

**ONTARIO
SUPERIOR COURT OF JUSTICE**

B E T W E E N:

1250264 ONTARIO INC.

Plaintiff

- and -

PET VALU CANADA INC.

Defendant

Proceeding under the *Class Proceedings Act, 1992*

Notice published under the *Class Proceedings Act, 1992*

TO ALL PET VALU FRANCHISEES

If you carried on business as a Pet Valu franchisee at any time from December 31, 2003 to March 28, 2011, this Notice will be important for you.

A legal claim against Pet Valu Canada Inc. (“Pet Valu”) has been certified as a class action by the Ontario Superior Court of Justice. The class action will deal with claims alleged against Pet Valu which, if proven, could entitle you to various relief including a monetary payment.

This Notice is published by Order of the Ontario Superior Court of Justice dated June 29, 2011 (the “Certification Order”) and deals with:

1. Nature of the Class Action and Common Issues;
2. Inclusion in/Opting Out of the Class Action;
3. Consequences of the Class Action; and
4. Other Matters.

1. Nature of the Class Action and Common Issues

The Plaintiff, 1250264 Ontario Inc., is a Pet Valu franchisee located in Aurora, Ontario. The Plaintiff started an action against Pet Valu on December 9, 2009 by issuing a Statement of Claim (“Claim”) on behalf of all persons carrying on business under a franchise agreement with Pet Valu at any time on or after December 31, 2003 (the “Class” or “Class Members”). A copy of the statement of claim and rulings by the Court in this action are available at: <http://www.sotosllp.com/class-actions/pet-valu/>.

In the certified class action, the Plaintiff claims damages against Pet Valu for the following: on behalf of the entire Class, breach of contract in respect of Volume Rebates and certain statutory or common law remedies potentially arising therefrom.

Pet Valu denies the allegations in the statement of claim and intends to defend the class action.

This action has been certified as a Class Action by the Court. A copy of the Court's decision certifying the Class Action is available at: <http://www.sotosllp.com/class-actions/pet-valu/>. The Class Action will proceed to trial on the common issues listed in Schedule A of this Notice.

2. Inclusion In / Opting Out of the Class

a. Automatic inclusion in the Class

If you carried on business as a franchisee under a franchise agreement with Pet Valu at any time from December 31, 2003 to and including March 28, 2011, you are automatically included in the Class. No steps are required to "join" the Class.

b. How to be excluded from the Class

If you do not wish to be included in the Class, you must opt-out by filling out the attached coupon and sending it to Sotos LLP, the lawyers for the Class, at the address located on the coupon or alternatively, send Sotos LLP some other legible, written, signed request to opt-out containing substantially the same information as the Opt-Out Coupon. The deadline for opting out is September 15, 2011 (The "Opt-Out Date"). If your written request to opt out is not received by that date, you will remain a member of the Class.

c. Consequences of opting out

If you opt out of the Class, you will not be affected by any decision the Court makes on the common issues. If you choose to opt out, you will not be entitled to any award that might be granted by the Court or any possible settlement reached with Pet Valu on the common issues.

d. Consequences of not opting out

Whether or not the Class Action is successful, all Class Members who do not opt out will be bound by the judgment. This means, for example, that after the Class Action has concluded, a Class Member cannot start its own individual claim against Pet Valu based on the same or similar allegations.

3. Consequences of the Class Action

In determining the common issues, the Court may decide whether Pet Valu should pay any monies to the Class Members, and if so, how much the affected Class Members should receive.

Class Members may be required to participate in some stages of the lawsuit, particularly in the calculation and distribution of monies, if any are awarded. The determination of how any recovery should be distributed to each individual Class Member will be made either by the Court or by a process to be supervised and sanctioned by the Court.

If the Class Action is not successful, Class Members will not be responsible for any legal costs or face any other financial obligations arising from the proceedings.

4. Other Matters

The Plaintiff has retained the law firm of Sotos LLP (www.sotosllp.com) to represent the Class in the Class Action. The law firm will be paid legal fees only if the Class Action is successful. The Plaintiff has agreed that the law firm's fees will be 25% of the monetary amounts recovered or other benefits received as a result

of settlement or judgment, plus disbursements, in addition to any costs Pet Valu is required to pay. The retainer agreement and any fees charged by class counsel must be approved by the Court.

For further information about the class action lawsuit you may contact:

Sotos LLP, Barristers and Solicitors, Suite 1250, 180 Dundas St. West, Toronto, Ontario M5G 1Z8, attn.: David Sterns (dsterns@sotosllp.com) or Allan D.J. Dick (adjdick@sotosllp.com) • Tel: (416) 977-0007 Fax: (416) 977-0717.

The statement of claim and other court papers in this action are available for inspection at the Ontario Superior Court of Justice, 393 University Avenue, 10th Floor, Toronto, Ontario M5G 2J6 and on Sotos LLP's website at <http://www.sotosllp.com/class-actions/pet-valu/>.

PLEASE DO NOT CALL the Ontario Superior Court of Justice or the Registrar of the Court. They will not be able to answer your questions about the lawsuit.

Date: July 15, 2011

OPT OUT COUPON

TO: SOTOS LLP
Barristers and Solicitors
180 Dundas Street West, Suite 1250
Toronto, Ontario M5G 1Z8

Attention: David Sterns
Facsimile: (416) 977-0717

I wish to opt out of the Pet Valu class action lawsuit.

Signature

Name of company and current or former store #:

Address:

Postal code:

Telephone:

Note: To opt out, this coupon must be completed and received at the above address by September 15, 2011.

SCHEDULE A – LIST OF COMMON ISSUES

For the purposes of this List of Common Issues, “Volume Rebates” means all volume-based rebates, allowances and discounts given by suppliers and manufacturers to Pet Valu or its affiliates and includes any direct or indirect discounts of the price at which goods are supplied to the Pet Valu system, but does not include discounts tied to the performance of individual stores.

1. Has the defendant breached its contractual duty to the Class Members at any time during the Class Period by failing to share Volume Rebates with them?
2. If the answer to common issue # 1 is yes, has the defendant breached its contractual duty to the Class Members at any time during the Class Period by:
 - (a) charging a mark-up on private label products without giving Class Members credit for their proportionate share of Volume Rebates in respect of such products?
 - (b) imposing a distribution charge on the price of products without giving Class Members credit for their proportionate share of Volume Rebates in respect of such products?
3. Has the defendant breached the duty of fair dealing to the Ontario Class Members under section 3 of the *Arthur Wishart Act (Franchise Disclosure) 2000*, S.O. 2000, c. 3 (the “A.W.A.”) by any of the conduct described in common issues 1 and 2 above, if so found?
4. If the conduct described in common issues 1 and 2 above did not constitute a breach of the Franchise Agreement, has the defendant been unjustly enriched by such conduct, if so found?
5. What is the aggregate amount of damages for the breaches of any of the duties referred to in common issues 1, 2 and 3 above, or the aggregate amount of compensation for unjust enrichment, if so found?
6. Did the defendant have a duty at common law to the Class Members or under section 3 of the A.W.A. to the Ontario Class Members to disclose the following information to the Class Members or to some of them, and if so, did it breach such duty:
 - (i) whether the defendant or its affiliates receives Volume Rebates in respect of purchases which are made by the defendant or its affiliates for wholesale to the Class Members;
 - (ii) the defendant's policy in respect of the allocation of Volume Rebates to Class Members and, in particular, whether the defendant complied with sections 22(e) and (f) and 23(c) of the Franchise Agreement;
 - (iii) the amount of Volume Rebates received by the defendant or its affiliates during the Class Period;
 - (iv) the amount of Volume Rebates retained by the defendant or its affiliates and the amount, if any, that was shared with Class Members;
 - (v) the criteria that were used by the defendant to determine how much of the Volume Rebates were retained and how much, if any, were shared with the Class Members?
7. If the answer to common issue 6 is yes, is the plaintiff entitled to an order requiring the defendant to disclose such information forthwith and what damages, if any, is the defendant required to pay for the breach of such duty?