



FOR IMMEDIATE RELEASE: October 28, 2008

**PENN TRAFFIC AND U.S. ATTORNEY'S OFFICE
REACH NON-PROSECUTION AGREEMENT**

SYRACUSE, N.Y. – The Penn Traffic Company (“Pink Sheets”: PTFC) reached a non-prosecution agreement with the U.S. Attorney’s Office for the Northern District of New York, in connection with its previously disclosed investigation into, among other things, the company’s accounting policies, practices and related conduct between 2001 and 2004.

As with the company’s recently announced settlement with the Securities and Exchange Commission regarding its related investigation, the agreement with the U.S. Attorney’s Office imposed no fines or monetary penalties on Penn Traffic.

“We are pleased to have reached this agreement with the U.S. Attorney’s Office, along with our recent settlement with the SEC. We continue to make good progress on resolving legacy issues that pre-dated the company’s emergence from bankruptcy in 2005, allowing us to focus even more energy on serving customers and improving the business,” said Senior Vice President and General Counsel Daniel J. Mahoney.

As part of the non-prosecution agreement, the company accepted responsibility for the conduct of its employees during the relevant time period and agreed to provide full cooperation to the U.S. Attorney’s Office with respect to its ongoing investigations through the conclusion of any and all related criminal trials. The recent settlement and agreement not to prosecute apply only to the company and do not address the previously disclosed investigations of two former Penn Traffic marketing executives, whom the company terminated in 2006 following an internal audit committee investigation. In 2007, the SEC filed civil charges against the pair and a federal grand jury indicted them on criminal charges.

As previously reported, Penn Traffic has reformed its internal controls, policies and procedures related to accounting practices, and it has conducted extensive company-wide compliance training.

About Penn Traffic

The Penn Traffic Company, headquartered in Syracuse, N.Y., operates or supplies more than 210 supermarkets in Upstate New York, Pennsylvania, Vermont and New Hampshire. Penn Traffic’s retail food business includes corporate-owned stores with the P&C, Quality and BiLo banners, and its wholesale food distribution business supplies independently operated supermarkets and other wholesale accounts. More information on the company may be found at www.penntraffic.com.

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Forward Looking Statements

This press release contains forward-looking statements, as defined in the Private Securities Litigation Reform Act of 1995, as amended, reflecting management's current analysis and expectations, based on what management believes to be reasonable assumptions. These forward-looking statements include statements relating to our anticipated financial performance and business prospects. Statements preceded by, followed by or that include words such as "believe," "anticipate," "estimate," "expect," "could," and other similar expressions are to be considered such forward-looking statements. Forward-looking statements may involve known and unknown risks, uncertainties and other factors, which may cause the actual results to differ materially from those projected, stated or implied, depending on such factors as: the ability of the company to improve its operating performance and effectuate its business plans; the ability of the company to operate pursuant to the terms of its credit facilities and to comply with the terms of its lending agreements or to amend or modify the terms of such agreements as may be needed from time to time; the ability of the company to generate cash; the ability of the company to attract and maintain adequate capital; the ability of the company to refinance; increases in prevailing interest rates; the ability of the company to obtain trade credit, and shipments and terms with vendors and service providers for current orders; the ability of the company to maintain contracts that are critical to its operations; potential adverse developments with respect to the company's liquidity or results of operations; general economic and business conditions; competition, including increased capital investment and promotional activity by the company's competitors; availability, location and terms of sites for store development; the successful implementation of the company's capital expenditure program; labor relations; labor and employee benefit costs including increases in health care and pension costs and the level of contributions to the company sponsored pension plans; the result of the pursuit of strategic alternatives; economic and competitive uncertainties; the ability of the company to pursue strategic alternatives; economic and competitive uncertainties; changes in strategies; changes in generally accepted accounting principles; adverse changes in economic and political climates around the world, including terrorist activities and international hostilities; and the outcome of pending, or the commencement of any new, legal proceedings against, or governmental investigations of the company. The company cautions that the foregoing list of important factors is not exhaustive. Accordingly, there can be no assurance that the company will meet future results, performance or achievements expressed or implied by such forward-looking statements. This paragraph is included to provide safe harbor for forward-looking statements, which are not generally required to be publicly revised as circumstances change, and which the company does not intend to update.

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FOR PENN TRAFFIC:

Investors and business/financial media contact Jeffrey Schoenborn of Travers, Collins & Company Investor Relations, 716.842.2222, jschoenborn@traverscollins.com.

Trade and local media contact Chuck Beeler of Eric Mower and Associates, 315.413.4346, cbeeler@mower.com.