



Pethealth Announces 4-year Strategic Alliance with Allflex USA, Inc., the World's Leading Provider of ID Technology for Animals

Deal extends 7-year partnership and provides Pethealth with long term pricing certainty for its 24PetWatch technology.

Oakville, ON – May 12, 2010. (TSX: PTZ) Pethealth Inc. (“Pethealth” or the “Company”) is pleased to announce that it has signed a four-year partnership agreement with Allflex USA, Inc. The four-year agreement, which is retroactive to January 1, 2010, and runs through December 31, 2013, provides Pethealth with exclusive access to Allflex’s RFID microchip technology for companion animal distribution throughout the United States and Canada.

The agreement also provides Pethealth with fixed prices throughout the term below its 2009 pricing, with additional volume discounts. In 2009, Pethealth sold 1.064-million microchips in the two countries. During the first quarter of 2010, the Company sold over 300,000 microchips, an increase of 17% over the same period in 2009.

Companion animal microchipping is a key driver to Pethealth’s insurance and non-insurance operations alike, most notably with respect to pet owner and pet data collection and aggregation. The Company currently has over 3.4-million registered subscribers in its 24PetWatch database and the Company’s microchip platform is built into its PetPoint animal management software, which is the most widely used animal management application in North America, with nearly 1,400 licensed organisations running the web-based cloud application. Over 50% of the Company’s pet insurance revenues are driven off of its animal welfare platform.

“We are pleased to be making this announcement,” said Mark Warren, President and Chief Executive Officer of Pethealth Inc. “This agreement provides us with certainty of supply through 2013 and certainty of price with some very attractive discounts based on our anticipated growth over the same period. It also gives us the confidence to invest in the further growth of our program, which, at over one million microchipped pets annually, ranks as one of the largest companion animal programs in the world.”

The agreement provides Pethealth with access to both FDXA (FECAVA standard) and FDXB (ISO) microchips at its discretion. Pethealth sells only FDXB microchips to veterinary clinics and shelters in Canada in support of the National Companion Animal Coalition’s recommendations and provides animal welfare organisations, veterinary clinics and breeders in the United States the choice of purchasing either FDXA or FDXB microchips under the 24PetWatch brand.

The companion animal microchip is a rice grain-sized transponder that has a number burnt on it which can be read at a particular frequency. The microchip is implanted in the tissue between the shoulder blades of cats and dogs. It is estimated that only approximately 10% of dogs and cats are currently microchipped. Companion animal microchipping is supported by a wide network of readers that are maintained by animal welfare organisations and veterinary clinics throughout Canada and the United States. Allflex microchips sold under the 24PetWatch brand name can be read by all Universal readers in the marketplace. The 24PetWatch program is supported by a call centre which houses the pet

owner and pet data tied to individual microchip numbers. The call centre receives approximately 20,000 inbound calls per month from which Pethealth sells both its insurance and non-insurance products and services.

“Pethealth has quickly become our most important relationship in the companion animal space and one of our fastest growing customers” said Brian Bolton, Chief Executive Officer of Allflex USA, Inc. “We look forward to working with them more closely over the next four years to take the 24PetWatch program to the next level.”

About Allflex

With operations on five continents, Allflex is the world leader in design, technology, manufacture and delivery of animal identification for traceability systems across all species in either companion animals, equine, fish or production livestock. We bring cutting-edge, practical applications of visual, electronic and radio frequency animal identification technology across the world that contributes to both safer pets and a safer global food supply. Allflex USA is based in Dallas, TX.

About Pethealth

Pethealth is North America’s second largest provider of medical insurance for dogs and cats to pet owners, operating in Canada, the United States and the United Kingdom. In addition, the Company is the leading provider of management software to North American animal welfare organisations through its SaaS-based application and is the leading provider of pet related database management services to the North American companion animal industry. Pethealth offers a unique range of products and services for veterinarians, shelters and pet owners through a number of wholly owned subsidiaries using a range of brand names including *PetCare*, *24PetWatch*, *Pet Protect*, *Petpals Direct*, *ShelterCare*, *PetPoint*, *Petango.com* and *ThePetangoStore.com*.

Pethealth is based in Oakville, Ontario. To find out more about Pethealth, visit the web site at www.pethealthinc.com.

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