

**PETCO Animal Supplies, Inc.**  
**Charter of the Audit Committee of the Board of Directors**

---

**First adopted on April 17, 2002, amended on March 12, 2003  
amended on March 10, 2004, and last amended on March 14, 2006**

This Audit Committee Charter (this "Charter") was adopted by the Board of Directors (the "Board") of PETCO Animal Supplies, Inc. (the "Company") on March 10, 2004.

**I. Audit Committee Purpose**

The Audit Committee is appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Audit Committee's primary duties and responsibilities are to:

- Monitor the integrity of the Company's financial reporting process, systems of internal controls related to finance, accounting and legal compliance, and the Code of Ethics;
- Monitor the independence and performance of the Company's independent auditors;
- Provide an avenue of communication among independent auditors, internal auditors, management and the Board.

The Audit Committee has direct access to the independent auditors, internal auditors and to any personnel within the Company it deems appropriate from time to time. The Audit Committee has the authority to retain, at the Company's expense, special legal, accounting, or other consultants or experts it deems necessary in the performance of its duties.

The Audit Committee's responsibility is limited to oversight. Although the Audit Committee has the responsibilities set forth in this Charter, it is not the responsibility of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements and disclosure are complete and accurate and are in accordance with generally accepted accounting principles ("GAAP") and applicable laws, rules and regulations. These are the responsibilities of management and the independent auditors.

Further, auditing literature, particularly Statement of Accounting Standards No. 71, defines the term "review" to include a particular set of required procedures to be undertaken by independent auditors. The members of the Audit Committee are not independent auditors, and the term "review" as used in this Charter is not intended to have that meaning and should not be interpreted to suggest that the Audit Committee members can or should follow the procedures required of auditors performing reviews of financial statements.

**PETCO Animal Supplies, Inc.**  
**Charter of the Audit Committee of the Board of Directors**

---

**II. Audit Committee Composition and Meetings**

Audit Committee members shall meet the requirements, including the independence standards, of The NASDAQ Stock Market ("NASDAQ"), the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations of the Securities and Exchange Commission ("SEC"). The Audit Committee shall be comprised of three or more independent, non-employee directors, each of whom shall be appointed by the Board and serve at the discretion of the Board. Each Committee member must be able to read and understand fundamental financial statements, including a company's balance sheet, income statement, and cash flow statement. At least one Audit Committee member must be an "audit committee financial expert," in accordance with the requirements of NASDAQ and the definition adopted by the SEC.

1. The Audit Committee shall meet at least once during each fiscal quarter, with authority to convene additional meetings as circumstances require.
2. The Audit Committee members shall appoint a chair of the Audit Committee (the "Chair") [note: this is a change made to the form of charter filed with the 2003 proxy].
3. The Chair shall prepare and / or approve an agenda in advance of each meeting.
4. The Audit Committee shall have the authority to establish its own rules and procedures consistent with the bylaws of the Company for notice and conduct of its meetings should the Audit Committee, in its discretion, deem it desirable to do so.
5. The Audit Committee shall meet privately in executive session periodically with each of management, the independent auditors, internal auditors, and as a committee to discuss any matters that the Audit Committee or each of these groups believe should be discussed.
6. The Audit Committee may include in its meetings members of the Company's financial management, other financial personnel employed or retained by the Company and any other persons whose presence the Audit Committee believes to be necessary or appropriate.
7. The Audit Committee will make itself available to the independent auditors as required, to discuss any significant findings based upon the auditors' quarterly review procedures. The Audit Committee will expect the independent auditors to communicate to the Chair in the event of the need for such a meeting.
8. Committee members may not serve on more than two other public company audit committees unless the Board determines in advance that the ability of the director to serve effectively on the Company's Audit Committee would not be impaired. If the Board determines that a director can serve effectively on more than two other public company audit committees, the Board will disclose a specific explanation of its determination in the annual proxy statement.

**PETCO Animal Supplies, Inc.**  
**Charter of the Audit Committee of the Board of Directors**

---

### **III. Audit Committee Responsibilities and Duties**

#### **Review Procedures:**

1. The Audit Committee shall review and reassess the adequacy of this Charter at least annually, submit any recommended changes to the Board for its consideration and have the Charter published in accordance with SEC regulations.
2. The Audit Committee shall review and discuss with management the Company's annual audited financial statements and Form 10-K prior to filing. Based on such review and discussion, and based on the disclosures received from and discussions with the independent auditors regarding their independence and other matters required by this Charter to be discussed with the independent auditors, the Audit Committee shall determine whether to recommend to the Board that the audited financial statements be included in the Form 10-K for the fiscal year subject to the audit.
3. Periodically, the Audit Committee shall consider the integrity of the Company's financial reporting processes and controls.
4. The Audit Committee shall review and consider significant findings prepared by the independent auditors together with management's responses.
5. The Audit Committee shall review with management and the independent auditors any significant matters identified as a result of the independent auditors' interim review procedures prior to the filing of each Form 10-Q.
6. If communicated by the independent auditors, the Audit Committee shall discuss any significant changes to the Company's accounting principles and any items required to be communicated by the independent auditors in accordance with Statement of Auditing Standards No. 61.

#### **Independent Auditors:**

7. The independent auditors are ultimately accountable to the Audit Committee and the Board. The Audit Committee shall review the performance of the auditors and annually recommend to the Board the appointment of the independent auditors or approve any discharge of auditors where circumstances warrant. The Audit Committee shall be directly responsible and have sole authority for the appointment, compensation, retention and oversight of the work of the independent auditors (including resolution of any disagreements between Company management and the independent auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the Company, and the independent auditors shall report directly to the Audit Committee. The Company shall provide for appropriate funding, as determined by the Audit Committee, for payment of compensation to the independent auditors for the purpose of rendering or issuing an audit report.

**PETCO Animal Supplies, Inc.**  
**Charter of the Audit Committee of the Board of Directors**

---

8. The Audit Committee shall receive from the independent auditors, at least annually, a written statement delineating all relationships between the independent auditors and the Company, consistent with the Independence Standards Board Standard 1. The Audit Committee shall actively engage in a dialogue with the independent auditors with respect to any disclosed relationships or services that, in the view of the Audit Committee, may impact the objectivity and independence of the independent auditors and will recommend that the Board take any appropriate action in response to the independent auditors' report to satisfy itself of the independence of the independent auditors.
9. Except as permitted under the de minimus exception for non-audit services described in Section 10A(i)(1)(B) of the Exchange Act and any rules of the SEC thereunder, the Audit Committee shall pre-approve the hiring or retention of the independent auditors for any audit related services (including comfort letters and statutory audits) or permitted non-audit services and shall pre-approve the fees and other significant compensation to be paid to the independent auditors and any other terms of the engagement of the independent auditors. The Audit Committee may delegate to one or more designated members of the Audit Committee the authority to grant the required pre-approvals, *provided* that such approvals are presented to the Audit Committee at a subsequent meeting. In addition, the Audit Committee may establish pre-approval mechanisms as it deems appropriate, with subsequent full ratification by the Audit Committee.
10. The Audit Committee shall review the independent auditors' audit plan annually, including their plan for quarterly reviews; such plan may include scope, staffing, locations, reliance upon management, general audit approach and proposed fees and will be presented for review by the independent auditors at a time specified by the Audit Committee.
11. The Audit Committee shall confirm with the independent auditors that the independent auditors are in compliance with the partner rotation requirements established by the SEC.
12. Prior to the release of year-end earnings, the Audit Committee will discuss the results of the audit with the independent auditors and any required communications to be made to the Audit Committee as determined by the independent auditors.
13. The Audit Committee shall, if applicable, consider whether the independent auditors' provision of any permitted information technology services or other non-audit services to the Company is compatible with maintaining the independence of the independent auditors.
14. The Audit Committee shall discuss with the independent auditors the report that such auditors are required to make to the Audit Committee regarding: (A) all accounting policies and practices to be used that the independent auditors identify as critical; (B) all alternative treatments within GAAP for policies and practices related to material items that have been discussed among management and the independent auditors, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditors; and (C) all other material written communications between the independent auditors and management of the Company, if any.

**PETCO Animal Supplies, Inc.**  
**Charter of the Audit Committee of the Board of Directors**

---

**Internal Audit Services:**

15. The Audit Committee shall review at least annually with management and the Chief Audit Executive (CAE) the Internal Audit Services Charter and the plans, activities, staffing and organizational structure of the internal audit function.
16. The Audit Committee will approve the appointment or termination of the CAE, ratify the annual budget for the CAE function and ratify CAE performance and compensation on an annual basis.
17. Management shall furnish to the Audit Committee a copy of each significant audit report prepared by the CAE and any responses from management.
18. The Audit Committee shall, at its discretion, meet with the CAE to discuss any reports prepared by the CAE or any other matters brought to their attention by the CAE.
19. The CAE shall have unfettered access to the Audit Committee.

**Other:**

20. On at least an annual basis, review with management any legal matters that could have a significant impact on the Company's financial statements, the Company's compliance with applicable laws and regulations and inquiries, if any, received from regulators or government agencies.
21. The Audit Committee shall review all related party transactions on an ongoing basis and all such transactions must be approved by the Audit Committee.
22. Provide the report required by Item 306 of Regulation S-K of the SEC.
23. The Audit Committee shall be primarily responsible for establishing procedures for (i) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (ii) the confidential and anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters, each in accordance with Section 10A(m)(4) of the Exchange Act and the SEC rules and regulations promulgated thereunder.
24. Maintain minutes of meetings and periodically report to the Board on significant results of the foregoing activities.
25. Perform any other activities consistent with this Charter, the Company's bylaws and governing law, as the Audit Committee or the Board deems necessary or appropriate.