



April 1, 2020

Dear Landlord,

The Corona Virus global pandemic has put unprecedented strain on the retail industry.

Although today in many places Petco stores remain open, this status is tenuous given the rapid degradation in all economic activity. Even though many of our stores continue to be open, our business is and will be for the foreseeable future, meaningfully damaged:

- With millions of customers on lock down across the country, overall our traffic has fallen by over 50%, which has been exacerbated by the closure of neighboring non-grocery retailers;
- Much of our Pet Services have been shuttered or scaled back meaningfully;
- Sales of pet supplies, a major portion of our business, has dropped off significantly; and
- For animal safety purposes, we are forced to significantly reduce our live animal business.

Further we have had unforeseen additional cost increases across the board, in labor, logistics, and critical supplies as we have had to modify our business to ensure the safety of customers and partners.

We continue to anticipate a significant economic impact to our business based on both closure and severely limited offering scenarios. We have no indication on when this will normalize.

As a result of the uncertainty of our own open status, the major economic impact to meaningful parts of our business, and anticipated widespread co-tenancy and frustration of purpose issues, we are reducing our rent payment to 25% of the normal obligation. Please note that we are making this payment under protest and duress and in anticipation of potential further withholding. We believe this reflects both our financial reality in these drastic times and a good faith acknowledgement of our role in the greater business ecosystem. We also anticipate that this payment assists you in continuing your operational obligations under the lease.

We would like nothing more than to return to a normal cycle of business with all our partners, especially landlords who support our store base. We take seriously our responsibility to ensure the long-term viability of our business for the benefit of customers, our employees and our business partners like you.

Thank you for your understanding and we look forward to working with you in the coming weeks.

Sincerely,
Petco Animal Supplies Stores, Inc.