

December 22, 2008

Key Metrics

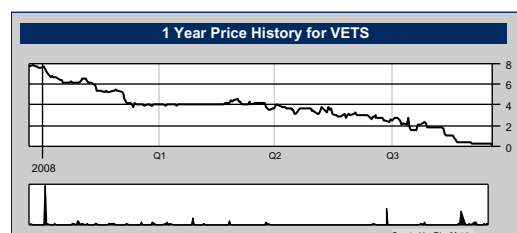
| | |
|------------------------------|---------------|
| VETS - NASDAQ | \$0.16 |
| Pricing Date | 12/19/2008 |
| Price Target | NA |
| 52-Week Range | \$7.85-\$0.08 |
| Shares Outstanding (mm) | 23.7 |
| Market Capitalization (\$mm) | \$3.8 |
| 3-Mo Average Daily Volume | 58,428 |
| Institutional Ownership | 26% |
| Debt/Total Capital | 18.2% |
| ROE | NM |
| Book Value/Share | \$2.36 |
| Price/Book | 0.1x |
| Dividend Yield | NM |
| LTM EBITDA Margin | NM |

EPS(\$)¹ FY: December

| | 2007A | Prior 2008E | Curr. 2008E | Prior 2009E | Curr. 2009E |
|--------|--------|----------------|----------------|----------------|----------------|
| 1Q-Mar | (0.21) | -- | (0.13)A | -- | (0.06)E |
| 2Q-Jun | (0.12) | -- | (0.22)A | -- | (0.03)E |
| 3Q-Sep | (0.15) | -- | (0.13)A | -- | 0.01E |
| 4Q-Dec | (0.16) | -- | (0.09)E | -- | 0.01E |
| FY | (0.64) | -- | (0.57)E | -- | (0.08)E |
| P/E | NM | | NM | | NM |

Revenue(\$mm)

| | 2007A | Prior 2008E | Curr. 2008E | Prior 2009E | Curr. 2009E |
|--------|-------|----------------|----------------|----------------|----------------|
| 1Q-Mar | 17.4 | -- | 17.8A | -- | 18.1E |
| 2Q-Jun | 17.7 | -- | 17.9A | -- | 20.1E |
| 3Q-Sep | 17.7 | -- | 17.7A | -- | 20.5E |
| 4Q-Dec | 16.4 | -- | 16.9E | -- | 19.5E |
| FY | 69.3 | -- | 70.3E | -- | 78.2E |



Company Description: Pet DRx Corporation (www.petdrx.com) provides primary veterinary and specialty care services to companion animals through a network of veterinary hospitals in California. Its services include general medical treatment for pets, including preventive care, such as vaccinations, examinations, spraying, and dental care; and a range of specialized diagnostic and medical services, such as x-ray, ultra-sound internal medicine, surgery, cardiology ophthalmology, dermatology, oncology, and other services.

Pet DRx Corporation

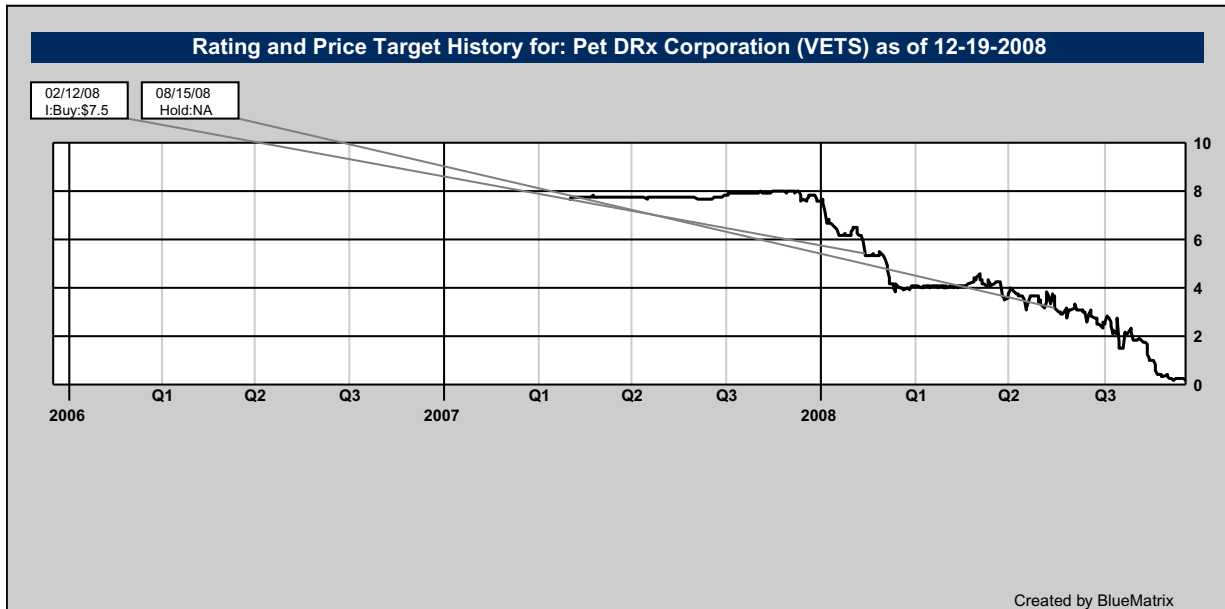
Rating: Hold

Discontinuing Coverage of Pet DRx Corporation

Investment Highlights:

- We are dropping coverage of Pet DRx Corporation in order to reallocate our research sources.
- The final rating that appeared on our last note, published on November 18th, 2008, was Hold. Our rating and financial estimates should not be relied upon going forward.

Required Disclosures



I, Jeffrey Blaeser, the author of this research report, certify that the views expressed in this report accurately reflect my personal views about the subject securities and issuers, and no part of my compensation was, is, or will be directly or indirectly tied to the specific recommendations or views contained in this research report.

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Morgan Joseph & Co. Inc. makes a market in the shares of VETS.

Morgan Joseph & Co. Inc. has received compensation for investment banking services from Pet DRx Corporation within the past 12 months.

| Rating | Investment Banking Services/Past 12 Mos. | |
|-----------------|--|--------------|
| | Percent | Percent |
| BUY [B] | 53.49 | 36.96 |
| HOLD [H] | 44.19 | 28.95 |
| SELL [S] | 2.33 | 0.00 |

Meaning of Ratings

- A) Buy means reasonable outperformance relative to the market (Russell 2000) over 12-18 months.
- B) Hold means market-type (Russell 2000) risk adjusted performance; potential source of funds.
- C) Sell means expected to underperform the market (Russell 2000) over 12-18 months.

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