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PET VALU REPORTS FISCAL 2006 EARNINGS PER SHARE OF US\$0.93 (C\$1.05)

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

Markham, Ontario, March 16, 2007. Pet Valu, Inc. announced today fourth quarter results for fiscal 2006. On a consolidated basis, net income for the quarter ended December 30, 2006 was \$3.3 million or \$0.37 per share as compared to net income of \$4.0 million or \$0.54 per share for the fourth quarter of fiscal 2005. Net income excluding non-comparable items was \$3.8 million or \$0.44 per share for the quarter ended December 30, 2006 as compared to net income excluding non-comparable items of \$3.2 million or \$0.42 per share for the fourth quarter of fiscal 2005.

Net income for the year ended December 30, 2006 was \$7.5 million or \$0.93 per share as compared to net income of \$7.3 million or \$0.97 per share for fiscal 2005. Net income excluding non-comparable items for the year ended December 30, 2006 was \$8.2 million or \$1.02 per share, or C\$1.16 based on the average exchange rate for fiscal 2006 of 1.1341. Net income excluding non-comparable items for the year ended December 31, 2005 was \$6.4 million or \$0.86 per share, or C\$1.04 based on the average exchange rate for fiscal 2005 of 1.2115.

	13 Weeks ended December 30, 2006	13 Weeks ended December 31, 2005	52 Weeks ended December 30, 2006	52 Weeks ended December 31, 2005
No. of Stores	352	351	352	351
Sales and Revenue	\$40,001,000	\$37,563,000	\$147,037,000	\$134,406,000
Gross Profit	\$13,346,000	\$11,754,000	\$43,657,000	\$37,336,000
EBITDA ⁽¹⁾	\$5,721,000	\$5,217,000	\$16,232,000	\$14,101,000
EBITDA excluding non-comparable items	\$6,679,000	\$5,799,000	\$17,397,000	\$14,682,000
Net Income	\$3,253,000	\$4,013,000	\$7,519,000	\$7,254,000
Net Income excluding non-comparable items ⁽²⁾	\$3,809,000	\$3,175,000	\$8,207,000	\$6,416,000
Basic EPS	\$0.37	\$0.54	\$0.93	\$0.97
Diluted EPS	\$0.32	\$0.46	\$0.79	\$0.84
Basic EPS excluding non-comparable items ⁽³⁾	\$0.44	\$0.42	\$1.02	\$0.86
Diluted EPS excluding non-comparable items	\$0.37	\$0.37	\$0.86	\$0.74
Non-comparable Items (before tax)				
Promotion Fund Allowance	(\$180,000)	\$582,000	(\$180,000)	\$582,000
Financing Initiatives costs	-	-	\$207,000	-
Loss on Extinguishment of Debt	\$1,138,000	-	\$1,138,000	-
Future tax recovery on NOLs	(\$154,000)	(\$1,210,000)	(\$154,000)	(\$1,210,000)
Applicable tax on non-comparable items	(\$248,000)	(\$210,000)	(\$323,000)	(\$210,000)

NON-COMPARABLE ITEMS

Non-comparable items include loss on debt extinguishment, an allowance (recovery) for the deficit balance in the promotion fund account, costs related to financing initiatives that were cancelled, and future tax recovery of unrealized net operating loss carryforwards of the U.S. operations. Loss on

extinguishment of debt resulted from the prepayment of C\$15 million of debentures. 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. In fiscal 2006, a partial recovery was recognized as a result of a reduction in the deficit balance. To address the repayment of C\$15.1 million of debentures maturing on July 24, 2006, the Company incurred legal and other costs to assist in the preparation of documents and materials for a potential financing initiative that was eventually cancelled.

SALES

Comparable store sales for the thirteen week period ending December 30, 2006 increased by 4.0% in Canada and decreased by 1.2% in the U.S. as compared to the thirteen week period ending December 31, 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 30, 2006 was \$30.6 million compared to \$28.3 million for the fourth quarter of fiscal 2005. A 4.0% increase in comparable store sales and a 3.0% 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 \$2.6 million to \$15.5 million for the year as compared to \$12.9 million in the prior year and by \$0.7 million to \$5.8 million in the fourth quarter of fiscal 2006 as compared to \$5.1 million in the fourth quarter of the prior year. Canadian net income excluding non-comparable items for the fourth quarter of fiscal 2006 increased by \$0.5 million as compared to the fourth quarter of the prior year. Canadian net income excluding non-comparable items for the year increased by \$1.7 million as compared to the prior year.

	13 Weeks ended December 30, 2006	13 Weeks ended December 31, 2005	52 Weeks ended December 30, 2006	52 Weeks ended December 31, 2005
No. of Stores	283	285	283	285
Sales and Revenue	\$30,590,000	\$28,301,000	\$111,801,000	\$100,555,000
Gross Profit	\$10,310,000	\$8,901,000	\$33,554,000	\$27,463,000
EBITDA ⁽¹⁾	\$4,831,000	\$4,491,000	\$14,349,000	\$12,303,000
EBITDA excluding non-comparable items	\$5,789,000	\$5,073,000	\$15,515,000	\$12,885,000
Net Income	\$2,302,000	\$2,111,000	\$5,880,000	\$4,622,000
Net Income excluding non-comparable items ⁽²⁾	\$3,012,000	\$2,483,000	\$6,722,000	\$4,994,000
Non-comparable Items (before tax)				
Promotion Fund Allowance	(\$180,000)	\$582,000	(\$180,000)	\$582,000
Financing Initiatives costs	-	-	\$207,000	-
Loss on Extinguishment of Debt	\$1,138,000	-	\$1,138,000	-
Applicable tax on non-comparable items	(\$248,000)	(\$210,000)	(\$323,000)	(\$210,000)

U.S. OPERATIONS

Sales and revenue from U.S. operations for the fourth quarter ended December 30, 2006 was \$9.4 million as compared to \$9.3 million for the fourth quarter of fiscal 2005. Cash flow represented by EBITDA was \$1.0 million for the fourth quarter of fiscal 2006, which was \$0.2 million greater than the fourth quarter of the prior year. Net income excluding non-comparable items for the fourth quarter of fiscal 2006 was \$0.9 million, which was \$0.1 million greater than the fourth quarter of the prior year.

Net income excluding non-comparable items for the year ended December 30, 2006 increased by \$0.1 million as compared to fiscal 2005. Non-comparable items consisted of a deferred tax recovery relating to net operating loss carry forwards of \$0.2 million in the fourth quarter of fiscal 2006 as compared to \$1.2 million in the fourth quarter of fiscal 2005. At December 30, 2006, there are \$16.1 million in unrecognized net operating loss carryforwards and \$6.8 million of unrecognized future tax recoveries.

	13 Weeks ended December 30, 2006	13 Weeks ended December 31, 2005	52 Weeks ended December 30, 2006	52 Weeks ended December 31, 2005
No. of Stores	69	66	69	66
Sales and revenue	\$9,411,000	\$9,263,000	\$35,236,000	\$33,851,000
Gross Profit	\$3,121,000	\$2,931,000	\$10,561,000	\$10,324,000
EBITDA ⁽¹⁾	\$977,000	\$808,000	\$2,342,000	\$2,253,000
Net Income	\$1,049,000	\$1,998,000	\$2,111,000	\$3,101,000
Net Income excluding non-comparable items ⁽²⁾	\$895,000	\$788,000	\$1,957,000	\$1,891,000
Non-comparable Items				
Future tax recovery on NOLs	(\$154,000)	(\$1,210,000)	(\$154,000)	(\$1,210,000)

OUTLOOK

The Company has several key operating objectives for 2007 and 2008. A primary objective will be to continue re-engineering existing operating practices to highest industry standards. In this regard, the Company will be seeking to improve its technological systems, including those related to materials handling, as well as those where there are opportunities to increase automation of routine practices throughout the business. The Company will also be reviewing its fuel and energy strategies so as to improve distribution efficiencies; its merchandising models so as to be able to fully utilize varying store sizes within the scope of small box retailing; its franchising systems in Canada; and its risk management strategies.

As well, the Company plans to upgrade the shopping experience at its stores under "Better Pet Nutrition" reniching, including enhancements to store image and services, expansion of differentiated product selection, the identification of more targeted store location criteria, improvements to space management programs, and the integration of an e-commerce component to the business.

The Company intends to validate a U.S. market expansion platform that addresses changes in both the niche positioning of competitors as well as changes in consumer purchasing trends. On another front, the Company plans on strengthening the capacity of management to complete its operating and growth

objectives, as well as improving the productivity of management by establishing higher levels of accountability in relation to strategic business planning, project management and inter-departmental coordination.

The Company's financial goal will be to efficiently utilize available capital by applying cash flow to projects that meet targeted returns.

In general, the current focus of the Company will be toward generating profit improvements from existing operations and re-engineering the platform for future growth.

CONFERENCE CALL

Pet Valu, Inc. will host a live conference call on March 23, 2007 at 10:00 a.m. (EST) to discuss its financial results for its fiscal 2006 year and to answer questions from participants concerning those results. The discussion will be led by the Company's Chief Executive Officer, Geoffrey Holt and its Chief Financial Officer, Dale Winkworth. To access via tele-conference please dial 416-915-9608, if calling within the Greater Toronto Area, and toll free at 1-866-214-7077, if calling outside the GTA. A playback of the event will be made available for seven days after the event. To access the playback of the event, please dial 416-915-1028 along with the passcode number of 955278, if calling within the GTA, and toll free at 1-866-244-4494 (along with passcode) if outside the GTA.

NON-GAAP FINANCIAL MEASURES

- ⁽¹⁾ 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.
- ⁽²⁾ Net Income 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.
- ⁽³⁾ EPS 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

FORWARD LOOKING STATEMENTS

Certain information in this news release 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 news 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 is a specialty retailer of pet food and pet supplies operating Company-owned and franchised locations in Canada and the U.S. The TSX stock symbol for Pet Valu Canada Inc., Pet Valu, Inc.'s publicly traded Canadian operating subsidiary, is PVC.

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