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PET VALU REPORTS 30% INCREASE IN DILUTED EARNINGS PER SHARE FOR THE SECOND QUARTER OF FISCAL 2008 ON COMPARABLE STORE SALES GROWTH FOR THE QUARTER OF 5.7% IN CANADA AND 8.8% IN THE U.S.

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

Markham, Ontario, August 7, 2008. Pet Valu, Inc. announced today unaudited second quarter results for fiscal 2008. On a consolidated basis, net income for the quarter ended June 28, 2008 was \$3.6 million or \$0.35 per diluted share. Excluding non-comparable items, net income was \$3.8 million or \$0.38 per diluted share as compared to net income of \$2.8 million or \$0.27 per diluted share for the second quarter of fiscal 2007, an increase of 41%. Non-comparable items in the second quarter of fiscal 2008 included legal and other costs related to a shareholder proxy contest. There were no non-comparable items in the second quarter of fiscal 2007.

RESULTS

(in thousands of U.S. dollars, except EPS)

	13 Weeks ended June 28, 2008	13 Weeks ended June 30, 2007	26 Weeks ended June 28, 2008	26 Weeks ended June 30, 2007
No. of Stores	339	344	339	344
Sales and Revenue	\$44,257	\$38,645	\$87,057	\$74,538
Gross Profit	\$15,122	\$11,919	\$28,633	\$22,164
EBITDA ⁽¹⁾	\$6,227	\$4,861	\$11,454	\$8,389
EBITDA excluding non-comparable items	\$6,597	\$4,861	\$11,824	\$8,389
Net Income	\$3,595	\$2,773	\$6,433	\$4,523
Net Income excluding non-comparable items ⁽²⁾	\$3,841	\$2,773	\$6,679	\$4,523
Basic EPS	\$0.38	\$0.32	\$0.71	\$0.51
Diluted EPS	\$0.35	\$0.27	\$0.63	\$0.44
Basic EPS excluding non-comparable items ⁽³⁾	\$0.41	\$0.32	\$0.74	\$0.51
Diluted EPS excluding non-comparable items ⁽³⁾	\$0.38	\$0.27	\$0.66	\$0.44
Non-comparable items:				
Shareholder proxy costs	\$370	-	\$370	-
Applicable tax on non-comparable items	(\$124)	-	(\$124)	-

SALES

Comparable store sales for the thirteen week period ending June 28, 2008 increased by 5.7% in Canada and by 8.8% in the United States as compared to the thirteen week period ending June 30, 2007. During the quarter, higher margin high-quality pet product sales have continued to show strong growth and a more positive shopping experience for customers has contributed to higher sales.

CANADIAN OPERATIONS

(in thousands of U.S. dollars)

	13 Weeks ended June 28, 2008	13 Weeks ended June 30, 2007	26 Weeks ended June 28, 2008	26 Weeks ended June 30, 2007
No. of Stores	277	279	277	279
Sales and Revenue	\$35,128	\$29,749	\$69,236	\$56,826
Gross Profit	\$12,604	\$9,477	\$23,827	\$17,356
EBITDA ⁽¹⁾	\$5,746	\$4,448	\$10,759	\$7,678
EBITDA excluding non-comparable items	\$6,116	\$4,448	\$11,129	\$7,678
Net Income	\$3,166	\$2,435	\$5,808	\$3,957
Net Income excluding non-comparable items ⁽²⁾	\$3,412	\$2,435	\$6,054	\$3,957
Non-comparable items:				
Shareholder proxy costs	\$370	-	\$370	-
Applicable tax on non-comparable items	(\$124)	-	(\$124)	-

U.S. OPERATIONS

(in thousands of U.S. dollars)

	13 Weeks ended June 28, 2008	13 Weeks ended June 30, 2007	26 Weeks ended June 28, 2008	26 Weeks ended June 30, 2007
No. of Stores	62	65	62	65
Sales and Revenue	\$9,127	\$8,897	\$17,820	\$17,713
Gross Profit	\$2,642	\$2,566	\$5,055	\$5,057
EBITDA ⁽¹⁾	\$606	\$538	\$945	\$960
Net Income	\$554	\$463	\$874	\$815

OUTLOOK

Pursue Organic Growth

Growth in comparable store sales has resulted from the Company's reniching programs, including the additions of new differentiated products and the continued development of private label products. These reniching programs have and are expected to continue to contribute to an increase in gross profit margins and improved customer selection.

These programs are on-going and include various degrees of product differentiation, staff training, facilities upgrades, and customer service initiatives. The Company will continue to focus on these programs for the foreseeable future with a goal of increasing sales, maintaining strong margins and improving the customer experience.

Pursue Store Growth through Greenfield Expansion / Acquisition

Store expansion will be pursued in Canada through greenfield development, and/or acquisitions that meet profit targets or otherwise realize synergies. Our target for store growth in fiscal 2008 remains at 25-30 stores in Canada.

As part of this targeted growth, subsequent to the end of the second quarter, Pet Valu announced that it has entered into conditional agreements to acquire the shares of companies operating 15 Berrys...Your PetsChoice stores. These stores are all located in eastern Ontario. Subject to due diligence and other conditions, the transaction is expected to close in the third quarter.

In the U.S., while we believe that there may be a niche opportunity to pursue, the U.S. market is quite different from the Canadian market and is more competitive. The Company is analysing the opportunity for further expansion in the U.S.; however, the focus of the Company's growth plans will first be in Canada.

Pet Valu is currently exploring expansion in Canadian markets where the Company is not already operating, including Alberta, B.C., Saskatchewan and the Maritimes. These will be analysed and pursued to the extent that it is determined that targeted returns can be achieved and are sustainable.

Pursue initiatives to sustain growth

Initiatives to sustain growth include:

- Reviewing the current information systems and inventory control systems. The goal will be to acquire or develop systems that are scalable and will support expansion initiatives and other initiatives to increase profitability.
- Continuing to develop warehousing, operating and distribution related infrastructure to meet the anticipated growth of the business.

EXPRESSION OF INTEREST REGARDING POSSIBLE ACQUISITION

On July 14, 2008, the Company announced that it had received an unsolicited approach expressing interest in pursuing a possible acquisition of the Company. The Company has had preliminary discussions with representatives of the interested party, and the Company's board of directors continues to review and consider the approach with the advice and assistance of its financial advisor, TD Securities Inc., and its legal advisor. There can be no assurance, however, that any definitive transaction proposal will result from the approach, or that any transaction, if proposed, will be completed.

CONFERENCE CALL

Pet Valu, Inc. will host a conference call on August 11, 2008 at 10:00 a.m. (EDT) to discuss its financial results for its second quarter of fiscal 2008 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 416-642-5213, if calling within the Greater Toronto Area, and toll free at 1-866-321-8231, 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 647-436-0148 along with the passcode number of 5340128, if calling within the GTA, and toll free at 1-888-203-1112 (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.

COMPANY PROFILE

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.

For further information, please contact:

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Secretary

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