

PET VALU, INC.

Mailing Address: 121 McPHERSON STREET, MARKHAM, ONTARIO L3R 3L3
(905) 946-1200 Fax: (905) 946-0659

PET VALU REPORTS FISCAL 2005 EARNINGS PER SHARE OF US\$0.97 (C\$1.18)

All financial results expressed in U.S. dollars unless otherwise indicated

Markham, Ontario, March 17, 2006. Pet Valu, Inc. (TSX stock symbol for Pet Valu Canada Inc., Pet Valu, Inc.'s publicly traded Canadian operating subsidiary, is PVC) announced today fourth quarter results for fiscal 2005. On a consolidated basis, net income was \$4.0 million or \$0.54 per share for the quarter ended December 31, 2005 as compared to net income of \$2.4 million or \$0.32 per share for the fourth quarter of fiscal 2004. Net income excluding non-comparable items was \$3.2 million or \$0.43 per share for the quarter ended December 31, 2005 as compared to net income excluding non-comparable items of \$2.0 million or \$0.27 per share for the fourth quarter of fiscal 2004. Net income was \$7.3 million or \$0.97 per share for the year ended December 31, 2005 as compared to net income of \$3.7 million or \$0.50 per share for fiscal 2004. Net income excluding non-comparable items was \$6.4 million or \$0.86 per share for the year ended December 31, 2005 as compared to net income excluding non-comparable items of \$3.8 million or \$0.50 per share for fiscal 2004.

	13 Weeks ended December 31, 2005	13 Weeks ended January 1, 2005	52 Weeks ended December 31, 2005	52 Weeks ended January 1, 2005
No. of Stores	351	352	351	352
Sales and Revenue	\$37,563,000	\$35,934,000	\$134,406,000	\$128,212,000
Gross Profit	\$11,754,000	\$9,937,000	\$37,336,000	\$32,308,000
EBITDA	\$5,217,000	\$4,062,000	\$14,101,000	\$9,766,000
Net Income	\$4,013,000	\$2,364,000	\$7,254,000	\$3,733,000
Basic EPS	\$0.54	\$0.32	\$0.97	\$0.50
Diluted EPS	\$0.46	\$0.27	\$0.84	\$0.45
Non-comparable Items				
Promotion Fund Allowance	\$582,000	-	\$582,000	-
Foreign Exchange Loss (Gain)	-	(\$3,000)	-	(\$142,000)
Litigation Costs	-	(\$46,000)	-	\$600,000
Loss on Extinguishment of Debt	-	\$4,000	-	\$210,000
Future tax recovery on NOLs	(\$1,210,000)	(\$325,000)	(\$1,210,000)	(\$325,000)
Applicable tax on non-comparable items	(\$210,000)	\$15,000	(\$210,000)	(\$292,000)
EBITDA excluding non-comparable items	\$5,799,000	\$4,017,000	\$14,682,000	\$10,435,000
Net Income excluding non-comparable items	\$3,175,000	\$2,009,000	\$6,416,000	\$3,784,000

EBITDA is not a recognized measure under GAAP. As this measure does not have a standardized meaning prescribed by GAAP, the Company's method of calculating EBITDA may differ from other companies. The Company believes that EBITDA is a useful supplemental measure as it provides investors with an indication of cash available prior to debt service, capital expenditures and income taxes.

Earnings excluding non-comparable items is not a recognized measure under GAAP. As this measure does not have a standardized meaning prescribed by GAAP, it is unlikely to be comparable to similar measures presented by other companies. The Company believes that earnings excluding non-comparable items is a useful supplemental measure. It is used by the Company to assess its underlying performance from continuing operations and to provide a more useful comparison by eliminating non-recurring items.

Non-comparable items include foreign exchange gains or losses, costs related primarily to the litigation previously disclosed in note 15a) of the audited annual financial statements for the year ended January 1, 2005, loss on debt extinguishment, an allowance for the deficit balance in the promotion fund account, and future tax recovery of unrealized net operating loss carryforwards of the U.S. operations. Foreign exchange gains or losses are non-cash adjustments which reflect changes in the valuation of certain liabilities as the U.S./Canadian dollar exchange rate fluctuates from period to period. A settlement of the above mentioned litigation was completed on September 30, 2004 and all related costs have been fully expensed in fiscal 2004, including the loss on extinguishment of the related debt. The Company and its franchisees make contributions to the Canadian promotion fund, which is used for marketing and advertising activities. As of the end of fiscal 2005, the Company determined that the deficit balance of the promotion fund was unlikely to be recovered in the next fiscal year due to the magnitude of the promotion fund deficit and the Company's assessment of its future promotional plans. Therefore, an allowance was provided.

Comparable store sales for the thirteen week period ending December 31, 2005 increased by 3.3% in the U.S. and 1.7% in Canada as compared to the thirteen week period ending January 1, 2005. During the quarter, the Company continued with the implementation of programs designed to shift its product offering to higher-margin, high-quality pet products.

CANADIAN OPERATIONS

Sales and revenue from Canadian operations for the fourth quarter ended December 31, 2005 was \$28.3 million compared to \$27.2 million for the fourth quarter of fiscal 2004. An increase in the average foreign currency exchange rate used to convert Canadian dollars to U.S. dollars contributed to the increase in U.S. dollar sales and revenue. Cash flow represented by EBITDA excluding non-comparable items increased by \$4.0 million to \$12.9 million for the year as compared to \$8.9 million in the prior year and by \$1.9 million to \$5.1 million in the fourth quarter of fiscal 2005 as compared to \$3.2 million in the fourth quarter of the prior year. Canadian net income excluding non-comparable items for the fourth quarter increased by \$1.1 million as compared to the fourth quarter of the prior year. Canadian net income excluding non-comparable items for the year increased by \$2.3 million as compared to the prior year.

	13 Weeks ended December 31, 2005	13 Weeks ended January 1, 2005	52 Weeks ended December 31, 2005	52 Weeks ended January 1, 2005
No. of Stores	285	291	285	291
Sales and Revenue	\$28,301,000	\$27,216,000	\$100,555,000	\$95,334,000
Gross Profit	\$8,901,000	\$7,103,000	\$27,463,000	\$22,749,000
EBITDA	\$4,491,000	\$3,268,000	\$12,303,000	\$8,212,000
Net Income	\$2,111,000	\$1,393,000	\$4,622,000	\$2,352,000
Non-comparable Items (before tax)				
Promotion Fund Allowance	\$582,000	-	\$582,000	-
Foreign Exchange Loss (Gain)	-	(\$3,000)	-	(\$142,000)
Litigation Costs	-	(\$46,000)	-	\$600,000
Loss on Extinguishment of Debt	-	\$4,000	-	\$210,000
Applicable tax on non-comparable items	(\$210,000)	\$15,000	(\$210,000)	(\$292,000)
EBITDA excluding non-comparable items	\$5,073,000	\$3,223,000	\$12,885,000	\$8,880,000
Net Income excluding non-comparable items	\$2,483,000	\$1,363,000	\$4,994,000	\$2,728,000

U.S. OPERATIONS

Sales and revenue from U.S. operations for the fourth quarter ended December 31, 2005 was \$9.3 million as compared to \$8.7 million for the fourth quarter of fiscal 2004. Cash flow represented by EBITDA was \$0.8 million for the fourth quarter of fiscal 2005, which was \$0.1 million less than the fourth quarter of the prior year. Net income excluding non-comparable items for the fourth quarter of fiscal 2005 was \$0.8 million, which was consistent with the fourth quarter of the prior year. Net income excluding non-comparable items for the year ended December 31, 2005 increased by \$0.3 million as compared to fiscal 2004. Non-comparable items consisted of a deferred tax recovery relating to net operating loss carry forwards of \$1.2 million in the fourth quarter of fiscal 2005 as compared to \$0.3 million in the fourth quarter of fiscal 2004.

	13 Weeks ended December 31, 2005	13 Weeks ended January 1, 2005	52 Weeks ended December 31, 2005	52 Weeks ended January 1, 2005
No. of Stores	66	61	66	61
Sales and revenue	\$9,263,000	\$8,719,000	\$33,851,000	\$32,879,000
Gross Profit	\$2,931,000	\$2,960,000	\$10,324,000	\$10,059,000
EBITDA	\$808,000	\$920,000	\$2,253,000	\$2,054,000
Net Income	\$1,998,000	\$1,099,000	\$3,101,000	\$1,883,000
Net Income excluding non-comparable items	\$788,000	\$774,000	\$1,891,000	\$1,558,000

OUTLOOK

In the U.S. operations, the Company is currently negotiating with several potential landlords for store locations identified as desirable and is evaluating other potential locations to be opened in fiscal 2006. Canadian operations are expected to remain stable.

This news release contains discussion of forward-looking information and potential future circumstances and developments. The discussion of such matters is qualified by the inherent risks and uncertainties surrounding future expectations generally. Actual results and developments may therefore differ materially from those described in this release.

Pet Valu is a specialty retailer of pet food and pet supplies operating Company-owned and franchised locations in Canada and the U.S.

For further information, please contact:

Michael Fitzgerald
Secretary
(905) 946-1200, extension 3503