



MAILING ADDRESS: 121 McPherson Street, Markham, Ontario, L3R 3L3
Tel: 905-946-1200 Fax: 905-946-0658

PET VALU REPORTS 45% INCREASE IN DILUTED EARNINGS PER SHARE BEFORE NON-COMPARABLE ITEMS FOR THE THIRD QUARTER OF FISCAL 2008 ON COMPARABLE STORE SALES GROWTH FOR THE QUARTER OF 5.8% IN CANADA AND 10.5% IN THE U.S.

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

Markham, Ontario, November 6, 2008. Pet Valu, Inc. announced today unaudited third quarter results for fiscal 2008. On a consolidated basis, net income for the quarter ended September 27, 2008 was \$4.0 million or \$0.39 per diluted share. Excluding non-comparable items, net income was \$4.6 million or \$0.45 per diluted share as compared to net income of \$3.1 million or \$0.31 per diluted share for the third quarter of fiscal 2007, an increase of 45%. Non-comparable items in the third quarter of fiscal 2008 included legal and other costs related to the Company's actions in response to an expression of interest to acquire the Company and shareholder proxy contest costs incurred in connection with the Company's May 2008 annual meeting of shareholders. There were no non-comparable items in the third quarter of fiscal 2007.

RESULTS

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

	13 Weeks ended Sept. 27, 2008	13 Weeks ended Sept. 29, 2007	39 Weeks ended Sept. 27, 2008	39 Weeks ended Sept. 29, 2007
No. of Stores (end of period)	354	344	354	344
Sales and Revenue	\$46,585	\$41,518	\$133,642	\$116,056
Gross Profit	\$16,015	\$12,873	\$44,648	\$35,037
EBITDA ⁽¹⁾	\$6,581	\$5,711	\$18,035	\$14,100
EBITDA excluding non-comparable items ⁽¹⁾	\$7,566	\$5,711	\$19,390	\$14,100
Net Income	\$3,966	\$3,141	\$10,398	\$7,663
Net Income excluding non-comparable items ⁽²⁾	\$4,621	\$3,141	\$11,300	\$7,663
Basic EPS	\$0.42	\$0.36	\$1.13	\$0.88
Diluted EPS	\$0.39	\$0.31	\$1.02	\$0.75
Basic EPS excluding non-comparable items ⁽³⁾	\$0.49	\$0.36	\$1.23	\$0.88
Diluted EPS excluding non-comparable items ⁽³⁾	\$0.45	\$0.31	\$1.11	\$0.75
Non-comparable items:				
Shareholder proxy costs	\$480	-	\$850	-
Strategic alternative related costs	\$505	-	\$505	-
Applicable tax on non-comparable items	(\$330)	-	(\$454)	-

SALES

Comparable store sales for the thirteen week period ending September 27, 2008 increased by 5.8% in Canada and by 10.5% in the United States as compared to the thirteen week period ending September 29, 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 Sept. 27, 2008	13 Weeks ended Sept. 29, 2007	39 Weeks ended Sept. 27, 2008	39 Weeks ended Sept. 29, 2007
No. of Stores (end of period)	292	280	292	280
Sales and Revenue	\$37,207	\$32,728	\$106,443	\$89,553
Gross Profit	\$13,304	\$10,421	\$36,882	\$27,528
EBITDA ⁽¹⁾	\$5,829	\$5,225	\$16,338	\$12,654
EBITDA excluding non-comparable items ⁽¹⁾	\$6,814	\$5,225	\$17,693	\$12,654
Net Income	\$3,228	\$2,695	\$8,786	\$6,402
Net Income excluding non-comparable items ⁽²⁾	\$3,883	\$2,695	\$9,688	\$6,402
Non-comparable items:				
Shareholder proxy costs	\$480	-	\$850	-
Strategic alternative related costs	\$505	-	\$505	-
Applicable tax on non-comparable items	(\$330)	-	(\$454)	-

U.S. OPERATIONS

(in thousands of U.S. dollars)

	13 Weeks ended Sept. 27, 2008	13 Weeks ended Sept. 29, 2007	39 Weeks ended Sept. 27, 2008	39 Weeks ended Sept. 27, 2007
No. of Stores (end of period)	62	64	62	64
Sales and Revenue	\$9,379	\$8,790	\$27,199	\$26,503
Gross Profit	\$2,711	\$2,452	\$7,766	\$7,509
EBITDA ⁽¹⁾	\$752	\$486	\$1,697	\$1,446
Net Income	\$738	\$446	\$1,612	\$1,261

KEY ACCOMPLISHMENTS

During the first three quarters of fiscal 2008, the Company pursued key priorities intended to improve results from operations, liquidity, capital resources and cash flow.

Reniching

The Company's reniching program contributed to the strong results for the quarter and the year to date period. As part of this program, the Company continued to pursue a long-term objective of shifting its product offering to higher-margin, high-quality pet products, which include pet specialty brands and private label products featuring a wellness-focused approach to pet nutrition. This reniching program has improved and is expected to continue to improve operating profits and enhance the image of the Company as a specialty retailer.

Inventory Investment

The Company's inventory buying system is designed to take advantage of opportunities, including those in relation to cost inflation. As a result, the Company's warehouse inventory levels have increased by approximately C\$4.2 million during the quarter and C\$5.9 million for the year to date in fiscal 2008. These increases are in addition to fiscal 2007 increases of approximately C\$1.6 million. The Company believes that recent declines in various commodity prices will slow the rate of any cost increases in fiscal 2009.

Amendment of Bank Credit Agreement

During the third quarter, the Company entered into an agreement with its bank to amend its existing credit agreement dated as of July 14, 2006 ("Credit Agreement"). The amendment increased the

revolving line of credit in the Credit Agreement from a maximum of C\$15 million to a maximum of C\$20 million. In addition, the amendment created a new C\$5 million term loan that bears interest at prime plus 1% and is repayable in 24 equal monthly installments. The amendment did not materially change any other terms contained in the Credit Agreement.

Repayment of 10% Non-convertible Debentures

In accordance with a debenture holder agreement dated July 24, 2006, the scheduled repayment of principal and accrued interest for the 10% non-convertible debentures was made on July 24, 2008 by cash payments to the debenture holders. The amount of the payments was C\$8,877,836, consisting of principal repayments of C\$8,820,000 and accrued interest of C\$57,836. These payments were financed from the new bank term loan, the Company's bank operating line and funds provided from operations.

Acquisition

On August 22, the Company acquired companies operating 15 "Berrys...Your PetsChoice" stores. These stores are all located in eastern Ontario. The purchase price of C\$2.4 million was financed using Pet Valu's existing bank operating line. The Berrys operations and the anticipated operating synergies are expected to incrementally contribute an approximate C\$600,000 to Pet Valu's consolidated income before income taxes during the first 12 months of inclusion within the Pet Valu group of stores.

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 product selection for customers.

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 has been reduced to 15-20 new stores in Canada. The previously announced target included a potential acquisition that is not expected to occur in fiscal 2008.

The U.S. market is quite different from the Canadian market and is more competitive. The Company is analyzing 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 plans to explore 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's board of directors continues to review and consider this approach as well as other alternatives to enhance shareholder value with the advice and assistance of its financial advisor, TD Securities Inc., and its legal advisors. There can be no assurance, however, that any definitive transaction proposal will result from this process, or that any transaction, if proposed, will be completed.

CONFERENCE CALL

Pet Valu, Inc. will host a conference call on November 10, 2008 at 10:00 a.m. (EST) to discuss its financial results for its third 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 along with the passcode number of 7922249, if calling within the Greater Toronto Area, and toll free at 1-866-321-8231 (along with passcode), 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 7922249, 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; the outcome of strategic alternatives being considered by the Company's board of directors; 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:

Michael Fitzgerald

Secretary

(905) 946-1200, extension 3503