders, the holders of a majority of the voting power of the stock outstanding and entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum for the transaction of business; provided, however, that where a separate vote by a class or series or classes or series is required, the holders of a majority of the voting power of the stock of such class or series or classes or series outstanding and entitled to vote on that matter, present in person or represented by proxy, shall constitute a quorum entitled to take action with respect to such matter. If a quorum is not present or represented at any meeting of stockholders, then the chairman of the meeting, or the holders of a majority of the voting power of the stock present in person or represented by proxy at the meeting and entitled to vote thereon, shall have power to adjourn or recess the meeting from time to time in accordance with Section 2.7, until a quorum is present or represented. Subject to applicable law, if a quorum initially is present at any meeting of stockholders, the stockholders may continue to transact business until adjournment or recess, notwithstanding the withdrawal of enough stockholders to leave less than a quorum, but if a quorum is not present at least initially, no business other than adjournment or recess may be transacted.

Section 2.7 Adjourned or Recessed Meeting. Any annual or special meeting of stockholders, whether or not a quorum is present, may be adjourned or recessed for any or no reason from time to time by the chairman of the meeting, subject to any rules and regulations adopted by the Board of Directors pursuant to Section 2.4(b). Any such meeting may be

adjourned for any or no reason (and may be recessed if a quorum is not present or represented) from time to time by the holders of a majority of the voting power of the stock present in person or represented by proxy at the meeting and entitled to vote thereon. At any such adjourned or recessed meeting at which a quorum is present, any business may be transacted that might have been transacted at the meeting as originally called.

Section 2.8 Voting; Proxies.

(a) Except as otherwise required by law or the Certificate of Incorporation (including any Preferred Stock Designation), each holder of stock of the Corporation entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of such stock held of record by such holder that has voting power upon the subject matter in question.

(b) Except as otherwise required by law, the Certificate of Incorporation (including any Preferred Stock Designation), these Bylaws or any law, rule or regulation applicable to the Corporation or its securities, at each meeting of stockholders at which a quorum is present, all corporate actions to be taken by vote of the stockholders shall be authorized by the affirmative vote of at least a majority of the votes cast, and where a separate vote by a class or series or classes or series is required, if a quorum of such class or series or classes or series is present, such act shall be authorized by the affirmative vote of at least a majority of the votes cast by such class or series or classes or series. Voting at meetings of stockholders need not be by written ballot.

(c) Every stockholder entitled to vote for directors, or on any other matter, shall have the right to do so either in person or by one or more persons authorized to act for such stockholder by proxy, but no such proxy shall be voted or acted upon after three years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. A stockholder may revoke any proxy which is not irrevocable by attending the meeting and voting in person or by delivering to the Secretary of the Corporation a revocation of the proxy or an executed new proxy bearing a later date.

Section 2.9 Submission of Information by Director Nominees.

(a) To be eligible to be a nominee for election or re-election as a director of the Corporation under Section 2.10 below, a person must deliver to the Secretary of the Corporation at the principal executive offices of the Corporation the following information:

(i) a written representation and agreement, which shall be signed by such person and pursuant to which such person shall represent and agree that such person: (A) consents to serving as a director if elected and (if applicable) to being named in the Corporation's proxy statement and form of proxy as a nominee, and currently intends to serve as a director for the full term for which such person is standing for election; (B) is not and will not become a party to any agreement, arrangement or understanding with, and has not given any commitment or assurance to, any person or entity: (1) as to how the person, if elected as a

director, will act or vote on any issue or question that has not been disclosed to the Corporation; or (2) that could limit or interfere with the person's ability to comply, if elected as a director, with such person's fiduciary duties under applicable law; (C) is not and will not become a party to any agreement, arrangement or understanding with any person or entity other than the Corporation with respect to any direct or indirect compensation, reimbursement or indemnification in connection with service or action as a director or nominee that has not been disclosed to the Corporation; and (D) if elected as a director, will comply with all of the Corporation's corporate governance, conflict of interest, confidentiality, and stock ownership and trading policies and guidelines, and any other Corporation policies and guidelines applicable to directors (which will be promptly provided following a request therefor); and

(ii) all completed and signed questionnaires prepared by the Corporation (including those questionnaires required of the Corporation's directors and any other questionnaire the Corporation determines is necessary or advisable to assess whether a nominee will satisfy any qualifications or requirements imposed by the Certificate of Incorporation or these Bylaws, any law, rule, regulation or listing standard that may be applicable to the Corporation, and the Corporation's corporate governance policies and guidelines) (all of the foregoing, "Questionnaires"). The Questionnaires will be promptly provided following a request therefor.

(b) A nominee for election or re-election as a director of the Corporation under Section 2.10 shall also provide to the Corporation such other information as it may reasonably request. The Corporation may request such additional information as necessary to permit the Corporation to determine the eligibility of such person to serve as a director of the Corporation, including information relevant to a determination whether such person can be considered an independent director.

(c) All written and signed representations and agreements, and the Questionnaires described in Section 2.9(a)(ii) above, shall be considered timely for a nominee for election or re-election as a director of the Corporation under Section 2.10, if provided to the Corporation by the deadlines specified in Section 2.10. All information provided pursuant to this Section 2.9 shall be deemed part of the stockholder's notice submitted pursuant to Section 2.10.

Section 2.10 Notice of Stockholder Business and Nominations.

(a) Annual Meeting.

(i) Nominations of persons for election to the Board of Directors and the proposal of business other than nominations to be considered by the stockholders may be made at an annual meeting of stockholders only: (A) pursuant to the Corporation's notice of meeting (or any supplement thereto); (B) by or at the direction of the Board of Directors (or any authorized committee thereof); or (C) by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.10(a) is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and who complies with the notice procedures set forth in this Section 2.10(a). For the avoidance of doubt, the foregoing clause (C) shall be the exclusive means for a stockholder to make nominations or propose other business at an annual meeting of stockholders (other than a proposal included in the

Corporation's proxy statement pursuant to and in compliance with Rule 14a-8 under the Exchange Act). Notwithstanding anything to the contrary contained in this Section 2.10, for as long as the Stockholder's Agreement (as defined in the Certificate of Incorporation) remains in effect with respect to the Principal Stockholder, the Principal Stockholder shall not be subject to the notice procedures set forth in this Section 2.10 with respect to any annual or special meeting of stockholders.

(ii) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (C) of the foregoing paragraph, the stockholder must have given timely notice thereof in writing to the Secretary of the Corporation and, in the case of business other than nominations, such business must be a proper subject for stockholder action. To be timely, a stockholder's notice must be delivered to the Secretary at the principal executive offices of the Corporation not later than the close of business (as defined in Section 2.10(c)(ii) below) on the 90th day nor earlier than the close of business on the 120th day prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is more than 30 days before or more than 30 days after such anniversary date, or if no annual meeting was held or deemed to have been held in the preceding year, notice by the stockholder to be timely must be so delivered not earlier than the close of business on the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the date on which public announcement (as defined in Section 2.10(c)(ii) below) of the date of such meeting is first made by the Corporation. In no event shall an adjournment or recess of an annual meeting, or a postponement of an annual meeting for which notice of the meeting has already been given to stockholders or a public announcement of the meeting date has already been made, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above. The number of nominees a stockholder may nominate for election at the annual meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the annual meeting on behalf of the beneficial owner) shall not exceed the number of directors to be elected at such annual meeting. For purposes of this Section 2.10, the fiscal 2020 annual meeting of stockholders shall be deemed to have been held on , 2020. Such stockholder's notice shall set forth:

(A) as to each person whom the stockholder proposes to nominate for election or re-election as a director: (1) all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case pursuant to and in accordance with Regulation 14A under the Exchange Act; and (2) the information required to be submitted by nominees pursuant to Section 2.9(a) above, including all completed and signed Questionnaires described in Section 2.9(a)(ii) above, which will be promptly provided following a request thereof;

(B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the text of the proposal or business (including the text of any resolutions proposed for consideration and in the event that such business includes a proposal to amend the Bylaws, the language of the proposed amendment), the reasons for conducting such business at the meeting and any substantial interest (within the meaning of Item 5 of Schedule 14A under the Exchange

Act) in such business of such stockholder and the beneficial owner (within the meaning of Section 13(d) of the Exchange Act), if any, on whose behalf the proposal is made;

(C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made or the other business is proposed:

(1) the name and address of such stockholder, as they appear on the Corporation's books, and the name and address of such beneficial owner;

(2) the class or series and number of shares of stock of the Corporation which are owned of record by such stockholder and such beneficial owner as of the date of the notice, and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of the class or series and number of shares of stock of the Corporation owned of record by the stockholder and such beneficial owner as of the record date for the meeting; and

(3) a representation that the stockholder (or a qualified representative of the stockholder) intends to appear at the meeting to make such nomination or propose such business;

(D) as to the stockholder giving the notice or, if the notice is given on behalf of a beneficial owner on whose behalf the nomination is made or the other business is proposed, as to such beneficial owner, and if such stockholder or beneficial owner is an entity, as to each director, executive, managing member or control person of such entity (any such individual or control person, a "control person"):

(1) the class or series and number of shares of stock of the Corporation which are beneficially owned (as defined in Section 2.10(c)(ii) below) by such stockholder or beneficial owner and by any control person as of the date of the notice, and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of the class or series and number of shares of stock of the Corporation beneficially owned by such stockholder or beneficial owner and by any control person as of the record date for the meeting;

(2) a description of any agreement, arrangement or understanding with respect to the nomination or other business between or among such stockholder, beneficial owner or control person and any other person, including, without limitation any agreements that would be required to be disclosed pursuant to Item 5 or Item 6 of Exchange Act Schedule 13D (regardless of whether the requirement to file a Schedule 13D is applicable) and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting;

(3) a description of any agreement, arrangement or understanding (including, without limitation, any derivative or short positions, profit interests, options, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the stockholder's notice by, or on behalf of, such stockholder, beneficial owner or control person, the effect or intent of which is to mitigate loss, manage risk or benefit from changes in

the share price of any class or series of the Corporation's stock, or maintain, increase or decrease the voting power of the stockholder, beneficial owner or control person with respect to securities of the Corporation, and a representation that the stockholder will notify the Corporation in writing within five business days after the record date for such meeting of any such agreement, arrangement or understanding in effect as of the record date for the meeting; and

(4) a representation whether the stockholder or the beneficial owner, if any, will engage in a solicitation with respect to the nomination or other business and, if so, the name of each participant in such solicitation (as defined in Item 4 of Schedule 14A under the Exchange Act) and whether such person intends or is part of a group which intends to deliver a proxy statement and/or form of proxy to holders of shares representing at least 50% of the voting power of the stock entitled to vote generally in the election of directors in the case of a nomination, or holders of at least the percentage of the Corporation's stock required to approve or adopt the business to be proposed in the case of other business.

(iii) Notwithstanding anything in Section 2.10(a)(ii) above or Section 2.10(b) below to the contrary, if the record date for determining the stockholders entitled to vote at any meeting of stockholders is different from the record date for determining the stockholders entitled to notice of the meeting, a stockholder's notice required by this Section 2.10 shall set forth a representation that the stockholder will notify the Corporation in writing within five business days after the record date for determining the stockholders entitled to vote at the meeting, or by the opening of business on the date of the meeting (whichever is earlier), of the information required under clauses (ii)(C)(2) and (ii)(D)(1)-(3) of this Section 2.10(a), and such information when provided to the Corporation shall be current as of the record date for determining the stockholders entitled to vote at the meeting.

(iv) This Section 2.10(a) shall not apply to a proposal proposed to be made by a stockholder if the stockholder has notified the Corporation of his or her intention to present the proposal at an annual or special meeting only pursuant to and in compliance with Rule 14a-8 under the Exchange Act and such proposal has been included in a proxy statement that has been prepared by the Corporation to solicit proxies for such meeting.

(v) Notwithstanding anything in this Section 2.10(a) to the contrary, in the event that the number of directors to be elected to the Board of Directors at an annual meeting is increased and there is no public announcement by the Corporation naming all of the nominees for directors or specifying the size of the increased Board of Directors made by the Corporation at least 10 days prior to the last day a stockholder may deliver a notice in accordance with Section 2.10(a)(ii) above, a stockholder's notice required by this Section 2.10(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the Secretary of the Corporation at the principal executive offices of the Corporation not later than the close of business on the 10th day following the day on which such public announcement is first made by the Corporation.

(b) Special Meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected pursuant to the Corporation's notice of meeting: (i) by or at the direction of the Board of Directors (or any authorized committee thereof); or (ii) provided that one or more directors are to

be elected at such meeting, by any stockholder of the Corporation who is a stockholder of record at the time the notice provided for in this Section 2.10(b) is delivered to the Secretary of the Corporation, who is entitled to vote at the meeting and upon such election and who delivers notice thereof in writing setting forth the information required by Section 2.10(a) above and provides the additional information required by Section 2.9 above. In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any stockholder entitled to vote in such election of directors may nominate a person or persons (as the case may be) for election to such position(s) as specified in the Corporation's notice of meeting, if the notice required by this Section 2.10(b) shall be delivered to the Secretary at the principal executive offices of the Corporation not earlier than the close of business on the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the date on which public announcement of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting is first made by the Corporation. The number of nominees a stockholder may nominate for election at the special meeting (or in the case of a stockholder giving the notice on behalf of a beneficial owner, the number of nominees a stockholder may nominate for election at the annual meeting on behalf of such beneficial owner) shall not exceed the number of directors to be elected at such special meeting. In no event shall an adjournment, recess or postponement of a special meeting commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(c) General.

(i) Except as otherwise required by law, only such persons who are nominated in accordance with the procedures set forth in this Section 2.10 shall be eligible to be elected at any meeting of stockholders of the Corporation to serve as directors and only such other business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 2.10. Except as otherwise required by law, each of the Chairman of the Board of Directors, the Board of Directors or the chairman of the meeting shall have the power to determine whether a nomination or any other business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this Section 2.10 (including whether a stockholder or beneficial owner solicited (or is part of a group which solicited) or did not so solicit, as the case may be, proxies in compliance with such stockholder's representation as required by clause (a)(ii)(D)(4) of this Section 2.10). If any proposed nomination or other business is not in compliance with this Section 2.10, then except as otherwise required by law, the chairman of the meeting shall have the power to declare that such nomination shall be disregarded or that such other business shall not be transacted. Notwithstanding the foregoing provisions of this Section 2.10, unless otherwise required by law, or otherwise determined by the Chairman of the Board of Directors, the Board of Directors or the chairman of the meeting, if the stockholder does not provide the information required under Section 2.9 or clauses (a)(ii)(C)(2) and (a)(ii)(D)(1)-(3) of this Section 2.10 to the Corporation within the time frames specified herein, any such nomination shall be disregarded and any such other business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. Notwithstanding the foregoing provisions of this Section 2.10, unless otherwise required by law, or otherwise determined by the Chairman of the Board of Directors, the Board of Directors or the chairman of the meeting, if the stockholder (or a qualified representative of the stockholder) does

not appear at the annual or special meeting of stockholders of the Corporation to present a nomination or other business (whether pursuant to the requirements of these Bylaws or in accordance with Rule 14a-8 under the Exchange Act), such nomination shall be disregarded and such other business shall not be transacted, notwithstanding that proxies in respect of such vote may have been received by the Corporation. To be considered a qualified representative of a stockholder pursuant to the preceding sentence and for purposes of these Bylaws, a person must be a duly authorized officer, manager or partner of such stockholder or authorized by a writing executed by such stockholder (or a reliable reproduction of the writing) delivered to the Corporation prior to the making of such nomination or proposal at such meeting (and in any event not fewer than five days before the meeting) stating that such person is authorized to act for such stockholder as proxy at the meeting of stockholders.

(ii) For purposes of this Section 2.10, the "close of business" shall mean 6:00 p.m. local time at the principal executive offices of the Corporation on any calendar day, whether or not the day is a business day, and a "public announcement" shall mean disclosure in a press release reported by the Dow Jones News Service, Associated Press or a comparable national news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Section 13, 14 or 15(d) of the Exchange Act. For purposes of clause (a)(ii)(D)(1) of this Section 2.10, shares shall be treated as "beneficially owned" by a person if the person beneficially owns such shares, directly or indirectly, for purposes of Section 13(d) of the Exchange Act and Regulations 13D and 13G thereunder or has shares pursuant to any agreement, arrangement or understanding (whether or not in writing): (A) the right to acquire such shares (whether such right is exercisable immediately or only after the passage of time or the fulfillment of a condition or both); (B) the right to vote such shares, alone or in concert with others; and/or (C) investment power with respect to such shares, including the power to dispose of, or to direct the disposition of, such shares.

(iii) Nothing in this Section 2.10 shall be deemed to affect any rights of the holders of any series of Preferred Stock to elect directors pursuant to any applicable provisions of the Certificate of Incorporation (including any Preferred Stock Designation).

Section 2.11 No Action by Written Consent. Prior to the Trigger Date, any action required or permitted to be taken at any annual or special meeting of the stockholders of the Corporation may be taken upon a vote of the stockholders at an annual or special meeting duly called or by consent of the stockholders in lieu of a meeting. From and after the Trigger Date, any action required or permitted to be taken at any annual or special meeting of the stockholders of the Corporation may be taken only at an annual or special meeting of stockholders duly called and may not be taken by written consent of the stockholders in lieu of such a meeting. Notwithstanding the foregoing, any action required or permitted to be taken by the holders of Preferred Stock, voting separately as a series or separately as a class with one or more other such series, may be taken without a meeting, without prior notice and without a vote, to the extent expressly so provided by the applicable Preferred Stock Designation relating to such series of Preferred Stock.

Section 2.12 Inspectors of Election. Before any meeting of stockholders, the Corporation may, and shall if required by law, appoint one or more inspectors of election to act at the meeting and make a written report thereof. Inspectors may be employees of the

Corporation. The Corporation may designate one or more persons as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of stockholders, the chairman of the meeting may, and shall if required by law, appoint one or more inspectors to act at the meeting. Each inspector, before entering upon the discharge of his or her duties, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of his or her ability. Inspectors need not be stockholders. No director or nominee for the office of director at an election shall be appointed as an inspector at such election.

Such inspectors shall:

(a) determine the number of shares outstanding and the voting power of each, the number of shares represented at the meeting, the existence of a quorum, and the validity of proxies and ballots;

(b) determine and retain for a reasonable period a record of the disposition of any challenges made to any determination by the inspectors;

(c) count and tabulate all votes and ballots; and

(d) certify their determination of the number of shares represented at the meeting, and their count of all votes and ballots.

Section 2.13 Meetings by Remote Communications. The Board of Directors may, in its sole discretion, determine that a meeting of stockholders shall not be held at any place, but may instead be held solely by means of remote communication in accordance with Section 211(a)(2) of the DGCL. If authorized by the Board of Directors in its sole discretion, and subject to such guidelines and procedures as the Board of Directors may adopt, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communication: (a) participate in a meeting of stockholders; and (b) be deemed present in person and vote at a meeting of stockholders whether such meeting is to be held at a designated place or solely by means of remote communication, provided that: (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder; (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings; and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

Section 2.14 Delivery to the Corporation. Whenever this Article II (or, if applicable, Section 7.6(b)) requires one or more persons (including a record or beneficial owner of stock) to deliver a document or information to the Corporation or any officer, employee or agent thereof (including any notice, request, questionnaire, revocation, representation or other document or agreement), the Corporation shall not be required to accept delivery of such document or information unless the document or information is in writing exclusively (and not in an

electronic transmission) and delivered exclusively by hand (including, without limitation, overnight courier service) or by certified or registered mail, return receipt requested. For the avoidance of doubt, the Corporation expressly opts out of Section 116 of the DGCL with respect to the delivery of information and documents to the Corporation required by Article II of these Bylaws.

ARTICLE III
DIRECTORS

Section 3.1 Powers. Except as otherwise required by the DGCL or as provided in the Certificate of Incorporation (including any Preferred Stock Designation), the business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. In addition to the powers and authorities these Bylaws expressly confer upon it, the Board of Directors may exercise all such powers of the Corporation and do all such lawful acts and things as are not by law or the Certificate of Incorporation (including any Preferred Stock Designation) required to be exercised or done by the stockholders.

Section 3.2 Number, Term of Office and Election. Except as otherwise provided for or fixed pursuant to the Certificate of Incorporation (including any Preferred Stock Designation), the Board of Directors shall consist of not fewer than three nor more than 15 directors, the exact number to be determined from time to time solely by resolution of the Board of Directors, subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement. At any meeting of stockholders at which directors are to be elected, directors shall be elected by a plurality of the votes cast. Directors need not be stockholders unless so required by the Certificate of Incorporation (including any Preferred Stock Designation) or these Bylaws, wherein other qualifications for directors may be prescribed.

Section 3.3 Vacancies and Newly Created Directorships. Subject to the rights of the holders of any outstanding series of Preferred Stock, and unless otherwise required by law or provided for or fixed pursuant to the Certificate of Incorporation, newly created directorships resulting from any increase in the authorized number of directors and any vacancies in the Board of Directors resulting from death, resignation, retirement, disqualification, removal from office or other cause shall be filled only in the manner provided in and to the extent permitted under the Certificate of Incorporation and the Stockholder's Agreement.

Section 3.4 Resignations and Removal.

(a) Any director may resign at any time upon notice given in writing or by electronic transmission to the Board of Directors, the Chairman of the Board of Directors or the Secretary of the Corporation. Such resignation shall take effect upon delivery, unless the resignation specifies a later effective date or time or an effective date or time determined upon the happening of an event or events. Unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

(b) Directors of the Corporation may only be removed from office in the manner provided in and to the extent permitted in the Certificate of Incorporation and the Stockholder's Agreement.

Section 3.5 Regular Meetings. Regular meetings of the Board of Directors shall be held at such place or places, within or without the State of Delaware, on such date or dates and at such time or times, as shall have been established by the Board of Directors and publicized among all directors. A notice of each regular meeting shall not be required.

Section 3.6 Special Meetings. Special meetings of the Board of Directors for any purpose or purposes may be called at any time by the Chairman of the Board of Directors or a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix the place, within or without the State of Delaware, date and time of such meetings. Notice of each such meeting shall be given to each director, if by mail, addressed to such director at his or her residence or usual place of business, at least five days before the day on which such meeting is to be held, or shall be sent to such director by electronic transmission, or be delivered personally or by telephone, in each case at least 24 hours prior to the time set for such meeting. A notice of special meeting need not state the purpose of such meeting, and, unless indicated in the notice thereof, any and all business may be transacted at a special meeting.

Section 3.7 Remote Participation in Meetings. Members of the Board of Directors, or of any committee thereof, may participate in a meeting of such Board of Directors or committee by means of conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and such participation shall constitute presence in person at such meeting.

Section 3.8 Quorum and Voting. Except as otherwise required by law, the Certificate of Incorporation or these Bylaws, a majority of the total number of directors then authorized shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, and the vote of a majority of the directors present at a duly held meeting at which a quorum is present shall be the act of the Board of Directors. The chairman of the meeting or a majority of the directors present may adjourn the meeting to another time and place whether or not a quorum is present. At any adjourned meeting at which a quorum is present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 3.9 Board of Directors Action by Written Consent Without a Meeting. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, or any committee thereof, may be taken without a meeting, provided that all members of the Board of Directors or committee, as the case may be, consent in writing or by electronic transmission to such action. After an action is taken, the consent or consents relating thereto shall be filed with the minutes or proceedings of the Board of Directors or committee in the same paper or electronic form as the minutes are maintained. Any person (whether or not then a director) may provide, whether through instruction to an agent or otherwise, that a consent to action shall be effective at a future time (including a time determined upon the happening of an event), no later than 60 days after such instruction is given or such provision is made and such consent shall be deemed to have been given at such effective time so long as such person is then a director and did not revoke the consent prior to such time. Any such consent shall be revocable prior to its becoming effective.

Section 3.10 Chairman of the Board of Directors. The Chairman of the Board of Directors shall preside at meetings of stockholders (or, in his or her absence, another person designated by the Board of Directors) and at meetings of directors and shall perform such other duties as the Board of Directors may from time to time determine. If the Chairman of the Board of Directors is not present at a meeting of the Board of Directors, another director chosen by the Board of Directors shall preside.

Section 3.11 Rules and Regulations. The Board of Directors shall adopt such rules and regulations not inconsistent with the provisions of law, the Certificate of Incorporation or these Bylaws for the conduct of its meetings and management of the affairs of the Corporation as the Board of Directors shall deem proper.

Section 3.12 Fees and Compensation of Directors. Unless otherwise restricted by the Certificate of Incorporation, directors may receive such compensation, if any, for their services on the Board of Directors and its committees, and such reimbursement of expenses, as may be fixed or determined by resolution of the Board of Directors.

Section 3.13 Emergency Bylaws. This Section 3.13 shall be operative during any emergency condition as contemplated by Section 110 of the DGCL (an "Emergency"), notwithstanding any different or conflicting provisions in these Bylaws, the Certificate of Incorporation or the DGCL. In the event of any Emergency, or other similar emergency condition, the director or directors in attendance at a meeting of the Board of Directors or a standing committee thereof shall constitute a quorum. Such director or directors in attendance may further take action to appoint one or more of themselves or other directors to membership on any standing or temporary committees of the Board of Directors as they shall deem necessary and appropriate. Except as the Board of Directors may otherwise determine, during any Emergency, the Corporation and its directors and officers, may exercise any authority and take any action or measure contemplated by Section 110 of the DGCL.

ARTICLE IV
COMMITTEES

Section 4.1 Committees of the Board of Directors. The Board of Directors may designate one or more committees, each such committee to consist of one or more of the directors of the Corporation. The Board of Directors may designate one or more directors as alternate members of any committee to replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members present at any meeting and not disqualified from voting, whether or not he, she or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent permitted by law and provided in the resolution of the Board of Directors establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it; but no such committee shall have the power or authority in reference to the following matters: (a) approving or adopting, or recommending to the stockholders, any action or matter (other than the election or removal of directors) expressly required by the DGCL to be submitted to stockholders for

approval; or (b) adopting, amending or repealing any bylaw of the Corporation. All committees of the Board of Directors shall keep minutes of their meetings and shall report their proceedings to the Board of Directors when requested or required by the Board of Directors.

Section 4.2 Meetings and Action of Committees. Unless the Board of Directors provides otherwise by resolution, any committee of the Board of Directors may adopt, alter and repeal such rules and regulations not inconsistent with the provisions of law, the Certificate of Incorporation or these Bylaws for the conduct of its meetings as such committee may deem proper. A majority of the directors then serving on a committee shall constitute a quorum for the transaction of business by the committee except as otherwise required by law, the Certificate of Incorporation or these Bylaws, and except as otherwise provided in a resolution of the Board of Directors; provided, however, that in no case shall a quorum be less than one-third of the directors then serving on the committee. Unless the Certificate of Incorporation, these Bylaws or a resolution of the Board of Directors requires a greater number, the vote of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee.

ARTICLE V
OFFICERS

Section 5.1 Officers. The officers of the Corporation shall consist of a Chief Executive Officer and a Secretary of the Corporation. Subject to the terms of the Stockholder's Agreement, the Board of Directors, in its sole discretion, may also elect one or more Chief Financial Officers, Chief Operating Officers, Presidents, Chief Legal Officers, Treasurers, Controllers, Assistant Secretaries, Assistant Treasurers (or officers with similar titles) and such other officers as the Board of Directors may from time to time determine, each of whom shall be elected by the Board of Directors, each to have such authority, functions or duties as set forth in these Bylaws or as determined by the Board of Directors. Each officer shall be elected by the Board of Directors and shall hold office for such term as may be prescribed by the Board of Directors and until such person's successor shall have been duly elected and qualified, or until such person's earlier death, disqualification, resignation or removal. Any number of offices may be held by the same person; provided, however, that no officer shall execute, acknowledge or verify any instrument in more than one capacity if such instrument is required by law, the Certificate of Incorporation or these Bylaws to be executed, acknowledged or verified by two or more officers.

Section 5.2 Compensation. The salaries of the officers of the Corporation and the manner and time of the payment of such salaries shall be fixed and determined by the Board of Directors or by a duly authorized officer and may be altered by the Board of Directors from time to time as it deems appropriate, subject to the rights, if any, of such officers under any contract of employment.

Section 5.3 Removal, Resignation and Vacancies. Subject to the terms of the Stockholder's Agreement, any officer of the Corporation may be removed, with or without cause, by the Board of Directors or by a duly authorized officer, without prejudice to the rights, if any, of such officer under any contract to which it is a party. Any officer may resign at any time upon notice given in writing or by electronic transmission to the Corporation, without

prejudice to the rights, if any, of the Corporation under any contract to which such officer is a party. If any vacancy occurs in any office of the Corporation, the Board of Directors may elect a successor to fill such vacancy for the remainder of the unexpired term and until a successor shall have been duly elected and qualified.

Section 5.4 Chief Executive Officer. The Chief Executive Officer shall have general supervision and direction of the business and affairs of the Corporation, shall be responsible for corporate policy and strategy, and shall report directly to the Board of Directors. Unless otherwise provided in these Bylaws or determined by the Board of Directors, all other officers of the Corporation shall report directly to the Chief Executive Officer or as otherwise determined by the Chief Executive Officer. The Chief Executive Officer shall, if present and in the absence of the Chairman of the Board of Directors, preside at meetings of the stockholders.

Section 5.5 Chief Financial Officer. The Chief Financial Officer shall exercise all the powers and perform the duties of the office of the chief financial officer and in general have overall supervision of the financial operations of the Corporation. The Chief Financial Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors or the Chief Executive Officer may from time to time determine.

Section 5.6 Chief Operating Officer. The Chief Operating Officer shall have general responsibility for the management and control of the operations of the Corporation. The Chief Operating Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors or the Chief Executive Officer may from time to time determine.

Section 5.7 President. The President shall have such powers and perform such duties as are incident to the office of President. The President shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors or the Chief Executive Officer may from time to time determine.

Section 5.8 Chief Legal Officer. The Chief Legal Officer shall have such powers and perform such duties as are incident to the office of Chief Legal Officer. The Chief Legal Officer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors or the Chief Executive Officer may from time to time determine.

Section 5.9 Treasurer. The Treasurer shall supervise and be responsible for all the funds and securities of the Corporation, the deposit of all monies and other valuables to the credit of the Corporation in depositories of the Corporation, borrowings and compliance with the provisions of all indentures, agreements and instruments governing such borrowings to which the Corporation is a party, the disbursement of funds of the Corporation and the investment of its funds, and in general shall perform all of the duties incident to the office of the Treasurer. The Treasurer shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors, the Chief Executive Officer or the Chief Financial Officer may from time to time determine.

Section 5.10 Controller. The Controller shall be the chief accounting officer of the Corporation. The Controller shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors, the Chief Executive Officer, the Chief Financial Officer or the Treasurer may from time to time determine.

Section 5.11 Secretary. The powers and duties of the Secretary are: (i) to act as Secretary at all meetings of the Board of Directors, of the committees of the Board of Directors and of the stockholders and to record the proceedings of such meetings in a book or books to be kept for that purpose; (ii) to see that all notices required to be given by the Corporation are duly given and served; (iii) to act as custodian of the seal of the Corporation and affix the seal or cause it to be affixed to all certificates of stock of the Corporation and to all documents, the execution of which on behalf of the Corporation under its seal is duly authorized in accordance with the provisions of these Bylaws; (iv) to have charge of the books, records and papers of the Corporation and see that the reports, statements and other documents required by law to be kept and filed are properly kept and filed; and (v) to perform all of the duties incident to the office of Secretary. The Secretary shall, when requested, counsel with and advise the other officers of the Corporation and shall perform such other duties as the Board of Directors or the Chief Executive Officer may from time to time determine.

Section 5.12 Additional Matters. The Chief Executive Officer and the Chief Financial Officer of the Corporation shall have the authority to designate employees of the Corporation to have the title of Vice President, Assistant Vice President, Assistant Treasurer or Assistant Secretary. Any employee so designated shall have the powers and duties determined by the officer making such designation. The persons upon whom such titles are conferred shall not be deemed officers of the Corporation unless elected by the Board of Directors.

Section 5.13 Checks; Drafts; Evidences of Indebtedness. From time to time, the Board of Directors shall determine the method, and designate (or authorize officers of the Corporation to designate) the person or persons who shall have authority, to sign or endorse all checks, drafts, other orders for payment of money and notes, bonds, debentures or other evidences of indebtedness that are issued in the name of or payable by the Corporation, and only the persons so authorized shall sign or endorse such instruments.

Section 5.14 Corporate Contracts and Instruments; How Executed. Except as otherwise provided in these Bylaws, the Board of Directors may determine the method, and designate (or authorize officers of the Corporation to designate) the person or persons who shall have authority to enter into any contract or execute any instrument in the name of and on behalf of the Corporation. Such authority may be general or confined to specific instances. Unless so authorized, or within the power incident to a person's office or other position with the Corporation, no person shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

Section 5.15 Signature Authority. Unless otherwise determined by the Board of Directors or otherwise provided by law or these Bylaws, contracts, evidences of indebtedness and other instruments or documents of the Corporation may be executed, signed or endorsed: (i) by the Chief Executive Officer or the Chief Operating Officer; or (ii) by the Chief Financial

Officer, Treasurer, Secretary or Controller, in each case only with regard to such instruments or documents that pertain to or relate to such person's duties or business functions.

Section 5.16 Action with Respect to Securities of Other Corporations or Entities. The Chief Executive Officer or any other officer of the Corporation authorized by the Board of Directors or the Chief Executive Officer is authorized to vote, represent, and exercise on behalf of the Corporation all rights incident to any and all shares or other equity interests of any other corporation or entity or corporations or entities, standing in the name of the Corporation. The authority herein granted may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by the person having such authority.

Section 5.17 Delegation. The Board of Directors may from time to time delegate the powers or duties of any officer to any other officers or agents, notwithstanding the foregoing provisions of this Article V.

ARTICLE VI
INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 6.1 Right to Indemnification.

(a) Each person who was or is a party or is threatened to be made a party to, or was or is otherwise involved in, any action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, judicial, administrative or legislative hearing, or any other threatened, pending or completed proceeding, whether brought by or in the right of the Corporation or otherwise, including any and all appeals, whether of a civil, criminal, administrative, legislative, investigative or other nature (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or an officer (as defined below) of the Corporation or while a director or officer of the Corporation is or was serving at the request of the Corporation as a director, officer, employee, agent or trustee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), or by reason of anything done or not done by him or her in any such capacity, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the DGCL, as the same exists or may hereafter be amended, against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes, penalties and amounts paid in settlement by or on behalf of the indemnitee) actually and reasonably incurred by such indemnitee in connection therewith, all on the terms and conditions set forth in these Bylaws. Notwithstanding anything in this Article VI to the contrary, (i) except as otherwise required by law or by Section 6.3, no indemnification shall be paid to any such indemnitee with respect to any proceeding brought by or in the right of the Corporation against the indemnitee that is authorized or ratified by the Board of Directors of the Corporation, unless the Board of Directors otherwise determines that indemnification is appropriate; and (ii) except as otherwise required by law or provided in Section 6.4 with respect to suits to enforce rights under this Article VI, the Corporation shall indemnify any such indemnitee in connection with a proceeding, or part thereof, voluntarily initiated by such indemnitee (including claims and counterclaims, whether such counterclaims are asserted by such indemnitee or the Corporation in a proceeding initiated by such indemnitee) only if such proceeding, or part thereof, was

authorized or ratified by the Board of Directors or the Board of Directors otherwise determines that indemnification is appropriate.

(b) To receive indemnification under this Article VI, an indemnitee shall submit a written request to the Secretary of the Corporation. Such request shall include documentation or information that is necessary to determine the entitlement of the indemnitee to indemnification and that is reasonably available to the indemnitee. Upon receipt by the Secretary of the Corporation of such a written request, unless indemnification is required by Section 6.3, the entitlement of the indemnitee to indemnification shall be determined by the following person or persons who shall be empowered to make such determination, as selected by the Board of Directors (except with respect to clause (v) of this Section 6.1(b)): (i) the Board of Directors by a majority vote of the directors who are not parties to such proceeding, whether or not such majority constitutes a quorum; (ii) a committee of such directors designated by a majority vote of such directors, whether or not such majority constitutes a quorum; (iii) if there are no such directors, or if such directors so direct, by independent legal counsel selected by the Corporation in a written opinion to the Board of Directors, a copy of which shall be delivered to the indemnitee; (iv) the stockholders of the Corporation; or (v) in the event that a change of control (as defined below) has occurred, by independent legal counsel (to be mutually agreed upon by the Corporation and the indemnitee, with such agreement not to be unreasonably withheld) in a written opinion to the Board of Directors, a copy of which shall be delivered to the indemnitee. The determination of entitlement to indemnification shall be made and, unless a contrary determination is made, such indemnification shall be paid in full by the Corporation not later than 60 days after receipt by the Secretary of the Corporation of a written request for indemnification. For purposes of this Section 6.1(b), a "change of control" will be deemed to have occurred if, with respect to any particular 24-month period, the individuals who, at the beginning of such 24-month period, constituted the Board of Directors (the "incumbent board"), cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the beginning of such 24-month period whose election, or nomination for election by the stockholders of the Corporation, was approved by a vote of at least a majority of the directors then comprising the incumbent board shall be considered as though such individual were a member of the incumbent board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors. For the avoidance of doubt, a "change of control" for purposes of this Article VI shall not include the initial public offering of the Class A common stock, par value $0.001 per share, of the Corporation. Furthermore, any reference to an officer of the Corporation in this Article VI shall be deemed to refer exclusively to the Chief Executive Officer and Secretary and any Chief Financial Officer, Chief Operating Officer, President, Chief Legal Officer, Treasurer, Controller, Assistant Secretary, Assistant Treasurer or other officer of the Corporation appointed by the Board of Directors pursuant to Section 5.1, and any reference to an officer of any other enterprise shall be deemed to refer exclusively to an officer appointed by the board of directors or equivalent governing body of such other enterprise pursuant to the certificate of incorporation and bylaws (or equivalent organizational documents) of such other enterprise. The fact that any person who is or was an employee of the Corporation or an employee of any other enterprise has been given or has used the title of "Vice President" or any other title that could be construed to suggest or imply that such person is or may be an officer of

the Corporation or of such other enterprise shall not, by itself, result in such person being constituted as, or being deemed to be, an officer of the Corporation or of such other enterprise for purposes of this Article VI.

Section 6.2 Right to Advancement of Expenses.

(a) In addition to the right to indemnification conferred in Section 6.1, an indemnitee shall, to the fullest extent permitted by law, also have the right to be paid by the Corporation the expenses (including attorneys' fees) incurred in defending any proceeding in advance of its final disposition (hereinafter an "advancement of expenses"), other than a proceeding brought by or in the right of the Corporation against the indemnitee that is authorized or ratified by the Board of Directors; provided, however, that an advancement of expenses shall be made only upon delivery to the Corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision of a court of competent jurisdiction from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Article VI or otherwise.

(b) To receive an advancement of expenses under this Section 6.2, an indemnitee shall submit a written request to the Secretary of the Corporation. Such request shall reasonably evidence the expenses incurred by the indemnitee and shall include or be accompanied by the undertaking required by Section 6.2(a). Each such advancement of expenses shall be made within 20 days after the receipt by the Secretary of the Corporation of a written request for advancement of expenses.

Section 6.3 Indemnification for Successful Defense. To the extent that an indemnitee has been successful on the merits or otherwise in defense of any proceeding (or in defense of any claim, issue or matter therein), such indemnitee shall be indemnified under this Section 6.3 against expenses (including attorneys' fees) actually and reasonably incurred in connection with such defense. Indemnification under this Section 6.3 shall not be subject to satisfaction of a standard of conduct, and the Corporation may not assert the failure to satisfy a standard of conduct as a basis to deny indemnification or recover amounts advanced, including in a suit brought pursuant to Section 6.4 (notwithstanding anything to the contrary therein).

Section 6.4 Right of Indemnitee to Bring Suit. In the event that a determination is made that the indemnitee is not entitled to indemnification or if payment is not timely made following a determination of entitlement to indemnification pursuant to Section 6.1(b), if a request for indemnification under Section 6.3 is not paid in full by the Corporation within 60 days after a written request has been received by the Secretary of the Corporation, or if an advancement of expenses is not timely made under Section 6.2(b), the indemnitee may at any time thereafter bring suit against the Corporation in a court of competent jurisdiction in the State of Delaware seeking an adjudication of entitlement to such indemnification or advancement of expenses. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit to the fullest extent permitted by law. In any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an

advancement of expenses) it shall be a defense that the indemnitee has not met any applicable standard of conduct for indemnification set forth in Section 145(a) or Section 145(b) of the DGCL. Further, in any suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the indemnitee has not met any applicable standard of conduct for indemnification set forth in Section 145(a) or Section 145(b) of the DGCL. Neither the failure of the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the DGCL, nor an actual determination by the Corporation (including its directors who are not parties to such action, a committee of such directors, independent legal counsel or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under applicable law, this Article VI or otherwise shall be on the Corporation.

Section 6.5 Non-Exclusivity of Rights. The rights to indemnification and to the advancement of expenses conferred in this Article VI shall not be exclusive of any other right which any person may have or hereafter acquire under any law, agreement (including any partnership agreement or limited liability company agreement), vote of stockholders or disinterested directors, provisions of an entity's organizational documents (including the Corporation's), or otherwise. Further, the Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more direct or indirect equityholders that have invested in the Corporation and/or certain Affiliates (as defined in the Stockholder's Agreement) of such equityholders (collectively, the "Sponsor"). The Company hereby agrees that, in connection with any Proceeding, it: (i) is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Sponsor to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary); (ii) shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by these Bylaws (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Sponsor; and (iii) irrevocably waives, relinquishes and releases the Sponsor from any and all claims against the Sponsor for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Sponsor on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company hereunder shall affect the foregoing and that the Sponsor shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Sponsor is an express third party beneficiary of this Section 6.5.

Section 6.6 Insurance. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the DGCL.

Section 6.7 Indemnification of Employees and Agents of the Corporation. The Corporation may, to the extent and in the manner permitted by law, and to the extent authorized from time to time, grant rights to indemnification and to the advancement of expenses to any employee or agent of the Corporation.

Section 6.8 Nature of Rights. The rights conferred upon indemnitees in this Article VI shall be contract rights and such rights shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators. Any amendment, alteration or repeal of this Article VI that adversely affects any right of an indemnitee or its successors shall be prospective only and shall not limit or eliminate any such right with respect to any proceeding involving any occurrence or alleged occurrence of any action or omission to act that took place prior to such amendment, alteration or repeal.

Section 6.9 Settlement of Claims. Notwithstanding anything in this Article VI to the contrary, the Corporation shall not be liable to indemnify any indemnitee under this Article VI for any amounts paid in settlement of any proceeding effected without the Corporation's written consent, which consent shall not be unreasonably withheld.

Section 6.10 Subrogation. In the event of payment under this Article VI, the Corporation shall be subrogated to the extent of such payment to all of the rights of recovery of the indemnitee (excluding insurance obtained on the indemnitee's own behalf and subject to Section 6.5 above), and the indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Corporation effectively to bring suit to enforce such rights.

Section 6.11 Severability. If any provision or provisions of this Article VI shall be held to be invalid, illegal or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law: (a) the validity, legality and enforceability of such provision in any other circumstance and of the remaining provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not by themselves invalid, illegal or unenforceable) and the application of such provision to other persons or entities or circumstances shall not in any way be affected or impaired thereby; and (b) to the fullest extent possible, the provisions of this Article VI (including, without limitation, all portions of any paragraph of this Article VI containing any such provision held to be invalid, illegal or unenforceable, that are not themselves invalid, illegal or unenforceable) shall be construed so as to give effect to the intent of the parties that the Corporation provide protection to the indemnitee to the fullest extent set forth in this Article VI.

ARTICLE VII
CAPITAL STOCK

Section 7.1 Certificates of Stock. The shares of the Corporation shall be represented by certificates; provided, however, that the Board of Directors may provide by resolution or resolutions that some or all of any or all classes or series of stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Every holder of stock represented by certificates shall be entitled to have a certificate signed by or in the name of the Corporation by any two authorized officers of the Corporation certifying the number of shares owned by such holder in the Corporation. Each of the Chief Executive Officer, the President, the Chief Financial Officer, the Chief Operating Officer, the Treasurer, the Controller, the Secretary, or an Assistant Treasurer or Assistant Secretary shall be deemed to have the authority to sign stock certificates. Any or all such signatures may be facsimiles or otherwise electronic signatures. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 7.2 Special Designation on Certificates. If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in Section 202 of the DGCL, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Within a reasonable time after the issuance or transfer of uncertificated stock, the registered owner thereof shall be given a notice, in writing or by electronic transmission, containing the information required to be set forth or stated on certificates pursuant to this Section 7.2 or Section 151, 156, 202(a) or 218(a) of the DGCL or with respect to this Section 7.2 and Section 151 of the DGCL a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated stock and the rights and obligations of the holders of certificates representing stock of the same class and series shall be identical.

Section 7.3 Transfers of Stock. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation upon authorization by the registered holder thereof or by such holder’s attorney thereunto authorized by a power of attorney duly executed and filed with the Secretary of the Corporation or a transfer agent for such stock, and if such shares are

represented by a certificate, upon surrender of the certificate or certificates for such shares properly endorsed or accompanied by a duly executed stock transfer power and the payment of any taxes thereon; provided, however, that the Corporation shall be entitled to recognize and enforce any lawful restriction on transfer. Transfers may also be made in any manner authorized by the Corporation (or its authorized transfer agent) and permitted by Section 224 of the DGCL.

Section 7.4 Lost Certificates. The Corporation may issue a new share certificate or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate or the owner's legal representative to give the Corporation a bond (or other adequate security) sufficient to indemnify it against any claim that may be made against it (including any expense or liability) on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares. The Board of Directors may adopt such other provisions and restrictions with reference to lost certificates, not inconsistent with applicable law, as it shall in its discretion deem appropriate.

Section 7.5 Registered Stockholders. The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 7.6 Record Date for Determining Stockholders.

(a) In order that the Corporation may determine the stockholders entitled to notice of any meeting of stockholders or any adjourned meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall, unless otherwise required by law, not be more than 60 nor less than 10 days before the date of such meeting. If the Board of Directors so fixes a date, such date shall also be the record date for determining the stockholders entitled to vote at such meeting unless the Board of Directors determines, at the time it fixes such record date, that a later date on or before the date of the meeting shall be the date for making such determination. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of and to vote at a meeting of stockholders shall be at the close of business (as defined in Section 2.10(c)(ii) above) on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjourned meeting; provided, however, that the Board of Directors may fix a new record date for the determination of stockholders entitled to vote at the adjourned meeting, and in such case shall also fix as the record date for stockholders entitled to notice of such adjourned meeting the same or an earlier date as that fixed for determination of stockholders entitled to vote in accordance herewith at the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose

of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 60 days prior to such action. If no such record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

(c) Unless otherwise restricted by the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to express consent to corporate action without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than 10 days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date for determining stockholders entitled to express consent to corporate action without a meeting is fixed by the Board of Directors, (i) when no prior action of the Board of Directors is required by law, the record date for such purpose shall be the first date on which a signed consent setting forth the action taken or proposed to be taken is delivered to the Corporation in accordance with applicable law, and (ii) if prior action by the Board of Directors is required by law, the record date for such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 7.7 Regulations. To the extent permitted by applicable law, the Board of Directors may make such additional rules and regulations as it may deem expedient concerning the issue, transfer and registration of shares of stock of the Corporation.

Section 7.8 Waiver of Notice. Whenever notice is required to be given under any provision of the DGCL or the Certificate of Incorporation or these Bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders, the Board of Directors or a committee of the Board of Directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the Certificate of Incorporation or these Bylaws.

ARTICLE VIII
GENERAL MATTERS

Section 8.1 Fiscal Year. The fiscal year of the Corporation shall be fixed, and shall be subject to change, by the Board. Unless otherwise fixed by the Board, the fiscal year of the Corporation shall end on the Saturday closest to January 31.

Section 8.2 Corporate Seal. The Board of Directors may provide a suitable seal, containing the name of the Corporation, which seal shall be in the charge of the Secretary of the Corporation. If and when so directed by the Board of Directors or a committee thereof,

duplicates of the seal may be kept and used by the Treasurer, the Secretary or by an Assistant Secretary or Assistant Treasurer.

Section 8.3 Reliance Upon Books, Reports and Records. Each director and each member of any committee designated by the Board of Directors shall, in the performance of his or her duties, be fully protected in relying in good faith upon the books of account or other records of the Corporation and upon such information, opinions, reports or statements presented to the Corporation by any of its officers or employees, or committees of the Board of Directors so designated, or by any other person as to matters which such director or committee member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Corporation.

Section 8.4 Subject to Law and Certificate of Incorporation. All powers, duties and responsibilities provided for in these Bylaws, whether or not explicitly so qualified, are qualified by the Certificate of Incorporation (including any Preferred Stock Designation) and applicable law.

Section 8.5 Electronic Signatures, etc. Except as otherwise required by the Certificate of Incorporation (including as otherwise required by any Preferred Stock Designation) or these Bylaws (including, without limitation, as otherwise required by Section 2.14), any document, including, without limitation, any consent, agreement, certificate or instrument, required by the DGCL, the Certificate of Incorporation (including any Preferred Stock Designation) or these Bylaws to be executed by any officer, director, stockholder, employee or agent of the Corporation may be executed using a facsimile or other form of electronic signature to the fullest extent permitted by applicable law. All other contracts, agreements, certificates or instruments to be executed on behalf of the Corporation may be executed using a facsimile or other form of electronic signature to the fullest extent permitted by applicable law. The terms "electronic mail," "electronic mail address," "electronic signature" and "electronic transmission" as used herein shall have the meanings ascribed thereto in the DGCL.

ARTICLE IX
AMENDMENTS

Section 9.1 Amendments. In furtherance and not in limitation of the powers conferred by the laws of the State of Delaware, but subject to the terms of any series of Preferred Stock then outstanding and to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement, the Board of Directors is expressly authorized to adopt, amend or repeal these Bylaws. Except as otherwise provided in the Certificate of Incorporation (including the terms of any Preferred Stock Designation that provides for a greater or lesser vote) or these Bylaws, and in addition to any other vote required by law and subject to the rights granted to the Principal Stockholder pursuant to the Stockholder's Agreement, (a) prior to the Trigger Date, the affirmative vote of the holders of at least a majority of the voting power of the stock outstanding and entitled to vote thereon, voting together as a single class, shall be required for the stockholders to adopt, amend or repeal, or adopt any provision inconsistent with, any provision of these Bylaws, and (b) from and after the Trigger Date, the affirmative vote of the holders of at least 66⅔% of the voting power of the stock outstanding and entitled to vote thereon, voting together as a single class,

shall be required for the stockholders to adopt, amend or repeal, or adopt any provision inconsistent with, any provision of the Bylaws.

The foregoing Second Amended and Restated Bylaws were adopted by the Board of Directors on _____, 202__, effective as of _____, 202__.

Exhibit 4.1

REGISTRATION RIGHTS AGREEMENT

BY AND AMONG

Petco Health and Wellness Company, Inc.

AND

[Principal Stockholder]

DATED AS OF , 2020

This REGISTRATION RIGHTS AGREEMENT (as it may be amended from time to time in accordance with the terms hereof, the "Agreement"), dated as of , 2020, is made by and among:

i. Petco Health and Wellness Company, Inc., a Delaware corporation (together with any predecessor entities, the "Company"); and

ii. , a (together with its Permitted Transferees, the "Principal Stockholder") and, as of the date hereof, a wholly owned subsidiary of Scooby LP, a Delaware limited partnership ("Scooby").

RECITALS

WHEREAS, the Company has effected the initial public offering (the "IPO") of the Company's Class A common stock, par value $0.001 per share (the "Class A Common Stock") and the transactions contemplated by the Company's Registration Statement on Form S-1 (File No. 333-);

WHEREAS, prior to the completion of the IPO, the Company was controlled by Scooby, an entity owned by certain funds advised and/or managed CVC (as defined herein), Canada Pension Plan Investment Board, a Canadian company (together with its affiliates, "CPPIB"), and certain co-investors ("Scooby Equity Holders");

WHEREAS, in connection with the IPO, the Company, Scooby, and the Scooby Equity Holders effected a series of transactions prior to the IPO through which certain direct equity interests in the Company were transferred to the Principal Stockholder (the "Pre-IPO Transactions");

WHEREAS, after giving effect to the Pre-IPO Transactions and upon completion of the IPO, the Principal Stockholder will directly hold shares of the Company's Class A Common Stock and shares of the Company's Class B-1 common stock, par value $0.001 per share (the "Class B-1 Common Stock"), which, along with a corresponding number of shares of the Company's Class B-2 common stock, par value $0.000001 per share (the "Class B-2 Common Stock"), are convertible into an equal number of shares of the Company's Class A Common Stock;

WHEREAS, the Principal Stockholder has requested, and the Company has agreed to provide, registration rights with respect to the Registrable Securities (as hereinafter defined) as set forth in this agreement.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises, covenants and agreements of the parties hereto, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

EFFECTIVENESS

1.1 Effectiveness. This Agreement shall become effective upon the Closing.

ARTICLE II

DEFINITIONS

2.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

"Adverse Disclosure" means public disclosure of material non-public information that, in the good faith judgment of the Board of Directors: (i) would be required to be made in any Registration Statement filed with the SEC by the Company so that such Registration Statement, from and after its effective date, does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading when the Company has a bona fide business purpose for preserving such information as confidential; (ii) would reasonably be expected to adversely affect or interfere with any material financing or other material transaction under consideration by the Company; or (iii) would not be required to be made at such time but for the filing, effectiveness or continued use of such Registration Statement when the Company has a bona fide business purpose for preserving such information as confidential.

"Affiliate" means, with respect to any specified Person, (a) any Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such specified Person. For purposes hereof, (a) the Company and its subsidiaries will not be deemed to be an Affiliate of the Principal Stockholder or any of its parent entities and (b) in no event shall any Affiliate of the Principal Stockholder, CPPIB or CVC include any of their respective portfolio companies (as such term is commonly understood). As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"Agreement" shall have the meaning set forth in the preamble.

"Beneficial Ownership" has the same meaning given to it in Section 13(d) under the Exchange Act and the rules thereunder, except that, for purposes of this Agreement, (i) Beneficial Ownership shall not be attributed to any Person as a result of any "group" deemed to form as a result of the Stockholder's Agreement (as defined herein) and (ii) no Person shall be deemed to Beneficially Own any Common Stock to be issued upon the exercise of options, warrants, restricted stock units or similar rights granted pursuant to the Company's equity compensation plans, unless and until such shares are actually issued. The terms "Beneficially Own" and "Beneficial Owner" shall have correlative meanings.

"Board of Directors" means the board of directors of the Company.

"Business Day" means any calendar day other than a Saturday, Sunday or other day on which commercial banks in New York, New York are authorized or required to close.

"Class A Common Stock" shall have the meaning set forth in the recitals.

"Class B-1 Common Stock" shall have the meaning set forth in the recitals.

"Class B-2 Common Stock" shall have the meaning set forth in the recitals.

"Closing" means the closing of the IPO.

"Closing Registrable Securities" means the total number of Registrable Securities as of the Closing, as adjusted for stock splits, recapitalizations and similar transactions.

"Common Stock" means, collectively, all shares of Class A Common Stock, Class B-1 Common Stock and Class B-2 Common Stock.

"Conversion" means the conversion of shares of Class B-1 Common, together with an equal number of shares of Class B-2 Common Stock, into an equal number of shares of Class A Common Stock pursuant to the Company's Second Amended and Restated Certificate of Incorporation, as it may be further amended from time to time.

"CPPIB" shall have the meaning set forth in the recitals.

"CVC" means CVC as defined in the Stockholder's Agreement.

"Demand Notice" shall have the meaning set forth in Section 3.1(c).

"Demand Registration" shall have the meaning set forth in Section 3.1(a)(i).

"Demand Registration Request" shall have the meaning set forth in Section 3.1(a)(i).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"FINRA" means the Financial Industry Regulatory Authority.

"IPO" shall have the meaning set forth in the Recitals.

"Issuer Free Writing Prospectus" means an issuer free writing prospectus, as defined in Rule 433 under the Securities Act, relating to an offer of the Registrable Securities.

"Loss" shall have the meaning set forth in Section 3.9(a).

"Permitted Transferee" means Permitted Transferee as defined in the Stockholder's Agreement.

"Person" means and includes an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated organization, a government or any department or agency thereof, or any entity similar to any of the foregoing.

"Piggyback Notice" shall have the meaning set forth in Section 3.3(a).

"Piggyback Registration" shall have the meaning set forth in Section 3.3(a).

"Prospectus" means (i) the prospectus included in any Registration Statement, all amendments and supplements to such prospectus, including post-effective amendments and supplements, and all other material incorporated by reference in such prospectus, and (ii) any Issuer Free Writing Prospectus.

"Public Offering" means the offer and sale of Registrable Securities for cash pursuant to an effective Registration Statement under the Securities Act (other than a Registration Statement on Form S-4 or Form S-8 or any successor form).

"Registrable Securities" means shall mean any Class A Common Stock currently owned or hereafter acquired by a party hereto, including any Class A Common Stock that may be issued in connection with a Conversion. As to any particular Registrable Securities, such securities shall cease to be Registrable Securities when (x) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (y) such securities shall have been transferred pursuant to Rule 144, or (z) such securities shall have ceased to be outstanding.

"Registration" means registration under the Securities Act of the offer and sale of shares of Class A Common Stock under a Registration Statement. The terms "register," "registered" and "registering" shall have correlative meanings.

"Registration Expenses" shall have the meaning set forth in Section 3.8.

"Registration Statement" means any registration statement of the Company filed with, or to be filed with, the SEC under the Securities Act, including the related Prospectus, amendments and supplements to such registration statement, including pre- and post-effective amendments, and all exhibits and all material incorporated by reference in such registration statement other than a registration statement (and related Prospectus) filed on Form S-4 or Form S-8 or any successor forms thereto.

"Representatives" means, with respect to any Person, any of such Person's officers, directors, employees, agents, attorneys, accountants, actuaries, consultants, equity financing partners, advisors or other Person associated with, or acting on behalf of, such Person.

"Rule 144" means Rule 144 under the Securities Act (or any successor rule).

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended, and any successor thereto, and any rules or regulations promulgated thereunder, all as the same shall be in effect from time to time.

"Selling Stockholder Information" shall have the meaning set forth in Section 3.9(a).

"Shelf Registration" means any Registration pursuant to Rule 415 under the Securities Act.

"Shelf Registration Request" shall have the meaning set forth in Section 3.1(a)(ii).

"Shelf Registration Statement" means a Registration Statement filed with the SEC pursuant to Rule 415 under the Securities Act.

"Shelf Takedown Request" shall have the meaning set forth in Section 3.2(a).

"Stockholder's Agreement" means the Stockholder's Agreement, dated the date hereof, by and among (i) the Company and (ii) the Principal Stockholder.

"Suspension" shall have the meaning set forth in Section 3.1(f).

"Trading Day" means a day on which the principal U.S. securities exchange on which the Class A Common Stock is listed or admitted to trading is open for the transaction of business (unless such trading shall have been suspended for the entire day) or, if the Class A Common Stock is not listed or admitted to trading on such an exchange, Trading Day shall mean a Business Day.

"Transfer" means, with respect to any Registrable Security, any interest therein, or any other securities or equity interests relating thereto, a direct or indirect transfer, sale, exchange, assignment, pledge, hypothecation or other encumbrance or other disposition thereof, including the grant of an option or other right, whether directly or indirectly, whether voluntarily, involuntarily, by operation of law, pursuant to judicial process or otherwise. "Transferred" shall have a correlative meaning.

"Underwritten Offering" means an underwritten offering, including any bought deal or block sale to a financial institution conducted as an Underwritten Offering.

"Underwritten Shelf Takedown" means an Underwritten Offering pursuant to an effective Shelf Registration Statement.

"WKSI" means any Securities Act registrant that is a well-known seasoned issuer as defined in Rule 405 under the Securities Act at the most recent eligibility determination date specified in paragraph (2) of that definition.

2.2 Other Interpretive Provisions.

(i) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(ii) The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and any subsection and Section references are to this Agreement unless otherwise specified.

(iii) The term "including" is not limiting and means "including without limitation."

(iv) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(v) Whenever the context requires, any pronouns used herein shall include the corresponding masculine, feminine or neuter forms.

ARTICLE III

REGISTRATION RIGHTS

The Company will perform and comply, and cause each of its subsidiaries to perform and comply, with such of the following provisions as are applicable to them. The Principal Stockholder will perform and comply with such of the following provisions as are applicable thereto.

3.1 Demand Registration.

(a) Request for Demand Registration.

(i) Following the occurrence of the IPO, subject to Section 3.4, the Principal Stockholder shall have the right to make a written request from time to time (a "Demand Registration Request") to the Company for Registration of all or part of the Registrable Securities held by the Principal Stockholder (a "Demand Registration").

(ii) Each Demand Registration Request shall specify (w) the aggregate amount of Registrable Securities proposed to be registered, (x) the intended method or methods of disposition thereof and (y) whether the Demand Registration Request is for an Underwritten Offering or a Shelf Registration (a "Shelf Registration Request").

(iii) If a Demand Registration Request is for a Shelf Registration, and the Company is eligible to file a Registration Statement on Form S-3, the Company shall promptly file with the SEC a shelf Registration Statement on Form S-3 pursuant to Rule 415 under the Securities Act relating to the offer and sale of Registrable Securities from time to time in accordance with the intended methods of distribution, subject to all applicable provisions of this Agreement.

(iv) If the Demand Registration Request is for a Shelf Registration and the Company is not eligible to file a Registration Statement on Form S-3, the Company shall promptly file with the SEC a Shelf Registration Statement on Form S-1 or any other form that the Company is then permitted to use pursuant to Rule 415 under the Securities Act (or such other Registration Statement as the Board of Directors may determine to be appropriate) relating to the offer and sale of Registrable Securities from time to time in accordance with the intended methods of distribution.

(v) If on the date of the Shelf Registration Request the Company is a WKSI, then any Shelf Registration Statement may (if the Board of Directors determines it to be appropriate to do so) include an unspecified amount of Registrable Securities to be sold by unspecified beneficial holders; if on the date of the Shelf Registration Request the Company is not a WKSI, then the Shelf Registration Request shall specify the aggregate amount of Registrable Securities to be registered.

(b) Limitation on Registrations. The Company shall not be obligated to take any action to effect any Demand Registration if (i) a Demand Registration or Piggyback Registration was declared effective or an Underwritten Offering was consummated by either the Company or the Principal Stockholder within the preceding 90 days; (ii) the Company has filed another Registration Statement (other than on Form S-8 or Form S-4 or any successor thereto) that has not yet become effective; (iii) the value of the Registrable Securities proposed to be sold is not reasonably expected (in the good faith judgment of the Board of Directors) to yield net proceeds of at least $25 million, in the case of a Shelf Registration on Form S-3, or in the case of an Underwritten Offering, of at least $50 million; provided, that, for the purposes of clauses (i) and (ii), any Registration Statement withdrawn pursuant to Section 3.1(c) shall not affect the Company's obligation to effect any Demand Registration.

(c) Demand Withdrawal. The Principal Stockholder may withdraw all or any portion of the Registrable Securities from any registration requested pursuant to Section 3.1(a) at any time prior to the effectiveness of the applicable Registration Statement by delivering written notice to the Company. Upon receipt of a notice or notices withdrawing (i) all of the Registrable Securities included in that Registration Statement or (ii) a number of such Registrable Securities so as to cause the expected net proceeds to fall below the applicable threshold set forth in Section 3.1(b), the Company shall cease all efforts to secure effectiveness of the applicable Registration Statement.

(d) Effectiveness.

(i) The Company shall use reasonable best efforts to cause any Registration Statement filed by it pursuant to this Agreement to become effective as promptly as practicable, subject to all applicable provisions of this Agreement.

(ii) The Company shall use reasonable best efforts to keep any Shelf Registration Statement filed on Form S-3 continuously effective under the Securities Act to permit the Prospectus forming a part of it to be usable by the Principal Stockholder until the earlier of: (A) the date as of which all Registrable Securities have been sold pursuant to that Shelf Registration Statement or another Registration Statement filed under the Securities Act (but in no event prior to the applicable period referred to in Section 4(a)(3) of the Securities Act and Rule 174 thereunder); (B) any date reasonably determined by the Board of Directors of the Company to be appropriate, excluding any date that is fewer than 180 days after the effectiveness of the Registration Statement; and (C) the third anniversary of the effectiveness of the Registration Statement.

(iii) If the Registration Statement filed is a Shelf Registration Statement on any form other than Form S-3 and such Registration Statement was not filed in connection with an Underwritten Offering, the Company shall use reasonable best efforts to keep the Registration Statement continuously effective under the Securities Act until such time as the Company is eligible to file a Shelf Registration Statement filed on Form S-3 covering the Registrable Securities thereon or such shorter period during which all Registrable Securities included in the Registration Statement have actually been sold.

(iv) If the Registration Statement filed is a Shelf Registration Statement on any form other than Form S-3 and such Registration Statement was filed in connection with an Underwritten Offering, the Company shall use reasonable best efforts to keep the Registration Statement continuously effective under the Securities Act, for a period of at least 180 days after the effective date thereof or such other period as the underwriters for any Underwritten Offering may determine to be appropriate, or such shorter period during which all Registrable Securities included in the Registration Statement have actually been sold; provided that such period shall be extended for a period of time equal to the period the Principal Stockholder may be required to refrain from selling any securities included in the Registration Statement at either the request of the Company or an underwriter of the Company pursuant to the provisions of this Agreement.

(e) Delay in Filing; Suspension of Registration. If the filing, initial effectiveness or continued use of a Registration Statement at any time would require the Company to make an Adverse Disclosure, the Company may, upon giving prompt written notice of such action to the Principal Stockholder, delay the filing or initial effectiveness of, or suspend use of, the Registration Statement (a "Suspension"); provided, however, that the Company shall use its reasonable best efforts to avoid exercising a Suspension (i) for a period exceeding 60 days on any one occasion or (ii) for an aggregate of more than 120 days in any 12-month period. In the case of a Suspension, the Principal Stockholder agrees to suspend use of the applicable Prospectus in connection with any sale or purchase, or offer to sell or purchase, Registrable Securities, upon receipt of the notice referred to above. The Company shall immediately notify the Principal Stockholder in writing upon the termination of any Suspension. The Company shall, if necessary, amend or supplement the Prospectus so it does not contain any untrue statement or omission and furnish to the Principal Stockholder such numbers of copies of the Prospectus as so amended or supplemented as the Principal Stockholder may reasonably request. The Company shall, if necessary, supplement or amend the Registration Statement, if required by the registration form used by the Company for the Registration Statement or by the instructions applicable to such registration form or by the Securities Act or the rules or regulations promulgated thereunder or as may reasonably be requested by the Principal Stockholder.

(f) Priority of Securities in Underwritten Offerings. If the managing underwriter or underwriters of any proposed Underwritten Offering advise the Company in writing that, in its or their opinion, the number of securities requested to be included in the proposed offering exceeds the number that can be sold in that offering without being likely to

have an adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, the number of Registrable Securities to be included shall be reduced to number of other securities that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect.

(g) Participation in Underwritten Offerings. No Person may participate in any Underwritten Offering hereunder unless that Person agrees to sell the Registrable Securities it desires to have covered by the applicable Registration Statement on the basis provided in any underwriting arrangements in customary form and completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements, and other documents required under the terms of the underwriting arrangements; provided that no Person shall be required to make representations and warranties other than those related to title and ownership of their shares and as to the accuracy and completeness of statements made in a Registration Statement, prospectus, offering circular, or other document in reliance upon and conformity with written information furnished to the Company or the managing underwriter by such Person.

3.2 Shelf Takedowns. At any time the Company has an effective Shelf Registration Statement with respect to Registrable Securities, the Principal Stockholder, by notice to the Company specifying the intended method or methods of disposition thereof, may make a written request (a "Shelf Takedown Request") that the Company effect an Underwritten Shelf Takedown of all or a portion of the Registrable Securities that are registered on such Shelf Registration Statement, and as soon as practicable thereafter, the Company shall amend or supplement the Shelf Registration Statement as necessary for such purpose, subject to all applicable provisions of this Agreement.

3.3 Piggyback Registration.

(a) Participation. If the Company at any time proposes to file a Registration Statement under the Securities Act or to conduct a Public Offering with respect to any offering of its equity securities for its own account or for the account of any other Persons (other than (i) a Registration under Sections 3.1 or 3.2, (ii) a Registration on Form S-4 or Form S-8 or any successor form to such forms, (iii) a Registration of securities solely relating to an offering and sale to employees or directors of the Company or its subsidiaries pursuant to any employee stock plan, employee stock purchase plan, or other employee benefit plan arrangement, (iv) a Registration solely for the registration of securities issuable upon the conversion, exchange or exercise of any then outstanding security of the Company or (v) a Registration relating to a dividend reinvestment plan), then as soon as practicable (but in no event less than 10 Business Days prior to the proposed date of filing of such Registration Statement or, in the case of a Public Offering under a Shelf Registration Statement, the anticipated pricing or trade date), the Company shall give written notice (a "Piggyback Notice") of such proposed filing or Public Offering to the Principal Stockholder, and such Piggyback Notice shall offer the Principal Stockholder the opportunity to register under such Registration Statement, or to sell in such Public Offering, such number of Registrable Securities the Principal Stockholder may request in writing (a "Piggyback Registration"). Subject to Section (b), the Company shall include in such Registration Statement or in such Public Offering as applicable, all such Registrable Securities that are requested to be included therein within five Business Days after the receipt by the Principal Stockholder of any such notice; provided, however, that if at any time after giving

written notice of its intention to register or sell any securities and prior to the effective date of the Registration Statement filed in connection with such Registration, or the pricing or trade date of a Public Offering under a Shelf Registration Statement, the Company determines for any reason not to register or sell or to delay Registration or the sale of such securities, the Company shall give written notice of such determination to the Principal Stockholder and, thereupon, (i) in the case of a determination not to register or sell, shall be relieved of its obligation to register or sell any Registrable Securities in connection with such Registration or Public Offering (but not from its obligation to pay the Registration Expenses in connection therewith), without prejudice, however, to the rights of the Principal Stockholder under Section 3.1 or an Underwritten Shelf Takedown, as the case may be, and (ii) in the case of a determination to delay Registration or sale, in the absence of a request for a Demand Registration or an Underwritten Shelf Takedown, as the case may be, shall also be permitted to delay registering or selling any Registrable Securities. The Principal Stockholder shall have the right to withdraw all or part of its request for inclusion of its Registrable Securities in a Piggyback Registration by giving written notice to the Company of its request to withdraw prior to such Registration the securities being registered in such Piggyback Registration.

(b) Priority of Piggyback Registration. If the managing underwriter or underwriters of any proposed offering of Registrable Securities included in a Piggyback Registration informs the Company and the Principal Stockholder in writing that, in its or their opinion, the number of securities that the Principal Stockholder and any other Persons intend to include in such offering exceeds the number that can be sold in such offering without being likely to have a significant adverse effect on the price, timing or distribution of the securities offered or the market for the securities offered, then the securities to be included in such Registration shall be (i) first, one hundred percent (100%) of the securities that the Company proposes to sell, and (ii) second, and only if all the securities referred to in clause (i) have been included, the number of Registrable Securities that, in the opinion of such managing underwriter or underwriters, can be sold without having such adverse effect, with such number to be allocated to the Principal Stockholder and (iii) third, and only if all of the Registrable Securities referred to in clause (ii) have been included in such Registration, any other securities eligible for inclusion in such Registration.

(c) No Effect on Other Registrations. No Registration of Registrable Securities effected pursuant to a request under this Section 3.3 shall be deemed to have been effected pursuant to Section 3.1 or shall relieve the Company of its obligations under Section 3.1.

3.4 Lock-Up Agreements. In connection with each Registration or sale of Registrable Securities pursuant to Section 3.1 or 3.3 conducted as an Underwritten Offering, to the extent required by the applicable managing underwriter, the Principal Stockholder agrees hereby not to, and agrees to execute and deliver a lock-up agreement with the underwriter(s) of such Public Offering restricting its right to, (a) transfer, directly or indirectly, any equity securities of the Company, or (b) enter into any swap or other arrangement that transfers to another any of the economic consequences of ownership of such securities during the period commencing on the date of the final Prospectus relating to such Public Offering and ending on the date specified by the underwriters (such period not to exceed 90 days), in each case, excluding transfers pursuant to any carve-outs in the applicable lock-up agreement. The terms of such lock-up agreements shall be negotiated among the Principal Stockholder, the Company and the underwriters and

shall include customary carve-outs from the restrictions on Transfer set forth therein (it being understood and agreed that the parties shall use commercially reasonable efforts to negotiate carve-outs that would permit any conversion of Class A Common Stock into Class B-1 Common Stock and Class B-2 Common Stock in accordance with the Company's Second Amended and Restated Certificate of Incorporation, as it may be further amended from time to time, including any related issuance of the converted Class B-2 Common Stock to any Principal Holder (as defined under such certificate of incorporation)).

3.5 Registration Procedures.

(a) Requirements. In connection with the Company's obligations under Sections 3.1 and 3.3, the Company shall use its reasonable best efforts to effect such Registration and to permit the sale of such Registrable Securities in accordance with the intended method or methods of distribution thereof as expeditiously as reasonably practicable, and in connection therewith the Company shall use its reasonable best efforts to:

(i) as promptly as practicable, prepare the required Registration Statement, including all exhibits and financial statements required under the Securities Act to be filed therewith and Prospectus, and, before filing a Registration Statement or Prospectus or any amendments or supplements thereto, (x) furnish to the underwriters, if any, and to the Principal Stockholder, copies of all documents prepared to be filed, which documents shall be subject to the review of such underwriters and the Principal Stockholder and their respective counsel, (y) make such changes in such documents concerning the Principal Stockholder prior to the filing thereof as it, or its counsel, may reasonably request and (z) except in the case of a Registration under Section 3.3, not file any Registration Statement or Prospectus or amendments or supplements thereto to which the Principal Stockholder, or the underwriters, if any, shall reasonably object;

(ii) prepare and file with the SEC such amendments and post-effective amendments to such Registration Statement and supplements to the Prospectus as may be (x) reasonably requested by the Principal Stockholder with Registrable Securities covered by such Registration Statement or (y) necessary to keep such Registration Statement effective for the period of time required by this Agreement, and comply with provisions of the applicable securities laws with respect to the sale or other disposition of all securities covered by such Registration Statement during such period in accordance with the intended method or methods of disposition by the sellers thereof set forth in such Registration Statement;

(iii) notify the Principal Stockholder and the managing underwriter or underwriters, if any, and (if requested) confirm such notice in writing and provide copies of the relevant documents, as soon as reasonably practicable after notice thereof is received by the Company (a) when the applicable Registration Statement or any amendment thereto has been filed or becomes effective, and when the applicable Prospectus or any amendment or supplement thereto has been filed, (b) of any written comments by the SEC, or any request by the SEC or other federal or state governmental authority for amendments or supplements to such Registration Statement or such Prospectus, or for additional information (whether before or after the effective date of the

Registration Statement) or any other correspondence with the SEC relating to, or which may affect, the Registration, (c) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or any order by the SEC or any other regulatory authority preventing or suspending the use of any preliminary or final Prospectus or the initiation or threatening of any proceedings for such purposes, (d) if, at any time, the representations and warranties of the Company in any applicable underwriting agreement cease to be true and correct in all material respects and (e) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Securities for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose;

(iv) promptly notify the Principal Stockholder and the managing underwriter or underwriters, if any, when the Company becomes aware of the happening of any event as a result of which the applicable Registration Statement or the Prospectus included in such Registration Statement (as then in effect) contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein (in the case of such Prospectus or any preliminary Prospectus, in light of the circumstances under which they were made) not misleading, when any Issuer Free Writing Prospectus includes information that may conflict with the information contained in the Registration Statement, or, if for any other reason it shall be necessary during such time period to amend or supplement such Registration Statement or Prospectus in order to comply with the Securities Act and, as promptly as reasonably practicable thereafter, prepare and file with the SEC, and furnish without charge to the Principal Stockholder and the managing underwriter or underwriters, if any, an amendment or supplement to such Registration Statement or Prospectus, which shall correct such misstatement or omission or effect such compliance;

(v) to the extent the Company is eligible under the relevant provisions of Rule 430B under the Securities Act, if the Company files any Shelf Registration Statement, the Company shall include in such Shelf Registration Statement such disclosures as may be required by Rule 430B under the Securities Act (referring to the unnamed selling security holders in a generic manner by identifying the initial offering of the securities to the Principal Stockholder) in order to ensure that the Principal Stockholder may be added to such Shelf Registration Statement at a later time through the filing of a Prospectus supplement rather than a post-effective amendment;

(vi) prevent, or obtain the withdrawal of, any stop order or other order or notice preventing or suspending the use of any preliminary or final Prospectus;

(vii) promptly incorporate in a Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment such information as the managing underwriter or underwriters and the Principal Stockholder agree should be included therein relating to the plan of distribution with respect to such Registrable Securities; and make all required filings of such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment as soon as reasonably practicable after being notified of the matters to be incorporated in such Prospectus supplement, Issuer Free Writing Prospectus or post-effective amendment;

(viii) furnish to the Principal Stockholder and each underwriter, if any, without charge, as many conformed copies as the Principal Stockholder or underwriter may reasonably request of the applicable Registration Statement and any amendment or post-effective amendment or supplement thereto, including financial statements and schedules, all documents incorporated therein by reference and all exhibits (including those incorporated by reference);

(ix) deliver to the Principal Stockholder and each underwriter, if any, without charge, as many copies of the applicable Prospectus (including each preliminary Prospectus) and any amendment or supplement thereto and such other documents as the Principal Stockholder or underwriter may reasonably request in order to facilitate the disposition of the Registrable Securities by the Principal Stockholder or underwriter (it being understood that the Company shall consent to the use of such Prospectus or any amendment or supplement thereto by the Principal Stockholder and the underwriters, if any, in connection with the offering and sale of the Registrable Securities covered by such Prospectus or any amendment or supplement thereto);

(x) on or prior to the date on which the applicable Registration Statement becomes effective, use its commercially reasonable efforts to register or qualify, and cooperate with the Principal Stockholder, the managing underwriter or underwriters, if any, and their respective counsel, in connection with the Registration or qualification of such Registrable Securities for offer and sale under the securities or "**Blue Sky**" laws of each state and other jurisdiction as the Principal Stockholder or managing underwriter or underwriters, if any, or their respective counsel reasonably request in writing and do any and all other acts or things reasonably necessary or advisable to keep such Registration or qualification in effect for such period as required by Section 3.1, as applicable, provided that the Company shall not be required to qualify generally to do business in any jurisdiction where it is not then so qualified or to take any action which would subject it to taxation or general service of process in any such jurisdiction where it is not then so subject;

(xi) cooperate with the Principal Stockholder and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates representing Registrable Securities to be sold and not bearing any restrictive legends; and enable such Registrable Securities to be in such denominations and registered in such names as the managing underwriters may request prior to any sale of Registrable Securities to the underwriters;

(xii) cause the Registrable Securities covered by the applicable Registration Statement to be registered with or approved by such other U.S. governmental agencies or authorities as may be necessary to enable the seller or sellers thereof or the underwriter or underwriters, if any, to consummate the disposition of such Registrable Securities;

(xiii) make such representations and warranties to the Principal Stockholder, and the underwriters or agents, if any, in form, substance and scope as are customarily made by issuers in public offerings similar to the offering then being undertaken;

(xiv) enter into such customary agreements (including underwriting and indemnification agreements) and take all such other actions as the Principal Stockholder or the managing underwriter or underwriters, if any, reasonably request in order to expedite or facilitate the Registration and disposition of such Registrable Securities;

(xv) in the case of an Underwritten Offering, obtain for delivery to the underwriter or underwriters, if any, an opinion or opinions from counsel for the Company dated the date of the closing under the underwriting agreement, in customary form, scope and substance, which opinions shall be reasonably satisfactory to such underwriters and their counsel;

(xvi) in the case of an Underwritten Offering, obtain for delivery to the Company and the managing underwriter or underwriters, with copies to the Principal Stockholder included in such Registration or sale, a comfort letter from the Company's independent certified public accountants or independent auditors (and, if necessary, any other independent certified public accountants or independent auditors of any subsidiary of the Company or any business acquired by the Company for which financial statements and financial data are, or are required to be, included in the Registration Statement) in customary form and covering such matters of the type customarily covered by comfort letters as the managing underwriter or underwriters reasonably request, dated the date of execution of the underwriting agreement and brought down to the closing under the underwriting agreement;

(xvii) cooperate with each seller of Registrable Securities and each underwriter, if any, participating in the disposition of such Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA;

(xviii) comply with all applicable securities laws and, if a Registration Statement was filed, make available to its security holders, as soon as reasonably practicable, an earnings statement satisfying the provisions of Section 11(a) of the Securities Act and the rules and regulations promulgated thereunder;

(xix) provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by the applicable Registration Statement;

(xx) to cause all Registrable Securities covered by the applicable Registration Statement to be listed on each securities exchange on which any of the Company's equity securities are then listed or quoted and on each inter-dealer quotation system on which any of the Company's equity securities are then quoted.

(xxi) make available upon reasonable notice at reasonable times and for reasonable periods for inspection by any underwriter participating in any disposition to be effected pursuant to such Registration Statement and by any attorney, accountant or other agent retained by any such underwriter, all pertinent financial and other records and pertinent corporate documents and properties of the Company, and cause all of the

Company's officers, directors and employees and the independent public accountants who have certified its financial statements to make themselves available to discuss the business of the Company and to supply all information reasonably requested by any such Person in connection with such Registration Statement;

(xxii) in the case of an Underwritten Offering, cause the senior executive officers of the Company to participate in the customary "road show" presentations that may be reasonably requested by the managing underwriter or underwriters in any such offering and otherwise to facilitate, cooperate with, and participate in each proposed offering contemplated herein and customary selling efforts related thereto;

(xxiii) take no direct or indirect action prohibited by Regulation M under the Exchange Act; and

(xxiv) take all such other commercially reasonable actions as are necessary or advisable in order to expedite or facilitate the disposition of such Registrable Securities in accordance with the terms of this Agreement.

(b) Company Information Requests. The Company may require the Principal Stockholder to furnish to the Company such information regarding the distribution of such securities and such other information relating to the Principal Stockholder as the Company may from time to time reasonably request in writing and the Company may delay the applicable Registration until such time as such information is furnished by the Principal Stockholder. The Principal Stockholder agrees to furnish such information to the Company and to cooperate with the Company as reasonably necessary to enable the Company to comply with the provisions of this Agreement.

(c) Discontinuing Registration. The Principal Stockholder agrees that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3.5(a)(iv), it will discontinue disposition of Registrable Securities pursuant to such Registration Statement until receipt of the copies of the supplemented or amended Prospectus contemplated by Section 3.5(a)(iv), or until it is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus, or any amendments or supplements thereto, and if so directed by the Company, the Principal Stockholder shall deliver to the Company (at the Company's expense) all copies, other than permanent file copies then in its possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice. In the event the Company shall give any such notice, the period during which the applicable Registration Statement is required to be maintained effective shall be extended by the number of days during the period from and including the date of the giving of such notice to and including the date when each seller of Registrable Securities covered by such Registration Statement either receives the copies of the supplemented or amended Prospectus contemplated by Section 3.5(a)(iv) or is advised in writing by the Company that the use of the Prospectus may be resumed.

3.6 Underwritten Offerings.

(a) Shelf and Demand Registrations. If requested by the underwriters for any Underwritten Offering, pursuant to a Registration or sale under Section 3.1, the Company shall enter into an underwriting agreement with such underwriters, such agreement to be reasonably satisfactory in substance and form to each of the Company, the Principal Stockholder and the underwriters, and to contain such representations and warranties by the Company and such other terms as are generally prevailing in agreements of that type, including indemnities no less favorable to the recipient thereof than those provided in Section 3.9. The Principal Stockholder shall cooperate with the Company in the negotiation of the underwriting agreement and shall give consideration to the reasonable suggestions of the Company regarding the form thereof, and such parties shall complete and execute all questionnaires, powers of attorney and other documents reasonably requested by the underwriters and required under the terms of such underwriting arrangements. The Principal Stockholder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding itself, its title to the Registrable Securities, the intended method of distribution and any other representations as are generally prevailing in agreements of that type, and the aggregate amount of the liability of the Principal Stockholder under such agreement shall not exceed the aggregate amount of proceeds received by such parties from the sale of Registrable Securities in the offering, net of underwriting discounts and commissions but before expenses.

(b) Piggyback Registrations. If the Company proposes to register or sell any of its securities under the Securities Act as contemplated by Section 3.3 and such securities are to be distributed through one or more underwriters, the Company shall, if requested by the Principal Stockholder pursuant to Section 3.3, and subject to the provisions of Section 3.3(b), use its commercially reasonable efforts to arrange for such underwriters to include on the same terms and conditions that apply to the other sellers in such Registration or sale all the Registrable Securities to be offered and sold by the Principal Stockholder among the securities of the Company to be distributed by such underwriters in such Registration or sale. The Principal Stockholder shall be party to the underwriting agreement between the Company and such underwriters and shall complete and execute all questionnaires, powers of attorney and other documents reasonably requested by the underwriters and required under the terms of such underwriting arrangements. The Principal Stockholder shall not be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding itself, its title to the Registrable Securities, the intended method of distribution and any other representations as are generally prevailing in agreements of that type, and the aggregate amount of the liability of the Principal Stockholder under such agreement shall not exceed the aggregate amount of proceeds received by such parties from the sale of Registrable Securities in the offering, net of underwriting discounts and commissions but before expenses.

(c) Selection of Underwriters. In the case of an Underwritten Offering under Section 3.1 or Section 3.2, the managing underwriter or underwriters to administer the offering shall be determined by the Principal Stockholder; provided that such underwriter or underwriters shall be reasonably acceptable to the Company and the Board of Directors.

3.7 No Inconsistent Agreements. Neither the Company nor any of its subsidiaries shall hereafter enter into, and neither the Company nor any of its subsidiaries is currently a party to, any agreement with respect to its securities that is inconsistent with the rights granted to the Principal Stockholder by this Agreement.

3.8 Registration Expenses. All expenses incident to the Company's performance of or compliance with this Agreement shall be paid by the Company, including (i) all registration and filing fees, and any other fees and expenses associated with filings required to be made with the SEC or FINRA, (ii) all fees and expenses in connection with compliance with any securities or "**Blue Sky**" laws (including reasonable fees and disbursements of counsel for the underwriters in connection with blue sky qualifications of the Registrable Securities), (iii) all printing, duplicating, word processing, messenger, telephone, facsimile and delivery expenses (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with The Depository Trust Company and of printing prospectuses), (iv) all fees and disbursements of counsel for the Company and of all independent certified public accountants or independent auditors of the Company and any subsidiaries of the Company (including the expenses of any special audit and comfort letters required by or incident to such performance), (v) all fees and expenses incurred in connection with the listing of the Registrable Securities on any securities exchange or quotation of the Registrable Securities on any inter-dealer quotation system, (vi) all fees and expenses of any special experts or other Persons retained by the Company in connection with any Registration or sale, (vii) all of the Company's internal expenses (including all salaries and expenses of its officers and employees performing legal or accounting duties) and (viii) all expenses related to the "road show" for any Underwritten Offering (including the reasonable out-of-pocket expenses of the Principal Stockholder and underwriters, if so requested). All such expenses are referred to herein as "Registration Expenses." The Company shall not be required to pay any fees and disbursements to underwriters not customarily paid by the issuers of securities in an offering similar to the applicable offering, including underwriting discounts and commissions and transfer taxes, if any, attributable to the sale of Registrable Securities.

3.9 Indemnification.

(a) Indemnification by the Company. The Company shall indemnify and hold harmless, to the full extent permitted by law, the Principal Stockholder, each shareholder, member, limited or general partner of the Principal Stockholder, each shareholder, member, limited or general partner of each such shareholder, member, limited or general partner, each of any of the foregoing entities' respective Affiliates, officers, directors, shareholders, employees, advisors, and agents and each Person who controls (within the meaning of the Securities Act or the Exchange Act) such Persons and each of their respective Representatives from and against any and all losses, penalties, judgments, suits, costs, claims, damages, liabilities and expenses, joint or several (including reasonable costs of investigation and legal expenses) (each, a "Loss" and collectively "Losses") arising out of or based upon (i) any untrue or alleged untrue statement of a material fact contained in any Registration Statement under which such Registrable Securities are registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein), or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading; provided, that the Principal Stockholder shall not be entitled to indemnification pursuant to this Section 3.9(a) in respect of any untrue statement or omission

contained in any information relating to such party furnished in writing by such party to the Company specifically for inclusion in a Registration Statement and used by the Company in conformity therewith (such information, "Selling Stockholder Information"). This indemnity shall be in addition to any liability the Company may otherwise have. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such party or any indemnified party and shall survive the Transfer of such securities by such party and regardless of any indemnity agreed to in the underwriting agreement that is less favorable to the Principal Stockholder. The Company shall also indemnify underwriters, selling brokers, dealer managers and similar securities industry professionals participating in the distribution, their officers and directors and each Person who controls such Persons (within the meaning of the Securities Act and the Exchange Act) to the same extent as provided above (with appropriate modification) with respect to the indemnification of the indemnified parties.

(b) Indemnification by the Principal Stockholder. The Principal Stockholder agrees to indemnify and hold harmless, to the fullest extent permitted by law, the Company, its directors and officers and each Person who controls the Company (within the meaning of the Securities Act or the Exchange Act) from and against any Losses resulting from (i) any untrue statement of a material fact in any Registration Statement under which such Registrable Securities were registered or sold under the Securities Act (including any final, preliminary or summary Prospectus contained therein or any amendment thereof or supplement thereto or any documents incorporated by reference therein) or (ii) any omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a Prospectus or preliminary Prospectus, in light of the circumstances under which they were made) not misleading, in each case to the extent, but only to the extent, that such untrue statement or omission is contained in the Selling Stockholder Information. In no event shall the liability of the Principal Stockholder hereunder be greater in amount than the dollar amount of the proceeds from the sale of Registrable Securities in the offering giving rise to such indemnification obligation, net of underwriting discounts and commissions but before expenses, less any amounts paid by the Principal Stockholder pursuant to Section 3.9(d) and any amounts paid by the Principal Stockholder as a result of liabilities incurred under the underwriting agreement, if any, related to such sale.

(c) Conduct of Indemnification Proceedings. Any Person entitled to indemnification hereunder shall (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification (provided that any delay or failure to so notify the indemnifying party shall relieve the indemnifying party of its obligations hereunder only to the extent, if at all, that it is actually and materially prejudiced by reason of such delay or failure) and (ii) permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party; provided, however, that any Person entitled to indemnification hereunder shall have the right to select and employ separate counsel and to participate in the defense of such claim, but the fees and expenses of such counsel shall be at the expense of such Person unless (i) the indemnifying party has agreed in writing to pay such fees or expenses, (ii) the indemnifying party shall have failed to assume the defense of such claim within a reasonable time after receipt of notice of such claim from the Person entitled to indemnification hereunder and employ counsel reasonably satisfactory to such Person, (iii) the indemnified party has reasonably concluded (based upon advice of its counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to

those available to the indemnifying party, or (iv) in the reasonable judgment of any such Person (based upon advice of its counsel) a conflict of interest may exist between such Person and the indemnifying party with respect to such claims (in which case, if the Person notifies the indemnifying party in writing that such Person elects to employ separate counsel at the expense of the indemnifying party, the indemnifying party shall not have the right to assume the defense of such claim on behalf of such Person). If the indemnifying party assumes the defense, then no indemnifying party shall, without the written consent of the indemnified party, effect the settlement or compromise of, or consent to the entry of any judgment with respect to, any pending or threatened action or claim in respect of which indemnification or contribution may be sought hereunder (whether or not the indemnified party is an actual or potential party to such action or claim) unless such settlement, compromise or judgment (i) includes an unconditional release of the indemnified party from all liability arising out of such action or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act, by or on behalf of any indemnified party. If such defense is not assumed by the indemnifying party, the indemnifying party will not be subject to any liability for any settlement made without its prior written consent, but such consent may not be unreasonably withheld. It is understood that the indemnifying party or parties shall not, except as specifically set forth in this Section 3.9(c), in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements or other charges of more than one separate firm admitted to practice in such jurisdiction at any one time unless (x) the employment of more than one counsel has been authorized in writing by the indemnifying party or parties, (y) an indemnified party has reasonably concluded (based on the advice of counsel) that there may be legal defenses available to it that are different from or in addition to those available to the other indemnified parties or (z) a conflict or potential conflict exists or may exist (based upon advice of counsel to an indemnified party) between such indemnified party and the other indemnified parties, in each of which cases the indemnifying party shall be obligated to pay the reasonable fees and expenses of such additional counsel or counsels.

(d) Contribution. If for any reason the indemnification provided for in Sections 3.9(a) and (b) is unavailable to an indemnified party or insufficient in respect of any Losses referred to therein (other than as a result of exceptions or limitations on indemnification contained in Sections 3.9(a) and (b)), then the indemnifying party shall contribute to the amount paid or payable by the indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party or parties on the other hand in connection with the acts, statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations. In connection with any Registration Statement filed with the SEC by the Company, the relative fault of the indemnifying party on the one hand and the indemnified party on the other hand shall be determined by reference to, among other things, whether any untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just or equitable if contribution pursuant to this Section 3.9(d) were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in this Section 3.9(d). No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not

guilty of such fraudulent misrepresentation. The amount paid or payable by an indemnified party as a result of the Losses referred to in Sections 3.9(a) and (b) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3.9(d), in connection with any Registration Statement filed by the Company, the Principal Stockholder shall not be required to contribute any amount in excess of the dollar amount of the proceeds from the sale of its Registrable Securities in the offering giving rise to such contribution obligation, net of underwriting discounts and commissions but before expenses, less any amounts paid by the Principal Stockholder pursuant to Section 3.9(b) and any amounts paid by the Principal Stockholder as a result of liabilities incurred under the underwriting agreement, if any, related to such sale. If indemnification is available under this Section 3.9, the indemnifying parties shall indemnify each indemnified party to the full extent provided in Sections 3.9(a) and (b) hereof without regard to the provisions of this Section 3.9(d). The remedies provided for in this Section 3.9 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

3.10 Section 4(a)(7) and Rule 144. The Company shall file the reports required to be filed by it under the Securities Act and the Exchange Act and the rules and regulations adopted by the SEC thereunder (or, if the Company is not required to file such reports, it will, upon the request of the Principal Stockholder, make publicly available such necessary information for so long as necessary to permit sales that would otherwise be permitted by this Agreement pursuant to Section 4(a)(7) of the Securities Act or Rule 144 promulgated under the Securities Act, as such rules may be amended from time to time or any similar rule or regulation hereafter adopted by the SEC), and it will take such further action as the Principal Stockholder may reasonably request, all to the extent required from time to time to enable the Principal Stockholder to sell Registrable Securities without Registration under the Securities Act in transactions that would otherwise be permitted by this Agreement and within the limitation of the exemptions provided by (i) Section 4(a)(7) of the Securities Act or Rule 144 promulgated under the Securities Act, as such rules may be amended from time to time, or (ii) any similar rule or regulation hereafter adopted by the SEC. Upon the request of the Principal Stockholder, the Company will deliver to a written statement as to whether it has complied with such requirements and, if not, the specifics thereof.

3.11 Existing Registration Statements. Notwithstanding anything herein to the contrary and subject to applicable law and regulation, the Company may satisfy any obligation hereunder to file a Registration Statement or to have a Registration Statement become effective by a specified date by designating, by notice to the Principal Stockholder, a Registration Statement that previously has been filed with the SEC or become effective, as the case may be, as the relevant Registration Statement for purposes of satisfying such obligation, and all references to any such obligation shall be construed accordingly; provided that such previously filed Registration Statement may be, and is, amended or, subject to applicable securities laws, supplemented to add the number of Registrable Securities, and, to the extent necessary, to identify the Principal Stockholder as selling stockholders demanding the filing of a Registration Statement pursuant to the terms of this Agreement. To the extent this Agreement refers to the filing or effectiveness of other Registration Statements, by or at a specified time and the Company has, in lieu of then filing such Registration Statements or having such Registration

Statements become effective, designated a previously filed or effective Registration Statement as the relevant Registration Statement for such purposes, in accordance with the preceding sentence, such references shall be construed to refer to such designated Registration Statement, as amended or supplemented in the manner contemplated by the immediately preceding sentence.

3.12 Company Stockholder Information. Upon the request of the Principal Stockholder, the Company shall furnish to the Principal Stockholder a list of beneficial owners of the Company's Common Stock and their jurisdictions of residence with sufficient detail to determine the percentage of the Company's Common Stock beneficially owned by residents of Canada (based on inquiries consistent with Rule 14a-13 under the Exchange Act). In addition, the Company hereby agrees to use its commercially reasonable efforts to provide any required documentation to the Canadian securities regulatory authorities as may be required by the Principal Stockholder in order to facilitate the resale of any securities of the Company beneficially owned by CPPIB pursuant to applicable Canadian securities laws.

3.13 Repurchases by the Company. The Company shall not repurchase, redeem or otherwise acquire any of its securities from the Principal Stockholder (or make any offer to do so) unless such repurchase, redemption, acquisition or offer is structured and conducted in compliance with any applicable Canadian securities laws (including Canadian issuer bid requirements applicable to the Company).

ARTICLE IV

MISCELLANEOUS

4.1 Authority: Effect. Each party hereto represents and warrants to and agrees with each other party that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized on behalf of such party and do not violate any agreement or other instrument applicable to such party or by which its assets are bound. This Agreement does not, and shall not be construed to, give rise to the creation of a partnership among any of the parties hereto, or to constitute any of such parties members of a joint venture or other association. The Company and its subsidiaries shall be jointly and severally liable for all obligations of each such party pursuant to this Agreement.

4.2 Notices. Any notices, requests, demands and other communications required or permitted in this Agreement shall be effective if in writing and (i) delivered personally, (ii) sent by facsimile or e-mail, or (iii) sent by overnight courier, in each case, addressed as follows:

If to the Company to:

Petco Health and Wellness Company, Inc.
10850 Via Frontera
San Diego, California 92127
Telephone: (858) 453-7845
Attention: Chief Legal Officer

with a copy (which shall not constitute notice to the Company) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
Telephone: (212) 351-4000
Facsimile: (212) 351-4035
Attention: Andrew Fabens

If to the Principal Stockholder, to the address on file in the Company's records.

Notice to the holder of record of any Registrable Securities shall be deemed to be notice to the holder of such securities for all purposes hereof.

Unless otherwise specified herein, such notices or other communications shall be deemed effective (i) on the date received, if personally delivered, (ii) on the date received if delivered by facsimile or e-mail on a Business Day, or if not delivered on a Business Day, on the first Business Day thereafter and (iii) two Business Days after being sent by overnight courier. Each of the parties hereto shall be entitled to specify a different address by giving notice as aforesaid to each of the other parties hereto.

4.3 Termination and Effect of Termination. This Agreement shall terminate upon the date on which the Principal Stockholder no longer holds any Registrable Securities, except for the provisions of Sections 3.9 and 3.10, which shall survive any such termination. No termination under this Agreement shall relieve any Person of liability for breach or Registration Expenses incurred prior to termination. In the event this Agreement is terminated, each Person entitled to indemnification rights pursuant to Section 3.9 hereof shall retain such indemnification rights with respect to any matter that (i) may be an indemnified liability thereunder and (ii) occurred prior to such termination.

4.4 Permitted Transferees. The rights of the Principal Stockholder hereunder may be assigned (but only with all related obligations as set forth below) in connection with a Transfer of Registrable Securities to a Permitted Transferee. Without prejudice to any other or similar conditions imposed hereunder with respect to any such Transfer, no assignment permitted under the terms of this Section 4.4 will be effective unless the Permitted Transferee to which the assignment is being made, has delivered to the Company a written acknowledgment and agreement in form and substance reasonably satisfactory to the Company that the Permitted Transferee will be bound by, and will be a party to, this Agreement. A Permitted Transferee to whom rights are transferred pursuant to this Section 4.4 may not again transfer those rights to any other Permitted Transferee, other than as provided in this Section 4.4.

4.5 Remedies. The parties to this Agreement shall have all remedies available at law, in equity or otherwise in the event of any breach or violation of this Agreement or any default hereunder. The parties acknowledge and agree that in the event of any breach of this Agreement, in addition to any other remedies that may be available, each of the parties hereto shall be entitled to specific performance of the obligations of the other parties hereto and, in addition, to such other equitable remedies (including preliminary or temporary relief) as may be appropriate in the circumstances. No delay of or omission in the exercise of any right, power or remedy accruing to any party as a result of any breach or default by any other party under this Agreement

shall impair any such right, power or remedy, nor shall it be construed as a waiver of or acquiescence in any such breach or default, or of any similar breach or default occurring later; nor shall any such delay, omission nor waiver of any single breach or default be deemed a waiver of any other breach or default occurring before or after that waiver.

4.6 Amendments. This Agreement may not be orally amended, modified, extended or terminated, nor shall any oral waiver of any of its terms be effective. This Agreement may be amended, modified, extended or terminated, and the provisions hereof may be waived, only by an agreement in writing signed by the Company and the Principal Stockholder. Each such amendment, modification, extension or termination shall be binding upon each party hereto. In addition, each party hereto may waive any right hereunder by an instrument in writing signed by such party.

4.7 Governing Law. This Agreement and all claims arising out of or based upon this Agreement or relating to the subject matter hereof shall be governed by and construed in accordance with the domestic substantive laws of the State of Delaware without giving effect to any choice or conflict of laws provision or rule that would cause the application of the domestic substantive laws of any other jurisdiction.

4.8 Consent to Jurisdiction. Each party to this Agreement, by its execution hereof, (i) hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the State of Delaware and the County of New Castle for the purpose of any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof, (ii) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, and agrees not to allow any of its subsidiaries to assert, by way of motion, as a defense or otherwise, in any such action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such proceeding brought in one of the above-named courts is improper, or that this Agreement or the subject matter hereof or thereof may not be enforced in or by such court and (iii) hereby agrees not to commence or maintain any action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation arising out of or based upon this Agreement or relating to the subject matter hereof or thereof other than before one of the above-named courts nor to make any motion or take any other action seeking or intending to cause the transfer or removal of any such action, claim, cause of action or suit (in contract, tort or otherwise), inquiry, proceeding or investigation to any court other than one of the above-named courts whether on the grounds of inconvenient forum or otherwise. Notwithstanding the foregoing, to the extent that any party hereto is or becomes a party in any litigation in connection with which it may assert indemnification rights set forth in this Agreement, the court in which such litigation is being heard shall be deemed to be included in clause (i) above. Notwithstanding the foregoing, any party to this Agreement may commence and maintain an action to enforce a judgment of any of the above-named courts in any court of competent jurisdiction. Each party hereto hereby consents to service of process in any such proceeding in any manner permitted by Delaware law, and agrees that service of process by registered or certified mail, return receipt requested, at its address specified pursuant to Section 4.2 hereof is reasonably calculated to give actual notice.

4.9 WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW WHICH CANNOT BE WAIVED, EACH PARTY HERETO HEREBY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE OR ACTION, CLAIM, CAUSE OF ACTION OR SUIT (IN CONTRACT, TORT OR OTHERWISE), INQUIRY, PROCEEDING OR INVESTIGATION ARISING OUT OF OR BASED UPON THIS AGREEMENT OR THE SUBJECT MATTER HEREOF OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE TRANSACTIONS CONTEMPLATED HEREBY, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 4.9 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 4.9 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

4.10 Merger; Binding Effect, Etc. This Agreement constitutes the entire agreement of the parties with respect to its subject matter, supersedes all prior or contemporaneous oral or written agreements or discussions with respect to such subject matter, and shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective heirs, representatives, successors and permitted assigns. Except as otherwise expressly provided herein, no party hereto may assign any of its respective rights or delegate any of its respective obligations under this Agreement without the prior written consent of the other parties hereto, and any attempted assignment or delegation in violation of the foregoing shall be null and void.

4.11 Counterparts. This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by telecopier, facsimile or other electronic transmission shall be effective as delivery of a manually executed counterpart thereof. The words “execution,” “signed,” “signature,” “delivery,” and words of like import in or relating to this Agreement or any document to be signed in connection with this Agreement shall be deemed to include electronic signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, and the parties hereto consent to conduct the transactions contemplated hereunder by electronic means.

4.12 Severability. In the event that any provision hereof would, under applicable law, be invalid or unenforceable in any respect, such provision shall be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable law. The provisions hereof are severable, and in the event any provision hereof should be held invalid or unenforceable in any respect, it shall not invalidate, render unenforceable or otherwise affect any other provision hereof.

[Signature pages follow]

IN WITNESS WHEREOF, each of the undersigned has duly executed this Agreement as of the date first above written.

Petco Health and Wellness Company, Inc.

By: _____
Name:
Title:

[Principal Stockholder]

By: _____

Name:

Title:

FORM OF STOCKHOLDER'S AGREEMENT

This **STOCKHOLDER'S AGREEMENT** (this "***Agreement***"), dated as of , 202_[1] is entered into by and among Petco Health and Wellness Company, Inc., a Delaware corporation (the "***Company***"), and , a Delaware limited partnership (together with its Permitted Transferees (as defined below) who are assignees pursuant to Section 5.9 hereof, the "***Principal Stockholder***").

RECITALS

WHEREAS, the Company has conducted an underwritten initial public offering ("***IPO***") of shares of Common Stock (as defined below); and

WHEREAS, in connection with, and effective upon, the closing of the IPO, the Company and the Principal Stockholder have entered into this Agreement to set forth certain understandings among themselves, including with respect to certain corporate governance matters.

NOW, **THEREFORE**, in consideration of the mutual covenants contained herein and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENTS

ARTICLE I
DEFINITIONS

1.1 Certain Definitions. As used in this Agreement, the following terms will have the following meanings:

"***Affiliate***" means, with respect to any specified Person, a Person that directly or indirectly through one or more intermediaries Controls or is Controlled by, or is under common Control with, such specified Person. For purposes hereof, (a) the Company and its subsidiaries will not be deemed to be an Affiliate of the Principal Stockholder or any of its parent entities and (b) in no event shall any Affiliate of the Principal Stockholder, CVC, the CVC Funds or CPP Investments include any of their respective portfolio companies (as such term is commonly understood).

"***Beneficial Owner***" means, with respect to any security, any Person who directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares (a) voting power, which includes the power to vote, or to direct the voting of, such security and/or (b) investment power, which includes the power to dispose, or to direct the disposition of, such security. The terms "***Beneficially Own***" and "***Beneficial Ownership***" will have correlative meanings.

"***Board***" means the Board of Directors of the Company.

"***Bylaws***" means the Company's bylaws, as they may be amended from time to time.

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1 To be dated date of pricing of IPO.

"***Certificate of Incorporation***" means the Company's second amended and restated certificate of incorporation, as it may be amended from time to time.

"***Change in Control***" shall be deemed to have occurred if or upon:

(a) any Person or any group of Persons acting together which would constitute a "group" for purposes of Section 13(d) of the Exchange Act (other than the Principal Stockholder, CVC, CPP Investments and their respective Affiliates), is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing more than 50% of the combined voting power of the Company's then outstanding voting securities entitled to vote in the election of directors generally;

(b) a merger or consolidation of the Company with any other corporation or other entity and, immediately after the consummation or as a result of such transaction, either (i) the members of the Board immediately prior to the merger or consolidation do not constitute at least a majority of the members of the board of directors of the company surviving the merger, or if the surviving company is a subsidiary, the ultimate parent thereof, or (ii) the voting securities of the Company immediately prior to such merger or consolidation do not continue to represent or are not converted into more than 50% of the combined voting power of the then-outstanding voting securities of the Person resulting from such merger or consolidation, or if the surviving company is a subsidiary, the ultimate parent thereof;

(c) a sale of all or substantially all of the assets of the Company to another Person, other than such sale by the Company of all or substantially all of the Company's assets to an entity, at least 50% of the combined voting power of the voting securities of which are owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale; or

(d) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company.

Notwithstanding the foregoing, except with respect to clause (b)(i) above, a "Change in Control" shall not be deemed to have occurred by virtue of the consummation of any transaction or series of integrated transactions immediately following which the stockholders of the Company immediately prior to such transaction or series of transactions continue to have substantially the same proportionate ownership in, and own substantially all of the shares of, an entity which owns, either directly or through a subsidiary, all or substantially all of the assets of the Company immediately following such transaction or series of transactions.

"***Class A Common Stock***" means the Class A common stock, par value $0.001 per share, of the Company.

"***Class B-1 Common Stock***" means the Class B-1 common stock, par value $0.001 per share, of the Company.

"***Class B-2 Common Stock***" means the Class B-2 common stock, par value $0.000001 per share, of the Company.

"***Common Stock***" means, collectively, Class A Common Stock, Class B-1 Common Stock and Class B-2 Common Stock.

"***Control***" (including the terms "***Controls***," "***Controlled by***" and "***under common Control with***") means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"***CPP Investments***" means Canada Pension Plan Investment Board, a Canadian company, and its Affiliates.

"***CVC***" means CVC Advisors (U.S) Inc. and its Affiliates and CVC Capital Partners SICAV-FIS S.A. and its direct and indirect subsidiaries.

"***CVC Funds***" means funds or vehicles advised or managed by CVC.

"***Exchange Act***" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"***Fair Market Value***" means, with respect to property (other than cash), the fair market value of such property as determined in good faith by the Board.

"***GAAP***" means generally accepted accounting principles, as in effect in the United States of America from time to time.

"***Necessary Action***" means, with respect to a specified result, all actions (to the extent such actions are permitted by applicable law and, in the case of any action by the Company that requires a vote or other action on the part of the Board, to the extent such action is consistent with the fiduciary duties that the Company's directors have in such capacity) necessary to cause such result, including (a) voting or providing a written consent or proxy with respect to shares of Common Stock or other securities entitled to vote with respect to such specified result, (b) causing the adoption of stockholders' resolutions and amendments to the organizational documents of the Company, (c) causing members of the Board (to the extent such members were designated by the Person obligated to undertake the Necessary Action) to act (subject to any applicable fiduciary duties) in a certain manner or causing them to be removed in the event they do not act in such a manner, (d) executing agreements and instruments and (e) making or causing to be made, with governmental, administrative or regulatory authorities, all filings, registrations or similar actions that are required to achieve such result.

"***Permitted Transferee***" means (a) CPP Investments, CVC or any Affiliate of the Principal Stockholder, (b) any partner, shareholder or member of the Principal Stockholder (or any Affiliate of any such partner, shareholder or member), (c) any successor entity of the Principal Stockholder, (d) any Person established for the benefit of, and Beneficially Owned solely by, the Principal Stockholder or the direct or indirect owner(s) of the Principal Stockholder, and (e) CVC Funds.

"***Person***" means any individual, corporation, firm, partnership, joint venture, limited liability company, estate, trust, business association, organization, any court, administrative agency, regulatory body, commission or other governmental authority, board, bureau or

instrumentality, domestic or foreign and any subdivision thereof or other entity, and also includes any managed investment account.

1.2 Rules of Construction.

(a) Unless the context requires otherwise: (i) any pronoun used in this Agreement will include the corresponding masculine, feminine or neuter forms; (ii) references to Articles and Sections refer to articles and sections of this Agreement; (iii) the terms "include," "includes," "including" and words of like import will be deemed to be followed by the words "without limitation"; (iv) the terms "hereof," "hereto," "herein" or "hereunder" refer to this Agreement as a whole and not to any particular provision of this Agreement; (v) unless the context otherwise requires, the term "or" is not exclusive and will have the inclusive meaning of "and/or"; (vi) defined terms herein will apply equally to both the singular and plural forms and derivative forms of defined terms will have correlative meanings; (vii) references to any law or statute will include all rules and regulations promulgated thereunder, and references to any law or statute will be construed as including any legal and statutory provisions consolidating, amending, succeeding or replacing the applicable law or statute; (viii) references to any Person include such Person's successors and permitted assigns; and (ix) references to "days" are to calendar days unless otherwise indicated.

(b) The headings in this Agreement are for convenience and identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision thereof.

(c) This Agreement will be construed without regard to any presumption or other rule requiring construction against the party that drafted or caused this Agreement to be drafted.

ARTICLE II
GOVERNANCE MATTERS

2.1 Board Designees.

(a) As of the closing of the IPO (the "***Closing***"), the Company shall take all Necessary Action, and, if applicable, the Principal Stockholder shall vote its shares, to cause the total number of directors constituting the Board to be fixed at directors, initially consisting of (i) Ronald Coughlin, Jr., the Company's Chief Executive Officer and Chairman, (ii) directors designated for nomination and election to the Board by the Principal Stockholder (each, a "***Stockholder Designee***"); and (iii) "independent" directors, as defined by the rules of Nasdaq Global Select Market.

The following directors shall initially be deemed to be Stockholder Designees as of the Closing: Cameron Breitner, Nishad Chande, Christopher J. Stadler, Maximilian Biagosch, Jennifer Pereira and . The foregoing directors shall initially be divided into three classes of directors, each of whose members shall serve for staggered three-year terms, subject to the terms of the Certificate of Incorporation, as follows:

(i) the class I directors shall initially include: ;

(ii) the class II directors shall initially include: ; and

(iii) the class III directors shall initially include: .

(b) Until the Principal Stockholder has sold, in the aggregate, a number of shares of Class A Common Stock and Class B-1 Common Stock representing the percentages shown below of shares of Class A Common Stock and Class B-1 Common Stock Beneficially Owned, in the aggregate, by the Principal Stockholder upon the consummation of the IPO (as adjusted for stock splits, combinations, reclassifications and similar transactions), the Company shall take all Necessary Action, and, if applicable, the Principal Stockholder shall vote its shares, to include in the slate of nominees recommended by the Board for election as directors at each applicable annual or special meeting of stockholders at which directors are to be elected that number of Stockholder Designees that, if elected, will result in the number of Stockholder Designees serving on the Board that is shown below:

Percentage	Number of Directors
50% or less	6
More than 50% but less than or equal to 75%	4
More than 75% but less than or equal to 90%	2
More than 90%	0

The Company agrees that, in addition to the foregoing, to the fullest extent permitted by applicable law (including any applicable fiduciary duties), taking all Necessary Action to effectuate the above will include, among other things, (A) nominating and recommending each Stockholder Designee to be elected as a director and included in the slate of nominees in the class to be elected or appointed to the Board at the next (and each applicable subsequent) annual or special meeting of stockholders, (B) recommending that stockholders vote in favor of any such Stockholder Designee, (C) soliciting proxies or consents in favor of each Stockholder Designee, and (D) without limiting the foregoing, otherwise using its best efforts to cause such nominees who are Stockholder Designees to be elected to the Board, including providing at least as high a level of support for the election of such nominees as it provides to any other individual standing for election as a director. For the avoidance of doubt, the rights granted to the Principal Stockholder to designate members of the Board are additive to, and not intended to limit in any way, the rights that the Principal Stockholder may have to nominate, elect or remove directors under the Certificate of Incorporation, the Bylaws or the Delaware General Corporation Law.

(c) At any time when the members of the Board are allocated among separate classes of directors, the Company shall take all Necessary Action, and, if applicable, the Principal Stockholder shall vote its shares, so that the Stockholder Designees will be the applicable class(es) of directors designated by the Principal Stockholder. If the size of the Board shall, with the Principal Stockholder's prior written consent pursuant to Section 2.2 below, be increased, the Principal Stockholder shall have the right to designate a proportional number of persons for nomination and election to the Board (rounded up to the nearest whole, even number). For the avoidance of doubt, if the size of the Board shall, with the Principal Stockholder's prior written consent pursuant to Section 2.2 below be decreased, the Principal Stockholder shall have the right to designate the same number of persons for nomination and election to the Board as set forth in Section 2.1(b) above.

(d) So long as the Principal Stockholder has the right to designate Stockholder Designees for nomination and election to the Board under Section 2.1(b) above, the Company shall take all Necessary Action, and, if applicable, the Principal Stockholder shall vote its shares, to cause the Board to include at least two (2) Stockholder Designees on each committee of the Board as designated by the Principal Stockholder (subject to any requirements, including independence requirements, for such committee members imposed by applicable law or by the applicable rules of any national securities exchange on which the Class A Common Stock may be listed or traded).

(e) Except as provided in Section 2.1(b) with respect to decreases in ownership of the Principal Stockholder, the Principal Stockholder shall have the exclusive right to (i) request the removal of one or more of its Stockholder Designees from the Board in accordance with the Certificate of Incorporation and the Bylaws, and the Company and the Principal Stockholder shall take all Necessary Action to cause the removal (whether for or without cause) of any such Stockholder Designee at the request of the Principal Stockholder and (ii) designate directors for nomination and election to the Board to fill vacancies (for the remainder of the then current term) created by reason of death, disability, removal or resignation or otherwise of its Stockholder Designees to the Board, and the Company and the Principal Stockholder shall take all Necessary Action to cause any such vacancies to be filled by replacement directors nominated by the Principal Stockholder as promptly as reasonably practicable.

(f) For the avoidance of doubt, the Company shall avail itself of all available "controlled company" exceptions to the corporate governance listing standards of any securities exchange on which shares of Class A Common Stock are listed, unless waived in writing by the Principal Stockholder.

(g) So long as the Principal Stockholder has the right to designate Stockholder Designees for nomination and election to the Board under Section 2.1(b) above, the Principal Stockholder shall have the right to designate, and the Company shall take all Necessary Action to appoint, four (4) non-voting representatives (the "***Observers***") to attend and observe all meetings of the Board and any committees thereof. Until the Observer ceases to serve in such capacity, any such Observer shall, at the same time and in the same manner as provided to the directors of the Board, be entitled to (i) be given notice of all meetings (whether in person, telephonic or otherwise) of the Board, including all committee meetings; (ii) receive copies of all notices, agendas, consents, Board and committee minutes and other materials distributed to the Board and any committees thereof, whether provided to directors in advance or, during or after any meeting, regardless of whether the Observer shall be in attendance at the meeting; and (iii) participate in (but not vote on) all discussions conducted at Board and committee meetings; provided, however, that any Observer may be excluded from any meeting or portion thereof, and any such Observer need not be given such materials, if a majority of the members of the Board who are non-Stockholder Designees determine, upon advice of counsel, that (1) excluding such Observer or failing to give such materials to the Observer is necessary or advisable to (x) preserve attorney-client, work product or similar privilege, or (y) comply with the terms and conditions of confidentiality agreements with third parties or applicable law or (2) there exists, with respect to the subject of a meeting or the materials provided to the Board, an actual or potential conflict of interest between the Company, on the one hand, and such Observer or the Principal Stockholder, on the other hand. The Principal Stockholder shall be entitled to direct the replacement of any Observer for any reason and at any time by delivering notice in writing or by electronic

transmission of such replacement to the Company, which such replacement shall take effect at the time specified in such notice.

(h) Except as may be required by applicable law or requested by any applicable governmental entity, each Stockholder Designee and Observer shall agree to maintain the confidentiality of all confidential information and shall not disclose any confidential information to any person or entity; provided that any such Stockholder Designee and Observer may disclose confidential information to representatives of the Principal Stockholder, CVC, CVC Funds or CPP Investments who have a reasonable need to know such information solely for the purpose of allowing them to monitor their investment in the Company.

(i) For the avoidance of doubt, for so long as any Stockholder Designees serve as directors of the Company and/or there are any Observers, (i) the Company shall take all Necessary Actions, and the Principal Stockholder shall vote its shares as to cause the Company, to provide each such Stockholder Designee and Observer, as applicable, with the rights to exculpation, indemnification and advancement of expenses that are not less favorable to any such Stockholder Designee and/or Observer, as applicable, than those it provides to any other non-employee directors serving on the Board, and (ii) each such Stockholder Designee and/or Observer, as applicable, shall be entitled to be reimbursed by the Company for all reasonable out-of-pocket expenses incurred in connection with his or her attendance at meetings of the Board and any committees thereof.

(j) For greater certainty, although the obligations set forth in this Agreement are binding upon the parties hereto and any failure to comply herewith will constitute a breach of this Agreement, this Section 2.1 does not amend the voting rights of any class of Common Stock set forth under the Certificate of Incorporation.

2.2 Consent Rights. So long as the Principal Stockholder Beneficially Owns at least 25% of the outstanding shares of Class A Common Stock and Class B-1 Common Stock (as adjusted for stock splits, combinations, reclassifications and similar transactions), in addition to any vote required by law or the applicable governing documents, the Company shall not take, and shall take all Necessary Action to cause its subsidiaries not to take, directly or indirectly (whether by amendment, merger, consolidation, reorganization or otherwise), any of the following actions without the prior written consent of the Principal Stockholder, which consent may be withheld for any reason or no reason:

(a) liquidation, dissolution or winding up of the Company;

(b) any material change in the nature of the business or operations of the Company and its subsidiaries, taken as a whole, as of the date of this Agreement;

(c) hiring or terminating the Chief Executive Officer of the Company and his or her successors and, so long as the Principal Stockholder Beneficially Owns at least 50% of the outstanding shares of Class A Common Stock and Class B-1 Common Stock (as adjusted for stock splits, combinations, reclassifications and similar transactions), hiring or terminating any other executive officer of the Company and his or her successor;

(d) any mergers or other transaction that, if consummated, would constitute a Change in Control or entering into any definitive agreement or series of related agreements that govern any transaction or series of related transactions that, if consummated, would result in a Change in Control;

(e) entering into any agreement providing for the acquisition or divestiture of assets or Persons, in each such case, involving consideration payable or receivable by the Company or any of its subsidiaries in excess of $200 million in the aggregate in any single transaction or series of related transactions during any 12-month period;

(f) any incurrence by the Company or any of its subsidiaries of indebtedness for borrowed money (including through capital leases, the issuance of debt securities or the guarantee of indebtedness of another Person) (i) in excess of $200 million in the aggregate in any single transaction or series of related transactions during any 12-month period, other than indebtedness incurred under an existing and previously approved revolving credit facility, or (ii) that would result in the Company's Total Net Leverage Ratio (as such term or an analogous term is defined in the then-in-effect senior credit agreement of the Company or its subsidiary or, to the extent there is no such senior credit agreement then in effect or such term or an analogous term is not contained therein, any indenture of the Company or its subsidiary, including that indenture dated January 16, 2016, as amended) exceeding 4.00:1.00;

(g) any issuance or series of related issuances of equity securities by the Company or any of its subsidiaries, other than grants of equity securities under any equity compensation plan, including an employee stock purchase plan, approved by the Board or a committee thereof;

(h) any payment or declaration of any dividend or other distribution of any shares of Class A Common Stock or Class B-1 Common Stock or entering into any recapitalization transaction the primary purpose of which is to pay a dividend of shares of Class A Common Stock or Class B-1 Common Stock;

(i) any increase or decrease in the size of (i) the Board from the number of directors set forth in Section 2.1(b) or (ii) the committees of the Board; and

(j) amendments to, or modification or repeal of, organizational documents (such as certificate of incorporation and bylaws of the Company or equivalent organizational documents of the Company's subsidiaries) that adversely affect any of the Principal Stockholder, CVC or CPP Investments or their respective Affiliates.

ARTICLE III
COVENANTS

3.1 Certain Notices.

(a) The Company hereby acknowledges and agrees with and covenants to the Principal Stockholder, that unless otherwise agreed to by the Principal Stockholder in writing, the Company shall:

(i) not issue any shares of Class B-1 Common Stock or Class B-2 Common Stock as a dividend or distribution without providing the Principal Stockholder at least thirty (30) days' prior written notice of the Company's intention to do so; and

(ii) promptly, upon becoming aware of any event, circumstance or proposed transaction that may result in the issuance of any shares of capital stock of the Company (or its successor) to the Principal Stockholder (whether as a result of any dividend, distribution, stock split, recapitalization, merger, combination or other transaction) (other than pursuant to a rights offering or other similar offering by the Company to the holders of Class A Common Stock generally), provide the Principal Stockholder prior written notice of any such event, circumstance or proposed transaction as far in advance of such issuance as reasonably practicable.

ARTICLE IV
EFFECTIVENESS AND TERMINATION

4.1 Effectiveness. Upon the closing of the IPO, this Agreement will thereupon be deemed to be effective. However, to the extent the closing of the IPO does not occur, the provisions of this Agreement will be without any force or effect.

4.2 Termination. This Agreement will terminate upon the earlier to occur of (a) the Principal Stockholder no longer having the right to designate an individual for nomination to the Board under this Agreement and (b) the delivery of written notice to the Company by the Principal Stockholder effecting the termination of this Agreement.

ARTICLE V
MISCELLANEOUS

5.1 Notices. All notices, requests, demands and other communications under this Agreement will be in writing and will be personally delivered, sent by nationally recognized overnight courier, mailed by registered or certified mail or be sent by facsimile or electronic mail to such party at the address set forth below (or such other address as will be specified by like notice). Notices will be deemed to have been duly given hereunder if (a) personally delivered, when received, (b) sent by nationally recognized overnight courier, one business day after deposit with the nationally recognized overnight courier, (c) mailed by registered or certified mail, five business days after the date on which it is so mailed, and (d) sent by facsimile or electronic mail, on the date sent so long as such communication is transmitted before 5:00 p.m. on a business day in the time zone of the receiving party, otherwise, on the next business day.

(a) If to the Company, to:

Petco Health and Wellness Company, Inc.
10850 Via Frontera
San Diego, CA 92127
Attention: Chief Legal Officer
E-mail: Ilene.Eskenazi@PETCO.com

with a copy (not constituting notice) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
Attention: Sean P. Griffiths
Andrew L. Fabens
E-mail: SGriffiths@gibsondunn.com
AFabens@gibsondunn.com

(b) If to the Principal Stockholder, to:

[ ]
c/o CVC
One Maritime Plaza, Suite 1610
San Francisco, CA 94111
Attention: Cameron Breitner
E-mail: cbreitner@cvc.com

and

[ ]
c/o CPP Investment Board
One Queen Street East, Suite 2500
Toronto, ON M5C 2W5
Canada
Attention: Jennifer Pereira
E-mail: jpereira@cppib.com

with a copy (not constituting notice) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, NY 10166
Attention: Sean P. Griffiths
Andrew L. Fabens
E-mail: SGriffiths@gibsondunn.com
AFabens@gibsondunn.com

and

Torys LLP
1114 Avenue of the Americas, 23rd Floor
New York, NY 10036
Attention: Heding Yang
E-mail: HYang@torys.com

5.2 Severability. The provisions of this Agreement will be deemed severable, and the invalidity or unenforceability of any provision will not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is found to be invalid or unenforceable in any jurisdiction, (a) a suitable and equitable provision will be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances will not be affected by such invalidity or unenforceability, nor will such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

5.3 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed an original and all of which, taken together, will be considered one and the same agreement.

5.4 Entire Agreement; No Third-Party Beneficiaries. This Agreement (a) constitutes the entire agreement and supersedes all other prior agreements, both written and oral, among the parties hereto with respect to the subject matter hereof and (b) is not intended to confer upon any Person, other than the parties hereto, any rights or remedies hereunder.

5.5 Further Assurances. Each party hereto will execute, deliver, acknowledge and file such other documents and take such further actions as may be reasonably requested from time to time by the other parties hereto to give effect to and carry out the transactions contemplated herein.

5.6 Governing Law; Equitable Remedies. THIS AGREEMENT WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE (WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF). The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties hereto will be entitled to an injunction or injunctions and other equitable remedies to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any of the Selected Courts (as defined below), this being in addition to any other remedy to which they are entitled at law or in equity. Any requirements for the securing or posting of any bond with respect to such remedy are hereby waived by each of the parties hereto. Each party hereto further agrees that, in the event of any action for an injunction or other equitable remedy in respect of such breach or enforcement of specific performance, it will not assert the defense that a remedy at law would be adequate.

5.7 Consent to Jurisdiction. With respect to any suit, action or proceeding ("***Proceeding***") arising out of or relating to this Agreement, each of the parties hereto hereby irrevocably (a) submits to the exclusive jurisdiction of the Court of Chancery of the State of Delaware and the United States District Court for the District of Delaware and the appellate courts therefrom (the "***Selected Courts***") and waives any objection to venue being laid in the Selected Courts whether based on the grounds of forum non conveniens or otherwise and hereby agrees not to commence any such Proceeding other than before one of the Selected Courts; provided, however, that a party may commence any Proceeding in a court other than a Selected Court solely

for the purpose of enforcing an order or judgment issued by one of the Selected Courts; (b) consents to service of process in any Proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, or by recognized international express carrier or delivery service, to their respective addresses referred to in Section 5.1 hereof; provided, however, that nothing herein will affect the right of any party hereto to serve process in any other manner permitted by law; and (c) TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, WAIVES, AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AND AGREES THAT ANY OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE THE RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT AND TO HAVE ALL MATTERS RELATING TO THIS AGREEMENT BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

5.8 Amendments; Waivers.

(a) No provision of this Agreement may be amended or waived unless such amendment or waiver is in writing and signed (i) in the case of an amendment, by each of the parties hereto (including any amendment providing for additional obligations hereunder of any party hereto), and (ii) in the case of a waiver, by each of the parties against whom the waiver is to be effective.

(b) No failure or delay by any party in exercising any right, power or privilege hereunder will operate as waiver thereof nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided will be cumulative and not exclusive of any rights or remedies provided by law.

5.9 Assignment. Neither this Agreement nor any of the rights or obligations hereunder will be assigned by any of the parties hereto without the prior written consent of the other parties, and any attempted assignment, without such consents, will be null and void; provided, however, that the Principal Stockholder shall be entitled to assign, in whole or in part, to any of its Permitted Transferees without such prior written consent any of its rights or obligations hereunder in connection with and upon a transfer of Common Stock from the Principal Stockholder to such Permitted Transferee.

[*Signature pages follow*.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

COMPANY:

Petco Health and Wellness Company, Inc.

By: _____
Name:
Title:

PRINCIPAL STOCKHOLDER:

[ ]

By: _____
Name:
Title:

Signature Page to Stockholder's Agreement

PETCO HEALTH AND WELLNESS COMPANY, INC.
2020 EQUITY INCENTIVE PLAN

1. Purpose

The purpose of this Petco Health and Wellness Company, Inc. 2020 Equity Incentive Plan (the "***Plan***") is to promote and closely align the interests of employees, officers, non-employee directors and other service providers of Petco Health and Wellness Company, Inc. and its stockholders by providing stock-based compensation and other performance-based compensation. The objectives of the Plan are to attract and retain the best available employees for positions of substantial responsibility and to motivate Participants to optimize the profitability and growth of the Company through incentives that are consistent with the Company's goals and that link the personal interests of Participants to those of the Company's stockholders. The Plan provides for the grant of Options, Stock Appreciation Rights, Restricted Stock Units, Restricted Stock and Other Stock-Based Awards, any of which may be performance-based, and for Incentive Bonuses, which may be paid in cash, Common Stock or a combination thereof, as determined by the Committee.

2. Definitions

As used in the Plan, the following terms shall have the meanings set forth below:

(a) "***Affiliate***" means any entity in which the Company has a substantial direct or indirect equity interest, as determined by the Committee from time to time.

(b) "***Act***" means the Securities Exchange Act of 1934, as amended.

(c) "***Award***" means an Option, Stock Appreciation Right, Restricted Stock Unit, Restricted Stock, Other Stock-Based Award or Incentive Bonus granted to a Participant pursuant to the provisions of the Plan, any of which may be subject to performance conditions.

(d) "***Award Agreement***" means a written or electronic agreement or other instrument as may be approved from time to time by the Committee and designated as such implementing the grant of each Award. An Award Agreement may be in the form of an agreement to be executed by both the Participant and the Company (or an authorized representative of the Company) or certificates, notices or similar instruments as approved by the Committee and designated as such.

(e) "***Beneficial Owner***" shall have the meaning set forth in Rule 13d-3 under the Act.

(f) "***Board***" means the Board of Directors of the Company.

(g) "***Cause***" has the meaning set forth in the written employment, offer, services or severance agreement or letter between the Participant and the Company or an Affiliate, or if there is no such agreement or no such term is defined in such agreement, means a Participant's Termination of Employment by the Company or an Affiliate by reason of (i) the Participant's material breach of any agreement between the Participant and the Company or an Affiliate or any policy of the Company of an Affiliate; (ii) the willful failure or refusal by the Participant to

substantially perform his or her duties; (iii) the commission or conviction of the Participant of, or the entering of a plea of nolo contendere by the Participant with respect to, (A) a felony or (B) a misdemeanor involving moral turpitude; (iv) the Participant's gross misconduct that causes harm to the reputation of the Company or (v) the Participant's inability or failure to competently perform his or her duties in any material respect due to the use of drugs or other illicit substances. A Participant's employment or service will be deemed to have been terminated for Cause if it is determined subsequent to such Participant's Termination of Employment that grounds for a Termination of Employment for Cause existed at the time of such Termination of Employment, as determined by the Committee in good faith.

(h) "***Change in Control***" means the occurrence of any one of the following:

(i) any Person, other than any Pre-IPO Affiliate (as defined below), is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person or any securities acquired directly from the Company or its Affiliates) representing 50% or more of the combined voting power of the Company's then outstanding securities, excluding any Person who becomes such a Beneficial Owner in connection with a transaction described in Section 2(h)(iii)(A) below;

(ii) the following individuals cease for any reason to constitute a majority of the number of directors then serving: (A) individuals who, on the Effective Date (as defined below), constitute the Board and (B) any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including a consent solicitation, relating to the election of directors of the Company) whose appointment or election by the Board or nomination for election by the Company's stockholders was approved or recommended by a vote of at least a majority of the directors then still in office who were either directors on the Effective Date or whose appointment, election or nomination for election was previously so approved or recommended;

(iii) there is consummated a merger or consolidation of the Company or any direct or indirect subsidiary of the Company with any other corporation (other than with any Pre-IPO Affiliate), other than a merger or consolidation which would result in the holders of the voting securities of the Company outstanding immediately prior to such merger or consolidation continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger or consolidation; or

(iv) the implementation of a plan of complete liquidation or dissolution of the Company; or

(v) there is consummated a sale or disposition by the Company of all or substantially all of the Company's assets, other than a sale or disposition by the Company of all or substantially all of the Company's assets to (A) an entity, at least 50% of the combined voting power of the voting securities of which is owned by stockholders of the Company in substantially the same proportions as their ownership of the Company immediately prior to such sale, or (B) any Pre-IPO Affiliates.

(i) "***Code***" means the Internal Revenue Code of 1986, as amended from time to time, and the rulings and regulations issued thereunder.

(j) "***Committee***" means the Compensation Committee of the Board (or any successor committee) or such other committee as designated by the Board to administer the Plan under Section 6.

(k) "***Common Stock***" means the Class A common stock of the Company, $0.001 par value per share, or such other class or kind of shares or other securities as may be applicable under Section 16.

(l) "***Company***" means Petco Health and Wellness Company, Inc., a Delaware corporation, and except as utilized in the definition of Change in Control, any successor corporation.

(m) "***Disability***" has the meaning set forth in a written employment, offer, services or severance agreement or letter between the Participant and the Company or an Affiliate, or if there is no such agreement or no such term is defined in such agreement, means, as determined by the Committee in its discretion exercised in good faith, a physical or mental condition of a Participant that would entitle him or her to payment of disability income payments under the Company's long-term disability insurance policy or plan for employees as then in effect; or in the event that a Participant is not covered, for whatever reason under the Company's long-term disability insurance policy or plan for employees or in the event the Company does not maintain such a long-term disability insurance policy, "***Disability***" means a permanent and total disability as defined in Section 22(e)(3) of the Code. A determination of Disability may be made by a physician selected or approved by the Committee and, in this respect, Participants shall submit to an examination by such physician upon request by the Committee.

(n) "***Dividend Equivalent***" mean an amount payable in cash or Common Stock, as determined by the Committee, equal to the dividends that would have been paid to the Participant if the share of Common Stock with respect to which the Dividend Equivalent relates had been owned by the Participant.

(o) "***Effective Date***" means the date on which the Plan takes effect, as defined pursuant to Section 4.

(p) "***Eligible Person***" any current or prospective employee, officer, non-employee director or other service provider of the Company or any of its Subsidiaries; provided however that Incentive Stock Options may only be granted to employees of the Company or any of its "subsidiary corporations" within the meaning of Section 424 of the Code.

(q) "***Fair Market Value***" means as of any date, the value of the Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, system or market, its Fair Market Value shall be the closing price for the Common Stock as quoted on such exchange, system or market as reported in the Wall Street Journal or such other source as the Committee deems reliable (or, if no sale of Common Stock is reported for such date, on the next preceding date on which any sale shall have been reported); and (ii) in the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Committee by the reasonable application of a reasonable valuation method, taking into account factors consistent with Treas. Reg. § 409A-1(b)(5)(iv)(B) as the Committee deems appropriate.

(r) "***Incentive Bonus***" means a bonus opportunity awarded under Section 12 pursuant to which a Participant may become entitled to receive an amount based on satisfaction of such performance criteria established for a specified performance period as specified in the Award Agreement.

(s) "***Incentive Stock Option***" means a stock option that is intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

(t) "***Nonqualified Stock Option***" means a stock option that is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Code.

(u) "***Option***" means a right to purchase a number of shares of Common Stock at such exercise price, at such times and on such other terms and conditions as are specified in or determined pursuant to an Award Agreement. Options granted pursuant to the Plan may be Incentive Stock Options or Nonqualified Stock Options.

(v) "***Other Stock-Based Award***" means an Award granted to an Eligible Person under Section 11.

(w) "***Participant***" means any Eligible Person to whom Awards have been granted from time to time by the Committee and any authorized transferee of such individual.

(x) "***Person***" shall have the meaning given in Section 3(a)(9) of the Act, as modified and used in Sections 14(d) and 15(d) thereof, except that such term shall not include (i) the Company or any of its Affiliates, (ii) a trustee or other fiduciary holding securities under an employee benefit plan of the Company or any of its Subsidiaries, (iii) an underwriter temporarily holding securities pursuant to an offering of such securities or (iv) a corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(y) "***Pre-IPO Affiliates***" Scooby Aggregator LP, CVC Pet LP, Scooby LP, the Canada Pension Plan Investment Board, 9314601 B-2 SPV, LLC, their respective Controlled Affiliates, and any entity in which any such entity has a substantial direct or indirect equity interest, as determined by the Committee from time to time; provided, however, that the term Pre-IPO Affiliate shall not include CVC Pet LP and its Controlled Affiliates or the Canada Pension Plan Investment Board and its Controlled Affiliates, in each case, after they no longer directly or indirectly own or control at least 10% of the outstanding stock of the Company. For purposes of this definition, "***Controlled Affiliates***" means any Person referred to in the preceding sentence that, directly or indirectly, through one or more intermediaries, is controlling, controlled by, or under common control with, such other Person.

(z) "***Restricted Stock***" means an Award or issuance of Common Stock the grant, issuance, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued employment or engagement or performance conditions) and terms as the Committee deems appropriate.

(aa) "***Restricted Stock Unit***" means an Award denominated in units of Common Stock under which the issuance of shares of Common Stock (or cash payment in lieu thereof) is subject to such conditions (including continued employment or engagement or performance conditions) and terms as the Committee deems appropriate.

(bb) "***Separation from Service***" or "***Separates from Service***" means a Termination of Employment that constitutes a "separation from service" within the meaning of Section 409A of the Code.

(cc) "***Stock Appreciation Right***" means a right granted that entitles the Participant to receive, in cash or Common Stock or a combination thereof, as determined by the Committee, value equal to the excess of (i) the Fair Market Value of a specified number of shares of Common Stock at the time of exercise over (ii) the exercise price of the right, as established by the Committee on the date of grant.

(dd) "***Subsidiary***" means any business association (including a corporation or a partnership, other than the Company) in an unbroken chain of such associations beginning with the Company if each of the associations other than the last association in the unbroken chain owns equity interests (including stock or partnership interests) possessing 50% or more of the total combined voting power of all classes of equity interests in one of the other associations in such chain.

(ee) "***Substitute Awards***" means Awards granted or Common Stock issued by the Company in assumption of, or in substitution or exchange for, awards previously granted, or the right or obligation to make future awards, by a company acquired by the Company or any Subsidiary or with which the Company or any Subsidiary combines.

(ff) "***Termination of Employment***" means ceasing to serve as an employee of the Company and its Subsidiaries or, with respect to a non-employee director or other service provider, ceasing to serve as such for the Company and its Subsidiaries, except that with respect to all or any Awards held by a Participant (i) the Committee may determine that a leave of absence or employment on a less than full-time basis is considered a "Termination of Employment," (ii) the Committee may determine that a transition from employment to service with a partnership, joint venture or corporation not meeting the requirements of a Subsidiary in which the Company or a Subsidiary is a party is not considered a "Termination of Employment," (iii) service as a member of the Board shall constitute continued employment with respect to Awards granted to a Participant while he or she served as an employee, (iv) service as an employee of the Company or a Subsidiary shall constitute continued employment with respect to Awards granted to a Participant while he or she served as a member of the Board or other service provider, and (v) the Committee may determine that a transition from employment with the Company or a Subsidiary to service to the Company or a Subsidiary other than as an employee shall constitute a "Termination of Employment". The Committee shall determine whether any corporate transaction, such as a sale or spin-off of a division or Subsidiary that employs or engages a Participant, shall be deemed to result in a Termination of Employment with the Company and its Subsidiaries for purposes of any affected Participant's Awards, and the Committee's decision shall be final and binding.

3. Eligibility

Any Eligible Person is eligible for selection by the Committee to receive an Award.

4. Effective Date and Termination of Plan

This Plan became effective on (the "***Effective Date***"). The Plan shall remain available for the grant of Awards until the 10th anniversary of the Effective Date. Notwithstanding the foregoing, the Plan may be terminated at such earlier time as the Board may determine. Termination of the Plan will not affect the rights and obligations of the Participants and the Company arising under Awards theretofore granted.

5. Shares Subject to the Plan and to Awards

(a) *Aggregate Limits*. The aggregate number of shares of Common Stock issuable under the Plan shall be equal to . The aggregate number of shares of Common Stock available for grant under this Plan and the number of shares of Common Stock subject to Awards outstanding at the time of any event described in Section 16 shall be subject to adjustment as provided in Section 16. The shares of Common Stock issued pursuant to Awards granted under this Plan may be shares that are authorized and unissued or shares that were reacquired by the Company, including shares purchased in the open market.

(b) *Issuance of Shares*. For purposes of Section 5(a), the aggregate number of shares of Common Stock issued under this Plan at any time shall equal only the number of shares of Common Stock actually issued upon exercise or settlement of an Award. Shares of Common Stock subject to Awards that have been canceled, expired, forfeited or otherwise not issued under an Award and shares of Common Stock subject to Awards settled in cash shall not count as shares of Common Stock issued under this Plan. The aggregate number of shares available for issuance under this Plan at any time shall not be reduced by (i) shares subject to Awards that have been terminated, expired unexercised, forfeited or settled in cash, (ii) shares subject to Awards that have been retained or withheld by the Company in payment or satisfaction of the exercise price, purchase price or tax withholding obligation of an Award, or (iii) shares subject to Awards that otherwise do not result in the issuance of shares in connection with payment or settlement thereof. In addition, shares that have been delivered (either actually or by attestation) to the Company in payment or satisfaction of the exercise price, purchase price or tax withholding obligation of an Award shall be available for issuance under this Plan.

(c) *Substitute Awards*. Substitute Awards shall not reduce the shares of Common Stock authorized for issuance under the Plan or authorized for grant to a Participant in any calendar year. Additionally, in the event that a company acquired by the Company or any Subsidiary, or with which the Company or any Subsidiary combines, has shares available under a pre-existing plan approved by stockholders and not adopted in contemplation of such acquisition or combination, the shares available for grant pursuant to the terms of such pre-existing plan (as adjusted, to the extent appropriate, using the exchange ratio or other adjustment or valuation ratio or formula used

in such acquisition or combination to determine the consideration payable to the holders of common stock of the entities party to such acquisition or combination) may be used for Awards under the Plan and shall not reduce the shares of Common Stock authorized for issuance under the Plan; provided that, Awards using such available shares (i) shall not be made after the date awards or grants could have been made under the terms of the pre-existing plan, absent the acquisition or combination, (ii) shall only be made to individuals who were employees of such acquired or combined company before such acquisition or combination, and (iii) shall comply with the requirements of any stock exchange or market or quotation system on which the Common Stock is traded, listed or quoted.

(d) *Tax Code Limits*. The aggregate number of shares of Common Stock that may be issued pursuant to the exercise of Incentive Stock Options granted under this Plan shall be equal to , which number shall be calculated and adjusted pursuant to Section 16 only to the extent that such calculation or adjustment will not affect the status of any option intended to qualify as an Incentive Stock Option under Section 422 of the Code.

(e) *Limits on Non-Employee Director Compensation.* The aggregate dollar value of equity-based (based on the grant date Fair Market Value of equity-based Awards) and cash compensation granted under this Plan or otherwise during any calendar year to any non-employee director shall not exceed $800,000; provided, however, that in the calendar year in which a non-employee director first joins the Board or during any calendar year in which a non-employee director is designated as Chairman of the Board or Lead Director, the maximum aggregate dollar value of equity-based and cash compensation granted to the non-employee director may be up to $1,000,000.

6. Administration of the Plan

(a) *Administrator of the Plan*. The Plan shall be administered by the Committee. The Board shall fill vacancies on, and from time to time may remove or add members to, the Committee. The Committee shall act pursuant to a majority vote or unanimous written consent. Any power of the Committee may also be exercised by the Board, except to the extent that the grant or exercise of such authority would cause any Award or transaction to become subject to (or lose an exemption under) the short-swing profit recovery provisions of Section 16 of the Act. To the extent that any permitted action taken by the Board conflicts with action taken by the Committee, the Board action shall control. To the maximum extent permissible under applicable law, the Committee (or any successor) may by resolution delegate any or all of its authority to one or more subcommittees composed of one or more directors and/or officers of the Company, and any such subcommittee shall be treated as the Committee for all purposes under this Plan. Notwithstanding the foregoing, if the Board or the Committee (or any successor) delegates to a subcommittee comprised of one or more officers of the Company (who are not also directors) the authority to grant Awards, the resolution so authorizing such subcommittee shall specify the total number of shares of Common Stock such subcommittee may award pursuant to such delegated authority, and no such subcommittee shall designate any officer serving thereon or any officer (within the meaning of Section 16 of the Act) or non-employee director of the Company as a recipient of any Awards granted under such delegated authority. The Committee hereby delegates to and designates the Chief Human Resources Officer of the Company (or such other officer with similar authority), and to his or her delegates or designees, the authority to assist the Committee

in the day-to-day administration of the Plan and of Awards granted under the Plan, including those powers set forth in Section 6(b)(iv) through (ix) and to execute Award Agreements or other documents entered into under this Plan on behalf of the Committee or the Company. The Committee may further designate and delegate to one or more additional officers or employees of the Company or any Subsidiary, and/or one or more agents, authority to assist the Committee in any or all aspects of the day-to-day administration of the Plan and/or of Awards granted under the Plan.

(b) *Powers of Committee*. Subject to the express provisions of this Plan, the Committee shall be authorized and empowered to do all things that it determines to be necessary or appropriate in connection with the administration of this Plan, including:

(i) to prescribe, amend and rescind rules and regulations relating to this Plan and to define terms not otherwise defined herein;

(ii) to determine which persons are Eligible Persons, to which of such Eligible Persons, if any, Awards shall be granted hereunder and the timing of any such Awards;

(iii) to prescribe and amend the terms of the Award Agreements, to grant Awards and determine the terms and conditions thereof;

(iv) to establish and verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, retention, vesting, exercisability or settlement of any Award;

(v) to prescribe and amend the terms of or form of any document or notice required to be delivered to the Company by Participants under this Plan;

(vi) to determine the extent to which adjustments are required pursuant to Section 16;

(vii) to interpret and construe this Plan, any rules and regulations under this Plan and the terms and conditions of any Award granted hereunder, and to make exceptions to any such provisions if the Committee, in good faith, determines that it is appropriate to do so;

(viii) to approve corrections in the documentation or administration of any Award; and

(ix) to make all other determinations deemed necessary or advisable for the administration of this Plan.

Notwithstanding anything in this Plan to the contrary, with respect to any Award that is "deferred compensation" under Section 409A of the Code, the Committee shall exercise its discretion in a manner that causes such Awards to be compliant with or exempt from the requirements of Section 409A of the Code. Without limiting the foregoing, unless expressly agreed to in writing by the Participant holding such Award, the Committee shall not take any action with respect to any Award which constitutes (x) a modification of a stock right within the meaning of Treas. Reg. § 1.409A-

1(b)(5)(v)(B) so as to constitute the grant of a new stock right, (y) an extension of a stock right, including the addition of a feature for the deferral of compensation within the meaning of Treas. Reg. § 1.409A-1 (b)(5)(v)(C), or (z) an impermissible acceleration of a payment date or a subsequent deferral of a stock right subject to Section 409A of the Code within the meaning of Treas. Reg. § 1.409A-1(b)(5)(v)(E).

The Committee may, in its sole and absolute discretion, without amendment to the Plan but subject to the limitations otherwise set forth in Section 20, waive or amend the operation of Plan provisions respecting exercise after Termination of Employment. The Committee or any member thereof may, in its sole and absolute discretion, except as otherwise provided in Section 20, waive, settle or adjust any of the terms of any Award so as to avoid unanticipated consequences or address unanticipated events (including any temporary closure of an applicable stock exchange, disruption of communications or natural catastrophe).

(c) *Determinations by the Committee*. All decisions, determinations and interpretations by the Committee regarding the Plan, any rules and regulations under the Plan and the terms and conditions of, or operation of, any Award granted hereunder, shall be final and binding on all Participants, beneficiaries, heirs, assigns or other persons holding or claiming rights under the Plan or any Award. The Committee shall consider such factors as it deems relevant, in its sole and absolute discretion, to making such decisions, determinations and interpretations, including the recommendations or advice of any officer or other employee of the Company and such attorneys, consultants and accountants as it may select. Members of the Board and members of the Committee acting under the Plan shall be fully protected in relying in good faith upon the advice of counsel and shall incur no liability except for as a result of gross negligence or willful misconduct in the performance of their duties.

(d) *Subsidiary Awards*. In the case of a grant of an Award to any Participant employed by a Subsidiary, such grant may, if the Committee so directs, be implemented by the Company issuing any subject shares of Common Stock to the Subsidiary, for such lawful consideration as the Committee may determine, upon the condition or understanding that the Subsidiary will transfer the shares of Common Stock to the Participant in accordance with the terms of the Award specified by the Committee pursuant to the provisions of the Plan. Notwithstanding any other provision hereof, such Award may be issued by and in the name of the Subsidiary and shall be deemed granted on such date as the Committee shall determine.

7. Plan Awards

(a) *Terms Set Forth in Award Agreement*. Awards may be granted to Eligible Persons as determined by the Committee at any time and from time to time prior to the termination of the Plan. The terms and conditions of each Award shall be set forth in an Award Agreement in a form approved by the Committee for such Award, which Award Agreement may contain such terms and conditions as specified from time to time by the Committee, provided such terms and conditions do not conflict with the Plan. The Award Agreement for any Award (other than Restricted Stock awards) shall include the time or times at or within which and the consideration, if any, for which any shares of Common Stock or cash, as applicable, may be acquired from the Company. The terms of Awards may vary among Participants, and the Plan does not impose upon the Committee any requirement to make Awards subject to uniform terms. Accordingly, the terms of individual Award Agreements may vary.

(b) *Termination of Employment*. Subject to the express provisions of the Plan, the Committee shall specify before, at, or after the time of grant of an Award the provisions governing the effect(s) upon an Award of a Participant's Termination of Employment.

(c) *Rights of a Stockholder*. A Participant shall have no rights as a stockholder with respect to shares of Common Stock covered by an Award (including voting rights) until the date the Participant becomes the holder of record of such shares of Common Stock. No adjustment shall be made for dividends or other rights for which the record date is prior to such date, except as provided in Sections 10(b), 11(b) or 16 of this Plan or as otherwise provided by the Committee.

8. Options

(a) *Grant, Term and Price*. The grant, issuance, retention, vesting and/or settlement of any Option shall occur at such time and be subject to such terms and conditions as determined by the Committee or under criteria established by the Committee, which may include conditions based on continued employment or engagement, passage of time, attainment of age and/or service requirements, and/or satisfaction of performance conditions. The term of an Option shall in no event be greater than 10 years; provided, however, the term of an Option (other than an Incentive Stock Option) shall be automatically extended if, at the time of its scheduled expiration, the Participant holding such Option is prohibited by law or the Company's insider trading policy from exercising the Option, which extension shall expire on the 30th day following the date such prohibition no longer applies. The Committee will establish the price at which Common Stock may be purchased upon exercise of an Option, which in no event will be less than the Fair Market Value of such shares on the date of grant; provided, however, that the exercise price per share of Common Stock with respect to an Option that is granted as a Substitute Award may be less than the Fair Market Value of the shares of Common Stock on the date such Option is granted if such exercise price is based on a formula set forth in the terms of the options held by such optionees or in the terms of the agreement providing for such merger or other acquisition that satisfies the requirements of (i) Section 409A of the Code, if such options held by such optionees are not intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code, and (ii) Section 424(a) of the Code, if such options held by such optionees are intended to qualify as "incentive stock options" within the meaning of Section 422 of the Code. The exercise price of any Option may be paid in cash or such other method as determined by the Committee, including an irrevocable commitment by a broker to pay over such amount from a sale of the shares of Common Stock issuable under an Option, the delivery of previously owned shares of Common Stock or withholding of shares of Common Stock deliverable upon exercise.

(b) *No Repricing without Stockholder Approval*. Other than in connection with a change in the Company's capitalization (as described in Section 16), the Committee shall not, without stockholder approval, reduce the exercise price of a previously awarded Option, and at any time when the exercise price of a previously awarded Option is above the Fair Market Value of a share of Common Stock, the Committee shall not, without stockholder approval, cancel and re-grant or exchange such Option for cash or a new Award with a lower (or no) exercise price.

(c) *No Reload Grants*. Options shall not be granted under the Plan in consideration for, and shall not be conditioned upon the delivery of, shares of Common Stock to the Company in payment of the exercise price and/or tax withholding obligation under any other employee stock option.

(d) *Incentive Stock Options*. Notwithstanding anything to the contrary in this Section 8, in the case of the grant of an Incentive Stock Option, if the Participant owns stock possessing more than 10% of the combined voting power of all classes of stock of the Company (a "10% Stockholder"), the exercise price of such Option must be at least 110% of the Fair Market Value of the shares of Common Stock on the date of grant and the Option must expire within a period of not more than five years from the date of grant. Notwithstanding anything in this Section 8 to the contrary, options designated as Incentive Stock Options shall not be eligible for treatment under the Code as Incentive Stock Options (and will be deemed to be Nonqualified Stock Options) to the extent that either (i) the aggregate Fair Market Value of shares of Common Stock (determined as of the time of grant) with respect to which such Options are exercisable for the first time by the Participant during any calendar year (under all plans of the Company and any Subsidiary) exceeds $100,000, taking Options into account in the order in which they were granted, or (ii) such Options otherwise remain exercisable but are not exercised within three months (or such other period of time provided in Section 422 of the Code) of separation of service (as determined in accordance with Section 3401(c) of the Code and the regulations promulgated thereunder).

(e) *No Stockholder Rights*. Participants shall have no voting rights and will have no rights to receive dividends or Dividend Equivalents in respect of an Option or any shares of Common Stock subject to an Option until the Participant has become the holder of record of such shares.

9. Stock Appreciation Rights

(a) *General Terms*. The grant, issuance, retention, vesting and/or settlement of any Stock Appreciation Right shall occur at such time and be subject to such terms and conditions as determined by the Committee or under criteria established by the Committee, which may include conditions based on continued employment or engagement, passage of time, attainment of age and/or service requirements, and/or satisfaction of performance conditions. Stock Appreciation Rights may be granted to Participants from time to time either in tandem with or as a component of Options granted under the Plan ("***tandem SARs***") or not in conjunction with other Awards ("***freestanding SARs***"). Upon exercise of a tandem SAR as to some or all of the shares covered by the grant, the related Option shall be canceled automatically to the extent of the number of shares covered by such exercise. Conversely, if the related Option is exercised as to some or all of the shares covered by the grant, the related tandem SAR, if any, shall be canceled automatically to the extent of the number of shares covered by the Option exercise. Any Stock Appreciation Right granted in tandem with an Option may be granted at the same time such Option is granted or at any time thereafter before exercise or expiration of such Option, provided that the Fair Market Value of Common Stock on the date of the SAR's grant is not greater than the exercise price of the related Option. All freestanding SARs shall be granted subject to the same terms and conditions applicable to Options as set forth in Section 8 and all tandem SARs shall have the same exercise price as the Option to which they relate. Subject to the provisions of Section 8 and the immediately preceding sentence, the Committee may impose such other conditions or restrictions on any Stock Appreciation Right as it shall deem appropriate. Stock Appreciation Rights may be settled in Common Stock, cash, Restricted Stock or a combination thereof, as determined by the Committee and set forth in the applicable Award Agreement.

(b) *No Repricing without Stockholder Approval*. Other than in connection with a change in the Company's capitalization (as described in Section 16), the Committee shall not, without stockholder approval, reduce the exercise price of a previously awarded Stock Appreciation Right, and at any time when the exercise price of a previously awarded Stock Appreciation Right is above the Fair Market Value of a share of Common Stock, the Committee shall not, without stockholder approval, cancel and re-grant or exchange such Stock Appreciation Right for cash or a new Award with a lower (or no) exercise price.

(c) *No Stockholder Rights*. Participants shall have no voting rights and will have no rights to receive dividends or Dividend Equivalents in respect of an Award of Stock Appreciation Rights or any shares of Common Stock subject to an Award of Stock Appreciation Rights until the Participant has become the holder of record of such shares.

10. Restricted Stock and Restricted Stock Units

(a) *Vesting and Performance Criteria*. The grant, issuance, vesting and/or settlement of any Award of Restricted Stock or Restricted Stock Units shall occur at such time and be subject to such terms and conditions as determined by the Committee or under criteria established by the Committee, which may include conditions based on continued employment or engagement, passage of time, attainment of age and/or service requirements, and/or satisfaction of performance conditions. In addition, the Committee shall have the right to grant Restricted Stock or Restricted Stock Unit Awards as the form of payment for grants or rights earned or due under other stockholder-approved compensation plans or arrangements of the Company.

(b) *Dividends and Distributions*. Participants in whose name Restricted Stock is granted shall be entitled to receive all dividends and other distributions paid with respect to those shares of Common Stock, unless determined otherwise by the Committee. The Committee will determine whether any such dividends or distributions will be automatically reinvested in additional shares of Restricted Stock and/or subject to the same restrictions on transferability as the Restricted Stock with respect to which they were distributed or whether such dividends or distributions will be paid in cash. Shares underlying Restricted Stock Units shall be entitled to dividends or distributions only to the extent provided by the Committee. Notwithstanding anything herein to the contrary, in no event will dividends or Dividend Equivalents be paid during the performance period with respect to unearned Awards of Restricted Stock or Restricted Stock Units that are subject to performance-based vesting criteria. Dividends or Dividend Equivalents accrued on such shares shall become payable no earlier than the date the performance-based vesting criteria have been achieved and the underlying shares or Restricted Stock Units have been earned.

11. Other Stock-Based Awards

(a) *General Terms*. The Committee is authorized, subject to limitations under applicable law, to grant to Eligible Persons such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based on, or related to, Common Stock, as deemed by the Committee to be consistent with the purposes of the Plan. The Committee shall determine the terms and conditions of such Other Stock-Based Awards. Common Stock delivered pursuant to an Other-Stock Based Award in the nature of a purchase right granted under this Section 11 shall be purchased for such consideration, paid for at such times, by such methods, and in such forms, including cash, Stock, other Awards, or other property, as the Committee shall determine.

(b) *Dividends and Distributions*. Shares underlying Other Cash-Based Awards shall be entitled to dividends or distributions only to the extent provided by the Committee. Notwithstanding anything herein to the contrary, in no event will Dividend Equivalents be paid during the performance period with respect to unearned Other Cash-Based Awards that are subject to performance-based vesting criteria. Dividend Equivalents accrued on such shares shall become payable no earlier than the date the performance-based vesting criteria have been achieved and the shares underlying the Other Stock-Based Award have been earned.

12. Incentive Bonuses

(a) *Performance Criteria*. The Committee shall establish the performance criteria and level of achievement versus such criteria that shall determine the amount payable under an Incentive Bonus, which may include a target, threshold and/or maximum amount payable and any formula for determining such achievement, and which criteria may be based on performance conditions.

(b) *Timing and Form of Payment*. The Committee shall determine the timing of payment of any Incentive Bonus. Payment of the amount due under an Incentive Bonus may be made in cash or in Common Stock, as determined by the Committee.

(c) *Discretionary Adjustments*. Notwithstanding satisfaction of any performance goals and, the amount paid under an Incentive Bonus on account of either financial performance or personal performance evaluations may be adjusted by the Committee on the basis of such further considerations as the Committee shall determine.

13. Performance Awards

The Committee may establish performance criteria and level of achievement versus such criteria that shall determine the number of shares of Common Stock, Restricted Stock Units, or cash to be granted, retained, vested, issued or issuable under or in settlement of or the amount payable pursuant to an Award (any such Award, a "***Performance Award***"). A Performance Award may be identified as "Performance Share," "Performance Equity," "Performance Unit" or other such term as chosen by the Committee.

14. Deferral of Payment

The Committee may, in an Award Agreement or otherwise, provide for the deferred delivery of Common Stock or cash upon settlement, vesting or other events with respect to Restricted Stock Units, Other Stock-Based Awards or in payment or satisfaction of an Incentive Bonus. Notwithstanding anything herein to the contrary, in no event will any election to defer the delivery of Common Stock or any other payment with respect to any Award be allowed if the Committee

determines, in its sole discretion, that the deferral would result in the imposition of the additional tax under Section 409A(a)(1)(B) of the Code. No Award shall provide for deferral of compensation that does not comply with Section 409A of the Code. The Company, any Subsidiary or Affiliate which is in existence or hereafter comes into existence, the Board and the Committee shall have no liability to a Participant, or any other party, if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Board or the Committee.

15. Conditions and Restrictions Upon Securities Subject to Awards

The Committee may provide that the Common Stock issued upon exercise of an Option or Stock Appreciation Right or otherwise subject to or issued under an Award shall be subject to such further agreements, restrictions, conditions or limitations as the Committee in its discretion may specify prior to the exercise of such Option or Stock Appreciation Right or the grant, vesting or settlement of such Award, including conditions on vesting or transferability, forfeiture or repurchase provisions and method of payment for the Common Stock issued upon exercise, vesting or settlement of such Award (including the actual or constructive surrender of Common Stock already owned by the Participant) or payment of taxes arising in connection with an Award. Without limiting the foregoing, such restrictions may address the timing and manner of any resales by the Participant or other subsequent transfers by the Participant of any shares of Common Stock issued under an Award, including (a) restrictions under an insider trading policy or pursuant to applicable law, (b) restrictions designed to delay and/or coordinate the timing and manner of sales by the Participant and holders of other Company equity compensation arrangements, (c) restrictions as to the use of a specified brokerage firm for such resales or other transfers and (d) provisions requiring Common Stock be sold on the open market or to the Company in order to satisfy tax withholding or other obligations.

16. Adjustment of and Changes in the Stock

(a) The number and kind of shares of Common Stock available for issuance under this Plan (including under any Awards then outstanding), and the number and kind of shares of Common Stock subject to the limits set forth in Section 5, shall be equitably adjusted by the Committee to reflect any reorganization, reclassification, combination of shares, stock split, reverse stock split, spin-off, dividend or distribution of securities, property or cash (other than regular, quarterly cash dividends), or any other event or transaction that affects the number or kind of shares of Common Stock outstanding. Such adjustment may be designed to comply with Section 424 of the Code or may be designed to treat the shares of Common Stock available under the Plan and subject to Awards as if they were all outstanding on the record date for such event or transaction or to increase the number of such shares of Common Stock to reflect a deemed reinvestment in shares of Common Stock of the amount distributed to the Company's securityholders. The terms of any outstanding Award shall also be equitably adjusted by the Committee as to price, number or kind of shares of Common Stock subject to such Award, vesting, and other terms to reflect the foregoing events, which adjustments need not be uniform as between different Awards or different types of Awards. No fractional shares of Common Stock shall be issued or issuable pursuant to such an adjustment.

(b) In the event there shall be any other change in the number or kind of outstanding shares of Common Stock, or any stock or other securities into which such Common Stock shall have been changed, or for which it shall have been exchanged, by reason of a Change in Control, other merger, consolidation or otherwise, then the Committee shall determine the appropriate and equitable adjustment to be effected, which adjustments need not be uniform between different Awards or different types of Awards. In addition, in the event of such change described in this paragraph, the Committee may accelerate the time or times at which any Award may be exercised, consistent with and as otherwise permitted under Section 409A of the Code, and may provide for cancellation of such accelerated Awards that are not exercised within a time prescribed by the Committee in its sole discretion.

(c) Unless otherwise expressly provided in the Award Agreement or another contract, including an employment, offer, services or severance agreement or letter, or under the terms of a transaction constituting a Change in Control, the Committee may provide that any or all of the following shall occur upon a Participant's Termination of Employment without Cause within 24 months following a Change in Control: (i) in the case of an Option or Stock Appreciation Right, the Participant shall have the ability to exercise any portion of the Option or Stock Appreciation Right not previously exercisable, (ii) in the case of any Award the vesting of which is in whole or in part subject to performance criteria or an Incentive Bonus, all conditions to the grant, issuance, retention, vesting or transferability of, or any other restrictions applicable to, such Award shall immediately lapse and the Participant shall have the right to receive a payment based on target level achievement or actual performance through a date determined by the Committee, and (iii) in the case of outstanding Restricted Stock, Restricted Stock Units or Other Stock-Based Awards (other than those referenced in subsection (ii)), all conditions to the grant, issuance, retention, vesting or transferability of, or any other restrictions applicable to, such Award shall immediately lapse. Notwithstanding anything herein to the contrary, in the event of a Change in Control in which the acquiring or surviving company in the transaction does not assume or continue outstanding Awards or issue substitute Awards upon the Change in Control, immediately prior to the Change in Control, all Awards that are not assumed, continued or substituted for shall be treated as follows effective immediately prior to the Change in Control: (A) in the case of an Option or Stock Appreciation Right, the Participant shall have the ability to exercise such Option or Stock Appreciation Right, including any portion of the Option or Stock Appreciation Right not previously exercisable, (B) in the case of any Award the vesting of which is in whole or in part subject to performance criteria or an Incentive Bonus, all conditions to the grant, issuance, retention, vesting or transferability of, or any other restrictions applicable to, such Award shall immediately lapse and the Participant shall have the right to receive a payment based on target level achievement or actual performance through a date determined by the Committee, as determined by the Committee, and (C) in the case of outstanding Restricted Stock, Restricted Stock Units or Other Stock-Based Awards (other than those referenced in subsection (B)), all conditions to the grant, issuance, retention, vesting or transferability of, or any other restrictions applicable to, such Award shall immediately lapse. In no event shall any action be taken pursuant to this Section 16(c) that would change the payment or settlement date of an Award in a manner that would result in the imposition of any additional taxes or penalties pursuant to Section 409A of the Code.

(d) Notwithstanding anything in this Section 16 to the contrary, in the event of a Change in Control, the Committee may provide for the cancellation and cash settlement of all outstanding Awards upon such Change in Control.

(e) Notwithstanding anything in this Section 16 to the contrary, an adjustment to an Option or Stock Appreciation Right under this Section 16 shall be made in a manner that will not result in the grant of a new Option or Stock Appreciation Right under Section 409A of the Code.

17. Transferability

Each Award may not be sold, transferred for value, pledged, assigned, or otherwise alienated or hypothecated by a Participant other than by will or the laws of descent and distribution, and each Option or Stock Appreciation Right shall be exercisable only by the Participant during his or her lifetime. Notwithstanding the foregoing, (a) outstanding Options may be exercised following the Participant's death by the Participant's beneficiaries or as permitted by the Committee and (b) a Participant may transfer or assign an Award as a gift to an entity wholly owned by such Participant (an "***Assignee Entity***"), provided that such Assignee Entity shall be entitled to exercise assigned Options and Stock Appreciation Rights only during the lifetime of the assigning Participant (or following the assigning Participant's death, by the Participant's beneficiaries or as otherwise permitted by the Committee) and provided further that such Assignee Entity shall not further sell, pledge, transfer, assign or otherwise alienate or hypothecate such Award.

18. Compliance with Laws and Regulations

(a) This Plan, the grant, issuance, vesting, exercise and settlement of Awards hereunder, and the obligation of the Company to sell, issue or deliver shares of Common Stock under such Awards, shall be subject to all applicable foreign, federal, state and local laws, rules and regulations, stock exchange rules and regulations, and to such approvals by any governmental or regulatory agency as may be required. The Company shall not be required to register in a Participant's name or deliver Common Stock prior to the completion of any registration or qualification of such shares under any foreign, federal, state or local law or any ruling or regulation of any government body which the Committee shall determine to be necessary or advisable. To the extent the Company is unable to or the Committee deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of Common Stock hereunder, the Company and its Subsidiaries shall be relieved of any liability with respect to the failure to issue or sell such shares of Common Stock as to which such requisite authority shall not have been obtained. No Option shall be exercisable and no Common Stock shall be issued and/or transferable under any other Award unless a registration statement with respect to the Common Stock underlying such Option is effective and current or the Company has determined, in its sole and absolute discretion, that such registration is unnecessary.

(b) In the event an Award is granted to or held by a Participant who is employed or providing services outside the United States, the Committee may, in its sole discretion, modify the provisions of the Plan or of such Award as they pertain to such individual to comply with applicable foreign law or to recognize differences in local law, currency or tax policy. The Committee may also impose conditions on the grant, issuance, exercise, vesting, settlement or retention of Awards in order to comply with such foreign law and/or to minimize the Company's obligations with respect to tax equalization for Participants employed outside their home country.

19. Withholding

To the extent required by applicable federal, state, local or foreign law, the Committee may, and/or a Participant shall, make arrangements satisfactory to the Company for the satisfaction of any withholding tax obligations that arise with respect to any Award or the issuance or sale of any shares of Common Stock. The Company shall not be required to recognize any Participant rights under an Award, to issue shares of Common Stock or to recognize the disposition of such shares of Common Stock until such obligations are satisfied. To the extent permitted or required by the Committee, these obligations may or shall be satisfied by the Company withholding cash from any compensation otherwise payable to or for the benefit of a Participant, the Company withholding a portion of the shares of Common Stock that otherwise would be issued to a Participant under such Award or any other Award held by the Participant, or by the Participant tendering to the Company cash or, if allowed by the Committee, shares of Common Stock.

20. Amendment of the Plan or Awards

The Board may amend, alter or discontinue this Plan, and the Committee may amend or alter any Award Agreement or other document evidencing an Award made under this Plan; however, except as provided pursuant to the provisions of Section 16, no such amendment shall, without the approval of the stockholders of the Company:

(a) increase the maximum number of shares of Common Stock for which Awards may be granted under this Plan;

(b) reduce the price at which Options may be granted below the price provided for in Section 8(a);

(c) reprice outstanding Options or SARs as described in Sections 8(b) and 9(b);

(d) extend the term of this Plan;

(e) change the class of persons eligible to be Participants;

(f) increase the individual maximum limits in Section 5(e); or

(g) otherwise amend the Plan in any manner requiring stockholder approval by law or the rules of any stock exchange or market or quotation system on which the Common Stock is traded, listed or quoted.

No amendment or alteration to the Plan or an Award or Award Agreement shall be made which would materially impair the rights of the holder of an Award without such holder's consent; provided that no such consent shall be required if the Committee determines in its sole discretion and prior to the date of any Change in Control that such amendment or alteration either (i) is required or advisable in order for the Company, the Plan or the Award to satisfy any law or regulation or to meet the requirements of, or avoid adverse financial accounting consequences under, any accounting standard, or (ii) is not reasonably likely to significantly diminish the benefits provided under such Award, or that any such diminishment has been adequately compensated.

21. No Liability of Company

The Company, any Subsidiary or Affiliate which is in existence or hereafter comes into existence, the Board and the Committee shall not be liable to a Participant or any other person as to: (a) the non-issuance or sale of shares of Common Stock as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any shares of Common Stock hereunder; and (b) any tax consequence expected, but not realized, by any Participant or other person due to the receipt, vesting, exercise or settlement of any Award granted hereunder.

22. Non-Exclusivity of Plan

Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board or the Committee to adopt such other incentive arrangements as either may deem desirable, including the granting of Restricted Stock or stock options otherwise than under this Plan, and such arrangements may be either generally applicable or applicable only in specific cases.

23. Governing Law

This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. Any reference in this Plan or in the agreement or other document evidencing any Awards to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

24. No Right to Employment, Reelection or Continued Service

Nothing in this Plan or an Award Agreement shall interfere with or limit in any way the right of the Company, its Subsidiaries and/or its Affiliates to terminate any Participant's employment, service on the Board or service at any time or for any reason not prohibited by law, nor shall this Plan or an Award itself confer upon any Participant any right to continue his or her employment or service for any specified period of time. Neither an Award nor any benefits arising under this Plan shall constitute an employment contract with the Company, any Subsidiary and/or its Affiliates. Subject to Sections 4 and 20, this Plan and the benefits hereunder may be terminated at any time in the sole and exclusive discretion of the Board without giving rise to any liability on the part of the Company, its Subsidiaries and/or its Affiliates.

25. Specified Employee Delay

To the extent any payment under this Plan is considered deferred compensation subject to the restrictions contained in Section 409A of the Code, such payment may not be made to a specified employee (as determined in accordance with a uniform policy adopted by the Company with respect to all arrangements subject to Section 409A of the Code) upon Separation from Service before the date that is six months after the specified employee's Separation form Service (or, if

earlier, the specified employee's death). Any payment that would otherwise be made during this period of delay shall be accumulated and paid on the sixth month plus one day following the specified employee's Separation from Service (or, if earlier, as soon as administratively practicable after the specified employee's death).

26. No Liability of Committee Members

No member of the Committee shall be personally liable by reason of any contract or other instrument executed by such member or on his or her behalf in his or her capacity as a member of the Committee nor for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against any cost or expense (including counsel fees) or liability (including any sum paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan, unless arising out of such person's own fraud or willful bad faith; provided, however, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's Certificate of Incorporation and Bylaws (as each may be amended from time to time), as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

27. Severability

If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award, and the remainder of the Plan and any such Award shall remain in full force and effect.

28. Unfunded Plan

The Plan is intended to be an unfunded plan. Participants are and shall at all times be general creditors of the Company with respect to their Awards. If the Committee or the Company chooses to set aside funds in a trust or otherwise for the payment of Awards under the Plan, such funds shall at all times be subject to the claims of the creditors of the Company in the event of its bankruptcy or insolvency.

29. Clawback/Recoupment

Awards granted under this Plan will be subject to recoupment in accordance with any clawback policy that the Company adopts or is required to adopt pursuant to the listing standards of any national securities exchange or association on which the Company's securities are listed or as is otherwise required by the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law. In addition, the Committee may impose such other clawback, recovery or recoupment provisions in an Award Agreement as the Committee determines necessary or

appropriate, including a reacquisition right in respect of previously acquired shares of Common Stock or other cash or property upon the occurrence of misconduct. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for "good reason" or be deemed a "constructive termination" (or any similar term) as such terms are used in any agreement between any Participant and the Company.

30. Interpretation

Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference and shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan.

Exhibit 10.4

FORM OF INDEMNIFICATION AGREEMENT

This Indemnification Agreement (this "Agreement") is entered into as of _____, ___ (the "Effective Date") by and between Petco Health and Wellness Company, Inc., a Delaware corporation (the "Company"), and _____ (the "Indemnitee").

RECITALS

WHEREAS, the Board of Directors has determined that the inability to attract and retain qualified persons as directors and officers is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there shall be adequate certainty of protection through insurance and indemnification against risks of claims and actions against them arising out of their service to and activities on behalf of the Company;

WHEREAS, the Company has adopted provisions in its Bylaws (as amended and/or restated from time to time, the "Bylaws") providing for indemnification and advancement of expenses of its directors and officers, and the Company wishes to clarify and enhance the rights and obligations of the Company and the Indemnitee with respect to indemnification and advancement of expenses;

WHEREAS, in order to induce and encourage highly experienced and capable persons such as the Indemnitee to serve and continue to serve as directors and officers of the Company and in any other capacity with respect to the Company as the Company may request, and to otherwise promote the desirable end that such persons shall resist what they consider unjustified lawsuits and claims made against them in connection with the good faith performance of their duties to the Company, with the knowledge that certain costs, judgments, penalties, fines, liabilities, and expenses incurred by them in their defense of such litigation are to be borne by the Company and they shall receive appropriate protection against such risks and liabilities, the Board of Directors of the Company has determined that the following Agreement is reasonable and prudent to promote and ensure the best interests of the Company and its stockholders; and

WHEREAS, the Company desires to have the Indemnitee serve or continue to serve as a director or officer of the Company and in any other capacity with respect to the Company as the Company may request, as the case may be, free from undue concern for unpredictable, inappropriate, or unreasonable legal risks and personal liabilities by reason of the Indemnitee acting in good faith in the performance of the Indemnitee's duty to the Company; and the Indemnitee desires to continue so to serve the Company, provided, and on the express condition, that he or she is furnished with the protections set forth hereinafter.

AGREEMENT

NOW, THEREFORE, in consideration of the Indemnitee's continued service as a director or officer of the Company, the parties hereto agree as follows:

1. Definitions. For purposes of this Agreement:

(a) A "Change in Control" will be deemed to have occurred if, with respect to any particular 24-month period, the individuals who, at the beginning of such 24-month period, constituted the Board of Directors of the Company (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board of Directors; provided, however, that any individual becoming a director subsequent to the beginning of such 24-month period whose election, or nomination for election by the stockholders of the Company, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board of Directors. For the avoidance of doubt, a "Change in Control" shall not include the initial public offering of Class A Common Stock of the Company or the actions or transactions contemplated to effect any such transaction.

(b) "Disinterested Director" means a director of the Company who is not or was not a party to the Proceeding in respect of which indemnification is being sought by the Indemnitee.

(c) "Expenses" includes, without limitation, expenses incurred in connection with the defense or settlement of any action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, judicial, administrative, or legislative hearing, or any other threatened, pending, or completed proceeding, whether brought by or in the right of the Company or otherwise, including any and all appeals, whether of a civil, criminal, administrative, legislative, investigative, or other nature, attorneys' fees, witness fees and expenses, fees and expenses of accountants and other advisors, retainers and disbursements and advances thereon, the premium, security for, and other costs relating to any bond (including cost bonds, appraisal bonds, or their equivalents), and any expenses of establishing a right to indemnification or advancement under Sections 9, 11, 13, and 16 hereof, but shall not include the amount of judgments, fines, ERISA excise taxes, or penalties actually levied against the Indemnitee, or any amounts paid in settlement by or on behalf of the Indemnitee.

(d) "Independent Counsel" means a law firm or a member of a law firm that neither is presently nor in the past five years has been retained to represent (i) the Company or the Indemnitee in any matter material to either such party or (ii) any other party to the Proceeding giving rise to a request for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or the Indemnitee in an action to determine the Indemnitee's right to indemnification under this Agreement.

(e) "Proceeding" means any action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, judicial, administrative, or legislative hearing, or any other threatened, pending, or completed proceeding, whether brought by or in the right of the Company or otherwise, including any and all appeals, whether of a civil, criminal, administrative, legislative, investigative, or other nature, to which the Indemnitee was or is a party or is threatened to be made a party or is otherwise involved in by reason of the fact that the

Indemnitee is or was a director, officer, employee, agent, or trustee of the Company or while a director, officer, employee, agent, or trustee of the Company is or was serving at the request of the Company as a director, officer, employee, agent, or trustee of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan, or by reason of anything done or not done by the Indemnitee in any such capacity, whether or not the Indemnitee is serving in such capacity at the time any expense, liability, or loss is incurred for which indemnification or advancement can be provided under this Agreement.

2. Service by the Indemnitee. The Indemnitee shall serve and/or continue to serve as a director or officer of the Company faithfully and to the best of the Indemnitee's ability so long as the Indemnitee is duly elected or appointed and until such time as the Indemnitee's successor is elected and qualified or the Indemnitee is removed as permitted by applicable law or tenders a resignation in writing.

3. Indemnification and Advancement of Expenses. The Company shall indemnify and hold harmless the Indemnitee, and shall pay to the Indemnitee in advance of the final disposition of any Proceeding all Expenses incurred by the Indemnitee in defending any such Proceeding, to the fullest extent authorized by the General Corporation Law of the State of Delaware (the "DGCL"), as the same exists or may hereafter be amended, all on the terms and conditions set forth in this Agreement. Without diminishing the scope of the rights provided by this Section, the rights of the Indemnitee to indemnification and advancement of Expenses provided hereunder shall include but shall not be limited to those rights hereinafter set forth, except that no indemnification or advancement of Expenses shall be paid to the Indemnitee (unless the Board of Directors otherwise determines that such payment is appropriate):

(a) to the extent expressly prohibited by applicable law;

(b) subject to Section 12(b) below, for and to the extent that payment is actually made to the Indemnitee under a valid and collectible insurance policy or under a valid and enforceable indemnity clause, provision of the certificate of incorporation or bylaws, or agreement of the Company or any other company or other enterprise (and the Indemnitee shall reimburse the Company for any amounts paid by the Company and subsequently so recovered by the Indemnitee);

(c) in connection with an action, suit, or proceeding, or part thereof voluntarily initiated by the Indemnitee (including claims and counterclaims, whether such counterclaims are asserted by (i) the Indemnitee, or (ii) the Company in an action, suit, or proceeding initiated by the Indemnitee), except a judicial proceeding or arbitration pursuant to Section 11 to enforce rights under this Agreement, unless the action, suit, or proceeding, or part thereof, was authorized or ratified by the Board of Directors of the Company or the Board of Directors otherwise determines that indemnification or advancement of Expenses is appropriate; or

(d) with respect to any Proceeding brought by or in the right of the Company against the Indemnitee that is authorized or ratified by the Board of Directors of the Company, including any Proceeding brought by the Company seeking reimbursement pursuant to any

compensation recoupment or clawback policy adopted by the Board of Directors or the compensation committee of the Board of Directors, except as provided in Sections 5, 6, and 7 below.

4. Action or Proceedings Other than an Action by or in the Right of the Company. Except as limited by Section 3 above, the Indemnitee shall be entitled to the indemnification rights provided in this Section if the Indemnitee was or is a party or is threatened to be made a party to, or was or is otherwise involved in, any Proceeding (other than an action by or in the right of the Company) by reason of the fact that the Indemnitee is or was a director, officer, employee, agent, or trustee of the Company or while a director, officer, employee, agent, or trustee of the Company is or was serving at the request of the Company as a director, officer, employee, agent, or trustee of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan, or by reason of anything done or not done by the Indemnitee in any such capacity. Pursuant to this Section, the Indemnitee shall be indemnified against all expense, liability, and loss (including judgments, fines, ERISA excise taxes, penalties, amounts paid in settlement by or on behalf of the Indemnitee, and Expenses) actually and reasonably incurred by the Indemnitee in connection with such Proceeding, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had no reasonable cause to believe his or her conduct was unlawful.

5. Indemnity in Proceedings by or in the Right of the Company. Except as limited by Section 3 above, the Indemnitee shall be entitled to the indemnification rights provided in this Section if the Indemnitee was or is a party or is threatened to be made a party to, or was or is otherwise involved in, any Proceeding brought by or in the right of the Company to procure a judgment in its favor by reason of the fact that the Indemnitee is or was a director, officer, employee, agent, or trustee of the Company or while a director, officer, employee, agent, or trustee of the Company is or was serving at the request of the Company as a director, officer, employee, agent, or trustee of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan, or by reason of anything done or not done by the Indemnitee in any such capacity. Pursuant to this Section, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee in connection with such Proceeding if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company; provided, however, that no such indemnification shall be made in respect of any claim, issue, or matter as to which the DGCL expressly prohibits such indemnification by reason of any adjudication of liability of the Indemnitee to the Company, unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such Proceeding was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, the Indemnitee is entitled to indemnification for such expense, liability, and loss as such court shall deem proper.

6. Indemnification for Costs, Charges, and Expenses of Successful Party. Notwithstanding any limitations of Sections 3(c), 3(d), 4, and 5 above, to the extent that the Indemnitee has been successful, on the merits or otherwise, in whole or in part, in defense of any Proceeding, or in defense of any claim, issue, or matter therein, including, without limitation, the

dismissal of any action without prejudice, or if it is ultimately determined, by final judicial decision of a court of competent jurisdiction from which there is no further right to appeal, that the Indemnitee is otherwise entitled to be indemnified against Expenses, the Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by the Indemnitee in connection therewith.

7. Partial Indemnification. If the Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of the expense, liability, and loss (including judgments, fines, ERISA excise taxes, penalties, amounts paid in settlement by or on behalf of the Indemnitee, and Expenses) actually and reasonably incurred in connection with any Proceeding, or in connection with any judicial proceeding or arbitration pursuant to Section 11 to enforce rights under this Agreement, but not, however, for all of the total amount thereof, the Company shall nevertheless indemnify the Indemnitee for the portion of such expense, liability, and loss actually and reasonably incurred to which the Indemnitee is entitled.

8. Indemnification for Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the maximum extent permitted by the DGCL, the Indemnitee shall be entitled to indemnification against all Expenses actually and reasonably incurred by the Indemnitee or on the Indemnitee's behalf if the Indemnitee appears as a witness or otherwise incurs legal expenses as a result of or related to the Indemnitee's service as a director or officer of the Company, in any threatened, pending, or completed action, suit, arbitration, alternative dispute resolution mechanism, investigation, inquiry, judicial, administrative, or legislative hearing, or any other threatened, pending, or completed proceeding, whether of a civil, criminal, administrative, legislative, investigative, or other nature, to which the Indemnitee neither is, nor is threatened to be made, a party.

9. Determination of Entitlement to Indemnification. To receive indemnification under this Agreement, the Indemnitee shall submit a written request to the Secretary of the Company. Such request shall include documentation or information that is necessary for such determination and is reasonably available to the Indemnitee. Upon receipt by the Secretary of the Company of a written request by the Indemnitee for indemnification, the entitlement of the Indemnitee to indemnification, to the extent not required pursuant to the terms of Section 6 or Section 8 of this Agreement, shall be determined by the following person or persons who shall be empowered to make such determination (as selected by the Board of Directors, except with respect to Section 9(e) below): (a) the Board of Directors of the Company by a majority vote of Disinterested Directors, whether or not such majority constitutes a quorum; (b) a committee of Disinterested Directors designated by a majority vote of such directors, whether or not such majority constitutes a quorum; (c) if there are no Disinterested Directors, or if the Disinterested Directors so direct, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee; (d) the stockholders of the Company; or (e) in the event that a Change in Control has occurred, by Independent Counsel in a written opinion to the Board of Directors, a copy of which shall be delivered to the Indemnitee. Such Independent Counsel shall be selected by the Board of Directors and approved by the Indemnitee, except that in the event that a Change in Control has occurred, Independent Counsel shall be selected by the Indemnitee. Upon failure of the Board of Directors so to select such Independent Counsel or upon failure of the Indemnitee so to approve (or so to select, in the event a Change in Control has occurred), such Independent Counsel shall be selected upon application

to a court of competent jurisdiction. The determination of entitlement to indemnification shall be made and, unless a contrary determination is made, such indemnification shall be paid in full by the Company not later than 60 calendar days after receipt by the Secretary of the Company of a written request for indemnification. If the person making such determination shall determine that the Indemnitee is entitled to indemnification as to part (but not all) of the application for indemnification, such person shall reasonably prorate such partial indemnification among the claims, issues, or matters at issue at the time of the determination.

10. Presumptions and Effect of Certain Proceedings. The Secretary of the Company shall, promptly upon receipt of the Indemnitee's written request for indemnification, advise in writing the Board of Directors or such other person or persons empowered to make the determination as provided in Section 9 that the Indemnitee has made such request for indemnification. Upon making such request for indemnification, the Indemnitee shall be presumed to be entitled to indemnification hereunder and the Company shall have the burden of proof in making any determination contrary to such presumption. If the person or persons so empowered to make such determination shall have failed to make the requested determination with respect to indemnification within 60 calendar days after receipt by the Secretary of the Company of such request, a requisite determination of entitlement to indemnification shall be deemed to have been made and the Indemnitee shall be absolutely entitled to such indemnification, absent actual fraud in the request for indemnification. The termination of any Proceeding described in Sections 4 or 5 by judgment, order, settlement, or conviction, or upon a plea of *nolo contendere* or its equivalent, shall not, of itself (a) create a presumption that the Indemnitee did not act in good faith and in a manner the Indemnitee reasonably believed to be in or not opposed to the best interests of the Company, and with respect to any criminal Proceeding, had reasonable cause to believe his or her conduct was unlawful or (b) otherwise adversely affect the rights of the Indemnitee to indemnification except as may be provided herein.

11. Remedies of the Indemnitee in Cases of Determination Not to Indemnify or to Advance Expenses; Right to Bring Suit. In the event that a determination is made that the Indemnitee is not entitled to indemnification hereunder or if payment is not timely made following a determination of entitlement to indemnification pursuant to Sections 9 and 10, or if an advancement of Expenses is not timely made pursuant to Section 16, the Indemnitee may at any time thereafter bring suit against the Company seeking an adjudication of entitlement to such indemnification or advancement of Expenses, and any such suit shall be brought in the Court of Chancery of the State of Delaware unless otherwise required by the law of the state in which the Indemnitee primarily resides and works. Alternatively, the Indemnitee at the Indemnitee's option may seek an award in an arbitration to be conducted by a single arbitrator in the State of Delaware pursuant to the rules of the American Arbitration Association, such award to be made within 60 calendar days following the filing of the demand for arbitration. The Company shall not oppose the Indemnitee's right to seek any such adjudication or award in arbitration. In any suit or arbitration brought by the Indemnitee to enforce a right to indemnification hereunder (but not in a suit or arbitration brought by the Indemnitee to enforce a right to an advancement of Expenses), it shall be a defense that the Indemnitee has not met any applicable standard of conduct for indemnification set forth in the DGCL, including the standard described in Section 4 or 5, as applicable. Further, in any suit brought by the Company to recover an advancement of Expenses pursuant to the terms of an undertaking, the Company shall be entitled to recover such Expenses upon a final judicial decision of a court of competent jurisdiction from which there is

no further right to appeal that the Indemnitee has not met the standard of conduct described above. Neither the failure of the Company (including the Disinterested Directors, a committee of Disinterested Directors, Independent Counsel, or its stockholders) to have made a determination prior to the commencement of such suit or arbitration that indemnification of the Indemnitee is proper in the circumstances because the Indemnitee has met the standard of conduct described above, nor an actual determination by the Company (including the Disinterested Directors, a committee of Disinterested Directors, Independent Counsel, or its stockholders) that the Indemnitee has not met the standard of conduct described above shall create a presumption that the Indemnitee has not met the standard of conduct described above, or, in the case of such a suit brought by the Indemnitee, be a defense to such suit. In any suit brought by the Indemnitee to enforce a right to indemnification or to an advancement of Expenses hereunder, or brought by the Company to recover an advancement of Expenses pursuant to the terms of an undertaking, the burden of proving that the Indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section 11 or otherwise shall be on the Company. If a determination is made or deemed to have been made pursuant to the terms of Section 9 or 10 that the Indemnitee is entitled to indemnification, the Company shall be bound by such determination and is precluded from asserting that such determination has not been made or that the procedure by which such determination was made is not valid, binding, and enforceable. The Company further agrees to stipulate in any court or before any arbitrator pursuant to this Section 11 that the Company is bound by all the provisions of this Agreement and is precluded from making any assertions to the contrary. If the court or arbitrator shall determine that the Indemnitee is entitled to any indemnification or advancement of Expenses hereunder, the Company shall pay all Expenses actually and reasonably incurred by the Indemnitee in connection with such adjudication or award in arbitration (including, but not limited to, any appellate proceedings) to the fullest extent permitted by law, and in any suit brought by the Company to recover an advancement of Expenses pursuant to the terms of an undertaking, the Company shall pay all Expenses actually and reasonably incurred by the Indemnitee in connection with such suit to the extent the Indemnitee has been successful, on the merits or otherwise, in whole or in part, in defense of such suit, to the fullest extent permitted by law.

12. Non-Exclusivity of Rights.

(a) The rights to indemnification and to the advancement of Expenses provided by this Agreement shall not be deemed exclusive of any other right that the Indemnitee may now or hereafter acquire under any applicable law, agreement (including any partnership agreement or limited liability company agreement), vote of stockholders or Disinterested Directors, provisions of an entity's organizational documents (including the Company's), or otherwise.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by one or more direct or indirect equityholders that have invested in the Company and/or certain affiliates of such equityholders (collectively, the "Principal Stockholder"). The Company hereby agrees that, in connection with any Proceeding, it: (i) is the indemnitor of first resort (i.e., its obligations to Indemnitee are primary and any obligation of the Principal Stockholder to advance expenses or to provide indemnification for the same expenses or liabilities incurred by Indemnitee are secondary); (ii) shall be required to advance the full amount of Expenses incurred by Indemnitee

and shall be liable for the full amount of all Expenses, judgments, penalties, fines and amounts paid in settlement to the extent legally permitted and as required by the terms of this Agreement and the certificate of incorporation or bylaws of the Company (or any other agreement between the Company and Indemnitee), without regard to any rights Indemnitee may have against the Principal Stockholder; and (iii) irrevocably waives, relinquishes and releases the Principal Stockholder from any and all claims against the Principal Stockholder for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Principal Stockholder on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company hereunder shall affect the foregoing and that the Principal Stockholder shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Principal Stockholder is an express third party beneficiary of this Section 12(b).

13. Expenses to Enforce Agreement. In the event that the Indemnitee is subject to or intervenes in any action, suit, or proceeding in which the validity or enforceability of this Agreement is at issue or seeks an adjudication or award in arbitration to enforce the Indemnitee's rights under, or to recover damages for breach of, this Agreement, the Indemnitee, if the Indemnitee prevails in whole or in part in such action, suit, or proceeding, shall be entitled to recover from the Company and shall be indemnified by the Company against any Expenses actually and reasonably incurred by the Indemnitee in connection therewith.

14. Continuation of Indemnity. All agreements and obligations of the Company contained herein shall continue during the period the Indemnitee is a director, officer, employee, agent, or trustee of the Company or while a director, officer, employee, agent, or trustee is serving at the request of the Company as a director, officer, employee, agent, or trustee of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan, and shall continue thereafter with respect to any possible claims based on the fact that the Indemnitee was a director, officer, employee, agent, or trustee of the Company or was serving at the request of the Company as a director, officer, employee, agent, or trustee of another corporation or of a partnership, joint venture, trust, or other enterprise, including service with respect to an employee benefit plan. This Agreement shall be binding upon all successors and assigns of the Company (including any transferee of all or substantially all of its assets and any successor by merger or operation of law) and shall inure to the benefit of the Indemnitee's heirs, executors, and administrators.

15. Notification and Defense of Proceeding. Promptly after receipt by the Indemnitee of notice of any Proceeding, the Indemnitee shall, if a request for indemnification or an advancement of Expenses in respect thereof is to be made against the Company under this Agreement, notify the Company in writing of the commencement thereof; but the omission so to notify the Company shall not relieve it from any liability that it may have to the Indemnitee. Notwithstanding any other provision of this Agreement, with respect to any such Proceeding of which the Indemnitee notifies the Company:

(a) The Company shall be entitled to participate therein at its own expense;

(b) Except as otherwise provided in this Section 15(b), to the extent that it may wish, the Company, jointly with any other indemnifying party similarly notified, shall be entitled to assume the defense thereof, with counsel satisfactory to the Indemnitee. After notice from the Company to the Indemnitee of its election so to assume the defense thereof, the Company shall not be liable to the Indemnitee under this Agreement for any expenses of counsel subsequently incurred by the Indemnitee in connection with the defense thereof except as otherwise provided below. The Indemnitee shall have the right to employ the Indemnitee's own counsel in such Proceeding, but the fees and expenses of such counsel incurred after notice from the Company of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (i) the employment of counsel by the Indemnitee has been authorized by the Company, (ii) the Indemnitee shall have reasonably concluded that there may be a conflict of interest between the Company and the Indemnitee in the conduct of the defense of such Proceeding, or (iii) the Company shall not within 60 calendar days of receipt of notice from the Indemnitee in fact have employed counsel to assume the defense of the Proceeding, in each of which cases the fees and expenses of the Indemnitee's counsel shall be at the expense of the Company. The Company shall not be entitled to assume the defense of any Proceeding brought by or on behalf of the Company or as to which the Indemnitee shall have made the conclusion provided for in (ii) above; and

(c) Notwithstanding any other provision of this Agreement, the Company shall not be liable to indemnify the Indemnitee under this Agreement for any amounts paid in settlement of any Proceeding effected without the Company's written consent, or for any judicial or other award, if the Company was not given an opportunity, in accordance with this Section 15, to participate in the defense of such Proceeding. The Company shall not settle any Proceeding in any manner that would impose any penalty or limitation on or disclosure obligation with respect to the Indemnitee, or that would directly or indirectly constitute or impose any admission or acknowledgment of fault or culpability with respect to the Indemnitee, without the Indemnitee's written consent. Neither the Company nor the Indemnitee shall unreasonably withhold its consent to any proposed settlement.

16. Advancement of Expenses. All Expenses incurred by the Indemnitee in defending any Proceeding described in Section 4 or 5 shall be paid by the Company in advance of the final disposition of such Proceeding at the request of the Indemnitee. The Indemnitee's right to advancement shall not be subject to the satisfaction of any standard of conduct and advances shall be made without regard to the Indemnitee's ultimate entitlement to indemnification under the provisions of this Agreement or otherwise. To receive an advancement of Expenses under this Agreement, the Indemnitee shall submit a written request to the Secretary of the Company. Such request shall reasonably evidence the Expenses incurred by the Indemnitee (which may be redacted as necessary to avoid the waiver of any privilege accorded by applicable law), and shall include or be accompanied by an undertaking, by or on behalf of the Indemnitee, to repay all amounts so advanced if it shall ultimately be determined, by final judicial decision of a court of competent jurisdiction from which there is no further right to appeal, that the Indemnitee is not entitled to be indemnified for such Expenses by the Company as provided by this Agreement or otherwise. The Indemnitee agrees to repay all such amounts promptly following any such final judicial decision. The Indemnitee's undertaking to repay any such amounts is not required to be secured. Each such advancement of Expenses shall be made within 20 calendar days after the receipt by the Secretary of the Company of such

written request. The Indemnitee's entitlement to Expenses under this Agreement shall include those incurred in connection with any action, suit, or proceeding by the Indemnitee seeking an adjudication or award in arbitration pursuant to Section 11 of this Agreement (including the enforcement of this provision) to the extent the court or arbitrator shall determine that the Indemnitee is entitled to an advancement of Expenses hereunder.

17. Severability; Prior Indemnification Agreements. If any provision or provisions of this Agreement shall be held to be invalid, illegal, or unenforceable as applied to any person or entity or circumstance for any reason whatsoever, then, to the fullest extent permitted by law (a) the validity, legality, and enforceability of such provision in any other circumstance and of the remaining provisions of this Agreement (including, without limitation, all portions of any paragraphs of this Agreement containing any such provision held to be invalid, illegal, or unenforceable, that are not by themselves invalid, illegal, or unenforceable) and the application of such provision to other persons or entities or circumstances shall not in any way be affected or impaired thereby, and (b) to the fullest extent possible, the provisions of this Agreement (including, without limitation, all portions of any paragraph of this Agreement containing any such provision held to be invalid, illegal, or unenforceable, that are not themselves invalid, illegal, or unenforceable) shall be construed so as to give effect to the intent of the parties that the Company provide protection to the Indemnitee to the fullest extent set forth in this Agreement. This Agreement shall supersede and replace any prior indemnification agreements entered into by and between the Company and the Indemnitee and any such prior agreements shall be terminated upon execution of this Agreement.

18. Headings; References; Pronouns. The headings of the sections of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof. References herein to section numbers are to sections of this Agreement. All pronouns and any variations thereof shall be deemed to refer to the singular or plural as appropriate.

19. Other Provisions.

(a) This Agreement and all disputes or controversies arising out of or related to this Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without regard to the laws of any other jurisdiction that might be applied because of conflicts of laws principles of the State of Delaware, unless otherwise required by the law of the state in which the Indemnitee primarily resides and works.

(b) This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party.

(c) This Agreement shall not be deemed an employment contract between the Company and any Indemnitee who is an officer of the Company, and, if the Indemnitee is an officer of the Company, the Indemnitee specifically acknowledges that the Indemnitee may be discharged at any time for any reason, with or without cause, and with or without severance compensation, except as may be otherwise provided in a separate written contract between the Indemnitee and the Company.

(d) In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of the Indemnitee (excluding insurance obtained on the Indemnitee's own behalf and subject to Section 12(b) above), and the Indemnitee shall execute all papers required and shall do everything that may be necessary to secure such rights, including the execution of such documents necessary to enable the Company effectively to bring suit to enforce such rights.

(e) This Agreement may not be amended, modified, or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed on behalf of each party. No failure or delay of either party in exercising any right or remedy hereunder shall operate as a waiver thereof, and no single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, shall preclude any other or further exercise thereof or the exercise of any other right or power.

[*The remainder of this page is intentionally left blank*.]

IN WITNESS WHEREOF, the Company and the Indemnitee have caused this Agreement to be executed as of the date first written above.

Petco Health and Wellness Company, Inc.

By: _____
Name:
Title:

_____
Indemnitee

EMPLOYMENT AGREEMENT BETWEEN PETCO ANIMAL SUPPLIES, INC. AND RON V. COUGHLIN

This EMPLOYMENT AGREEMENT (the "**Agreement**") is made and entered into as of June 4, 2018 (the "**Effective Date**") by and between Petco Animal Supplies, Inc., a Delaware corporation ("**Petco**" or "**the Company**") and Ron V. Coughlin ("**Executive**"). Petco and Executive are hereinafter collectively referred to as the "Parties," and are individually referred to as a "**Party**."

RECITALS

A. Petco desires to assure the association and services of Executive in order to retain Executive's experience, skills, abilities, background and knowledge, and is willing to engage Executive's services on the terms and conditions set forth in this Agreement.

B. Executive desires to be employed by Petco, and is willing to accept such employment on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 Petco hereby employs Executive, and Executive hereby accepts employment by Petco, upon the terms and conditions set forth in this Agreement, for the period commencing on June 13, 2018 or such earlier date as mutually agreed by the parties (the "**Start Date**") and ending as provided in paragraph 4 hereof (the "**Employment Period**"). In addition, while employed by Petco pursuant to this Agreement, Executive shall serve as a member of the Board of Managers of PET Acquisition LLC ("**PET Acquisition**").

1.2 Executive shall serve as the Chief Executive Officer ("**CEO**") of Petco and shall report to the Board of Managers of PET Acquisition (the "**Board**").

1.3 Executive shall do and perform all services, acts or things necessary or advisable to manage and conduct the business of the Company, consistent with the bylaws of the Company and as required by the Board, and which are customarily associated with his position as Chief Executive Officer.

1.4 Unless the Parties otherwise agree in writing, during the Employment Period, Executive shall perform his services at Petco's offices, located in San Diego, California or such other facilities of the Company as the Company and Executive may agree upon from time to time; provided, however, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company's business.

2. LOYAL AND CONSCIENTIOUS PERFORMANCE; NONCOMPETITION.

2.1 During the Employment Period, Executive shall devote his full business energies, interest, abilities and productive time to Petco. This section shall not preclude Executive from managing personal investments, subject to Section 2.3, engaging in civic, charitable or religious activities, or serving on boards of directors of companies or organizations that do not present any conflict with the interests of the Company or otherwise adversely affect the Executive's performance of his duties.

2.2 Except with the prior written consent of the Board, Executive will not, during the Employment Period, compete with the Company, either directly or indirectly, in any manner or capacity, as adviser, consultant, principal, agent, partner, officer, director, employee, member of any association or otherwise, in any phase of developing, manufacturing or marketing any product or service that is in the same field of use or that otherwise competes with a product or service that is offered, is actively under development, or is actively being considered for development by the Company.

2.3 Except as permitted herein, Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest that Executive knows or should know is adverse or antagonistic to the Company, its business, clients, strategic partners, investors or prospects. Ownership by Executive, as a passive investment, of less than five percent (5%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded in the over-the-counter market shall not constitute a breach of this paragraph.

3. COMPENSATION AND BENEFITS.

3.1 The Company will pay Executive an annual base salary (the "**Base Salary**") of Eight Hundred Fifty Thousand Dollars ($850,000) per year, payable in accordance with the Company's standard payroll practices. Such salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year.

3.2 Executive's Base Salary shall be reviewed annually and may be increased (but not decreased) in the Company's sole discretion.

3.3 All of Executive's compensation shall be subject to withholding taxes and any other employment taxes as are required to be collected or withheld by the Company under applicable law.

3.4 Surrendered Stock Assets Payment — In consideration for stock-based awards Executive will forfeit from his prior employer, the Company shall pay Executive Eight Million Dollars ($8,000,000) (the "Stock Replacement") in cash within ten (10) days following the Start Date. Executive agrees that, if Executive's employment is terminated by the Company for Cause or Executive resigns without Good Reason, in either case, prior to the third anniversary of the Start Date, Executive will promptly repay to the Company the following amount: (i) the full Stock Replacement if such termination is prior to the first anniversary of the Start Date; (ii) two-thirds of the Stock Replacement if such termination is on or after the first

anniversary of the Start Date and before the second anniversary of the Start Date; and (iii) one-third of the Stock Replacement if such termination is on or after the second anniversary of the Start Date and before the third anniversary of the Start Date. If Executive fails to repay any portion of the Stock Replacement pursuant to the immediately-preceding sentence, the Company and its affiliates may, subject to Section 409A of the Code, withhold any compensation or other payments owed to Executive (including, without limitation, pursuant to the Common Series PI Units) to the extent necessary to satisfy such repayment obligation.

3.5 Annual Performance Bonus — Executive will be eligible for a bonus payment for each fiscal year of the Company (the "**Annual Performance Bonus**"), with a target bonus of one hundred twenty-five percent (125%) of Executive's annualized Base Salary for the applicable fiscal year, based on the achievement of specific performance criteria established by the Board in consultation with Executive. Executive's annual bonus for the fiscal year commencing in January 2018 shall be no less than One Million Sixty-Two Thousand Five Hundred Dollars ($1,062,500) and shall not be prorated for the partial year of employment hereunder. The annual bonus earned by Executive shall be paid to Executive in no event later than the later of (i) the 15th day of the third month following the end of the Executive's taxable year in which such annual bonus is earned or (ii) the 15th day of the third month following the end of the Company's taxable year in which such bonus is earned. Executive must be actively employed at Petco at the time the bonus is paid in order to be eligible to receive the payment, except as provided in Section 4(b).

3.6 Special Performance Bonus – If the Company's EBITDA exceeds $500 million for any two consecutive fiscal years that commence on or after January 2019, Executive shall be paid a cash bonus of Five Million Dollars ($5,000,000) (the "**Special Performance Bonus**"), subject to his continued employment through the last day of the second such fiscal year, except as provided in Section 4(b)(iii). Such bonus shall be payable at the same time as the Annual Performance Bonus described in Section 3.5 that is earned for such second fiscal year. For purposes hereof, "EBITDA" means the Company's earnings before interest, taxes, depreciation and amortization, as determined by the Board in good faith, provided that EBITDA shall be measured and adjusted on the same basis used by the Company in measuring the Company's adjusted EBITDA for the fiscal year that ended in January 2018, subject to reasonable further adjustments by the Board for acquisitions, dispositions, non-recurring items, and other appropriate circumstances. For the avoidance of doubt, only one Special Performance Bonus may be paid hereunder.

3.7 During the Employment Period, the Company agrees to reimburse Executive for all reasonable and necessary business expenses subject to the Company's standard requirements regarding the reporting and documentation of such expenses.

3.8 During the Employment Period, Executive shall, in accordance with Company policy and the terms of any then applicable plan documents, be entitled to participate in the Petco group medical, dental, vision, 401(k), deferred compensation, and flex spending plans upon hire and other benefits, in each case, on a basis no less favorable than on which such plans, programs or benefits are provided to the Company's other senior executives from time to time. It is understood that the Company may modify or cancel any or all such plans programs or benefits in its discretion, consistent with the requirements of state or federal law. Currently these

benefits, plans and programs include the elements described in the remainder of Sections 3.9 through 3.14.

3.9 Financial Planning and Tax Services - Financial, investment, estate and tax planning services from AYCO Financial Services (or such other financial services company as may be designated by Executive having an equal or lower cost) will be provided at no cost to Executive.

3.10 Disability and Life Insurance - Short-term and long-term disability insurance, Company-paid Group Term Life Insurance equal to three times Executive's annual earnings up to a maximum of $1,000,000.00, and AD&D Insurance will be provided at no cost to Executive.

3.11 401(k) Savings Plan — Executive will be eligible to participate in the Company sponsored 401(k) plan effective the first of the month following Executive's one-year anniversary with the Company, provided that Executive meets all eligibility requirements. Under current plan terms, Executive may elect to contribute up to sixty (60) percent of his salary on a tax-deferred basis (subject to any plan discrimination testing limits), and Petco will provide a matching fifty percent (50%) contribution on the first three percent (3%) of Executive's deferred salary contribution.

3.12 Paid Time Off — Executive will be entitled to Paid Time Off (PTO) in accordance with the Company's then existing standard policy for the Company's senior executives. PTO must be taken according to the terms of Petco's policy and Executive shall use such PTO in a manner that is minimally disruptive to Company's business.

3.13 Non-Qualified Deferred Compensation Plan - Executive may contribute up to seventy-five percent (75%) of his base pay and up to one hundred percent (100%) of his bonus pay each calendar year into the Company's non-qualified deferred compensation plan upon hire. Petco currently has a discretionary match of $.50 on each dollar up to a maximum of three percent (3%) of an employee's contribution for base pay and $.50 on each dollar up to a maximum of six percent (6%) of an employee's contribution for bonus pay. Executive may enroll in the Plan within thirty (30) days of hire and each year in December for the following year.

3.14 Petco Discount and Other Benefits — Executive will be eligible to participate in a number of Petco-sponsored benefits, including a twenty percent (20%) merchandise discount at all Petco stores, discounted pet insurance through Petco's then existing preferred pet insurance vendor, membership privileges at the San Diego County Credit Union, a discount at 24-Hour Fitness Centers, discounted childcare at Children's World Learning Centers, and an annual executive physical through Scripps Executive Health.

3.15 Private Travel — Executive will be entitled to continuation of the Company's existing private travel program, subject to reasonable mutually-agreed modifications thereof. Unless otherwise approved by the Board, private air travel shall not be provided for international flights or cross-country travel within the United States, other than in connection with multi-location store visit trips or similar trips.

3.16 Equity Grant — Scooby LP, a limited partnership organized under the laws of the State of Delaware ("**Ultimate Parent**") shall grant Executive the following Common Series C Units pursuant to Ultimate Parent's Amended and Restated Agreement of Limited Partnership, dated as of January 26, 2016, as may be amended from time to time (the "**Ultimate Parent LP Agreement**") and award agreements substantially identical to the form of Common Series C Unit Award Agreement attached hereto as APPENDIX C: (i) 30,000,000 Common Series C Units to be granted as of the Effective Date with a "distribution threshold" of $0.75 per Unit; (ii) 15,000,000 Common Series C Units to be granted as of the Effective Date with a "distribution threshold" of $1.00 per Unit, and (iii) 30,000,000 Common Series C Units to be granted within thirty days following the completion of the annual audit for the Company's fiscal year that commenced in January 2018, with a "distribution threshold" of the higher of $0.50 per Unit or the fair market value per Unit as of the end of such fiscal year as determined by a third party valuation firm and approved by the Board. Each grant of Common Series C Units shall vest in 20% increments on each of the first through fifth anniversaries of the applicable date of grant (or, if earlier, upon a Change in Control, as defined in the award agreement, or a qualifying termination of employment pursuant to Section 4(b) below), subject to Executive's continued employment with the Company through the applicable vesting date or Change in Control, as applicable.

4. TERM

Petco is an "at will" employer and as such, employment with Petco is not for a fixed term or definite period and may be terminated at the will of either party, with or without Cause, and without prior notice. No supervisor or other representative of the Company (except the Board) has the authority to enter into any agreement for employment for any specified period of time, or to make any agreement contrary to the above. This is the final and complete agreement on this term. Any contrary representations which may have been made or which may be made to Executive are superseded by this Agreement. Upon termination of Executive's employment for any reason, he shall automatically be deemed to have resigned from all positions with the Company and its affiliates.

(a) If the Employment Period is terminated by the Company or by Executive for any reason, including as a result of Executive's death or Disability, Executive (or Executive's legal representatives or estate, as applicable) shall be entitled to receive his earned but unpaid Base Salary through his termination date plus any accrued but unused vacation and unreimbursed business expenses through the termination date, in each case, payable within five days following the termination date (or such earlier date required by applicable law), in addition to any other vested employee benefits to which Executive is entitled as of the termination date under the employee benefit plans of the Company.

(b) Notwithstanding the at-will nature of the employment relationship between Petco and Executive, if Executive's employment is terminated by Petco without Cause (as defined in Section 4(c) below) or by Executive for Good Reason (as defined in Section 4(d) below), in either case, and explicitly conditioned upon Executive's furnishing to the Company, and not revoking, an executed waiver and release of claims

(in substantially the form of APPENDIX B, which is attached to this Agreement), Executive shall be entitled to receive:

(i) A lump sum payment equal to eighteen (18) months of his current Base Salary in effect as of the date of termination, subject to standard deductions and withholdings, payable thirty (30) days after the date of termination (or, if later, when the release of claims becomes irrevocable, but no later than sixty (60) days after the date of termination);

(ii) A lump sum payment of any unpaid Annual Performance Bonus for a fiscal year ending prior to the date of termination, payable when such Annual Performance Bonus would have otherwise been payable to Executive pursuant to Section 3.5 had Executive's employment not terminated;

(iii) A lump sum payment equal to the pro rata portion of any Annual Performance Bonus that Executive would have been entitled to receive pursuant to Section 3.5 in respect of the fiscal year in which such termination occurs based on the ratio of the number of days employed during such fiscal year to 365, but only to the extent of achievement of the applicable Company performance criteria (disregarding any individual performance criteria) for such Annual Performance Bonus, payable when such Annual Performance Bonus would have otherwise been payable to Executive pursuant to Section 3.5 had Executive's employment not terminated;

(iv) If the Special Performance Bonus has not previously been paid and such termination occurs in the fiscal year immediately following a fiscal year in which the Company's EBITDA (as determined pursuant to Section 3.6) exceeded $500 million, Executive shall receive a lump sum payment equal to the pro rata portion of the Special Performance Bonus (if any) that Executive would have been entitled to receive pursuant to Section 3.6 in respect of the fiscal year in which such termination occurs, based on the ratio of the number of days employed during the applicable two consecutive fiscal years to 720, but only to the extent of achievement of the applicable EBITDA performance metric for such second fiscal year, payable when such Special Performance Bonus would have otherwise been payable to Executive pursuant to Section 3.6 had Executive's employment not terminated;

(v) Pro rata vesting of any outstanding awards of Common Series C Units or other equity or equity-based awards held by Executive on the date of termination with respect to the portion of such awards that would have vested on the next-applicable vesting date following such date of termination multiplied by a fraction, the numerator of which is the number of days from the most recent vesting date (or, if no vesting date has occurred prior to the date of termination, the date of grant) through the date of termination, and the denominator of which is 365 (or such other number of days in such vesting period, if applicable); and

(vi) Continued medical benefits at the Company's sole expense for a period of eighteen (18) months (the "**Severance Period**"), to the extent he elects and remains eligible to continue those benefits under COBRA; provided, that if the Company determines that it cannot provide such continued medical benefits without adverse tax consequences to Executive or the Company or for any other reason, then the Company shall, in lieu thereof, provide to Executive a taxable amount equal to the monthly plan premium payment for such medical benefits in substantially equal monthly installments over the Severance Period (or the remaining portion thereof).

(c) For purposes of this Agreement, "**Cause**" shall mean:

(i) The Executive's material breach of this Agreement, which breach is not cured within thirty (30) days of receipt by Executive of written notice from the Board specifying the breach, which notice shall be delivered to Executive within ninety (90) days after such breach is discovered by the Board and shall identify the manner in which the Company believes that the Executive has committed such breach and the steps required to cure such breach;

(ii) The willful failure or refusal by Executive to substantially perform his duties hereunder that has not been remedied within thirty (30) business days after written demand for substantial performance has been delivered to Executive by the Company, which demand shall be delivered to Executive within ninety (90) Days after the initial existence of such failure or refusal and shall identify the manner in which the Company believes that the Executive has committed such failure or refusal and the steps required to cure such failure or refusal;

(iii) The conviction of Executive of, or the entering of a plea of nolo contendere by Executive with respect to a felony or a misdemeanor involving moral turpitude; or

(iv) Executive's inability or failure to competently perform his duties hereunder in any material respect due to the use of drugs or alcohol.

(d) For purposes of this Agreement, "Disability" shall mean that Executive either (i) is unable to engage in any substantial gainful activity 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 twelve (12) months or (ii) 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, receiving income replacement benefits for a period of not less than three months under the Company's accident and health plan.

(e) For purposes of this Agreement, "**Good Reason**" shall mean the occurrence, without the express written consent of Executive, of any of the following conditions:

(i) the removal of Executive from the Board for any reason while he is entitled to serve on the Board pursuant to Section 1.1;

(ii) a material diminution in Executive's authority, duties or responsibilities;

(iii) Executive is required to report to any person or body other than the Board;

(iv) a material diminution in Executive's Base Salary or target bonus amount;

(v) the relocation of Executive's own office to a location more than thirty (30) miles from its present location;

(vi) the failure of the Company to obtain the assumption in writing of its obligation to perform this Agreement by any successor to all or substantially all of the assets of the Company, whether direct or indirect by a merger, consolidation, sale or similar transaction, unless such assumption occurs by operation of law;

(vii) any bankruptcy, liquidation, receivership or other wind down of the Company or Ultimate Parent (an "**Event**") if (i) such Event does not constitute a Change in Control (as defined in the Ultimate Parent LP Agreement) or (ii) in connection with such Event, (A) CVC and/or CPPIB (each as defined in the Ultimate Parent LP Agreement) do not retain the right to appoint the majority of the members of the Board and (B) a majority of the Board ceases to consist of members appointed by CVC and/or CPPIB; or

(viii) any other action or inaction that constitutes a material breach by the Company of the Agreement.

If Executive intends to resign for one or more of the conditions listed above, Executive shall give notice of such intent to the Company within ninety (90) days after the initial existence of such condition, detailing such condition with specificity. If the Company does not remedy the condition within thirty (30) days of receiving such notice, then any resignation by Executive from the Company within the two (2) year period beginning with the initial existence of one or more of the foregoing conditions shall be deemed a resignation for "Good Reason."

The treatment of Executive's equity awards in Ultimate Parent shall be governed by the terms of the operative documents of Ultimate Parent and any grant agreement between Executive and Ultimate Parent.

To the extent applicable, this Agreement shall be interpreted and applied consistent and in accordance with Section 409A of the Internal Revenue Code (the "Code") and Department of Treasury regulations and other interpretive guidance issued thereunder. If, however, the Parties determine that any compensation or benefits payable under this Agreement may be or become subject to Section 409A of the Code, the Parties shall cooperate to adopt such amendments to

this Agreement or to adopt other policies and procedures (including amendments, policies and procedures with retroactive effect), or take such other actions, as the Parties determine to be necessary or appropriate to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code and/or preserve the intended tax treatment of such compensation and benefits, or (ii) comply with the requirements of Section 409A of the Code. In furtherance of the foregoing, Executive's date of termination of service with the Company for purposes of determining the date that any payment or benefit that is treated as nonqualified deferred compensation under Section 409A of the Code is to be paid or provided (or in determining whether an exemption to such treatment applies), shall be the date on which Executive has incurred a "**separation from service**" within the meaning of Section 409A(a)(2)(A)(i) and applicable guidance thereunder ("**Separation from Service**"). Notwithstanding any provision of this Agreement to the contrary, to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, no payment or distribution under this Agreement that becomes payable by reason of Executive's termination of employment with the Company will be made to Executive unless Executive's termination of employment constitutes a Separation from Service. In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code. To the extent the Company is required pursuant to this Agreement to reimburse expenses or provide a gross-up for taxes incurred by Executive, and such reimbursement or gross-up obligation is subject to Section 409A of the Code, the Company shall reimburse any such eligible expenses by the end of the calendar year next following the calendar year in which the expense was incurred (and provide the tax gross-up payments no later than the end of the calendar year next following the calendar year in which the related taxes were remitted), subject to any earlier required deadline for payment otherwise applicable under this Agreement. In addition, to the extent any expense reimbursements or in-kind benefits are subject to Section 409A, (x) the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and the amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year, and (y) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

If the Company in good faith determines that Executive is a "**specified employee**" (as defined in Section 409A(a)(2)(B)(i) of the Code) with respect to the payment of benefits or the provision of benefits coverage under this Agreement at the time of his Separation from Service and that the immediate commencement of such payment or provision, as otherwise provided in this Agreement, would constitute a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then, to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, notwithstanding any provision to the contrary in this Agreement (and in an effort to spare Executive such additional taxes), the Company shall delay the commencement of payments or benefits coverage to which Executive would otherwise become entitled under this Agreement in connection with Executive's Separation from Service until the earlier of:

(i) the expiration of the six (6)-month period measured from the date of Executive's Separation from Service, or

(ii) the date of Executive's death.

Upon expiration of the applicable Code Section 409A(a)(2) deferral period, all payments and benefits deferred pursuant to this provision (whether they would have otherwise been payable in a single sum or in installments in the absence of such deferral) shall be paid or reimbursed to Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

5. AMENDMENT AND WAIVER.

5.1 The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

6. CONFIDENTIAL AND PROPRIETARY INFORMATION; NONSOLICITATION.

6.1 Executive agrees to execute and abide by the Proprietary Information and Inventions Agreement attached hereto as APPENDIX A.

6.2 Executive recognizes that his employment with the Company will involve contact with information of substantial value to the Company, which is not generally known in the trade, and which gives the Company an advantage over its competitors who do not know or use it, including but not limited to, techniques, designs, drawings, processes, inventions, developments, equipment, prototypes, sales and customer information, and business and financial information relating to the business, products, practices and techniques of the Company, (hereinafter referred to as "**Confidential and Proprietary Information**"). Executive will at all times regard and preserve as confidential such Confidential and Proprietary Information obtained by Executive from whatever source and will not, either during his employment with the Company or thereafter, publish or disclose any part of such Confidential and Proprietary Information in any manner at any time, or use any Confidential and Proprietary Information except on behalf of the Company, without the prior written consent of the Company.

6.3 While employed by the Company and for one (1) year thereafter, the Executive agrees that in order to protect the Company's Confidential and Proprietary Information from unauthorized use, that Executive will not, either directly or through others, (i) solicit or attempt to solicit any employee, consultant or independent contractor of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or business entity; or (ii) use the Company's trade secrets or confidential information to solicit or attempt to solicit the business of any customer, vendor or distributor, partner or strategic alliance of the Company which, at the time of termination or one (1) year immediately prior thereto, was doing business with the Company.

6.4 Notwithstanding any other provision in this Agreement or the Proprietary Information and Inventions Agreement, Executive understands and acknowledges that, pursuant to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)),

Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (A) (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Executive files a lawsuit for retaliation by Executive for reporting a suspected violation of law, Executive may disclose the Company's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if Executive: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or the Proprietary Information and Inventions Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

7. INDEMNIFICATION.

Ultimate Parent shall indemnify Executive as provided in Section 7.5 of the Ultimate Parent LP Agreement. The Parent agrees not to cause Section 6.4 of the Ultimate Parent LP Agreement to be amended in a manner materially detrimental to Executive without Executive's prior written consent. Ultimate Parent shall, or shall cause the Company to, cover Executive under any directors and officers insurance obtained by Ultimate Parent or the Company. This Section shall survive for 6 years following termination of the Employment Period.

8. LEGAL FEES.

The Company shall reimburse Executive for reasonable legal fees of up to $20,000 actually incurred by Executive in connection with the preparation and execution of this Agreement; provided, that Executive furnishes the Company with reasonable written supporting documentation with respect to such legal fees.

9. ASSIGNMENT AND BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Due to the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

10. NOTICES.

10.1 All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

PETCO Animal Supplies, Inc.
c/o CVC Capital Partners Advisory (US), Inc.
One Maritime, Suite 1610
San Francisco, CA 94111
Attn: Cameron Breitner

and

PETCO Animal Supplies, Inc.
c/o Canada Pension Plan Investment Board
One Queen Street East, Suite 2500
Toronto, ON, M5C 2W5
Attn: Scott Nishi

with a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166
Attention: Sean P. Griffiths

If to Executive: At the address reflected in the Company's payroll records.

Any such written notice shall be deemed received when personally delivered or three (3) days after its deposit in the United States mail as specified above. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this section.

11. CHOICE OF LAW.

This Agreement is made in San Diego, California. The parties agree that it shall be construed and interpreted in accordance with the laws of the State of California, regardless of the choice of law's provisions of such state or any other jurisdiction.

12. INTEGRATION.

This Agreement contains the complete, final and exclusive agreement of the Parties relating to the subject matter of this Agreement, and supersedes all prior oral and written employment agreements or arrangements between the Parties unless otherwise expressly referenced above.

13. AMENDMENT.

This Agreement cannot be amended or modified except by a written agreement signed by Executive and a duly authorized representative of the Board.

14. WAIVER.

No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier in claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

15. SEVERABILITY.

The finding by a court or arbitrator of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision that will most accurately represent the parties' intention with respect to the invalid or unenforceable term or provision.

16. INTERPRETATION; CONSTRUCTION.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged, and has consulted with, his own independent counsel with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

17. REPRESENTATIONS AND WARRANTIES.

Executive represents and warrants that he is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that his execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity.

18. ARBITRATION.

18.1 The Parties agree to arbitrate any dispute, claim, or controversy ("**Claim**") including, but not limited to, claims of employment discrimination and harassment under Title VII of the Civil Rights Act, as amended, and the California Fair Employment & Housing Act, age discrimination under the Age Discrimination in Employment Act, as amended, the Americans with Disabilities Act, 42 U.S.C. section 1981, the Employment Retirement Income Security Act, the California Labor Code, breach of employment contract or the implied covenant of good faith and fair dealing, wrongful discharge, or tortious conduct (whether intentional or negligent) including defamation, misrepresentation, fraud, infliction of emotional distress, but

excluding claims for workers' compensation benefits or unemployment insurance or claims for wages before the California Department of Industrial Relations.

18.2 The arbitration shall be conducted by a single neutral arbitrator in accordance with the rules issued by the American Arbitration Association ("**AAA**") for resolution of employment disputes. The arbitration shall take place in the City of San Diego. The Company will pay the fee for the arbitration proceeding, as well as any other charges by the AAA.

18.3 The Arbitrator shall issue a written decision or award. The decision or award of the arbitrator shall be final and binding upon the Parties. The arbitrator shall have the power to award any type of relief that would be available in a court of competent jurisdiction. Any award may thereafter be entered as a judgment in any court of competent jurisdiction. Executive agrees that any relief to which he is entitled arising out of his employment or cessation of that employment shall be limited to that awarded by the arbitrator.

18.4 Executive agrees to file any demand for arbitration within the time limit established by the applicable statute of limitations for the asserted claims. Failure to demand arbitration within the prescribed time period shall result in waiver of any claims.

18.5 A court or arbitrator construing this Agreement may modify, or interpret it to the extent and such manner as to render it enforceable.

18.6 Executive has agreed to this arbitration provision in consideration of his employment by the Company and upon consultation with private counsel of his choice.

18.7 EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION 16.7 WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EXECUTIVE AGREES TO SUBMIT ANY FUTURE CLAIMS ARISING OUT OF, RELATED TO, OR IN CONNECTION WITH EXECUTIVE'S EMPLOYMENT OR TERMINATION THEREOF, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE OR BREACH OF THIS AGREEMENT, TO BINDING ARBITRATION, AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL RESPECTS OF THE EMPLOYER/EXECUTIVE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

19. LITIGATION COSTS.

Should any litigation, arbitration, or administrative action be commenced between the Parties or their personal representatives concerning any provision of this Agreement or the rights and duties of any person in relation to this Agreement, the Party or Parties prevailing in such action shall be entitled, in addition to such other relief as may be granted, to a reasonable sum for that Party's attorney's fees, which shall be determined by the court, arbitrator, or administrative agency.

20. TRADE SECRETS OF OTHERS.

It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its affiliates, and the Company and/or its affiliates shall not request, any documents or copies of documents containing such information.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

/s/ Ron V. Coughlin	/s/ Cameron Breitner
Ron V. Coughlin	Cameron Breitner For Petco Animal Supplies, Inc.

EMPLOYMENT AGREEMENT BETWEEN PETCO ANIMAL SUPPLIES, INC. AND DARREN MACDONALD

This EMPLOYMENT AGREEMENT (the "**Agreement**") is made and entered into as of May 25, 2019 (the "**Effective Date**") by and between Petco Animal Supplies, Inc., a Delaware corporation ("**Petco**" or "**the Company**") and Darren MacDonald ("**Executive**"). Petco and Executive are hereinafter collectively referred to as the "Parties," and are individually referred to as a "**Party**."

RECITALS

A. Petco desires to assure the association and services of Executive in order to retain Executive's experience, skills, abilities, background and knowledge, and is willing to engage Executive's services on the terms and conditions set forth in this Agreement.

B. Executive desires to be employed by Petco, and is willing to accept such employment on the terms and conditions set forth in this Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual promises and covenants herein contained, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

1. EMPLOYMENT.

1.1 Petco hereby employs Executive, and Executive hereby accepts employment by Petco, upon the terms and conditions set forth in this Agreement, for the period commencing on June 18, 2019 or such earlier date as mutually agreed by the parties (the "**Start Date**") and ending as provided in paragraph 4 hereof (the "**Employment Period**").

1.2 Executive shall serve as the Chief Digital and Innovation Officer of Petco and shall report to the Chief Executive Officer of the Company (the "**CEO**").

1.3 Executive shall have the responsibility and authority for managing all of the Company's digital commerce activities, and shall perform all services, acts or things necessary or advisable to fulfill the duties of his position, as reasonably required by the Board of Managers of PET Acquisition LLC (the "**Board**") or the CEO.

1.4 During the Employment Period, Executive shall perform his services at Petco's offices, located in San Diego, California or such other facilities of the Company as the Company and Executive may agree upon in writing from time to time; provided, however, that the Company may from time to time require Executive to travel temporarily to other locations in connection with the Company's business.

2. LOYAL AND CONSCIENTIOUS PERFORMANCE; NONCOMPETITION.

2.1 During the Employment Period, Executive shall devote his full business energies, interest, abilities and productive time to Petco. This section shall not preclude Executive from managing personal investments, subject to Section 2.3, engaging in civic, charitable or religious activities that do not adversely affect the Executive's performance of his duties.

2.2 Except with the prior written consent of the Board, Executive will not, during the Employment Period, compete with the Company, either directly or indirectly, in any manner or capacity, as adviser, consultant, principal, agent, partner, officer, director, employee, member of any association or otherwise, in any phase of developing, manufacturing or marketing any product or service that is in the same field of use or that otherwise competes with a product or service that is offered, is actively under development, or is actively being considered for development by the Company.

2.3 Except as permitted herein, Executive agrees not to acquire, assume or participate in, directly or indirectly, any position, investment or interest that Executive knows or should know is adverse or antagonistic to the Company, its business, clients, strategic partners, investors or prospects. Ownership by Executive, as a passive investment, of less than five percent (5%) of the outstanding shares of capital stock of any corporation with one or more classes of its capital stock listed on a national securities exchange or publicly traded in the over-the-counter market shall not constitute a breach of this paragraph.

3. COMPENSATION AND BENEFITS.

3.1 The Company will pay Executive an annual base salary (the "**Base Salary**") of Five Hundred Fifty Thousand Dollars ($550,000) per year, payable in accordance with the Company's standard payroll practices. Such salary shall be prorated for any partial year of employment on the basis of a 365-day fiscal year.

3.2 Executive's Base Salary shall be reviewed annually and may be increased (but not decreased) in the Company's sole discretion.

3.3 All of Executive's compensation shall be subject to withholding taxes and any other employment taxes as are required to be collected or withheld by the Company under applicable law.

3.4 Annual Performance Bonus — Executive will be eligible for a bonus payment for each fiscal year of the Company (the "**Annual Performance Bonus**"), with a target bonus of eighty percent (80%) of Executive's annualized Base Salary for the applicable fiscal year, based on the achievement of specific performance criteria established by the Board, provided that Executive shall be guaranteed payment of an Annual Performance Bonus for fiscal year 2019 of not less than Four Hundred Forty Thousand Dollars ($440,000) (which payment is subject to offset pursuant to Section 3.15). Commencing with the fiscal year beginning in 2020, the Board shall establish the specific performance criteria for each fiscal year no later than January 31 of each such fiscal year, after conferring with Executive and considering his input in

good faith. Any Annual Performance Bonus earned by Executive shall be paid to Executive in no event later than the later of (i) the 15th day of the third month following the end of the Executive's taxable year in which such bonus is earned or (ii) the 15th day of the third month following the end of the Company's taxable year in which such bonus is earned. Executive must be actively employed by the Company at the time the bonus is paid in order to be eligible to receive the payment, except as provided in Section 4(b).

3.5 Fiscal Year 2020 Special Bonus Payment – On February__, 2020, subject to Executive's continued employment through the payment date, the Company shall pay Executive a one-time cash bonus of $675,000 (the "**Special Bonus Payment**"), which such payment is subject to offset pursuant to Section 3.15. If Executive resigns for any reason other than for Good Reason or is terminated by the Company with Cause in the first year following the Start Date, Executive shall promptly repay the full amount of the Special Bonus Payment. If Executive resigns for any reason other than for Good Reason or is terminated by the Company with Cause in the second year following the Start Date, Executive shall promptly repay one-half the amount of the Special Bonus Payment. If Executive fails to repay any portion of such bonus pursuant to the immediately-preceding sentence, the Company and its affiliates may, subject to Section 409A of the Code, withhold any compensation or other payments owed to Executive (including, without limitation, pursuant to the Common Series B Units and the Common Series C Units) to the extent necessary to satisfy such repayment obligation.

3.6 Digital Growth Award – Executive shall be eligible to receive a cash bonus award (the "**Digital Growth Award**") as follows. To the extent earned and payable pursuant to this Section 3.6, the Digital Growth Award shall be paid (i) 50% in cash, and (ii) 50% in fully-vested Common Series B Units of Scooby LP (based on their fair market value as of the time of payment as determined by the Board in its discretion) that are subject to Ultimate Parent LP Agreement (as defined in Section 3.15). The Digital Growth Award eligible to be paid shall be determined as follows based on performance for each fiscal year ending with the fiscal year that concludes in January/February 2022 (and, for the avoidance of doubt, (i) the payment shall be solely as reflected in the applicable row of the chart and shall not involve the addition of amounts from any other row, and (ii) if an amount is payable pursuant to one or more fiscal years pursuant to the below, only the highest earned amount for any of such fiscal years shall apply (and there shall be no summation across multiple fiscal years)):

Revenue	**Minimum EBITDA**	**Amount of Digital Growth Award**
Less than $538 million	N/A	$0
At least $538 million but less than $591 million	$38 million	$500,000
At least $591 million but less than $619 million	$43 million	$1,076,000

At least $619 million but less than $645 million	$46 million	$2,420,000
$645 million or more	$48 million	$4,302,000

If Revenue is in one of the ranges above but EBITDA is below the designated level in the applicable row for such Revenue achievement, then the Digital Growth Award shall be determined based on the row above such row for which the minimum EBITDA target was met. For example, if (i) Revenue were $550 million but EBITDA were less than $38 million, then the Digital Growth Award would be $0, or (ii) if Revenue were $620 million but EBITDA were $44 million, the Digital Growth Award would be $1,076,000. The EBITDA and Revenue targets in the chart above are subject to adjustment by the Board in its discretion in the event of any acquisition, disposition or other corporate event.

Except as provided in Section 4(b)(iii), payment of the Digital Growth Award, if earned, is subject to Executive's continued employment through (and shall be paid promptly following the occurrence of) either a Change in Control, a Public Offering, a secondary public offering or the Company's payment of any cash dividend to its shareholders (but, in the case of a Public Offering, a secondary public offering or the Company's payment of any cash dividend to its shareholders, the amount payable with respect to the Digital Growth Award, plus any performance-based amounts payable to any other Company employee pursuant to bonus arrangements that pay out in connection therewith, shall be capped at five percent (5%) of the payments received by the Company's shareholders in connection therewith, with any remaining amount potentially payable upon a subsequent Change in Control, Public Offering, secondary public offering or cash dividend payment by the Company (subject to such 5% cap for each such subsequent event other than a Change in Control) if Executive remains employed through the date thereof). For the avoidance of doubt, except as provided in Section 4(b)(iii), no payment of the Digital Growth Award shall be made if Executive's employment with the Company terminates for any reason prior to the applicable payment event specified in this paragraph.

For purposes of this Section 3.6, (a) "**Change in Control**" has the meaning specified in the Award Agreement described in Section 3.15; (b) **"EBITDA**" means (i) sales on the Company's digital platform, less (ii) cost of goods sold attributable to such sales, less (iii) direct marketing spending on the digital platform, less (iv) any other direct expenses related to the digital platform, and the Board shall appropriately adjust EBITDA for proportionate ownership interests in joint ventures and in such other circumstances as it deems appropriate; (c) "**Public Offering**" has the meaning specified in the Award Agreement described in Section 3.15; and (d) "**Revenues**" means net revenues of the Company's digital platform. The EBITDA and Revenues calculations shall be subject to the Board's good faith determination.

3.7 During the Employment Period, the Company agrees to reimburse Executive for all reasonable and necessary business expenses subject to the Company's standard requirements regarding the reporting and documentation of such expenses.

3.8 During the Employment Period, Executive shall, in accordance with Company policy and the terms of any then applicable plan documents, be entitled to participate in the Petco group medical, dental, vision, 401(k), deferred compensation, and flex spending plans upon hire and other benefits. It is understood that the Company may modify or cancel any or all such plans programs or benefits in its discretion, consistent with the requirements of state or federal law. Currently (and subject to change in the future), these benefits, plans and programs include the elements described in the remainder of Sections 3.9 through 3.14. Such benefits shall be taxable to Executive to the extent provided by applicable law and shall be subject to any applicable tax withholdings.

3.9 Financial Planning and Tax Services - Financial, investment, estate and tax planning services from AYCO Financial Services (or such other financial services company as may be designated by the Company) will be provided to Executive. These services are paid for by the Company and are treated as income to Executive for tax purposes.

3.10 Disability and Life Insurance - Short-term and long-term disability insurance, Company-paid Group Term Life Insurance and AD&D Insurance will be provided at no cost to Executive.

3.11 401(k) Savings Plan — Executive will be eligible to participate in the Company-sponsored 401(k) plan consistent with the terms thereof.

3.12 Paid Time Off — Executive will be entitled to Paid Time Off (PTO) in accordance with the Company's then existing standard policy for the Company's executives. PTO must be taken according to the terms of Petco's policy and Executive shall use such PTO in a manner that is minimally disruptive to Company's business.

3.13 Non-Qualified Deferred Compensation Plan - Executive will be eligible to participate in the Company's nonqualified deferred compensation plan consistent with the terms thereof

3.14 Petco Discount and Other Benefits — Executive will be eligible to participate in a number of Petco-sponsored benefits, including a twenty percent (20%) merchandise discount at all Petco stores, discounted pet insurance through Petco's then existing preferred pet insurance vendor, membership privileges at the San Diego County Credit Union, a discount at 24-Hour Fitness Centers, discounted childcare at Children's World Learning Centers. Executive is also eligible to participate in an annual executive physical through Scripps Executive Health (which shall be paid for by the Company but imputed as taxable income to Executive).

3.15 Equity Grant -- Promptly following Executive's commencement of employment, the Company shall ensure that Scooby LP, a limited partnership organized under the laws of the State of Delaware ("**Ultimate Parent**") grants Executive (i) 1,400,000 fully-vested Common Series B Units pursuant to Ultimate Parent's Amended and Restated Agreement of Limited Partnership, dated as of January 26, 2016, as may be amended from time to time (the "**Ultimate Parent LP Agreement**"), and (ii) 5,000,000 Common Series C Units pursuant to the Ultimate Parent LP Agreement and the standard form of award agreement for Common Series C

Units thereunder which sets forth the distribution threshold, vesting, repurchase and other terms and conditions of the grant (the "**Award Agreement**"). Any tax withholdings required to be remitted by the Company or any affiliate in connection with the issuance of the Common Series B Units (i) shall be withheld from and offset the bonus payments to be made in 2020 pursuant to Sections 3.4 and/or 3.5 or (ii) if Executive does not receive such bonus payments as a result of his termination of employment prior to the applicable payment dates, Executive shall repay the Company and its affiliates the amount of such tax withholdings promptly following his date of termination (and if Executive fails to repay any portion of such withholdings, the Company and its affiliates may, subject to Section 409A of the Code, withhold any compensation or other payments owed to Executive (including, without limitation, pursuant to the Common Series B Units and the Common Series C Units) to the extent necessary to satisfy such repayment obligation).

3.16 Relocation Benefits -- The Company shall provide Executive with its standard relocation assistance package, the terms of with shall be set forth in a Relocation Repayment Agreement between Executive and the Company.

4. TERM

Petco is an "**at will**" employer and as such, employment with Petco is not for a fixed term or definite period and may be terminated at the will of either party, with or without Cause, and without prior notice. No supervisor or other representative of the Company (except the Board) has the authority to enter into any agreement for employment for any specified period of time, or to make any agreement contrary to the above. This is the final and complete agreement on this term. Any contrary representations which may have been made or which may be made to Executive are superseded by this Agreement. Upon termination of Executive's employment for any reason, he shall automatically be deemed to have resigned from all positions with the Company and its affiliates.

(a) If the Employment Period is terminated by the Company or by Executive for any reason, including as a result of Executive's death or permanent disability, Executive (or Executive's legal representatives or estate, as applicable) shall be entitled to receive his earned but unpaid Base Salary through his termination date plus any unreimbursed business expenses through the termination date, in each case, payable within five days following the termination date (or such earlier date required by applicable law), in addition to any other vested employee benefits to which Executive is entitled as of the termination date under the employee benefit plans of the Company.

(b) Notwithstanding the at-will nature of the employment relationship between Petco and Executive, if Executive's employment is terminated by Petco without Cause (as defined in Section 4(c) below), and explicitly conditioned upon Executive's furnishing to the Company, and not revoking, the Company's standard release of claims provided by the Company to Executive at the time of termination, Executive shall be entitled to receive:

(i) A lump sum payment equal to twelve (12) months of his current Base Salary in effect as of the date of termination, subject to standard

deductions and withholdings, payable thirty (30) days after the date of termination (or, if later, when the release of claims becomes irrevocable, but no later than sixty (60) days after the date of termination);

(ii) A portion of the Annual Performance Bonus that Executive would have earned if he had remained employed for the entire fiscal year in which his termination occurs, pro-rated based on the number of days Executive was employed in that fiscal year, based on actual performance and payable at the time such bonus would be paid if Executive's employment had not terminated;

(iii) If such termination without Cause (or, to the extent Section 4(d) applies, resignation with Good Reason) occurred within six (6) months prior to a Change in Control, a Public Offering, a secondary public offering, or the Company's payment of any cash dividend to shareholders and if the Digital Growth Award was earned based on performance in a prior fiscal year(s) but has not previously been paid, payment of such earned Digital Growth Award as described in Section 3.6 upon or promptly following such event as if Executive's employment had not terminated; and

(iv) Continued medical benefits at the Company's sole expense for a period of twelve (12) months (the "**Severance Period**"), to the extent he elects and remains eligible to continue those benefits under COBRA; provided, that if the Company determines that it cannot provide such continued medical benefits without adverse tax consequences to Executive or the Company or for any other reason, then the Company shall, in lieu thereof, provide to Executive a taxable amount equal to the monthly plan premium payment for such medical benefits in substantially equal monthly installments over the Severance Period (or the remaining portion thereof).

(c) For purposes of this Agreement, "**Cause**" shall mean:

(i) The Executive's material breach of this Agreement which is not substantially cured within thirty (30) days of receipt by Executive of written notice from the Company's Board specifying the breach and the reasonable steps required to cure such breach, and referring specifically to this Section 4(c);

(ii) The intentional and material failure or refusal by Executive to perform a specific and reasonable directive from the CEO of the Company that has not been substantially cured within thirty (30) business days after written demand for substantial performance has been delivered to Executive by the Company, which demand identifies the manner in which Company believes that the Executive has not performed such duties and the steps required to cure such failure to perform;

(iii) The conviction of Executive of, or the entering of a plea of guilty or *nolo contendere* by Executive to a felony or a misdemeanor involving moral turpitude; or

(iv) Executive's substantial inability or failure to perform the essential functions of his position even with reasonable accommodation as required by law, which is not substantially cured thirty (30) days of receipt by Executive of written notice from the Company's Board specifying the breach and the reasonable steps required to cure such breach, and referring specifically to this Section 4(c).

(d) Executive shall also be entitled to the severance pay and benefits in Section 4(b) above if Executive terminates his employment for Good Reason (as defined below), and explicitly conditioned upon Executive's furnishing the Company, and not revoking, an executed waiver and release of claims referred to above. For purposes of this Agreement, "Good Reason" shall mean the occurrence, without the express written consent of Executive, of any of the following conditions:

(i) a material diminution in Executive's authority, duties, or responsibilities;

(ii) Executive is required to report to any person or other than the CEO or the Board;

(iii) any diminution in Executive's Base Salary;

(iv) the relocation of Executive's own office to a location more than fifty (50) miles from its location as of the Start Date;

(v) the failure of the Company to obtain the assumption in writing of its obligation to perform this Agreement by any buyer or successor to the Company upon the effective date of merger, consolidation, sale or similar transaction, unless such assumption occurs by operation of law; or

(vi) any other action or inaction that constitutes a material breach by the Company of the Agreement.

If Executive intends to resign for one or more of the conditions listed above, Executive shall give notice of such intent to the Company within ninety (90) days after the initial existence of such condition, detailing such condition with specificity. If the Company does not remedy the condition within thirty (30) days of receiving such notice, then any resignation by Executive from the Company within the one hundred eighty (180)-day period beginning with the initial existence of one or more of the foregoing conditions shall be deemed a resignation for "**Good Reason**."

(e) To the extent applicable, this Agreement shall be interpreted and applied consistent and in accordance with Section 409A of the Internal Revenue Code (the "**Code**") and Department of Treasury regulations and other interpretive guidance issued thereunder. If, however, the Parties determine that any compensation or benefits payable under this Agreement may be or become subject to Section 409A of the Code, the Parties shall cooperate to adopt such amendments to this Agreement or to adopt other policies and procedures (including amendments, policies and procedures with retroactive

effect), or take such other actions, as the Parties determine to be necessary or appropriate to (i) exempt the compensation and benefits payable under this Agreement from Section 409A of the Code and/or preserve the intended tax treatment of such compensation and benefits, or (ii) comply with the requirements of Section 409A of the Code. In furtherance of the foregoing, Executive's date of termination of service with the Company for purposes of determining the date that any payment or benefit that is treated as nonqualified deferred compensation under Section 409A of the Code is to be paid or provided (or in determining whether an exemption to such treatment applies), shall be the date on which Executive has incurred a "**separation from service**" within the meaning of Section 409A(a)(2)(A)(i) and applicable guidance thereunder ("**Separation from Service**"). Notwithstanding any provision of this Agreement to the contrary, to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, no payment or distribution under this Agreement that becomes payable by reason of Executive's termination of employment with the Company will be made to Executive unless Executive's termination of employment constitutes a Separation from Service. In addition, for purposes of this Agreement, each amount to be paid or benefit to be provided shall be construed as a separate identified payment for purposes of Section 409A of the Code. To the extent the Company is required pursuant to this Agreement to reimburse expenses or provide a gross-up for taxes incurred by Executive, and such reimbursement or gross-up obligation is subject to Section 409A of the Code, the Company shall reimburse any such eligible expenses by the end of the calendar year next following the calendar year in which the expense was incurred (and provide the tax gross-up payments no later than the end of the calendar year next following the calendar year in which the related taxes were remitted), subject to any earlier required deadline for payment otherwise applicable under this Agreement. In addition, to the extent any expense reimbursements or in-kind benefits are subject to Section 409A, (x) the amount of expenses reimbursed in one year shall not affect the amount eligible for reimbursement in any subsequent year, and the amount of any in-kind benefits provided in one year shall not affect the amount of in-kind benefits provided in any other year, and (y) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

If the Company in good faith determines that Executive is a "**specified employee**" (as defined in Section 409A(a)(2)(B)(i) of the Code) with respect to the payment of benefits or the provision of benefits coverage under this Agreement at the time of his Separation from Service and that the immediate commencement of such payment or provision, as otherwise provided in this Agreement, would constitute a prohibited distribution under Section 409A(a)(2)(B)(i) of the Code, then, to the extent necessary to avoid the imposition of taxes under Section 409A of the Code, notwithstanding any provision to the contrary in this Agreement (and in an effort to spare Executive such additional taxes), the Company shall delay the commencement of payments or benefits coverage to which Executive would otherwise become entitled under this Agreement in connection with Executive's Separation from Service until the earlier of:

(i) the expiration of the six (6)-month period measured from the date of Executive's Separation from Service, or

(ii) the date of Executive's death.

Upon expiration of the applicable Code Section 409A(a)(2) deferral period, all payments and benefits deferred pursuant to this provision (whether they would have otherwise been payable in a single sum or in installments in the absence of such deferral) shall be paid or reimbursed to Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

5. AMENDMENT AND WAIVER.

5.1 The provisions of this Agreement may be amended or waived only with the prior written consent of the Company and Executive, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

6. CONFIDENTIAL AND PROPRIETARY INFORMATION; NONSOLICITATION.

6.1 Executive agrees to execute and abide by the Proprietary Information and Inventions Agreement attached hereto as APPENDIX A.

6.2 Executive recognizes that his employment with the Company will involve contact with information of substantial value to the Company, which is not generally known in the trade, and which gives the Company an advantage over its competitors who do not know or use it, including but not limited to, techniques, designs, drawings, processes, inventions, developments, equipment, prototypes, sales and customer information, and business and financial information relating to the business, products, practices and techniques of the Company, (hereinafter referred to as "**Confidential and Proprietary Information**"). Executive will at all times regard and preserve as confidential such Confidential and Proprietary Information obtained by Executive from whatever source and will not, either during his employment with the Company or thereafter, publish or disclose any part of such Confidential and Proprietary Information in any manner at any time, or use any Confidential and Proprietary Information except on behalf of the Company, without the prior written consent of the Company.

6.3 While employed by the Company and for one (1) year thereafter, the Executive agrees that in order to protect the Company's Confidential and Proprietary Information from unauthorized use, that Executive will not, either directly or through others, (i) solicit or attempt to solicit any employee, consultant or independent contractor of the Company to terminate his or her relationship with the Company in order to become an employee, consultant or independent contractor to or for any other person or business entity; or (ii) use the Company's trade secrets or confidential information to solicit or attempt to solicit the business of any customer, vendor or distributor, partner or strategic alliance of the Company which, at the time of termination or one (1) year immediately prior thereto, was doing business with the Company.

6.4 Notwithstanding any other provision in this Agreement or the Proprietary Information and Inventions Agreement, Executive understands and acknowledges that, pursuant

to Section 7 of the Defend Trade Secrets Act of 2016 (which added 18 U.S.C. § 1833(b)), Executive shall not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that is made (A) (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. If Executive files a lawsuit for retaliation by Executive for reporting a suspected violation of law, Executive may disclose the Company's trade secrets to Executive's attorney and use the trade secret information in the court proceeding if Executive: (i) files any document containing the trade secret under seal; and (ii) does not disclose the trade secret, except pursuant to court order. Nothing in this Agreement or the Proprietary Information and Inventions Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by such Section.

7. ASSIGNMENT AND BINDING EFFECT.

This Agreement shall be binding upon and inure to the benefit of Executive and Executive's heirs, executors, personal representatives, assigns, administrators and legal representatives. Due to the unique and personal nature of Executive's duties under this Agreement, neither this Agreement nor any rights or obligations under this Agreement shall be assignable by Executive. This Agreement shall be binding upon and inure to the benefit of the Company and its successors, assigns and legal representatives. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

8. NOTICES.

8.1 All notices or demands of any kind required or permitted to be given by the Company or Executive under this Agreement shall be given in writing and shall be personally delivered (and receipted for) or mailed by certified mail, return receipt requested, postage prepaid, addressed as follows:

If to the Company:

PETCO Animal Supplies, Inc.
c/o CVC Capital Partners Advisory (US), Inc.
One Maritime, Suite 1610
San Francisco, CA 94111
Attn: Cameron Breitner

and

PETCO Animal Supplies, Inc.
c/o Canada Pension Plan Investment Board

One Queen Street East, Suite 2500
Toronto, ON, M5C 2W5
Attn: Max Biagosch

with a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166
Attention: Sean P. Griffiths

If to Executive: At the address reflected in the Company's payroll records.

Any such written notice shall be deemed received when personally delivered or three (3) days after its deposit in the United States mail as specified above. Either Party may change its address for notices by giving notice to the other Party in the manner specified in this section.

9. CHOICE OF LAW.

This Agreement is made in San Diego, California. The parties agree that it shall be construed and interpreted in accordance with the laws of the State of California, regardless of the choice of law's provisions of such state or any other jurisdiction.

10. INTEGRATION.

This Agreement contains the complete, final and exclusive agreement of the Parties relating to the subject matter of this Agreement, and supersedes all prior oral and written employment agreements or arrangements between the Parties (including, without limitation, the offer letter dated as of April 26, 2019).

11. AMENDMENT.

This Agreement cannot be amended or modified except by a written agreement signed by Executive and the CEO or another duly authorized representative of the Board.

12. WAIVER.

No term, covenant or condition of this Agreement or any breach thereof shall be deemed waived, except with the written consent of the Party against whom the wavier in claimed, and any waiver or any such term, covenant, condition or breach shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other term, covenant, condition or breach.

13. SEVERABILITY.

The finding by a court or arbitrator of the unenforceability, invalidity or illegality of any provision of this Agreement shall not render any other provision of this Agreement unenforceable, invalid or illegal. Such court shall have the authority to modify or replace the invalid or unenforceable term or provision with a valid and enforceable term or provision that will most accurately represent the parties' intention with respect to the invalid or unenforceable term or provision.

14. INTERPRETATION; CONSTRUCTION.

The headings set forth in this Agreement are for convenience of reference only and shall not be used in interpreting this Agreement. This Agreement has been drafted by legal counsel representing the Company, but Executive has been encouraged, and has consulted with, his own independent counsel with respect to the terms of this Agreement. The Parties acknowledge that each Party and its counsel has reviewed and revised, or had an opportunity to review and revise, this Agreement, and the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement.

15. REPRESENTATIONS AND WARRANTIES.

Executive represents and warrants that he is not restricted or prohibited, contractually or otherwise, from entering into and performing each of the terms and covenants contained in this Agreement, and that his execution and performance of this Agreement will not violate or breach any other agreements between Executive and any other person or entity.

16. ARBITRATION.

16.1 The Parties agree to arbitrate any dispute, claim, or controversy ("**Claim**") including, but not limited to, claims of employment discrimination and harassment under Title VII of the Civil Rights Act, as amended, and the California Fair Employment & Housing Act, age discrimination under the Age Discrimination in Employment Act, as amended, the Americans with Disabilities Act, 42 U.S.C. section 1981, the Employment Retirement Income Security Act, the California Labor Code, breach of employment contract or the implied covenant of good faith and fair dealing, wrongful discharge, or tortious conduct (whether intentional or negligent) including defamation, misrepresentation, fraud, infliction of emotional distress, but excluding claims for workers' compensation benefits or unemployment insurance or claims for wages before the California Department of Industrial Relations.

16.2 The arbitration shall be conducted by a single neutral arbitrator in accordance with the rules issued by the American Arbitration Association ("**AAA**") for resolution of employment disputes. The arbitration shall take place in the City of San Diego. The Company will pay the fee for the arbitration proceeding, as well as any other charges by the AAA.

16.3 The Arbitrator shall issue a written decision or award. The decision or award of the arbitrator shall be final and binding upon the Parties. The arbitrator shall have the power to award any type of relief that would be available in a court of competent jurisdiction.

Any award may thereafter be entered as a judgment in any court of competent jurisdiction. Executive agrees that any relief to which he is entitled arising out of his employment or cessation of that employment shall be limited to that awarded by the arbitrator.

16.4 Executive agrees to file any demand for arbitration within the time limit established by the applicable statute of limitations for the asserted claims. Failure to demand arbitration within the prescribed time period shall result in waiver of any claims.

16.5 A court or arbitrator construing this Agreement may modify, or interpret it to the extent and such manner as to render it enforceable.

16.6 Executive has agreed to this arbitration provision in consideration of his employment by the Company and upon consultation with private counsel of his choice.

16.7 EXECUTIVE HAS READ AND UNDERSTANDS THIS SECTION 16.7 WHICH DISCUSSES ARBITRATION. EXECUTIVE UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EXECUTIVE AGREES TO SUBMIT ANY FUTURE CLAIMS ARISING OUT OF, RELATED TO, OR IN CONNECTION WITH EXECUTIVE'S EMPLOYMENT OR TERMINATION THEREOF, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE OR BREACH OF THIS AGREEMENT, TO BINDING ARBITRATION, AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EXECUTIVE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL RESPECTS OF THE EMPLOYER/EXECUTIVE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

17. LITIGATION COSTS.

Should any litigation, arbitration, or administrative action be commenced between the Parties or their personal representatives concerning any provision of this Agreement or the rights and duties of any person in relation to this Agreement, the Party or Parties prevailing in such action shall be entitled, in addition to such other relief as may be granted, to a reasonable sum for that Party's attorney's fees, which shall be determined by the court, arbitrator, or administrative agency.

18. TRADE SECRETS OF OTHERS.

It is the understanding of both the Company and Executive that Executive shall not divulge to the Company and/or its subsidiaries any confidential information or trade secrets belonging to others, including Executive's former employers, nor shall the Company and/or its affiliates seek to elicit from Executive any such information. Consistent with the foregoing, Executive shall not provide to the Company and/or its affiliates, and the Company and/or its affiliates shall not request, any documents or copies of documents containing such information.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first above written.

/s/ Darren MacDonald
Darren MacDonald

/s/ Ron Coughlin
Chief Executive Officer
For Petco Animal Supplies, Inc.

Exhibit 10.12

RELEASE OF CLAIMS AGREEMENT

This RELEASE OF CLAIMS AGREEMENT (this "Agreement") is entered into by and between Petco Animal Supplies Stores, Inc. (the "Operating Company"), Scooby LP (solely for the purposes specified herein) (the "Ultimate Parent"), PET Acquisition LLC (solely for the purposes specified herein) ("PET Acquisition" and, collectively with the foregoing entities, the "Petco Affiliated Entities") and Laura Wilkin ("Executive"), for the good and sufficient consideration set forth below, as follows, effective as of August 13, 2019 (the "Effective Date").

1. Executive's employment with the Operating Company and his position as Chief Supply Chain Officer terminated as of August 30, 2019 (the "Termination Date") pursuant to mutual agreement of the parties. In addition, effective as of the Termination Date, Executive resigns from all officer, director, manager and other roles and positions with PET Acquisition and/or its direct and indirect subsidiaries.

2. Pursuant to the letter agreement by and between the Operating Company and Executive dated as of May 2, 2018 (the "Letter Agreement")), Executive shall be entitled to the following payments and benefits in connection with the termination of her employment:

    (a) A lump sum payment of $515,000 (equal to twelve (12) months of her current base salary), payable thirty days after the Effective Date;

    (b) Payment of her base salary through the Termination Date (which Executive acknowledges has been paid prior to the Effective Date);

    (c) A lump sum payment of $7,000, the cast equivalent of Petco's Executive outplacement services package, payable thirty days after the Effective Date.

3. Executive was granted certain rights pursuant to a Special Retention Bonus Agreement between Executive and Petco Animal Supplies, Inc. dated as of October 31, 2018 (the "Special Bonus Agreement"). In connection with her termination of employment, Executive shall be paid a "Special Bonus" of $2,000,000, payable within thirty (30) days after the Effective Date.

4. Executive was granted 6,000,000 Common Series C Units (the "Units") in Ultimate Parent through two Common Series C Unit Award Agreements, one such agreement dated August 1, 2018 ("2018 Award Agreement") and the second dated May 1, 2019 ("the 2019 Award Agreement") (the 2018 Award Agreement and the 2019 Award Agreement, collectively, the "Award Agreements"). The 2018 Award Agreement provided for a "Distribution Threshold" of $.75 per Unit for 3,000,000 Units and the 2019 Award Agreement provided for a "Distribution Threshold" of $.50 per Unit With respect to the 2018 Award Agreement, 600,000 Units are currently vested and, with respect to the 2019 Award Agreement, 600,000 Units are currently vested (all 1,200,000 vested Units, collectively, "the Vested Units"). All other Units granted under the Award Agreements are currently unvested (the "Unvested Units"). Executive hereby agrees that the Unvested Units have been forfeited and she has no further rights with respect thereto. In addition, Executive hereby agrees that the Vested Units

are hereby repurchased by Ultimate Parent for $0 (their current fair market value), and Executive shall have no further rights with respect thereto.

5. Executive agrees that she shall not advise or encourage any employee of the Operating Company or any affiliate to terminate employment with the Operating Company or such affiliate at any time.

6. Executive understands that any payments or benefits paid or granted to her pursuant to Sections 2 and 3 (other than in Section 2(b)) represent consideration for signing this Agreement and are not salary, payments or benefits to which she was already entitled. Executive understands and agrees that she will not receive the payments and benefits specified in Sections 2 and 3 (other than Section 2(c)) unless she executes this Agreement and does not revoke this Agreement within the time period permitted herein.

7. Executive hereby acknowledges and agrees that the confidentiality, nonsolicitation, noncompetition, and inventions covenants applicable to her by virtue of her employment by the Operating Company and equity holdings in Ultimate Parent pursuant to Section 8 of the Award Agreements shall continue in full force and effect in accordance with their terms. In addition to her existing nondisparagement obligations, Executive hereby agrees that she shall not disparage, denigrate or otherwise make any statement that could impair the reputation, goodwill or interests of any of the Company Released Parties.

8. Except as specifically provided herein, Executive knowingly and voluntarily (for herself, her family, and her heirs, executors, administrators and assigns) releases and forever discharges the Petco Affiliated Entities and their subsidiaries and affiliates and all present and former directors, managers, partners, officers, agents, representatives, employees, successors and assigns of the Petco Affiliated Entities and their subsidiaries and affiliates and the Petco Affiliated Entities' direct or indirect owners (collectively, the "Company Released Parties") from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (in each case, through the Effective Date) and whether known or unknown, suspected, or claimed against any of the Company Released Parties which Executive or any of her heirs, family members, executors, administrators or assigns, may have, which arise out of or are connected with her employment with, or her separation or termination from, the Operating Company (including, but not limited to, any allegation, claim or violation, arising under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; the Fair Labor Standards Act; or their state or local counterparts; or under any other federal, state or local civil or human rights law, or under any other local, state, or federal law, regulation or ordinance; or under any public policy, contract or tort, or under common law; or arising under any policies, practices or procedures of the Petco Affiliated Entities; or any claim for wrongful discharge, breach of contract, infliction of emotional distress, defamation; or any claim for costs, fees,

or other expenses, including attorneys' fees incurred in these matters) (all of the foregoing collectively referred to herein as the "Executive Claims"); except that she does not waive or release (a) any rights or claims for vested benefits under the tax-qualified retirement plans or other benefit plans or programs of any Petco Affiliated Entity, (b) any rights or claims she may have to indemnification by any Petco Affiliated Entity pursuant to the governing documents of such Petco Affiliated Entity or any agreement between Executive and such Petco Affiliated Entity, or (c) any rights or claims of Executive pursuant to this Agreement.

9. Section 1542 of the Civil Code of the State of California ("Section 1542") provides: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY. Executive waives all rights under Section 1542 or any other law or statute of similar effect in any jurisdiction with respect to the Executive Claims. Executive acknowledges that she understands the significance and specifically assumes the risk regarding the consequences of such release and such specific waiver of Section 1542.

10. Executive represents that she has made no assignment or transfer of any right, claim, demand, cause of action, or other matter covered by this Agreement.

11. Each of Executive and the Petco Affiliated Entities agrees that this Agreement does not waive or release any rights or claims that Executive may have under the Age Discrimination in Employment Act of 1967 which arise after the date she executes this Agreement.

12. In signing this Agreement, Executive acknowledges and intends that it shall be effective as a bar to each and every one of the Executive Claims hereinabove mentioned or implied. She expressly consents that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Executive Claims, if any, as well as those relating to any other Executive Claims hereinabove mentioned or implied. Executive acknowledges and agrees that this waiver is an essential and material term of this Agreement and that without such waiver the Petco Affiliated Entities would not have agreed to the terms and conditions hereof. Executive further agrees that in the event she should bring an Executive Claim seeking damages against the Petco Affiliated Entities, or in the event Executive should seek to recover against the Petco Affiliated Entities in any Executive Claim brought by a governmental agency on her behalf, this Agreement shall serve as a complete defense to such Executive Claims and Company Claims to the extent released hereunder. Executive further agrees that she is not aware of any pending charges or complaints of the type described as Executive Claims in Section 8 as of the Effective Date.

13. Executive agrees that neither this Agreement, nor the furnishing of the consideration for this Agreement, shall be deemed or construed at any time to be an admission by any Petco Affiliated Entity of any improper or unlawful conduct.

14. Executive agrees that if she violates this Agreement by suing any Company Released Party or participating in any such lawsuit, she will pay all costs and expenses of defending against the suit incurred by the Company Released Parties, including reasonable attorneys' fees.

15. Executive agrees that this Agreement is confidential and agrees not to disclose any information regarding the terms and conditions of this Agreement, except to her immediate family (or trusts for her or their benefit) and any tax, legal or other counsel she has consulted regarding the meaning or effect hereof or as required by law, and she will instruct each of the foregoing not to disclose the same to anyone.

16. Executive agrees to reasonably cooperate with the Petco Affiliated Entities in any internal investigation, any administrative, regulatory, or judicial proceeding or any dispute with a third party. She understands and agrees that her cooperation may include, but not be limited to, making herself available to the Petco Affiliated Entities upon reasonable notice for interviews and factual investigations; appearing at the Petco Affiliated Entities' request to give testimony without requiring service of a subpoena or other legal process; volunteering to the Petco Affiliated Entities pertinent information received by her in her capacity as Chief Supply Officer or otherwise; and turning over to the Petco Affiliated Entities all relevant documents which are or may have come into her possession in her capacity as Chief Supply Officer or otherwise, all at times and on schedules that are reasonably consistent with her other permitted activities and commitments.

17. Notwithstanding anything in this Agreement to the contrary, this Agreement will not result in the relinquishment, diminishment, or any other effect upon any rights or claims arising out of any breach by the Petco Affiliated Entities or by Executive of this Agreement on or after the date hereof.

18. Amounts payable hereunder are subject to all tax and other legally-required withholdings.

19. No right to receive payments and benefits under this Agreement shall be subject to set off, offset, anticipation, commutation, alienation, assignment, encumbrance, charge, pledge or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law.

20. Any notices provided for in this Agreement shall be in writing and shall be either personally delivered by a nationally recognized overnight courier service, to the recipient at the address indicated below, or to any replacement address of which a party hereto gives written notice to the other parties:

NOTICES TO EXECUTIVE:

Laura Wilkin

NOTICES TO OPERATING COMPANY:

Petco Animal Supplies Stores, Inc.
10850 Via Frontera
San Diego, CA 92127
Attn: Chief Legal Officer & Corporate Secretary

NOTICES TO PETCO AFFILIATED ENTITIES:

c/o CVC Capital Partners Advisory (U.S.), Inc.
One Maritime Plaza, Suite 1610
300 Clay Street, San Francisco, CA 94111

and

c/o Canada Pension Plan Investment Board
One Queen Street East, Suite 2500
Toronto, ON, M5C 2W5
Attn: Maximilian Biagosch

With a copy (which will not constitute notice) to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166
Attn: Sean P. Griffiths

21. This Agreement, together with the Letter Agreement, the Special Bonus Agreement, the Award Agreements, and the Partnership Agreement, represent the entire understanding and agreement between the parties as to the subject matter hereof and supersede all prior agreements, arrangements and understandings between them concerning the subject matter hereof, and any subsequent written agreements shall be construed to change, amend, alter, repeal or invalidate this Agreement only to the extent that this Agreement is specifically identified in and made subject to such other written agreements and is executed by all parties hereto. The provisions of this Agreement may be waived only with the prior written consent of the parties hereto, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

22. This Agreement and its performance will be construed and interpreted in accordance with the laws of the State of California, without regard to principles of conflicts of law that would apply the substantive law of any other jurisdiction.

23. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

24. This Agreement may be executed in several counterparts, including by .PDF or .GIF attachment to email or by facsimile, each of which is deemed to be an original, and all of which taken together constitute one and the same agreement.

BY SIGNING THIS AGREEMENT, I REPRESENT AND AGREE THAT:

1. I HAVE READ IT CAREFULLY;
2. I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;
3. I VOLUNTARILY CONSENT TO EVERYTHING IN IT;
4. I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;
5. I HAVE HAD AT LEAST 21 DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE SUBSTANTIALLY IN ITS FINAL FORM ON AUGUST 13, 2019;
6. I UNDERSTAND THAT I HAVE SEVEN DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;
7. I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND
8. I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF EACH PETCO AFFILIATED ENTITY AND BY ME.

[Signature Page Follows]

IN WITNESS whereof, the parties hereto have executed this Agreement as of the day and year first written above.

Laura Wilkin

/s/ Laura A. Wilkin

PETCO ANIMAL SUPPLIES STORES, INC.

By: /s/ Michelle Bonfilio
Name: Michelle Bonfilio
Title: Chief Human Resources Officer

SCOOBY LP

By: /s/ Cameron Breitner
Name: Cameron Breitner
Title: President

PET ACQUISITION LLC

By: /s/ Michelle Bonfilio
Name: Michelle Bonfilio
Title: Chief Human Resources Officer

RETENTION BONUS AGREEMENT

This Retention Bonus Agreement (Agreement) is effective on April 1, 2020, by and between Michelle Bonfilio (hereinafter "Employee") and Petco Animal Supplies Stores., Inc. (hereinafter "Company"). In consideration of the mutual promises made herein, the Company and Employee agree as follows.

1. **Purpose of Retention Bonus.** Employee is being offered a Retention Bonus in order to encourage Employee to remain employed with the Company through February 1, 2022. The "Retention Period" shall begin on April 1, 2020 and shall end on February 1, 2022. This Agreement shall not modify the duration of the Employee's employment with the Company, and the Employee remains an employee-at-will during the entire time of employment with the Company.

2. **Retention Bonus Amount.** The Company shall pay to Employee a total amount of $500,000.00, less applicable state and federal taxes and withholdings, as a Retention Bonus if Employee remains employed during the entire Retention Period and complies with all other conditions stated in this Agreement and otherwise meets all conditions precedent to earn the Retention Bonus. The Retention Bonus shall be subject to standard withholdings.

3. **Conditions Required To Earn Retention Bonus Payment.** In addition to remaining employed during the Retention Period, Employee also must comply with the following conditions to receive a Retention Bonus Payment:

(a) Resignation and Termination for Cause. Employee shall not resign Employee's employment prior to the end of the Retention Period, nor shall Employee commit any action that results in a performance problem or violation of Company policy, which leads to termination for cause. The term "cause" is defined for purposes of this Agreement to include any act of dishonesty or disloyalty, fraud, conviction of a felony or conviction of a misdemeanor involving moral turpitude, and/or willful misconduct in the performance of Employee's job duties. If either of these events occurs prior to the end of the Retention Period, Employee shall not earn the full Retention Bonus and may be obligated to repay a portion of the Retention Bonus already paid in compliance with Section 5 below;

(b) Compliance with Applicable Laws. Employee shall at all times comply with laws (whether domestic or foreign) applicable to Employee's actions on behalf of the Company; and

4. **Payment of Retention Bonus**: If Employee is employed through the Retention Period, the Retention Bonus will be paid out in accordance with the following payment schedule:

(a) **First Payment Installment:** Company shall pay Employee $100,000.00, less applicable state and federal taxes and withholdings, on the first pay period following March 31, 2021;

(b) **Second Payment Installment:** Company shall pay Employee $400,00.00, less applicable state and federal taxes and withholdings, on the first pay period following February 1, 2022 (collectively, "Installment Payments").

5. **Forfeiture/Repayment of Retention Bonus.** Employee agrees that in the event Employee does not earn the Retention Bonus, in full or in part, because Employee did not fulfill the obligations set forth above in Section 3, then Employee agrees to either forfeit future Installment Payments and/or repay previous Installment Payments already made as follows:

(a) **Resignation:** If the Retention Bonus is not earned because Employee resigns employment prior to the end of the Retention Period, Employee agrees to forfeit any future unpaid Installment Payments as set forth in Section 4 above. Employee shall retain and not be required to repay any previous Installment Payments that were already made.

(b) **Termination for Cause:** If the Retention Bonus is not earned because Employee is terminated for cause, Employee agrees to repay any previous Installment Payments already made within 10 business days of being notified of such termination. The Company agrees to provide Employee with notice of this fact and request that repayment of all previous Installment Payments be made within 10 business days. Employee further understands that if he fails to repay the previous Installment Payment already made within the 10 business days, that Employee will be in breach of this Agreement and that the Company can take legal action to recover the any previous Installment Payments made but unearned.

(c) **Death, Disability, or Termination Without Cause:** If the Retention Bonus is not earned because Employee dies, becomes disabled and unable to work, or is terminated without cause, Employee shall be entitled to the full Retention Bonus. Employee shall retain and not be required to repay any previous Installment Payments already made, as well as, be entitled to payment of any future Installment Payments payable in compliance with Section 4 above.

6. **Miscellaneous.**

(a) This Agreement constitutes the entire agreement of the parties with regard to the Retention Bonus. Any modification of this Agreement will be effective only if it is in writing and signed by both the Company and Employee;

(b) The provisions of this Agreement shall not supersede or modify the provisions of any employment agreement, confidentiality agreement, or relationship between Employee and the Company. This Agreement does not supersede, replace or limit the rights and obligations of the Company and Employee with respect to such matters imposed by law or other agreements;

(c) The headings in this Agreement are intended solely for the convenience of reference and should be given no effect in the construction or interpretation of this Agreement; and

(d) Should any provision of this Agreement be held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall be unaffected and shall continue in full force and effect, and the invalid, void or unenforceable provision(s) shall be deemed not to be part of this Agreement.

7. **Governing Law.** This Agreement shall be governed in all respects by the laws of the State of California.

IT IS SO AGREED.

DATED: 10/1/2020

/s/ Michelle Bonfilio

Michelle Bonfilio

DATED: 11/11/2020

Petco Animal Supplies Stores, Inc.

By: /s/ Ron Coughlin

Title: Chief Executive Officer

PETCO HEALTH AND WELLNESS COMPANY, INC.
2020 EMPLOYEE STOCK PURCHASE PLAN

1. Purpose

The purpose of this Petco Health and Wellness Company, Inc. 2020 Employee Stock Purchase Plan (the "***Plan***") is to provide employees of the Company and its Designated Subsidiaries with an opportunity to purchase Common Stock through accumulated Contributions. The Company's intention is to have Plan qualify as an "employee stock purchase plan" under Section 423 of the Code. The provisions of the Plan, accordingly, will be construed so as to extend and limit Plan participation in a uniform and nondiscriminatory basis consistent with the requirements of Section 423 of the Code.

2. Definitions.

(a) "***Administrator***" means the Compensation Committee of the Board (or any successor committee) or such other committee as designated by the Board to administer the Plan under Section 14.

(b) "***Applicable Laws***" means the requirements relating to the administration of equity-based awards under U.S. state corporate laws, U.S. federal and state securities laws, the Code, any stock exchange or quotation system on which the Common Stock is listed or quoted and the applicable laws of any foreign country or jurisdiction where options are, or will be, granted under the Plan.

(c) "***Board***" means the Board of Directors of the Company.

(d) "***Code***" means the Internal Revenue Code of 1986, as amended from time to time, and the rulings and regulations issued thereunder.

(e) "***Common Stock***" means the Class A common stock of the Company, $0.001 par value per share.

(f) "***Company***" means Petco Health and Wellness Company, Inc., a Delaware corporation, and any successor corporation.

(g) "***Compensation***" means an Eligible Employee's base salary or base hourly rate of pay before deduction for any salary deferral contributions made by the Eligible Employee to any tax-qualified or nonqualified deferred compensation plan, but excluding commissions, overtime, incentive compensation, bonuses and other forms of compensation. The Administrator, in its discretion, may, on a uniform and nondiscriminatory basis, establish a different definition of Compensation for an Offering Period.

(h) "***Contributions***" means the payroll deductions and any other additional payments that the Administrator may permit to be made by a Participant to fund the exercise of options granted pursuant to the Plan.

(i) "***Designated Subsidiary***" means any Subsidiary that has been designated by the Administrator from time to time in its sole discretion as eligible to participate in the Plan. As of the date of adoption of the Plan, the Designated Subsidiaries consist exclusively of: Petco Animal Supplies Stores, Inc.

(j) "***Eligible Employee***" means any person, including an officer, who is employed by the Company or a Designated Subsidiary. For purposes of the Plan, the employment relationship shall be treated as continuing intact while the individual is on sick leave or other leave of absence approved by the Company. Where the period of leave exceeds 90 days and the individual's right to reemployment is not guaranteed either by statute or by contract, the employment relationship shall be deemed to have terminated on the 91st day of such leave. "Eligible Employee" shall not include any person who is a citizen or resident of a foreign jurisdiction if granting them an option under the Plan would violate the law of such jurisdiction, or if compliance with the laws of the jurisdiction would cause the Plan to violate Section 423 of the Code.

(k) "***Employer***" means the Company and each Designated Subsidiary.

(l) "***Enrollment Date***" means the first Trading Day of each Offering Period.

(m) "***Exchange Act***" means the Securities Exchange Act of 1934, as amended, including the rules and regulations promulgated thereunder.

(n) "***Exercise Date***" means the last Trading Day of each Purchase Period.

(o) "***Fair Market Value***" means as of any date, the value of the Common Stock determined as follows: (i) if the Common Stock is listed on any established stock exchange, system or market, its Fair Market Value shall be the closing price for the Common Stock as quoted on such exchange, system or market as reported in the Wall Street Journal or such other source as the Administrator deems reliable (or, if no sale of Common Stock is reported for such date, on the next preceding date on which any sale shall have been reported); and (ii) in the absence of an established market for the Common Stock, the Fair Market Value thereof shall be determined in good faith by the Administrator.

(p) "***New Exercise Date***" means a new Exercise Date if the Administrator shortens any Offering Period then in progress.

(q) "***Offering***" means an offer under the Plan of an option that may be exercised during an Offering Period as further described in Section 4. For purposes of the Plan, the Administrator may designate separate Offerings under the Plan (the terms of which need not be identical) in which Employees of one or more Employers will participate, even if the dates of the applicable Offering Periods of each such Offering are identical and the provisions of the Plan will separately apply to each Offering. To the extent permitted by Treasury Regulation Section 1.423-2(a)(1), the terms of each Offering need not be identical provided that the terms of the Plan and an Offering together satisfy Treasury Regulation Sections 1.423-2(a)(2) and (a)(3).

(r) "***Offering Periods***" means the periods established by the Administrator (not to exceed 27 months) during which an option granted pursuant to the Plan may be exercised. The duration and timing of Offering Periods may be changed pursuant to Sections 4, 18 and 19. The

first Offering Period shall commence on the date the Common Stock is first publicly traded and end on the last day of the Company's third full fiscal quarter in 2022, and subsequent Offering Periods shall be each twelve-month period (four full fiscal quarters) commencing after the first Offering Period ends.

(s) "***Parent***" means a "parent corporation," whether now or hereafter existing, as defined in Section 424(e) of the Code.

(t) "***Participant***" means an Eligible Employee who elects to participate in the Plan.

(u) "***Purchase Period***" means the period during an Offering Period which shares of Common Stock may be purchased on a Participant's behalf in accordance with the terms of the Plan. During the first Offering Period, the Purchase Period will begin on the date the Common Stock is first publicly traded and end on the last day of the Company's third full fiscal quarter in 2021, and subsequent Purchase Periods shall be each six-month period (two full fiscal quarters) commencing thereafter. Unless the Administrator determines otherwise, each Purchase Period will be a six-month period (two full fiscal quarters).

(v) "***Purchase Price***" means an amount equal to 85% of the Fair Market Value of a share of Common Stock on the Enrollment Date or on the Exercise Date, whichever is lower; provided however, that the Purchase Price may be determined for subsequent Offering Periods by the Administrator subject to compliance with Section 423 of the Code (or any other applicable law, regulation or stock exchange rule) or pursuant to Section 18.

(w) "***Subsidiary***" means a "subsidiary corporation," whether now or hereafter existing, as defined in Section 424(f) of the Code.

(x) "***Trading Day***" means a day on which the national stock exchange upon which the Common Stock is listed is open for trading or, if the Common Stock is not listed on an national stock exchange, a business day as determined by the Administrator in good faith.

(y) "***Treasury Regulations***" means the Treasury regulations of the Code. Reference to a specific Treasury Regulation or Section of the Code shall include such Treasury Regulation or Section, any valid regulation promulgated under such Section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such Section or regulation.

3. Eligibility.

(a) *Offering Periods*. Any Eligible Employee on a given Enrollment Date will be eligible to participate in the Plan if he or she was employed by the Company for at least 14 days immediately preceding the Enrollment Date, subject to the requirements of Section 5; provided, however, that an Eligible Employee who commences employment with the Company or a Designated Subsidiary following such 14-day period will be eligible to participate in the Plan at the beginning of the next Purchase Period to occur that is at least 14 days following the commencement of his or her employment with the Company or a Designated Subsidiary. Eligible Employees who do not elect to participate in the Plan on a given Enrollment Date may elect to

participate in the Plan at the beginning of any subsequent Purchase Period as determined by the Administrator.

(b) *Non-U.S. Employees*. Employees who are citizens or residents of a non-U.S. jurisdiction (without regard to whether they also are citizens or residents of the United States or resident aliens (within the meaning of Section 7701(b)(1)(A) of the Code)) may be excluded from participation in the Plan or an Offering if the participation of such Employees is prohibited under the laws of the applicable jurisdiction or if complying with the laws of the applicable jurisdiction would cause the Plan or an Offering to violate Section 423 of the Code. In addition, as provided in Section 14, the Administrator may establish one or more sub-plans of the Plan (which may, but are not required to, comply with the requirements of Section 423 of the Code) to provide benefits to employees of Designated Subsidiaries located outside the United States in a manner that complies with local law. Any such sub-plan will be a component of the Plan and will not be a separate plan.

(c) *Limitations*. Any provisions of the Plan to the contrary notwithstanding, no Eligible Employee will be granted an option under the Plan (i) to the extent that, immediately after the grant, such Eligible Employee (or any other person whose stock would be attributed to such Eligible Employee pursuant to Section 424(d) of the Code) would own capital stock of the Company or any Parent or Subsidiary of the Company and/or hold outstanding options to purchase such stock possessing 5% or more of the total combined voting power or value of all classes of the capital stock of the Company or of any Parent or Subsidiary of the Company, or (ii) to the extent that his or her rights to purchase stock under all employee stock purchase plans (as defined in Section 423 of the Code) of the Company or any Parent or Subsidiary of the Company accrues at a rate, which exceeds $25,000 worth of stock (determined at the Fair Market Value of the stock at the time such option is granted) for each calendar year in which such option is outstanding at any time, as determined in accordance with Section 423 of the Code and the regulations thereunder.

4. Offering Periods

The Plan will be implemented by consecutive Offering Periods with new Offering Periods commencing at such times as determined by the Administrator. The Administrator will have the power to change the duration of Offering Periods (including the commencement dates thereof) without stockholder approval.

5. Participation

An Eligible Employee may participate in the Plan by (i) submitting to the Company's Human Resources department (or its delegate), on or before a date determined by the Administrator prior to an applicable Enrollment Date (or prior to the first day of the applicable Purchase Period, as provided under Section 3(a)), a properly completed subscription agreement authorizing Contributions in the form provided by the Administrator for such purpose, or (ii) following an electronic or other enrollment procedure determined by the Administrator.

6. Contributions

(a) At the time a Participant enrolls in the Plan pursuant to Section 5, such Participant will elect to have payroll deductions made on each pay day or other Contributions (to the extent

permitted by the Administrator) made during the Offering Period (or portion thereof) in an amount not exceeding 15% of the Compensation (or such other percentage of Compensation as determined by the Administrator in its sole discretion), which he or she receives on each pay day during the Offering Period; provided, however, that should a pay day occur on an Exercise Date, a Participant will have any payroll deductions made on such day applied to his or her notional account under the subsequent Purchase Period or Offering Period. The Administrator, in its sole discretion, may permit all Participants in a specified Offering to contribute amounts to the Plan through payment by cash, check or other means set forth in the subscription agreement prior to each Exercise Date of each Purchase Period. A Participant's subscription agreement will remain in effect for successive Offering Periods unless terminated as provided in Section 10.

(b) Payroll deductions for a Participant will commence on the first pay day following the Enrollment Date (or such later date on which a Participant enrolls in the Plan pursuant to Section 5) and will end on the last pay day prior to the Exercise Date of such Purchase Period to which such authorization is applicable, unless sooner terminated by the Participant as provided in Section 10; provided, however, that with respect to the first Offering Period, payroll deduction for a Participant will not commence until such time as determined by the Administrator.

(c) All Contributions made for a Participant will be credited to his or her notional account under the Plan and payroll deductions will be made in whole percentages only. Except to the extent permitted by the Administrator pursuant to Section 6(a), a Participant may not make any additional payments into such notional account.

(d) A Participant may discontinue his or her participation in the Plan as provided in Section 10. Participants shall not be permitted to increase or to otherwise decrease their rates of Contributions during a Purchase Period unless otherwise determined by the Administrator in its sole discretion; provided, however, Participants shall be permitted to increase or decrease their rates of Contributions effective as of the beginning of each Purchase Period.

(e) Notwithstanding the foregoing, to the extent necessary to comply with Section 423(b)(8) of the Code, a Participant's Contributions may be decreased to 0% at any time during a Purchase Period. Subject to Section 423(b)(8) of the Code, Contributions will recommence at the rate originally elected by the Participant effective as of the beginning of the first Purchase Period scheduled to end in the following calendar year, unless terminated by the Participant as provided in Section 10.

(f) At the time the option under the Plan is exercised, in whole or in part, or at the time some or all of the Common Stock issued under the Plan is disposed of (or any other time that a taxable event related to the Plan occurs), the Participant must make adequate provision for the Company's or Employer's federal, state, local or any other tax liability payable to any authority including taxes imposed by jurisdictions outside of the United States, national insurance, social security or other tax withholding obligations, if any, which arise upon the exercise of the option or the disposition of the Common Stock (or any other time that a taxable event related to the Plan occurs). At any time, the Company or the Employer may, but will not be obligated to, withhold from the Participant's compensation the amount necessary for the Company or the Employer to meet applicable withholding obligations, including any withholding required to make available to the Company or the Employer any tax deductions or benefits attributable to sale or early

disposition of Common Stock by the Eligible Employee. In addition, the Company or the Employer may, but will not be obligated to, withhold from the proceeds of the sale of Common Stock or any other method of withholding the Company or the Employer deems appropriate to the extent permitted by Treasury Regulation Section 1.423-2(f).

7. Grant of Option

On the Enrollment Date of each Offering Period, each Eligible Employee participating in such Offering Period (or any Purchase Period within such Offering Period) will be granted an option to purchase on each Exercise Date during such Offering Period (at the applicable Purchase Price) up to a number of shares of Common Stock determined by dividing such Eligible Employee's Contributions accumulated prior to such Exercise Date and retained in the Eligible Employee's notional account as of the Exercise Date by the applicable Purchase Price; provided, however, that in no event will an Eligible Employee be permitted to purchase during each Purchase Period more than 5,000 shares of Common Stock (subject to any adjustment pursuant to Section 18); provided, further, that such purchase will be subject to the limitations set forth in Sections 3(c) and 13. The Eligible Employee may accept the grant of such option by electing to participate in the Plan in accordance with the requirements of Section 5. The Administrator may, for future Offering Periods, increase or decrease, in its absolute discretion, the maximum number of shares of Common Stock that an Eligible Employee may purchase during each Purchase Period of an Offering Period. Exercise of the option will occur as provided in Section 8, unless the Participant has withdrawn pursuant to Section 10. The option will expire on the last day of the Offering Period.

8. Exercise of Option

(a) Unless a Participant withdraws from the Plan as provided in Section 10, such Participant's option for the purchase of shares of Common Stock will be exercised automatically on the Exercise Date, and the maximum number of full shares subject to the option will be purchased for such Participant at the applicable Purchase Price with the accumulated Contributions from his or her notional account. No fractional shares of Common Stock will be purchased; unless determined by the Administrator, any Contributions accumulated in a Participant's notional account that are not sufficient to purchase a full share will be retained in the Participant's notional account for the subsequent Purchase Period or Offering Period, subject to earlier withdrawal by the Participant as provided in Section 10. Any other funds left over in a Participant's notional account after the Exercise Date will be returned to the Participant. During a Participant's lifetime, a Participant's option to purchase shares hereunder is exercisable only by him or her.

(b) If the Administrator determines that, on a given Exercise Date, the number of shares of Common Stock with respect to which options are to be exercised may exceed (i) the number of shares of Common Stock that were available for sale under the Plan on the Enrollment Date of the applicable Offering Period, or (ii) the number of shares of Common Stock available for sale under the Plan on such Exercise Date, the Administrator may in its sole discretion (x) provide that the Company will make a pro rata allocation of the shares of Common Stock available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all Participants exercising options to purchase Common Stock on such Exercise Date, and continue all Offering Periods then in effect, or (y) provide that the Company will make a pro rata allocation of the shares

available for purchase on such Enrollment Date or Exercise Date, as applicable, in as uniform a manner as will be practicable and as it will determine in its sole discretion to be equitable among all participants exercising options to purchase Common Stock on such Exercise Date, and terminate any or all Offering Periods then in effect pursuant to Section 19. The Company may make a pro rata allocation of the shares available on the Enrollment Date of any applicable Offering Period pursuant to the preceding sentence, notwithstanding any authorization of additional shares for issuance under the Plan by the Company's stockholders subsequent to such Enrollment Date.

9. Delivery

As soon as reasonably practicable after each Exercise Date on which a purchase of shares of Common Stock occurs, the Company will arrange the delivery to each Participant of the shares purchased upon exercise of his or her option in a form determined by the Administrator (in its sole discretion) and pursuant to rules established by the Administrator. The Company may permit or require that shares be deposited directly with a broker designated by the Company or to a designated agent of the Company, and the Company may utilize electronic or automated methods of share transfer. The Company may require that shares be retained with such broker or agent for a designated period of time and/or may establish other procedures to permit tracking of disqualifying dispositions of such shares. No Participant will have any voting, dividend, or other stockholder rights with respect to shares of Common Stock subject to any option granted under the Plan until such shares have been purchased and delivered to the Participant as provided in this Section 9.

10. Withdrawal

A Participant may withdraw all, but not less than all, the Contributions credited to his or her notional account and not yet used to exercise his or her option under the Plan at any time by (a) submitting to the Company's human resources department (or its delegate) a written notice of withdrawal in the form determined by the Administrator for such purpose, or (b) following an electronic or other withdrawal procedure determined by the Administrator. All of the Participant's Contributions credited to his or her notional account will be paid to such Participant as soon as reasonably practicable after receipt of notice of withdrawal and such Participant's option for the Offering Period will be automatically terminated, and no further Contributions for the purchase of shares will be made for such Offering Period. If a Participant withdraws from an Offering Period, Contributions will not resume at the beginning of the succeeding Offering Period, unless the Participant re-enrolls in the Plan in accordance with the provisions of Section 5.

11. Termination of Employment

Upon a Participant's ceasing to be an Eligible Employee, for any reason, he or she will be deemed to have elected to withdraw from the Plan and the Contributions credited to such Participant's notional account during the Offering Period but not yet used to purchase shares of Common Stock under the Plan will be returned to such Participant or, in the case of his or her death, to the person or persons entitled thereto under Section 15, and such Participant's option will be automatically terminated.

12. Interest

No interest will accrue on the Contributions of a participant in the Plan, except as may be required by Applicable Law, as determined by the Company, and if so required by the laws of a particular jurisdiction, shall apply to all Participants in the relevant Offering except to the extent otherwise permitted by Treasury Regulation Section 1.423-2(f).

13. Stock

(a) Subject to adjustment upon changes in capitalization of the Company as provided in Section 18 hereof, the maximum number of shares of Common Stock that will be made available for sale under the Plan will be shares of Common Stock.

(b) Until the shares are issued (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company), a Participant will only have the rights of an unsecured creditor with respect to such shares, and no right to vote or receive dividends or any other rights as a stockholder will exist with respect to such shares.

(c) Shares of Common Stock to be delivered to a Participant under the Plan will be registered in the name of the Participant or in the name of the Participant and his or her spouse.

14. Administration

The Plan shall be administered by the Administrator. The Board shall fill vacancies on, and from time to time may remove or add members to, the Administrator. Any power of the Administrator may also be exercised by the Board. The Administrator will have full and exclusive discretionary authority to construe, interpret and apply the terms of the Plan, to designate separate Offerings under the Plan, to determine eligibility, to adjudicate all disputed claims filed under the Plan and to establish such procedures that it deems necessary for the administration of the Plan (including, without limitation, to adopt such procedures and sub-plans as are necessary or appropriate to permit the participation in the Plan by employees who are foreign nationals or employed outside the United States, the terms of which sub-plans may take precedence over other provisions of this Plan, with the exception of Section 13(a), but unless otherwise superseded by the terms of such sub-plan, the provisions of this Plan shall govern the operation of such sub-plan). Unless otherwise determined by the Administrator, the Employees eligible to participate in each sub-plan will participate in a separate Offering. Without limiting the generality of the foregoing, the Administrator is specifically authorized to adopt rules and procedures regarding eligibility to participate, the definition of Compensation, handling of Contributions, making of Contributions to the Plan (including, without limitation, in forms other than payroll deductions), establishment of bank or trust accounts to hold Contributions, payment of interest, conversion of local currency, obligations to pay payroll tax, determination of beneficiary designation requirements, withholding procedures and handling of stock certificates that vary with applicable local requirements. The Administrator also is authorized to determine that, to the extent permitted by Treasury Regulation Section 1.423-2(f), the terms of an option granted under the Plan or an Offering to citizens or residents of a non-U.S. jurisdiction will be less favorable than the terms of options granted under the Plan or the same Offering to employees resident solely in the United States. The Administrator hereby delegates to and designates the Chief Human Resources Officer of the Company (or such

other officer with similar authority), and to his or her delegates or designates, the authority to assist the Administrator in the day-to-day administration of the Plan. The Administrator may also delegate some or all of its responsibilities to one or more other persons (which may include Company personnel) and, to the extent there has been any such delegation, any reference in the Plan to the Administrator shall include the delegate of the Administrator. Every finding, decision and determination made by the Administrator will, to the full extent permitted by Applicable Laws, be final and binding upon all parties.

15. Designation of Beneficiary

(a) If permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any shares of Common Stock and cash, if any, from the Participant's notional account under the Plan in the event of such Participant's death subsequent to an Exercise Date on which the option is exercised but prior to delivery to such Participant of such shares and cash. In addition, if permitted by the Administrator, a Participant may file a designation of a beneficiary who is to receive any cash from the Participant's notional account under the Plan in the event of such Participant's death prior to exercise of the option. If a Participant is married and the designated beneficiary is not the spouse, spousal consent will be required for such designation to be effective.

(b) Such designation of beneficiary may be changed by the Participant at any time by notice in a form determined by the Administrator. In the event of the death of a Participant and in the absence of a beneficiary validly designated under the Plan who is living at the time of such Participant's death, the Company will deliver such shares and/or cash to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed (to the knowledge of the Company), the Company, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Company, then to such other person as the Company may designate.

(c) All beneficiary designations will be in such form and manner as the Administrator may designate from time to time. Notwithstanding Sections 15(a) and 15(b), the Company and/or the Administrator may decide not to permit such designations by Participants in non-U.S. jurisdictions to the extent permitted by Treasury Regulation Section 1.423-2(f).

16. Transferability

Neither Contributions credited to a Participant's notional account nor any rights with regard to the exercise of an option or to receive shares of Common Stock under the Plan may be assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution or as provided in Section 15) by the Participant. Any such attempt at assignment, transfer, pledge or other disposition will be without effect, except that the Company may treat such act as an election to withdraw funds from an Offering Period in accordance with Section 10 hereof.

17. Use of Funds

The Company may use all Contributions received or held by it under the Plan for any corporate purpose, and the Company will not be obligated to segregate such Contributions except under

Offerings in which applicable local law requires that Contributions to the Plan by Participants be segregated from the Company's general corporate funds and/or deposited with an independent third party for Participants in non-U.S. jurisdictions. Until shares of Common Stock are issued, Participants will only have the rights of an unsecured creditor with respect to such shares.

18. Adjustments, Dissolution, Liquidation, Merger or Other Corporate Transaction

(a) *Adjustments*. In the event that any dividend or other distribution (whether in the form of cash, Common Stock, other securities, or other property), recapitalization, stock split, reverse stock split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Stock or other securities of the Company, or other change in the corporate structure of the Company affecting the Common Stock occurs, the Administrator, in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan, will, in such manner as it may deem equitable, adjust the number and class of Common Stock that may be delivered under the Plan, the Purchase Price per share and the number of shares of Common Stock covered by each option under the Plan that has not yet been exercised, and the numerical limits of Sections 7 and 13.

(b) *Dissolution or Liquidation*. In the event of the proposed dissolution or liquidation of the Company, any Offering Period then in progress will be shortened by setting a New Exercise Date, and will terminate immediately prior to the consummation of such proposed dissolution or liquidation, unless provided otherwise by the Administrator. The New Exercise Date will be before the date of the Company's proposed dissolution or liquidation. The Administrator will notify each Participant in writing or electronically, prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10.

(c) *Merger or Other Corporate Transaction*. In the event of a merger, sale or other similar corporate transaction involving the Company, each outstanding option will be assumed or an equivalent option substituted by the successor corporation or a Parent or Subsidiary of the successor corporation. In the event that the successor corporation refuses to assume or substitute for the option, the Offering Period with respect to which such option relates will be shortened by setting a New Exercise Date on which such Offering Period shall end. The New Exercise Date will occur before the date of the Company's proposed merger, sale or other similar corporate transaction. The Administrator will notify each Participant in writing or electronically prior to the New Exercise Date, that the Exercise Date for the Participant's option has been changed to the New Exercise Date and that the Participant's option will be exercised automatically on the New Exercise Date, unless prior to such date the Participant has withdrawn from the Offering Period as provided in Section 10.

19. Amendment or Termination

(a) The Administrator, in its sole discretion, may amend, suspend, or terminate the Plan, or any part thereof, at any time and for any reason. If the Plan is terminated, the Administrator, in its discretion, may elect to terminate all outstanding Offering Periods either immediately or upon completion of the purchase of shares of Common Stock on the next Exercise

Date (which may be sooner than originally scheduled, if determined by the Administrator in its discretion), or may elect to permit Offering Periods to expire in accordance with their terms (and subject to any adjustment pursuant to Section 18). If the Offering Periods are terminated prior to expiration, all amounts then credited to Participants' notional accounts that have not been used to purchase shares of Common Stock will be returned to the Participants (without interest thereon, except as otherwise required under local laws, as further set forth in Section 12) as soon as administratively practicable.

(b) Without stockholder consent and without limiting Section 19(a), the Administrator will be entitled to change the Offering Periods or Purchase Periods, designate separate Offerings, limit the frequency and/or number of changes in the amount withheld during an Offering Period, establish the exchange ratio applicable to amounts withheld in a currency other than U.S. dollars, permit payroll withholding in excess of the amount designated by a Participant in order to adjust for delays or mistakes in the Company's processing of properly completed withholding elections, establish reasonable waiting and adjustment periods and/or accounting and crediting procedures to ensure that amounts applied toward the purchase of Common Stock for each Participant properly correspond with Contribution amounts, and establish such other limitations or procedures as the Administrator determines in its sole discretion advisable that are consistent with the Plan.

(c) In the event the Administrator determines that the ongoing operation of the Plan may result in unfavorable financial accounting consequences, the Administrator may, in its discretion and, to the extent necessary or desirable, modify, amend or terminate the Plan to reduce or eliminate such accounting consequence including, but not limited to:

(i) amending the Plan to conform with the safe harbor definition under the Financial Accounting Standards Board Accounting Standards Codification Topic 718 (or any successor thereto), including with respect to an Offering Period underway at the time;

(ii) altering the Purchase Price for any Offering Period or Purchase Period including an Offering Period or Purchase Period underway at the time of the change in Purchase Price;

(iii) shortening any Offering Period or Purchase Period by setting a New Exercise Date, including an Offering Period or Purchase Period underway at the time of the Administrator action;

(iv) reducing the maximum percentage of Compensation a Participant may elect to set aside as Contributions; and

(v) reducing the maximum number of Shares a Participant may purchase during any Offering Period or Purchase Period.

Such modifications or amendments will not require stockholder approval or the consent of any Plan Participants.

20. Notices

All notices or other communications by a Participant to the Company under or in connection with the Plan will be deemed to have been duly given when received in the form and manner specified by the Company at the location, or by the person, designated by the Company for the receipt thereof.

21. Conditions Upon Issuance of Shares

(a) Shares of Common Stock will not be issued with respect to an option unless the exercise of such option and the issuance and delivery of such shares pursuant thereto will comply with all applicable provisions of law, domestic or foreign, including the Securities Act of 1933, as amended, the Exchange Act, the rules and regulations promulgated thereunder, and the requirements of any stock exchange upon which the shares may then be listed, and will be further subject to the approval of counsel for the Company with respect to such compliance.

(b) As a condition to the exercise of an option, the Company may require the person exercising such option to represent and warrant at the time of any such exercise that the shares are being purchased only for investment and without any present intention to sell or distribute such shares if, in the opinion of counsel for the Company, such a representation is required by any of the aforementioned applicable provisions of Applicable Law.

22. Term of Plan

The Plan will become effective upon the earlier to occur of its adoption by the Board or its approval by the stockholders of the Company. It will continue in effect until terminated pursuant to Section 19.

23. Stockholder Approval

The Plan will be subject to approval by the stockholders of the Company within 12 months after the date the Plan is adopted by the Board. Such stockholder approval will be obtained in the manner and to the degree required under Applicable Laws.

24. Governing Law

This Plan and any agreements or other documents hereunder shall be interpreted and construed in accordance with the laws of the State of Delaware and applicable federal law. Any reference in this Plan or in any agreements or other documents hereunder to a provision of law or to a rule or regulation shall be deemed to include any successor law, rule or regulation of similar effect or applicability.

25. Severability

If any provision of the Plan is or becomes or is deemed to be invalid, illegal, or unenforceable for any reason in any jurisdiction or as to any Participant, such invalidity, illegality or unenforceability shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as to such jurisdiction or Participant as if the invalid, illegal or unenforceable provision had not been included.

26. Interpretation

Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference and shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof. Words in the masculine gender shall include the feminine gender, and where appropriate, the plural shall include the singular and the singular shall include the plural. The use herein of the word "including" following any general statement, term or matter shall not be construed to limit such statement, term or matter to the specific items or matters set forth immediately following such word or to similar items or matters, whether or not non-limiting language (such as "without limitation", "but not limited to", or words of similar import) is used with reference thereto, but rather shall be deemed to refer to all other items or matters that could reasonably fall within the broadest possible scope of such general statement, term or matter. References herein to any agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and not prohibited by the Plan.

EXHIBIT A

PETCO HEALTH AND WELLNESS COMPANY, INC.
2020 EMPLOYEE STOCK PURCHASE PLAN

SUBSCRIPTION AGREEMENT

_____ Original Application
_____ Change in Payroll Deduction Rate

Offering Date:_____

1. hereby elects to participate in the Petco Health and Wellness Company, Inc. 2020 Employee Stock Purchase Plan (the "***Plan***") and subscribes to purchase shares of the Company's Common Stock in accordance with this Subscription Agreement and the Plan. Capitalized terms used but not defined in this Subscription Agreement have the meanings provided under the Plan

2. I hereby authorize payroll deductions from each paycheck in the amount of ____% of my Compensation on each payday (from 0% to 15%) during the Offering Period in accordance with the Plan, commencing with the next Offering Period; provided that, in no event may more than $25,000 of Common Stock be purchased under the Plan in any calendar year. (Please note that no fractional percentages are permitted.)

3. I understand that said payroll deductions will be accumulated for the purchase of shares of Common Stock at the applicable Purchase Price determined in accordance with the Plan. I understand that if I do not withdraw from an Offering Period, any accumulated payroll deductions will be used to automatically exercise my option and purchase Common Stock under the Plan.

4. I have received a copy of the complete Plan and its accompanying prospectus. I understand that my participation in the Plan is in all respects subject to the terms of the Plan.

5. Shares of Common Stock purchased for me under the Plan should be issued in the name(s) of _____ (Eligible Employee or Eligible Employee and Spouse only).

6. I understand that if I dispose of any shares received by me pursuant to the Plan within two years after the Offering Date (the first day of the Offering Period during which I purchased such shares), I will be treated for federal income tax purposes as having received ordinary income at the time of such disposition in an amount equal to the excess of the fair market value of the shares at the time such shares were purchased by me over the price that I paid for the shares. I acknowledge and agree that the shares must remain in a brokerage account specified by the Company until at least 12 months following the Exercise Date and may not be sold by me until at least 12 months after the applicable Exercise Date. The Company may, but will not be obligated to, withhold from my compensation the amount necessary to meet any applicable withholding obligation including any withholding necessary to make available to the Company any tax

deductions or benefits attributable to sale or early disposition of Common Stock by me. If I dispose of such shares at any time after the expiration of the two-year holding period, I understand that I will be treated for federal income tax purposes as having received income only at the time of such disposition, and that such income will be taxed as ordinary income only to the extent of an amount equal to the lesser of (a) the excess of the fair market value of the shares at the time of such disposition over the purchase price which I paid for the shares, or (b) 15% of the fair market value of the shares on the first day of the Offering Period. The remainder of the gain, if any, recognized on such disposition will be taxed as capital gain.

7. I hereby agree to be bound by the terms of the Plan. The effectiveness of this Subscription Agreement is dependent upon my eligibility to participate in the Plan.

Employee's Social Security #: _____

Employee's Address: _____

_____

I UNDERSTAND THAT THIS SUBSCRIPTION AGREEMENT WILL REMAIN IN EFFECT THROUGHOUT SUCCESSIVE OFFERING PERIODS UNLESS TERMINATED BY ME.

_____ Date: _____

Signature

EXHIBIT B

PETCO HEALTH AND WELLNESS COMPANY, INC.
2020 EMPLOYEE STOCK PURCHASE PLAN

NOTICE OF WITHDRAWAL

The undersigned participant in the Offering Period of the Petco Health and Wellness Company, Inc. 2020 Employee Stock Purchase Plan that began on _____, _____ (the "***Offering Date***") hereby notifies the Company that he or she hereby withdraws from the Offering Period. He or she hereby directs the Company to pay to the undersigned as soon as reasonably practicable all the payroll deductions credited to his or her notional account with respect to such Offering Period. The undersigned understands and agrees that his or her option for such Offering Period will be automatically terminated. The undersigned understands further that no further payroll deductions will be made for the purchase of shares in the current Offering Period and the undersigned will be eligible to participate in succeeding Offering Periods only by delivering to the Company a new Subscription Agreement.

Participant's Name: _____

Participant's Address: _____

_____

_____ Date: _____

Signature

Exhibit 16.1

November 20, 2020

Securities and Exchange Commission
Washington, D.C. 20549

Ladies and Gentlemen:

We were previously principal accountants for Petco Holdings, Inc. LLC ("Petco Holdings"), a consolidated, wholly owned subsidiary of PET Acquisition LLC ("PET Acquisition"), and, under the date of March 23, 2020, we reported on the consolidated financial statements of Petco Holdings as of and for the fiscal years ended February 2, 2019 and February 1, 2020. On July 6, 2020, we were dismissed as Petco Holdings' auditor. We have read PET Acquisition's statements included in its Form S-1 dated November 20, 2020, and we agree with such statements, except we are not in a position to agree or disagree with PET Acquisition's statements regarding that (a) the appointment of Ernst & Young LLP ("Ernst & Young") was approved by PET Acquisition's audit committee on July 17, 2020 for Petco Holdings and on September 30, 2020 for PET Acquisition and (b) Ernst & Young was not consulted regarding either the application of accounting principles to a specified transaction or the type of opinion that might be rendered on Petco Holdings' consolidated financial statements.

Very truly yours,

/s/ KPMG LLP