



Euthanasia of Cats and Dogs Declined As Adoption Fees Increased During the First Quarter of 2014

Aggregated Findings from Over 1,200 Animal Welfare Organizations Continue to Show that a Reduction in Euthanasia and a Tightening in the Supply of Adoptable Dogs and Cats are Pushing Adoption Fees Higher

Oakville, ON – April 23, 2014. (TSX: PTZ) Pethealth Inc. (“Pethealth” or the “Company”), North America’s leading provider of management software for animal welfare organizations (“AWOs”), microchip identification and data related services for companion animals, and pet health insurance, announces that during the first quarter of 2014, euthanasia of dogs and cats on a “same shelter” basis decreased by over 18% while adoption fees for all dogs and cats less than one year of age increased by better than 3%.

Data from 1,238 AWOs including municipally owned animal control agencies, humane societies, SPCAs and rescue groups that recorded at least one animal intake and one animal outcome during the quarter were used. Total aggregated data for Q1 included 390,106 dog and cat intakes (including owner surrenders, intakes of stray animals, animals transferred in from other AWOs and seizures conducted by law enforcement agencies) and 388,139 dog and cat outcomes (including adoptions, euthanizations, pets returned to their owners and animals transferred out to other AWOs). AWOs from 49 states, as well as Washington D.C. and the U.S. Virgin Islands are represented in the report; AWOs from North Dakota are excluded. Key findings for the quarter include:

- An 18.8% decline in the number of cats euthanized during Q1 2014;
- An 18.7% decline in the number of dogs euthanized during the quarter;
- Total intakes of all cats into AWOs equaled 147,683 during Q1 2014, representing a 6.9% decrease from Q1 2013;
- Total intakes of all dogs equaled 242,423 during Q1 2014, a decrease of 6.2% from Q1 2013;
- An 8.3% decline in the number of dogs and cats surrendered to AWOs by their owners;
- Adoption fees for dogs less than a year of age increased by 5.7% while adoption fees for dogs over one year of age increased by 3.3%;
- Adoption fees for cats less than a year of age increased by 3.3% compared to Q1 2013 while adoption fees for cats over one year of age declined by 4.4%.

“Top trends in our first quarter continue to be the overall decline in euthanasia and the tightening supply of adoptable dogs and cats, leading to higher adoption fees that will help shelters reduce operating deficits and their reliance on donations to fund day to day operations,” said Mark Warren, President and Chief Executive Officer of Pethealth. “We have since 2007 been pointing to the fact that spay/neuter programs would have an impact on animal intakes, increasing the need for local, state and national animal welfare organizations to focus their attention on animal transport. Creating a more efficient marketplace by moving dogs and cats from high intake, low adoption facilities to low intake, high adoption facilities is arguably today the most pressing need in animal welfare if animal welfare organizations wish to see euthanasia rates continue to decline and to keep puppy mills at bay.”

2,064 AWOs year to date have licensed the PetPoint animal management application, a 6.7% increase over Q1 2013. Pethealth, via PetPoint, is the largest aggregator of shelter data which in turn has made it the most trusted source within the Wall Street community for data indicating trends in adoption, with adoption of dogs and cats now representing the single largest means of acquiring a new pet. AWO data is becoming a bigger factor in determining valuations of public companies operating in the companion animal marketplace. Year to date, over 286,395 adoptions have been completed by AWOs using PetPoint and today over 373,103 animals are being housed in PetPoint licensed AWOs. This represents a year over year increase of 2.7% and 4.4% respectively. The National Federation of Humane Societies in a recent study reported that better than 60% of 501c3 (not for profit) animal welfare organizations now run PetPoint.

Since PetPoint was launched in 2005, data on over 14.6-million animal intakes and more than 5.8-million adoptions have been aggregated. The Company publishes its monthly PetPoint Report, which tracks all the significant trends in animal welfare, on the third Monday of each month. The PetPoint Report for March was issued earlier this week and can be found at www.petpoint.com.

About PetPoint

PetPoint, first introduced in 2005, is now licensed by over 2,000 animal welfare organizations in North America and has facilitated the adoption of over 5.5-million pets. As a cloud-based application, animal welfare organizations can not only better organize and care for their homeless and abandoned animals, but can also reduce significantly, if not eliminate, their IT-related infrastructure costs. PetPoint is provided free to animal welfare organizations on the basis that these same organizations use the Company's 24PetWatch microchip and promote its 24PetWatch insurance program for all companion animals adopted. Adoptable animals are then published on the Petango adoptable search platform (www.petango.com). The 24PetWatch microchip program is the most widely used microchip and lost pet recovery service operating in both Canada and the United States.

About Pethealth Inc.

Pethealth is North America's second largest provider of medical insurance for dogs and cats to pet owners, operating in the United States, Canada and the United Kingdom. In addition, the Company is the leading provider of management software to North American animal welfare organizations 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, PetPoint, Petango.com and ThePetangoStore.com.

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

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