Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2009

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2009 or fiscal plan year beginning 04/01/2009 and ending 03/31/2010

A This return/report is for:
- [ ] a multiemployer plan;
- [ ] a multiple-employer plan; or
- [X] a single-employer plan;
- [ ] a DFE (specify) ____

B This return/report is:
- [ ] the first return/report;
- [ ] the final return/report;
- [ ] an amended return/report;
- [ ] a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ [ ]

D Check box if filing under:
- [X] Form 5558;
- [ ] automatic extension;
- [ ] the DFVC program;
- [ ] special extension (enter description)

Part II Basic Plan Information—enter all requested information

1a Name of plan
VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

1b Three-digit plan number (PN) ▶ 001

1c Effective date of plan 03/31/1971

2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)
VETERINARY SERVICE, INC.

P. O. BOX 538
SALIDA, CA 95368

2b Employer Identification Number (EIN) 94-1480064

2c Sponsor's telephone number 209-545-5100

2d Business code (see instructions) 424990

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	01/11/2011	JOHN SCHEUBER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same")

THE PLAN COMMITTEE
VETERINARY SERVICE, INC.
P. O. BOX 538
SALIDA, CA 95368

3b Administrator's EIN: 94-1480064

3c Administrator's telephone number: 209-545-5100

4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:

a Sponsor's name

4b EIN

4c PN

5	Total number of participants at the beginning of the plan year	**5**	254
6	Number of participants as of the end of the plan year (welfare plans complete only lines **6a, 6b, 6c,** and **6d**).		
a	Active participants	**6a**	203
b	Retired or separated participants receiving benefits	**6b**	15
c	Other retired or separated participants entitled to future benefits	**6c**	13
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	231
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	1
f	Total. Add lines **6d** and **6e**	**6f**	232
g	Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)	**6g**	231
h	Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested	**6h**	24
7	Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	**7**	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

2I 2P 2Q

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)		Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

(1)	X	**R** (Retirement Plan Information)
(2)		**MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
(3)		**SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

(1)	X		**H** (Financial Information)
(2)			**I** (Financial Information – Small Plan)
(3)	X	1	**A** (Insurance Information)
(4)			**C** (Service Provider Information)
(5)			**D** (DFE/Participating Plan Information)
(6)			**G** (Financial Transaction Schedules)

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).

▶ **File as an attachment to Form 5500.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 04/01/2009 and ending 03/31/2010

A Name of plan
VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500.
VETERINARY SERVICE, INC.

D Employer Identification Number (EIN)
94-1480064

Part I **Information Concerning Insurance Contract Coverage, Fees, and Commissions** Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.

1 Coverage Information:

(a) Name of insurance carrier
JOHN HANCOCK LIFE INSURANCE COMPANY U.S.A.

(b) EIN	**(c)** NAIC code	**(d)** Contract or identification number	**(e)** Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	**(g)** To
01-0233346	65838	GD 32523-00-3	0	04/01/2009	02/02/2010

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	**(b)** Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		**(e)** Organization code
	(c) Amount	**(d)** Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4	Current value of plan's interest under this contract in the general account at year end	4	
5	Current value of plan's interest under this contract in separate accounts at year end	5	0

6 Contracts With Allocated Funds:

a State the basis of premium rates ▶ 0

b	Premiums paid to carrier	6b	
c	Premiums due but unpaid at the end of the year	6c	
d	If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount.	6d	

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity

(3) ☐ other (specify) ▶

f If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐

7 Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)

a Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee

(3) ☐ guaranteed investment (4) ☐ other ▶

b	Balance at the end of the previous year			7b	0
c	Additions: (1) Contributions deposited during the year	7c(1)			
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)			
	(4) Transferred from separate account	7c(4)			
	(5) Other (specify below)	7c(5)			
	▶				
	(6) Total additions			7c(6)	0
d	Total of balance and additions (add **b** and **c(6)**)			7d	0
e	Deductions:				
	(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)			
	(2) Administration charge made by carrier	7e(2)			
	(3) Transferred to separate account	7e(3)			
	(4) Other (specify below)	7e(4)			
	▶				
	(5) Total deductions			7e(5)	0
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	0

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

a ☐ Health (other than dental or vision) **b** ☐ Dental **c** ☐ Vision **d** ☐ Life insurance
e ☐ Temporary disability (accident and sickness) **f** ☐ Long-term disability **g** ☐ Supplemental unemployment **h** ☐ Prescription drug
i ☐ Stop loss (large deductible) **j** ☐ HMO contract **k** ☐ PPO contract **l** ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:				
a Premiums: (1) Amount received	**9a(1)**			
(2) Increase (decrease) in amount due but unpaid	**9a(2)**			
(3) Increase (decrease) in unearned premium reserve	**9a(3)**			
(4) Earned (**(1)** + **(2)** - **(3)**)			**9a(4)**	
b Benefit charges (1) Claims paid	**9b(1)**			
(2) Increase (decrease) in claim reserves	**9b(2)**			
(3) Incurred claims (add **(1)** and **(2)**)			**9b(3)**	
(4) Claims charged			**9b(4)**	
c Remainder of premium: (1) Retention charges (on an accrual basis) --				
(A) Commissions	**9c(1)(A)**			
(B) Administrative service or other fees	**9c(1)(B)**			
(C) Other specific acquisition costs	**9c(1)(C)**			
(D) Other expenses	**9c(1)(D)**			
(E) Taxes	**9c(1)(E)**			
(F) Charges for risks or other contingencies	**9c(1)(F)**			
(G) Other retention charges	**9c(1)(G)**			
(H) Total retention			**9c(1)(H)**	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.)			**9c(2)**	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement			**9d(1)**	
(2) Claim reserves			**9d(2)**	
(3) Other reserves			**9d(3)**	
e Dividends or retroactive rate refunds due. (Do not include amount entered in **c(2)**.)			**9e**	
10 Nonexperience-rated contracts:				
a Total premiums or subscription charges paid to carrier			**10a**	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.			**10b**	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☐ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE H (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 04/01/2009 and ending 03/31/2010

A Name of plan
VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
VETERINARY SERVICE, INC.

D Employer Identification Number (EIN)
94-1480064

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	3177	23845
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	732603	737497
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	791494	718887
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)		
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)	17189	13580
(9) Value of interest in common/collective trusts	1c(9)		
(10) Value of interest in pooled separate accounts	1c(10)	124454	
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds)	1c(13)		
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	0	0
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	15057778	21138624
	(2) Employer real property	1d(2)		
e	Buildings and other property used in plan operation	1e		
f	Total assets (add all amounts in lines 1a through 1e)	1f	16726695	22632433
	Liabilities			
g	Benefit claims payable	1g		
h	Operating payables	1h		
i	Acquisition indebtedness	1i		1018674
j	Other liabilities	1j		
k	Total liabilities (add all amounts in lines 1g through1j)	1k	0	1018674
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	16726695	21613759

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	Income		(a) Amount	(b) Total
a	**Contributions:**			
	(1) Received or receivable in cash from: **(A)** Employers	2a(1)(A)	814038	
	(B) Participants	2a(1)(B)		
	(C) Others (including rollovers)	2a(1)(C)		
	(2) Noncash contributions	2a(2)		
	(3) Total contributions. Add lines **2a(1)(A), (B), (C),** and line **2a(2)**	2a(3)		814038
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	1302	
	(B) U.S. Government securities	2b(1)(B)		
	(C) Corporate debt instruments	2b(1)(C)		
	(D) Loans (other than to participants)	2b(1)(D)		
	(E) Participant loans	2b(1)(E)	232	
	(F) Other	2b(1)(F)		
	(G) Total interest. Add lines **2b(1)(A)** through **(F)**	2b(1)(G)		1534
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)		
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		0
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)		
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	4414558	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		4414558
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	2b(10)		
c Other income	2c		718887
d Total income. Add all **income** amounts in column (b) and enter total	2d		5949017
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	1061167	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		1061167
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions)	2g		
h Interest expense	2h		
i Administrative expenses: (1) Professional fees	2i(1)		
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)		
(4) Other	2i(4)	786	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		786
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		1061953
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		4887064
l Transfers of assets:			
(1) To this plan	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) [ ] Unqualified (2) [ ] Qualified (3) [X] Disclaimer (4) [ ] Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? [X] Yes [ ] No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: GRIMBLEY COLEMAN CPAS, INC. (2) EIN: 77-0000018

d The opinion of an independent qualified public accountant is **not attached** because:

(1) [ ] This form is filed for a CCT, PSA, or MTIA. (2) [ ] It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

		Yes	No	Amount
a	Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.)	4a		X	
b	Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)	4b		X	
c	Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)	4c		X	
d	Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	X		500000
f	Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?	4f		X	
g	Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?	4g		X	
h	Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?	4h		X	
i	Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	4i	X		
j	Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.)	4j		X	
k	Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		X	
n	If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.	4n		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year ☐ **Yes** ☒ **No** **Amount:**

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	**5b(2)** EIN(s)	**5b(3)** PN(s)

SCHEDULE R (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Retirement Plan Information

This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

OMB No. 1210-0110

2009

This Form is Open to Public Inspection.

For calendar plan year 2009 or fiscal plan year beginning 04/01/2009 and ending 03/31/2010

A Name of plan
VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

B Three-digit plan number (PN) ▶ 001

C Plan sponsor's name as shown on line 2a of Form 5500
VETERINARY SERVICE, INC.

D Employer Identification Number (EIN)
94-1480064

Part I Distributions

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions **1**

2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):

EIN(s): 77-6093706

Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.

3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year. **3**

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 412 of the Internal Revenue Code or ERISA section 302, skip this Part)

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

If the plan is a defined benefit plan, go to line 8.

5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. **Date:** Month _____ Day _____ Year _____

If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.

6 **a** Enter the minimum required contribution for this plan year **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount) **6c**

If you completed line 6c, skip lines 8 and 9.

7 Will the minimum funding amount reported on line 6c be met by the funding deadline? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? ..... ☐ **Yes** ☐ **No** ☐ **N/A**

Part III Amendments

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box. ..... ☐ **Increase** ☐ **Decrease** ☐ **Both** ☐ **No**

Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? ..... ☐ **Yes** ☒ **No**

11 **a** Does the ESOP hold any preferred stock? ..... ☐ **Yes** ☒ **No**

b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) ..... ☐ **Yes** ☒ **No**

12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ..... ☒ **Yes** ☐ **No**

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

---

a Name of contributing employer

b EIN **c** Dollar amount contributed by employer

d Date collective bargaining agreement expires *(If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.)* Month _____ Day _____ Year _____

e Contribution rate information *(If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)*
(1) Contribution rate (in dollars and cents) _____
(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify):

14 Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	**14a**	
b The plan year immediately preceding the current plan year	**14b**	
c The second preceding plan year	**14c**	

15 Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	**15a**	
b The corresponding number for the second preceding plan year	**15b**	

16 Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	**16a**	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	**16b**	

17 If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

18 If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

19 If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

VETERINARY SERVICE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS

MARCH 31, 2010 AND 2009

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
FINANCIAL STATEMENTS
MARCH 31, 2010 AND 2009

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grimbleby coleman
certified public accountants, inc.

it's the people behind the numbers.

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INDEPENDENT AUDITORS' REPORT

Administrative Committee of the Veterinary Service, Inc.
Employee Stock Ownership Plan
Modesto, California

We were engaged to audit the accompanying statements of net assets available for benefits of Veterinary Service, Inc. Employee Stock Ownership Plan as of March 31, 2010 and 2009, and the related statement of changes in net assets available for benefits for the year ended March 31, 2010, and the supplemental schedule as of March 31, 2010, as listed in the accompanying table of contents. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 4, which was certified by John Hancock Life Insurance Company (U.S.A.), a custodian of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. The Plan administrator has informed us that the custodian holds the Plan's investment assets and executes investment transactions. The Plan administrator has obtained a certification from the custodian as of and for the years ended March 31, 2010 and 2009, that the information provided to the Plan administrator by the custodian is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by John Hancock Life Insurance Company (U.S.A.), have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Grimbleby Coleman
Certified Public Accountants, Inc.

December 14, 2010

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
MARCH 31, 2010

	Allocated	Unallocated	Total
Investments, at Fair Value			
Qualified employer securities	$ 19,855,670	$ 1,282,953	$21,138,623
Participants' loans	13,581	-	13,581
Total Investments	19,869,251	1,282,953	21,152,204
Receivables			
Employer contributions	737,497	-	737,497
S corporation distribution	715,189	3,698	718,887
Cash			
Cash in bank	23,845	-	23,845
Total Assets	21,345,782	1,286,651	22,632,433
Notes payable	-	1,018,674	1,018,674
Net assets available for benefits	$ 21,345,782	$ 267,977	$ 21,613,759

The Notes to Financial Statements are an Integral Part of These Statements

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS
MARCH 31, 2009

	Allocated	Unallocated	Total
Investments, at Fair Value			
Qualified employer securities	$ 15,057,778	$ -	$ 15,057,778
Participants' loans	17,190	-	17,190
Investments, at Contract Value			
Pooled separate accounts	124,454	-	124,454
Total Investments	15,199,422	-	15,199,422
Receivables			
Employer contributions	732,603	-	732,603
S corporation distribution	791,299	-	791,299
Prepaid federal withholding taxes	195	-	195
Cash			
Cash in bank	3,177	-	3,177
Total Assets	16,726,696	-	16,726,696
Accrued liabilities	-	-	-
Net assets available for benefits	$ 16,726,696	$ -	$ 16,726,696

The Notes to Financial Statements are an Integral Part of These Statements

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED MARCH 31, 2010

	Allocated	Unallocated	Total
Additions to Net Assets Attributed to:			
Investment Income:			
S corporation distribution	$ 715,189	$ 3,698	$ 718,887
Interest	1,302	-	1,302
Miscellaneous	232	-	232
Contributions:			
Employer contributions	814,038	-	814,038
Net appreciation in fair value of pooled separate accounts	58,387	-	58,387
Net appreciation in fair value of qualified employer securities	4,091,892	264,279	4,356,171
Total Additions to Net Assets	5,681,040	267,977	5,949,017
Deductions from Net Assets Attributed to:			
Distributions to participants	1,061,168	-	1,061,168
Administrative expenses	786	-	786
Total Deductions from Net Assets	1,061,954	-	1,061,954
Net increase	4,619,086	267,977	4,887,063
Net Assets Available for Benefits			
Beginning of year	16,726,696	-	16,726,696
End of year	$ 21,345,782	$ 267,977	$ 21,613,759

The Notes to Financial Statements are an Integral Part of These Statements

NOTE 1 – DESCRIPTION OF THE PLAN

General: Veterinary Service, Inc. (the Company) established the Veterinary Service, Inc. Employee Stock Ownership Plan (the Plan) effective April 1, 1990. The Plan, as amended, operates as an employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code 2586 (the Code), as amended, and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended. An administrative committee appointed by the Company's Board of Directors administers the Plan.

During the year ended March 31, 2010, the Plan purchased company common stock with notes payable (see Note 10) to the sellers. The borrowing is to be paid over a nine-year period by fully deductible Company contributions to the Plan. As the Plan makes each payment of principal, an appropriate percentage of stock will be allocated to eligible employees accounts in accordance with applicable regulations under the code. Shares are fully vested upon allocation.

The borrowing is collateralized by the unallocated shares of common stock. The lenders have no rights against shares of common stock once they are allocated under the ESOP. Accordingly, the financial statements of the Plan as of March 31, 2010 and for the year then ended present separately the assets and liabilities and the changes therein pertaining to (a) the accounts of employees with vested rights in allocated common stock (allocated) and (b) common stock not yet allocated to employee (unallocated).

Eligibility: Each employee shall become a participant in the Plan as of the first day of the plan year in which the employee first completes 1,000 hours of service, provided the employee has attained the age of 18.

Payment of benefits: No distributions from the Plan will be made until a participant retires, dies (in which case, payment shall be made to their beneficiary or, if none, their legal representatives), or otherwise terminates employment with the Company. Distributions are made in cash. Account balances exceeding $50,000 shall be paid in five substantially equal annual installments.

If a participant's vested amount exceeds $1,000, any distribution made prior to the date the participant attains normal retirement age can only be made with the participant's consent.

Stock: The trustee, in accordance with instructions, shall vote all Company stock held by the Plan from the administrative committee. The participants shall be entitled to direct the voting of Company stock allocated to their Company stock account with respect to a vote required for the approval of any merger, consolidation, recapitalization, reclassification, liquidation, dissolution, sale, or other transactions prescribed by regulations. The trustee votes unallocated shares held by the Plan.

Allocations: As of the end of each plan year, each participant is allocated a share of the current year's earnings based on their account balance as of the beginning of the year. The contribution for each year is divided among eligible participants in proportion to their share of covered compensation.

NOTE 1 – DESCRIPTION OF THE PLAN (CONTINUED)

Contributions: Employer contributions are at the discretion of the Company's Board of Directors. The Company's contribution is allocated to each participant based on covered compensation, as defined by the Plan.

Vesting: Participants vest in their accounts based on years of service, as defined by the Plan. A participant is fully vested after six years of credited service, after attaining normal retirement age, or upon death.

Forfeited accounts: The non-vested balances are forfeited and reallocated to the remaining participants. In the plan year ended March 31, 2010, there was a redistribution of $71,927 of forfeited, non-vested accounts.

Participant loans: A participant that is 100% vested in a plan benefit and is an active employee of the Company may apply to the Plan committee for a loan from the participant's other investments account under the Plan at a minimum of $10,000 up to a maximum equal to the lesser of $50,000 or 50% of their account balance. The loans are secured by the balance in the participant's other investment account and bear interest at rates which are commensurate with local prevailing rates as determined periodically by the Plan committee. Principal and interest is paid ratably through monthly payroll deductions. If a participant defaults on loan payments the loan may be deemed a distribution by the Plan committee.

Administrative expenses: Administrative expenses recorded in the Plan represent custodial fees, accounting fees, and other third–party administration fees paid directly from the Plan to the respective service provider. The Company pays the administrative costs of the Plan associated with plan communication and recordkeeping, as well as provides equipment, personnel, and supplies to administer the Plan. Loan fees are deducted directly from the participants' accounts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of accounting: The Plan maintains its accounting records and financial statements on the accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Investment valuations and concentration: The common shares of the qualified employer securities are valued at fair value on March 31, 2010 and 2009, as determined by annual independent appraisals. It is reasonably possible that the value of the shares could change significantly at any time and, given that over 90% of the Plan's assets consist of Company securities, a significant decrease in the value of the shares could have a severe impact on the Plan's asset value.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payment of benefits: Benefits are recorded when paid. The total vested benefits due to participants terminated but not paid at March 31, 2010 and 2009 was $1,528,847 and $1,985,515, respectively.

NOTE 3 – INVESTMENTS

The Plan's investment in qualified employer securities at March 31 is as follows:

	Unallocated 2010	Allocated 2010	2009
Number of shares	7,628	118,055	112,767
Cost	$ 1,018,674	$ 7,456,618	$ 6,750,618
Fair value	$ 1,282,953	$19,855,670	$15,057,778
John Hancock Investment contracts at contract value:			
ESOP accounts:			
Davis New York Venture Fund	$ –	$ –	$ 17,508
500 Index Fund	–	–	27,121
Optimized All Cap	–	–	51,581
Mid Cap Stock	–	–	28,244
	$ –	$ –	$ 124,454

Investments exceeding 5% of the Plan's net assets available for benefits consist of the qualified employer securities.

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by $4,414,558.

NOTE 4 – INFORMATION PREPARED AND CERTIFIED BY THE CUSTODIAN

The Plan administrator has elected the method of compliance permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, as permitted under such election, the Plan administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the following information certified by John Hancock Life Insurance Company (U.S.A.) as of March 31, 2010 and 2009, except for comparing such information certified by the custodian to information included in the Plan's financial statements and supplemental schedule at March 31:

	2010	2009
Pooled accounts	$ –	$ 124,454

NOTE 5 – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB), *Accounting Standards Codification* (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include: (a) quoted prices for similar assets or liabilities in active markets; (b) quoted prices for identical or similar assets or liabilities in inactive markets; (c) inputs other than quoted prices that are observable for the asset or liability; (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at March 31, 2010 and 2009:

Mutual funds: Valued at the net asset value of shares held by the Plan at year end.

Qualified employer securities: The fair value of the sponsor company common stock held by the Plan is valued at fair value based upon an independent appraisal. This appraisal was based upon a combination of the market and income valuation techniques consistent with prior years. The appraiser took into account historical and projected cash flow and net income, return on assets, return on equity, market comparables and estimated fair value of company assets and liabilities.

Participant loans: Valued at amortized cost, which approximates fair value.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective value or reflective of future fair values. Furthermore, although the Plan's administrator believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following tables set forth by level within the fair value hierarchy, the Plan's assets at fair value as of March 31, 2010 and 2009:

Assets at Fair Value as of March 31, 2010

	Level 1	Level 2	Level 3	Total
Qualified employer securities	$ –	$ –	$21,138,623	$21,138,623
Participant loans	–	–	13,581	13,581
Total assets at fair value	$ –	$ –	$21,152,204	$21,152,204

Assets at Fair Value as of March 31, 2009

	Level 1	Level 2	Level 3	Total
Mutual funds:				
Pooled separate accounts	$ 124,454	$ –	$ –	$ 124,454
Total mutual funds	124,454	–	–	124,454
Qualified employer securities	–	–	15,057,778	15,057,778
Participant loans	–	–	17,190	17,190
Total assets at fair value	$ 124,454	$ –	$15,074,968	$15,199,422

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended March 31, 2010.

Level 3 Assets	Qualified Employer Securities	Participant Loans
Balance, beginning of year	$15,057,778	$ 17,190
Interest income	–	1,302
Unrealized gains/(losses) relating to assets still held at the reporting date	4,356,171	–
Purchases, sales, issuances, and settlements (net)	1,724,674	(4,911)
Balance, end of year	$21,138,623	$ 13,581

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net appreciation in fair value of investments in the statement of changes in net assets available for benefits.

NOTE 6 – RELATED-PARTY TRANSACTIONS

Certain plan investments are mutual funds managed by John Hancock Life Insurance Company (U.S.A.), the custodian of the Plan, and therefore, these transactions qualify as party-in-interest transactions. In addition, accounting and plan administration services are paid directly by the Plan; these services are also deemed to be party-in-interest transactions. Total fees paid to related parties for the year ended March 31, 2010 were $786. The Plan's audit fees are paid by the Plan's sponsor.

NOTE 7 – PLAN TERMINATION

Although it has not expressed intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants would become 100% vested in their employer contributions.

NOTE 8 – TAX STATUS

The Plan obtained its latest determination letter on June 6, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. Although the Plan has been amended since receiving the determination letter, the Plan administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code.

NOTE 9 – S CORPORATION DISTRIBUTION

The Company is an S corporation for tax purposes. The Company declared distributions of $925,000 and $1,047,271 effective March 31, 2010 and 2009, respectively, of which $718,887 is due to the ESOP in 2010.

NOTE 10 – NOTES PAYABLE

On March 4, 2010, the Plan entered into two promissory notes totaling $1,018,674 with two individuals. The notes were used to purchase the Company's common stock. Unallocated shares are collateral for the loan.

NOTE 10 – NOTES PAYABLE (CONTINUED)

Each note of $509,337 is payable in quarterly installments of $17,359 including interest at 4.6% beginning May 1, 2010 and ending with a final payment of $17,161 on February 1, 2019. Maturities of long-term debt are as follows:

Year Ending March 31	Amount
2011	$ 93,608
2012	97,989
2013	102,575
2014	107,376
2015	112,401
Thereafter	504,725
	$ 1,018,674

NOTE 11 – SUBSEQUENT EVENTS

The Plan sponsor has evaluated subsequent events through December 14, 2010, the date the financial statements were available to be issued.

VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
SCHEDULE H, LINE 4i –
SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES AT MARCH 31, 2010

PLAN NAME: VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN
PLAN SPONSOR: VETERINARY SERVICE, INC.
PLAN NUMBER: 001
EIN: 94-1480064

(a)	(b)	(c)	(d)	(e)
Identity of Issuer, Borrower, Lessor, or Similar Party	Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value		Cost	Current Value
Veterinary Service, Inc.	118,055 shares of Veterinary Service, Inc. common stock		$ 8,475,292	$ 21,138,623
John Hancock Life Insurance Company (U.S.A.)	Pooled investment accounts		$ –	$ –
Participant loans	8.50%		$ –	$ 13,581

Attachment to 2009 Form 5500
Schedule H, line 4i - Schedule of Assets (Held at End of Year)

Plan Name VETERINARY SERVICE, INC. EMPLOYEE STOCK OWNERSHIP PLAN **EIN:** 94-1480064
Plan Sponsor's Name VETERINARY SERVICE, INC. **PN:** 001

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par, or maturity value.	(d) Cost	(e) Current value
*	VETERINARY SERVICE, INC.	125,683 Shares of Veterinary Service, Inc. Common Stock	8,475,292	21,138,624