

PET VALU, INC.

Mailing Address: 121 McPHERSON STREET, MARKHAM, ONTARIO L3R 3L3
(905) 946-1200 Fax: (905) 946-0658

PET VALU REPORTS RESULTS OF WARRANT EXERCISE AND PROVIDES AN UPDATE ON CERTAIN OTHER MATTERS

July 28, 2006, Markham, Ontario. Pet Valu, Inc. announced today that a total of 1,138,208 warrants of its Ontario public subsidiary, Pet Valu Canada Inc. ("Pet Valu Canada") (TSX stock symbol: PVC) were exercised on or before July 24, 2006. The warrants in question were listed until their expiry on July 24, 2006 on the Toronto Stock Exchange under the stock symbol PVC.WT. The warrants were exercised at CAD\$7.00 and thus the total proceeds from the exercise of warrants were CAD\$7,967,456.

The exercise of the warrants has the effect of increasing the total number of exchangeable shares of Pet Valu Canada by 1,138,208.

On July 24, 2006, Pet Valu Canada provided the debenture holder trustee in respect of its 8.5% debentures maturing on that date ("8.5% Debentures") with the required funding to make repayment in full of all principal and accrued interest due under the said debentures. In particular, CAD\$9,954,363 in principal amount of 8.5% Debentures was directed toward repayment. The remaining CAD\$5,100,425 in principal amount of 8.5% Debentures was reinvested by the debenture holders in the private placement of 10% debentures which closed on July 24, 2006.

After the repayment of the principal and accrued interest on the 8.5% Debentures, Pet Valu Canada has available funds in the approximate amount of CAD\$20,000,000, including the proceeds from the exercise of warrants, the above-noted private placement and its current bank line availability. These available funds are expected to be used to prepay the 12.5% debenture of Pet Valu Canada in the principal amount of CAD\$15,000,000 otherwise maturing in 2009, leaving sufficient flexibility to address the Company's capital needs and operating requirements. It is anticipated that the repayment of the 12.5% debenture, combined with expected growth in earnings, will result in reduced interest expense going-forward.

After the repayment of the 12.5% debenture, Pet Valu's remaining bank line availability and strong cash flows are expected to be applied toward store expansion in Canada and/or the U.S., some capital costs to fully transition the operations at existing stores to our "Better Pet Nutrition" concept, new product development, and/or various other projects designed to enhance shareholder value. Any such initiative will be preceded by a significant level of analysis and will only be undertaken when there is a full expectation of success.

Certain information in this press release and in other public announcements by the Company is forward-looking and is subject to important risks and uncertainties. Forward-looking information includes information concerning the Company's future financial performance, business strategy, plans, goals, objectives, business prospects and opportunities. The forward-looking information reflects predictions and does not in any way reflect a guarantee. Factors which could cause actual results or events to differ materially from current expectations include, among other things: the ability of the Company to successfully implement its strategic initiatives and whether such strategic initiatives will yield the

expected benefits; competitive conditions in the businesses in which the Company participates; changes in consumer spending; the outcome of legal proceedings as they arise; general economic conditions and normal business uncertainty; the availability of suitable store locations; customer preferences towards product offerings; adverse climate changes; the occurrence of a pandemic or other catastrophic event which could create shortages of labour, products or services required to operate the business profitably; fluctuations in foreign currency exchange rates; changes in the Company's relationship with its merchandise and service suppliers; interest rate fluctuations and other changes in borrowing costs; and changes in laws, rules and regulations applicable to the Company or the markets in which the Company operates. The Company cautions that this is not an exhaustive list of factors that may affect the forward-looking information in this press release. Potential investors and readers are urged to give careful consideration to all of these factors in evaluating any forward-looking information and are cautioned not to place undue reliance on such information. While the Company believes that its forecasts and assumptions are reasonable, results or events predicted in this forward looking information may differ materially from actual results or events.

Pet Valu, Inc. 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