



As a company dedicated to improving the lives of pets and Pet Parents, we are committed to being environmentally conscious by developing innovative and sustainable approaches for our unique resource needs.

MESSAGE FROM OUR CHAIRMAN & CEO

At PetSmart, environmental sustainability is about finding ways to endure. It's about redesigning our work in ways that help us realize our potential and protect our environment at the same time. It's about getting rid of work that doesn't benefit us or our surroundings, and finding new, more sensitive ways to do the work that sustains us. It's about using less, and being more efficient.

With that in mind, I'm pleased to introduce our Environmental Sustainability Report. This year's report demonstrates our work in delivering on our commitment to being an environmentally responsible company.

In the report you will learn more about:

- Our Think Twice™ platform
- The four components of Sustainability at PetSmart
- Our Carbon and Sustainability Footprinting for 2009 and 2010
- The projects we have undertaken to be a more sustainable company
- The steps we are taking to inspire and engage our associates with regard to sustainability

We believe environmental sustainability opportunities inspire innovation and reduce our environmental impact while often times creating value for our Pet Parents and our shareholders. We know that sustainability is a lifelong commitment and are excited to see progress and improvements throughout the company.

As you read this report, I hope it inspires you to think of ways to drive sustainability in your personal and professional lives.

Think Twice,

Bob Moran



THINK TWICE™

Doing something differently requires a conscious effort.

Think Twice™ was created at PetSmart to illuminate, inspire and involve associates in environmental sustainability. It's built on the idea that doing something different requires a conscious effort. It's a down to earth concept that asks associates to "think twice" before doing what they might normally do. It challenges us to make different, more sustainable decisions. It can be as simple as recycling a water bottle, choosing to refill one, or not purchasing one at all. Building on simple changes, we can create a culture of environmental sustainability. This will allow us to pursue bigger opportunities to "think twice."

WHAT IS SUSTAINABILITY?

You've probably seen and heard many of these terms associated with "sustainability." But what is it really? The most common definition of sustainability is to "meet the needs of the present without compromising the ability of future generations to meet their own needs." Sustainability is the over arching concept, or umbrella, under which four equal components reside. Cultural, Economic, Environmental and Social considerations all play an equally important role in achieving sustainability.

But this is an Environmental Sustainability Report, right? Yes, this report specifically addresses the impacts that PetSmart has on the environment to support our business and, more importantly, what we're doing to address impacts. Any decisions we make must take into consideration the other three components.

SUSTAINABILITY AT PETSMART

Cultural Sustainability

It's about intangible threads that drive and define us as a company. Diversity is far more than race, age, gender, sexual orientation, abilities and national origin; but also language, culture, ideas and life experience! These qualities and the perspectives we bring to PetSmart as individuals, make us a stronger, more well-rounded "we."

Economic Sustainability

We believe in doing the right things to delight our customers, improve store productivity, drive differentiation and consistently promote shareholder value.

Environmental Sustainability

We believe we can reduce environmental dependencies and create business value through sustainable practices. Our goal is to create simple, informative and engaging ways to consider the environment in everything we do.

Social Sustainability

We believe in a broader and longer-term perspective when considering the impacts we have outside of PetSmart's four walls. It's about creating positive impacts in the communities in which we operate. We do this through PetSmart Charities®, our adoption partners, the United Way and volunteering. It's doing the right thing even when no one is looking.

Our Journey to Date

In the following pages, you'll get a look at our journey from awareness and commitment to environmental sustainability. It is important that each effort we undertake reduces environmental dependencies and creates business value.

ENVIRONMENTAL SUSTAINABILITY FOOTPRINTING

To understand the impact PetSmart has on natural resources, we took a holistic approach and included the baseline assessment of energy/carbon, water, waste and recycling. Our first footprint calculation was in 2008, and also included 2007 data. We've recently updated this information for 2009 and 2010.

From this, we're able to see opportunities for improvement. Carbon footprinting has several emerging protocols. We chose the Climate Registry to calculate our carbon impacts across all operations. It's a nonprofit organization that establishes consistent, transparent standards throughout North America for businesses and governments to calculate their carbon footprints in a single, unified manner. Unlike carbon reporting, there are no industry specific protocols for measuring and reporting on water, waste and recycling efforts. You'll find throughout this report we have chosen specific key metrics to track and report, including water consumption, waste production, and recycling efforts within our business.

In this report we've identified six Sustainable Priorities to reduce our environmental impacts:

- Energy/Carbon
- Recycling
- Waste
- Water
- Green Products & Partnerships
- Associate Engagement

Data that represents our impacts are included in each section, and success stories of what we're doing to reduce those impacts are highlighted.

SUSTAINABILITY COUNCIL

PetSmart created the Sustainability Council to bring together key leaders from each department to discuss how business issues can be solved through sustainable practices. The Council's goals are to evaluate practices and proposals solicited from both inside and outside PetSmart. The Council identifies, prioritizes and supports execution of viable proposals within the business. They promote two-way communication that fosters engagement across the business and act as the subject-matter expert for sustainability for each business unit.



LOOKING FORWARD TO 2012

What began as a grass roots effort in 2008, has developed into a strategy with a clear commitment to Think Twice™ in everything we do.

As we progress and learn more about our environmental impacts, we will strive to develop innovative and sustainable approaches for our unique resource needs. We will continue to inspire Pet Parents and engage associates by deepening the commitment in our organization. It's a commitment we take seriously, not just because we should, but because we believe it is the right thing to do.

Energy/Carbon

Lighting, heating and cooling over 1,200 stores requires a lot of energy. The majority of carbon emissions are generated from the production of electricity and fuels.

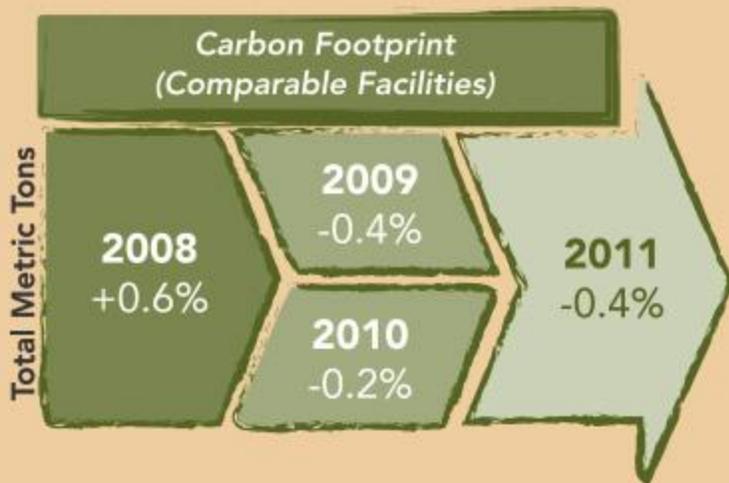
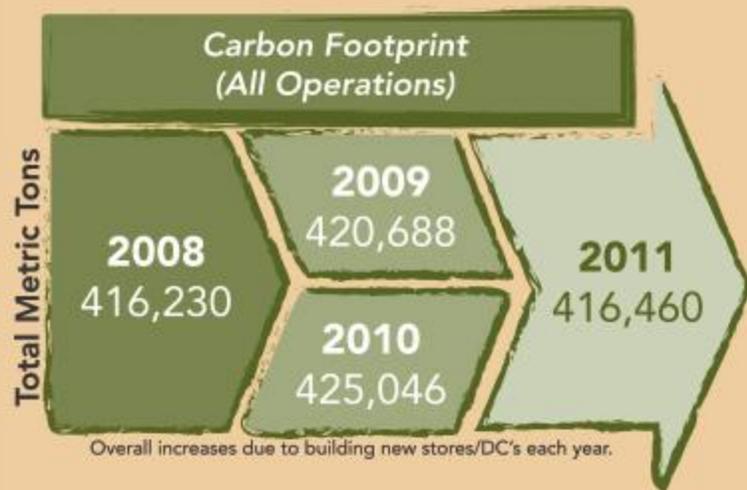
What is a carbon footprint?

A carbon footprint is a measure of the impact our activities have on the environment. It is a calculation of the greenhouse gases we produce, and is measured in metric tons of carbon dioxide equivalents.

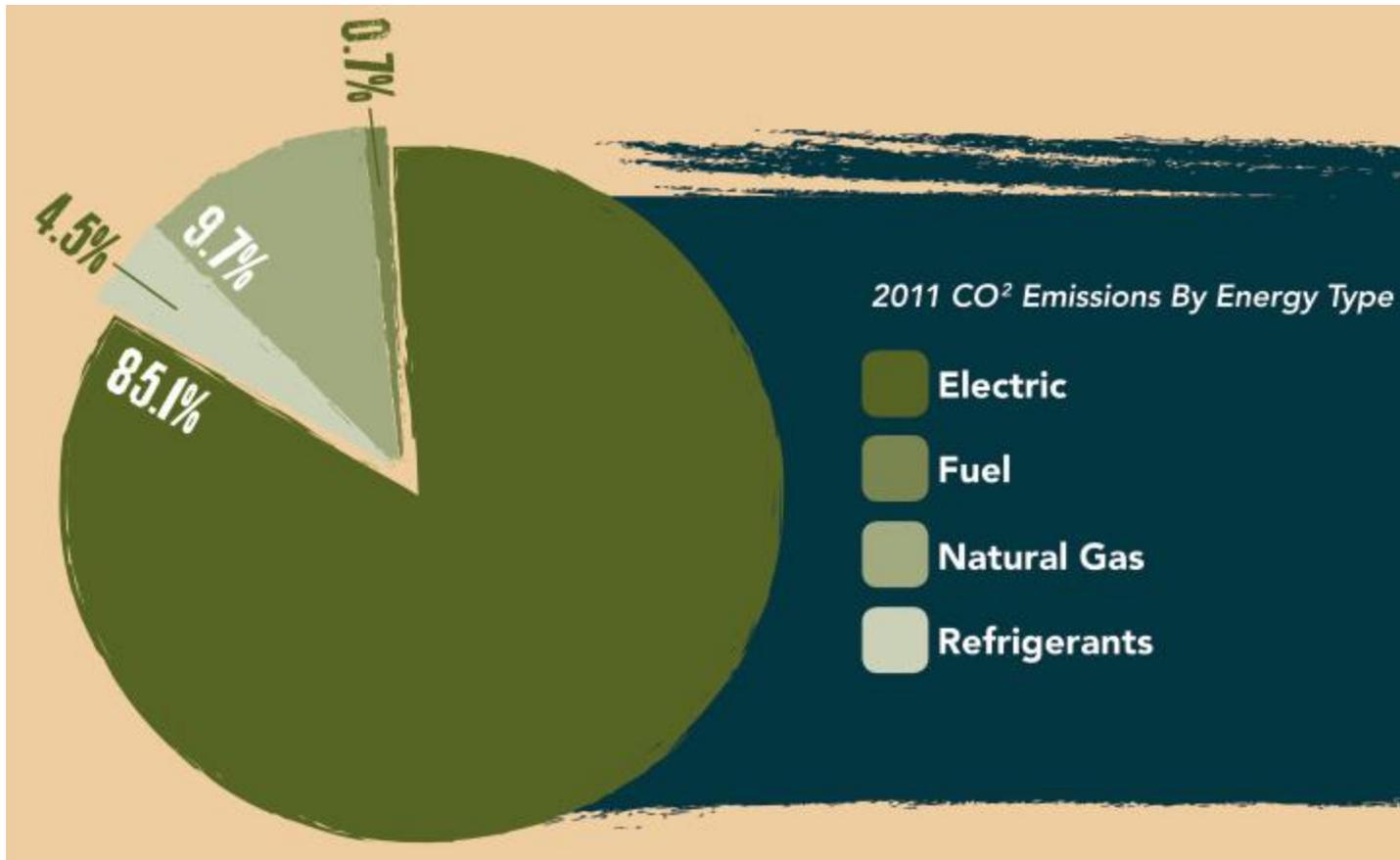
Energy Management

Reducing Energy Consumption

The Energy Management team works to proactively manage PetSmart's utility consumption while maintaining a quality store environment for our Pet Parents, pets and associates. We do this by developing energy procurement strategies that increase awareness of how business actions impact utility cost and consumption in the store environment.







Energy Management Systems (EMS)

We have EMS systems in all stores that have the latest technological advancements for automating control of energy consuming equipment.

Advanced Damper Strategy Test

We rolled out a new cooling strategy to more than 600 stores which improves the use of the HVAC fan and damper operation. This strategy saves energy by pre-cooling the store without running the compressors, overall reducing the wear and tear on the compressor systems.

Demand Response

Many utilities across the nation have implemented demand response programs to curtail electricity usage during peak times. Participation in demand response is voluntary but creates a benefit for the entire community by reducing the strain on the electric grid when it is working the hardest. We intend to expand our participation in these programs in 2012.

Information Systems

Our data centers perform all computing needs for the enterprise. In 2009 and 2010, we upgraded our servers and storage systems to save an estimated 1,400,000 kWh annually in electricity consumed. We also reduced the number of servers we operate through server virtualization and have upgraded desktops and monitors to higher energy efficient units that will save an additional 3,200,000 kWh per year and avoid eWaste.

Other Initiatives

Supply Chain

Transportation: Reducing Miles & Reducing Emissions

We are eliminating unnecessary miles in the transportation of our goods that travel by ground. We are consolidating trips – coordinating pickups to limit multiple carriers, using more full truck loads, using more rail for transportation, and upgrading our integrated fleet management system. Our ocean carriers participate in Slow Steaming, which is an efficient way to reduce fuel consumption. Many of our carriers are SmartWay® Partners, an EPA administered program, that educates carriers in the most efficient ways to conserve fuel and manage their fleets.

Distribution Centers (DCs): Increasing Efficiency & Reducing Energy Use

PetSmart has made tremendous gains toward making our DCs more energy efficient. In 2009 and 2010, four Distribution Centers switched from using metal halide lamps to energy efficient fluorescent lamps. This allows us to realize several key benefits, such as reduced energy use and an extended re-lamp cycle.

Polished Concrete Floors in Stores

PetSmart stores traditionally had vinyl composition tile (VCT) floors. Over the past 18 months, we've been installing diamond ground, polished and stained concrete floors in 4 out of 5 of our new stores and retrofitting some of our older stores. By eliminating tile, we've eliminated the need for floor wax or stripper, as well as any caustic or acidic cleaning compounds.

PetSmart's First LEED Silver Certified Distribution Center



PetSmart's DC in Reno, Nevada was awarded LEED Silver Certification under the U.S. Green Building Council's (USGBC) Leadership for Energy and Environmental Design (LEED). PetSmart transformed an already efficient building into a LEED Silver Certified distribution center. This building features a white reflective roof, high efficiency heating and cooling units, occupancy sensors and a fish-water recycling system using 90% less water than comparable systems. Some of the other upgrades included: purchase of chairs made of recycled content, green cleaning products, recycled content paper, ENERGY STAR qualified electronics and water efficient landscaping using 78% less water. To secure LEED certification, PetSmart focused on implementing environmentally sustainable programs and tactics within the facility. Sustainable design was one part of an overall approach, being mindful of the building's physical surroundings, the environment and the employees that would occupy the building.

Recycle



Recycling reduces the need for land filling and incineration, prevents pollution caused by the manufacturing of products from virgin materials and saves energy.

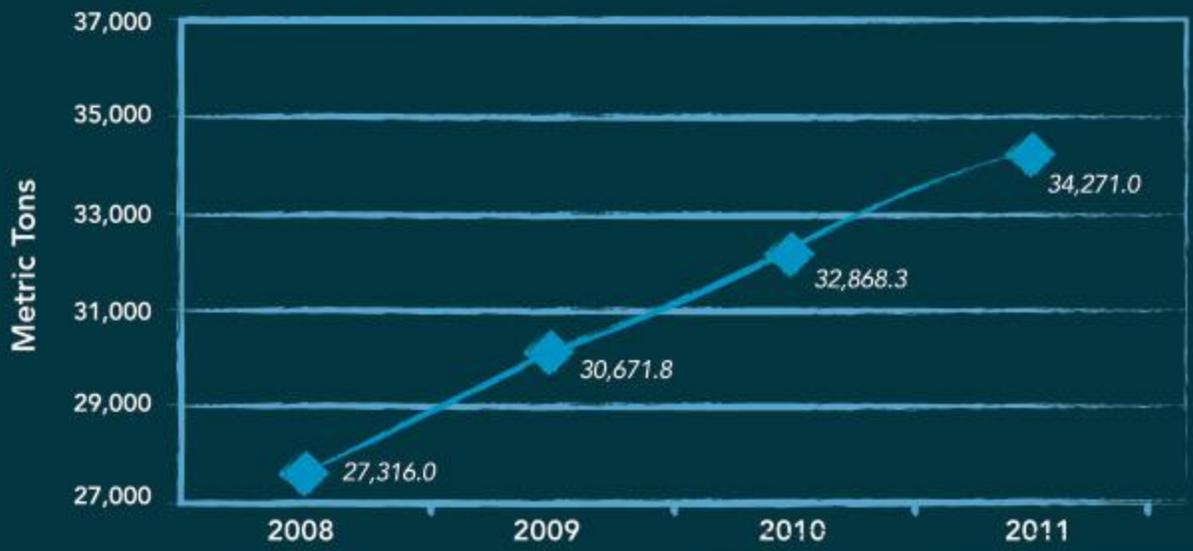
Fixture Refurbishing

In 2010, PetSmart began to look at alternative ways to control waste when updating store shelving. To ensure we were not just adding to the waste stream, we teamed up with a vendor to refurbish shelving and reuse it in new stores and remodels. This reduces the new shelves we purchase and reduces our environmental impact.

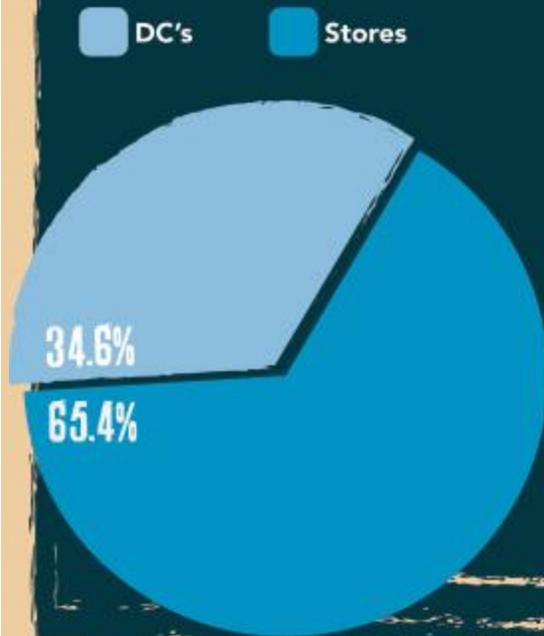
Stores & Store Support Group Campus Recycling

Computers and other discarded electronics are considered eWaste. In 2010, we recycled approximately 121,425 pounds of eWaste and 476,000 pounds of paper. We also saved 79,000 pounds of non-biodegradable waste through our use of remanufactured toner cartridges. In 2011, we hosted a "Drive Thru" Recycling Event at our Store Support Group campus that collected 2,100 pounds of eWaste. Additionally, we improved our recycling program at our Store Support Group campus to single-stream recycling, which has made it easier for associates to recycle a variety of common items in one convenient bin.

Recycling 4-Year Trend



2011% Recycling by Facility Type



% of Facilities Recycling



Waste

Any opportunity to remove items from our waste stream reduces the number of hauls required from our stores and diverts unnecessary waste from landfills and reduces cost.

Hardgoods Donation

Hardgoods include products such as beds, crates, leashes, bowls and other nonconsumable products. In 2011, we began to test a Hardgoods Donation program, which reduces our environmental impact by diverting waste from landfills and benefits our non-profit animal welfare partners.

Paper & Toner Reduction Contest

On July 1, 2011 Think Twice™ launched a Paper and Toner Reduction contest, which allowed associates from different areas to see their paper and toner use in comparison to the rest of their peers. This inspired paper-saving initiatives across PetSmart.

Store Support Group Campus Efforts

Our Human Resources team has moved away from printed training manuals and materials to all e-learning. This eliminates thousands of sheets of paper and eliminates the impacts of shipping these materials.

Our Store Operations team is continually looking at ways to operate our stores more efficiently. They identified 17 paper saving initiatives through a "Got Ideas" email inbox from our stores. Most notably, our "Price Right" initiative eliminates printing price-tag labels at each individual store. By utilizing a central vendor with more effective and efficient printers, we are reducing the toner and paper needed and eliminating wasteful printing.

In 2010 and 2011, our Accounts Payable team worked on an electronic payment initiative that eliminated 30% of paper used in the process.

PetSmart Charities® eliminated a process that generated over 35,000 sheets of paper faxes and created a self-serve PDF library to better serve our stores.

Additionally, our Legal team saved 22,000 sheets of paper by reexamining their lease processes.

Water

PetSmart uses water to support the business in our fish systems, hotels, salons, Banfield Pet Hospital®, and restrooms. We have improved our process in order to evaluate water use in stores and DC's. In locations where utilities do not directly bill us for service, we have estimated water use. This is reflected in our water usage for 2007 – 2010.

Reno, NV DC Fish System

Water-Saving Fish System

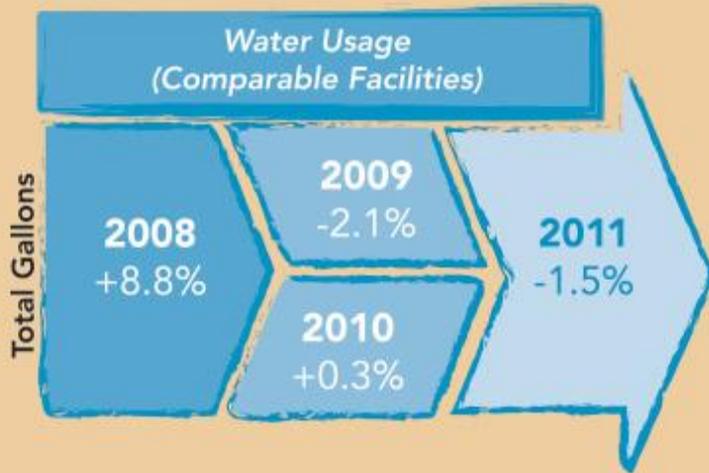
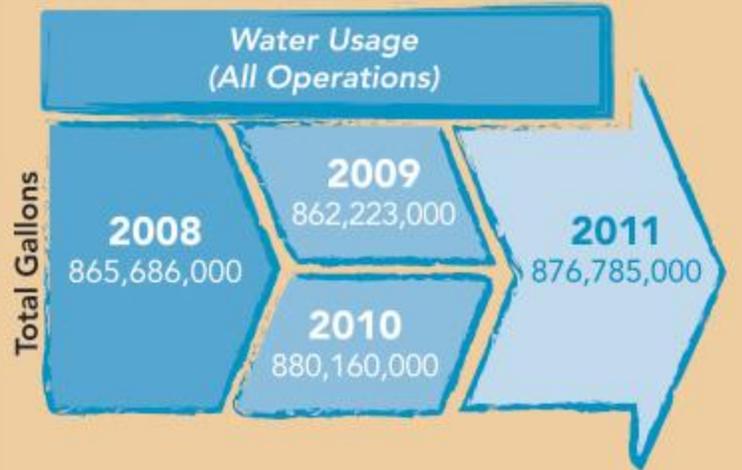
Our LEED Silver Certified Reno DC has a fish water distribution system that uses 90 percent less water than a comparable system.

How?

With a focus on water conservation, the building plans included construction of an underground 10,000 gallon water repository that supports a re-circulating function and reduces water discharge.

Store Water Efficiency Analysis: Reducing Water Consumption

Our stores have turned down their water flow meters in the fish systems, reducing incoming water flow. We continue to investigate innovative ways to reduce water use in our business to reduce our environmental impact.





2011 Water Usage By Facility Type

- DC
- Store Support Group
- PetHotel Stores
- Non Hotel Stores



Green Products and Partnerships

Internal and external partnerships provide a way to engage our vendors and associates in environmental sustainability efforts. Broadening our selection to include recycled content, reduced packaging and organic ingredients addresses a growing segment of our consumers.

Procurement Sustainable Supplier Questionnaire

Our Procurement Services team finds providers of a variety of products and services that our company uses. Our process involves understanding the industry, identifying trends and asking potential providers a lot of questions. What are you doing to use recycled products? What sustainable products can PetSmart use as a replacement for our current items? Our goal with asking these questions is to better understand our supplier's offerings as they relate to sustainability, and purchasing products and services that make environmental and business sense. Asking the right questions shows our supplier community that sustainability is important to our business.

PetSmart Charities® Enhanced Adoption Centers

An Enhanced Adoption Center (EAC) is the result of a collaborative effort between PetSmart Charities®, PetSmart®, a local animal welfare organization, and the community to save the lives of homeless pets. PetSmart Charities takes advantage of underutilized space within a PetSmart store. The result is a permanent in-store adoption center that accommodates both dogs and cats, is open daily during store hours, and is staffed and operated by the local partner. PetSmart contributes to saving lives of homeless pets and helps other nonprofit organizations continue the good work they do by donating materials taken out of the remodeled space. This keeps significant pounds of material out of landfills.

Sustainable Vendors - Natural Brands



Working with sustainably-minded vendors to offer sustainable packaging and feeding formulas.

Castor & Pollux™– They use a recyclable #7 plastic bag for their ORGANIX line and support sustainable agricultural practices by working with small family-farms that match their

company values. These formulas are carefully processed in a dedicated organic facility to maintain the integrity of organic ingredients going into the products, including no genetically modified or irradiated ingredients, or use of chemical pesticides or synthetic fertilizers. Organic, free-range chickens are given access to the outdoors, and are fed organic feed and the use of hormones and antibiotics are prohibited. The chickens are also certified humane under the Global Animal Partnership. Where possible, they choose suppliers that uphold the following sustainable practices: manage their farms in a responsible manner, maintain the fertility of the land and preserve resources for future generations, conserve soil resources through erosion-prevention, and animals are raised without routine use of antibiotics or hormones.

Blue Buffalo™– Through their initiative, Blue goes Green, Blue Buffalo is educating pet parents about their dog and cat food bags that feature Sustainable Forestry Initiative (SFI) certified fibers. Blue Buffalo provides natural, healthy and holistic foods for dogs and cats that contain no chicken or poultry by-product meals, artificial preservatives, corn, wheat or soy.

Del Monte™– Meow Mix and Milk Bone products are processed at manufacturing plants that have reached zero landfill status. Del Monte's average recycling rate at pet plants is 96% for calendar year 2011, up from 90% in 2010. Additionally, Del Monte is piloting on farm sustainability metrics with the National Resources Defense Council (NRDC) for the Stewardship Index for Specialty Crops, working with Del Monte growers to disclose their water, energy, fertilizer and pesticide practices on an annual basis.

Purina™– Purina One Beyond bags are printed™ with soy-based ink, made of 92% renewable materials, including SFI certified fibers and feature an inside liner which is made with bioplastic (a corn product).

Sustainable Facts

At PetSmart, all of our cat and dog wet food aluminum cans are recyclable.

Reusable Shopping Bag

Most plastic bags are not recycled. They end up in landfills where they'll remain for up to 1,000 years. With the world using about 1,000,000 plastic bags per minute, we're trying to do our part to reduce the use of plastic bags by providing a truly unique, reusable alternative.

In 2008, we launched the PetSmart Reusable Tote to help reduce the burden of plastic bag waste. Ten percent of bag sales are donated to support PetSmart Charities. Since their introduction, we have donated \$250,000 to PetSmart Charities.

Banfield Veterinary Hospital Partner

Reducing their environmental impact



Banfield Pet Hospital® has installed higher efficiency washers to reduce water use. In addition, they have reduced energy use through improvements in IS equipment technology and are utilizing more efficient packaging for syringes, which has led to a 85% reduction in the waste stream compared to prior packaging.

Associate Engagement



Through our Environmental Sustainability platform, Think Twice™, our goal is to create informative and engaging ways to illuminate, inspire and involve our associates, vendors and customers to consider the environment in everything they do.

Fresh Air Forum

PetSmart is driving engagement at the grass roots level by providing an outlet for green-minded associates called the Fresh Air Forum. The Fresh Air Forum is a series of informal roundtables where associates can learn about sustainability inside and outside PetSmart, share ideas for sustainable living and discuss opportunities within the business that are important to them. The Fresh Air Forum also features guest speakers to educate associates about sustainable living in our community.

In addition to the Fresh Air Forum meetings, we publish a bi-monthly Fresh Air newsletter that is distributed online to all Store Support Group associates to keep them informed on how to be more sustainable at home and at work.

Store Support Group Campus Event

In November 2010, we hosted a Sustainability Fair to bring together the community and local green vendors. We invited vendors to educate associates about solar panels, organic foods, vampire energy sources, water efficient fixtures, alternative fuel vehicles and sustainable ideas for the home.

Trip Reduction Program

The Store Support Group campus participates in the Trip Reduction Program (TRP) administered by Maricopa County, Arizona. PetSmart has committed to reaching the goal of reducing single occupant vehicle trips by 10% over five years. We're audited on a yearly basis to make sure our company is following the required ordinances in place as well as following all of the guidelines we agreed to. We've dedicated 20 parking spaces on campus specifically for those who carpool or use alternative fuel vehicles. We appreciate how the program has helped our associates to reduce their mileage and fuel costs.