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Premium Brands Inc. and Premium Brands Income Fund Announce Completion of Previously Announced Income Trust Conversion and Financing

RICHMOND, BRITISH COLUMBIA--(CCNMatthews - July 27, 2005) -

NOT FOR DISTRIBUTION IN THE UNITED STATES OR DISSEMINATION TO U.S. WIRE SERVICES

Premium Brands Inc. (TSX:FFF) ("Premium Brands") and Premium Brands Income Fund (the "Fund") announced today the completion of the previously announced plan of arrangement pursuant to which Premium Brands has been converted from a corporate entity to an income trust. All outstanding common shares of Premium Brands have been exchanged for units (the "Units") of the Fund (or securities exchangeable for Units) on a one-for-one basis. The Units began trading today on the Toronto Stock Exchange under the symbol "PBI.UN". The Fund expects to make its first cash distribution to unitholders, in the estimated amount of \$0.1138 per Unit, on or about September 15, 2005 in respect of the period from the completion of the transaction to August 31, 2005. Subsequent regular monthly distributions in the estimated amount of \$0.098 per Unit are anticipated to be paid each month thereafter commencing on or about October 15, 2005.

Concurrently with the completion of the plan of arrangement, the Fund completed an initial public offering and secondary offering of a total of 3,914,307 Units at a price of \$10.70 per Unit, consisting of a treasury offering by the Fund of 3,275,000 Units, and a secondary offering by Banyan Capital Partners Limited Partnership of 639,307 Units. The Fund used the net proceeds from the treasury offering to repay debt previously owing by Premium Brands, and did not receive any proceeds from the secondary offering. The Fund has also granted the underwriters an over-allotment option to purchase up to an additional 196,000 Units on the same terms for a period of 30 days after closing.

The underwriting syndicate for this transaction was co-led by Scotia Capital Inc. and CIBC World Markets Inc., and also included RBC Dominion Securities Inc., Raymond James Ltd. and TD Securities Inc.

The Fund is a leading manufacturer and marketer of a broad range of branded specialty food products. In addition, the Fund operates proprietary food distribution networks through which it distributes both its own products and those of third parties.

These securities have not been, nor will they be, registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States without registration or an applicable exemption from the registration requirements of that Act. This news release does not constitute an offer for sale of these securities in the United States.

Forward-Looking Information

Statements made in this press release, and elsewhere, that look forward in time or include anything other than historical information, involve risks and uncertainties that may affect the actual outcome. For details on these risks and uncertainties please refer to the Fund's prospectus dated July 15, 2005, a copy of which is available via SEDAR at www.sedar.com.

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