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**PET VALU REPORTS STRONG SALES AND MARGINS FOR FISCAL 2007 RESULTING IN A 65% INCREASE IN NET INCOME AND EARNINGS PER SHARE OF US\$1.42 (C\$1.53)**

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

Markham, Ontario, March 14, 2008. Pet Valu, Inc. announced today fourth quarter results for fiscal 2007. On a consolidated basis, net income for the quarter ended December 29, 2007 was \$4.7 million or \$0.55 per share as compared to net income of \$3.3 million or \$0.37 per share for the fourth quarter of fiscal 2006. Net income excluding non-comparable items was \$4.7 million or \$0.55 per share for the quarter ended December 29, 2007 as compared to net income excluding non-comparable items of \$3.8 million or \$0.44 per share for the fourth quarter of fiscal 2006.

Net income for the fiscal year ended December 29, 2007 was \$12.4 million or \$1.42 per share as compared to net income of \$7.5 million or \$0.93 per share for fiscal 2006. Net income excluding non-comparable items for the fiscal year ended December 29, 2007 was \$12.4 million or \$1.42 per share, or C\$1.53 based on the average exchange rate for fiscal 2007 of 1.0752. 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.

	13 Weeks ended December 29, 2007	13 Weeks ended December 30, 2006	52 Weeks ended December 29, 2007	52 Weeks ended December 30, 2006
No. of Stores	343	352	343	352
Sales and Revenue	\$46,937,000	\$40,001,000	\$162,993,000	\$147,037,000
Gross Profit	\$16,016,000	\$13,346,000	\$51,053,000	\$43,657,000
EBITDA <sup>(1)</sup>	\$7,818,000	\$5,721,000	\$21,918,000	\$16,232,000
EBITDA excluding non-comparable items	\$7,992,000	\$6,679,000	\$22,092,000	\$17,397,000
Net Income	\$4,719,000	\$3,253,000	\$12,382,000	\$7,519,000
Net Income excluding non-comparable items <sup>(2)</sup>	\$4,705,000	\$3,809,000	\$12,368,000	\$8,207,000
Basic EPS	\$0.55	\$0.37	\$1.42	\$0.93
Diluted EPS	\$0.46	\$0.32	\$1.20	\$0.79
Basic EPS excluding non-comparable items <sup>(3)</sup>	\$0.55	\$0.44	\$1.42	\$1.02
Diluted EPS excluding non-comparable items	\$0.46	\$0.37	\$1.20	\$0.86
Non-comparable Items (before tax)				
Executive employment related payment	\$640,000	-	\$640,000	-
Promotion Fund Allowance	(\$466,000)	(\$180,000)	(\$466,000)	(\$180,000)
Loss on Extinguishment of Debt	-	\$1,138,000	-	\$1,138,000
Financing Initiatives costs	-	-	-	\$207,000
Future tax recovery on NOLs	(\$125,000)	(\$154,000)	(\$125,000)	(\$154,000)
Applicable tax on non-comparable items	(\$63,000)	(\$248,000)	(\$63,000)	(\$323,000)

## SALES

Comparable store sales for the thirteen week period ending December 29, 2007 increased by 6.8% in Canada and by 6.7% in the United States as compared to the thirteen week period ending December 30, 2006. During the quarter, the Company continued with the implementation of programs designed to shift its product offering to higher-margin, high-quality pet products. For the year ending December 29, 2007, comparable store sales increase by 6.5% in Canada and 3.6% in the United States.

## CANADIAN OPERATIONS

Sales and revenue from Canadian operations increased by \$6.9 million or 22.7% for the fourth quarter ended December 29, 2007 and increased by \$15.3 million or 13.7% for the year as compared to the prior year. Comparable store sales increases of 6.8% and 6.5% for the quarter and the year, respectively, contributed to the increase in sales and revenue. Canadian dollar sales are translated into U.S. dollars for financial reporting purposes which, due to the increase in the foreign currency exchange rate of 13.7% and 5.5% for the quarter and the year, respectively, also contributed to the increase in sales and revenue as denominated in U.S. dollars.

Cash flow represented by EBITDA excluding non-comparable items increased by \$4.6 million to \$20.1 million for the year as compared to \$15.5 million in the prior year and by \$1.3 million to \$7.0 million in the fourth quarter of fiscal 2007 as compared to the fourth quarter of the prior year.

Canadian net income excluding non-comparable items for the fourth quarter of fiscal 2007 increased by \$0.8 million to \$3.8 million as compared to \$3.0 million in the fourth quarter of the prior year. Canadian net income excluding non-comparable items for the year increased by \$3.9 million to \$10.6 million as compared to \$6.7 million in the prior year.

	13 Weeks ended December 29, 2007	13 Weeks ended December 30, 2006	52 Weeks ended December 29, 2007	52 Weeks ended December 30, 2006
No. of Stores	281	283	281	283
Sales and Revenue	\$37,523,000	\$30,590,000	\$127,077,000	\$111,801,000
Gross Profit	\$13,064,000	\$10,310,000	\$40,965,000	\$33,554,000
EBITDA <sup>(1)</sup>	\$6,874,000	\$4,831,000	\$19,902,000	\$14,349,000
EBITDA excluding non-comparable items	\$7,048,000	\$5,789,000	\$20,076,000	\$15,515,000
Net Income	\$3,705,000	\$2,302,000	\$10,481,000	\$5,880,000
Net Income excluding non-comparable items <sup>(2)</sup>	\$3,816,000	\$3,012,000	\$10,592,000	\$6,722,000
Non-comparable Items (before tax)				
Executive employment related payment	\$640,000	-	\$640,000	-
Promotion Fund Allowance	(\$466,000)	(\$180,000)	(\$466,000)	(\$180,000)
Loss on Extinguishment of Debt	-	\$1,138,000	-	\$1,138,000
Financing Initiatives costs	-	-	-	\$207,000
Applicable tax on non-comparable items	(\$63,000)	(\$248,000)	(\$63,000)	(\$323,000)

## U.S. OPERATIONS

Sales and revenue from U.S. operations for the fourth quarter ended December 29, 2007 was \$9.4 million which was consistent with the fourth quarter of fiscal 2006.

Cash flow represented by EBITDA was \$1.0 million for the fourth quarter of fiscal 2007, which was consistent with the fourth quarter of the prior year.

Net income excluding non-comparable items for the fourth quarter of fiscal 2007 was \$1.0 million, which was \$0.1 million higher than the fourth quarter of the prior year.

Net income excluding non-comparable items for the year ended December 29, 2007 increased by \$0.3 million as compared to fiscal 2006.

	13 Weeks ended December 29, 2007	13 Weeks ended December 30, 2006	52 Weeks ended December 29, 2007	52 Weeks ended December 30, 2006
No. of Stores	62	69	62	69
Sales and revenue	\$9,412,000	\$9,411,000	\$35,915,000	\$35,236,000
Gross Profit	\$2,996,000	\$3,121,000	\$10,505,000	\$10,561,000
EBITDA <sup>(1)</sup>	\$987,000	\$977,000	\$2,433,000	\$2,342,000
Net Income	\$1,085,000	\$1,049,000	\$2,346,000	\$2,111,000
Net Income excluding non-comparable items <sup>(2)</sup>	\$960,000	\$895,000	\$2,221,000	\$1,957,000
Non-comparable Items				
Future tax recovery on NOLs	(\$125,000)	(\$154,000)	(\$125,000)	(\$154,000)

## NON-COMPARABLE ITEMS

A one-time payment was made in relation to an employment contract between the CEO of the Company and the Company. The contract expired as of December 31, 2007. A new contract was executed with the CEO effective January 1, 2008. The new contract does not contain provisions for any one-time payments of similar magnitudes.

The Company and its franchisees make contributions to the Canadian promotion fund, which is used for marketing and advertising activities. The Company determined that the deficit balance of the promotion fund at the end of fiscal 2007 is no longer 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, the allowance that was initially provided at the end of fiscal 2005, and adjusted in fiscal 2006, has been reversed in full.

The loss on extinguishment of debt resulted from the prepayment of a C\$15 million debenture in fiscal 2006.

To address the repayment of C\$15.1 million of debentures which matured on July 24, 2006, the Company incurred legal and other costs in relation to a potential financing initiative that was ultimately not pursued.

The Company has net operating losses ("NOLs") carried forward with respect to its U.S. operations. Each year the Company performs a valuation to determine the amount of NOLs that it will recognize for accounting purposes based on the projected taxable income of the U.S. operations. The deferred tax assets are then adjusted resulting in either a future tax recovery or a future tax expense being recorded on the statement of operations. The Company recognized a deferred tax recovery of \$0.1 million in the fourth quarter of fiscal 2007 as compared to \$0.2 million in the fourth quarter of fiscal 2006. At December 29, 2007, there are \$14.0 million in unrecognized net operating loss carryforwards and \$5.6 million of unrecognized future tax recoveries.

## OUTLOOK

The Company has several key operating objectives for fiscal 2008 and thereafter.

A primary objective will be to continue the re-engineering of existing operating practices to highest industry standards. In this regard, the Company will be seeking to improve its technological systems, improve upon the performance management systems as they apply to the execution of operating practices and initiatives to realize business improvements, and continue to develop both waste reduction and energy conservation programs.

The Company plans to build upon its existing competitive strengths in relation to store service and differentiated product selection. This includes expanding the number of high quality differentiated brand name products and the continued development of specialized private label pet food formulations and pet supply products. As well, the Company plans improvements to the customer shopping experience through continued efforts to advance the level of knowledgeable service provided by store staff, improvements in the utilization of store space, and enhancements to the overall store image.

The Company intends to focus on growth strategies within existing markets. These strategies will include the expansion of the number of stores where opportunities for either acquisition or greenfield development are available and meet targeted returns. The Company also plans to expand sales in existing stores through the optimization of product offerings that are tailored to each store location.

The current franchising system in Canada, which has been in place for more than 20 years, will be reviewed during the year. The goal is to develop a system that more closely aligns the mutual interests of the franchisees with that of the Company.

The Company's financial goals include the efficient utilization of available capital by applying cash to projects that meet targeted returns. Significant capital expenditures are expected during fiscal 2008 and fiscal 2009 in relation to the development of infrastructure including the building and equipping of a new automated warehouse facility, the acquisition of small box competitor locations where feasible, the renewal of a normal course issuer bid, and the development of new systems reflecting forward looking technological improvements.

In general, the current focus of the Company will be toward generating incremental profit improvements from existing operations and creating infrastructure strengths necessary to support platforms for future growth.

While the average compound growth in earnings over the past four years exceeds 50% per annum, 2008 may not follow that trend. Projects initiated over the past four years have had fairly immediate impacts; however, many of the remaining projects, while generating high returns, require higher infrastructure investments, particularly in our staffing and equipment capabilities in the areas of information technology and systems development. In addition, projects which relate to technological improvements, have longer lead-times for completion resulting in longer periods of expense absorption prior to the realization of benefits. Most beneficial effects of these projects would occur in 2009, 2010, and thereafter. Management will attempt to prioritize some initiatives with a more immediate profit impact into the project mix, but it is difficult to predict project mix outcomes.

## 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 net income 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 EPS 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 and wholesaler of pet food and pet-related supplies and a franchisor of pet food and pet-related supply outlets. The TSX stock symbol for Pet Valu Canada Inc., Pet Valu, Inc.'s publicly traded Canadian operating subsidiary, is PVC.

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