

“One of the strengths of Empire is that the major shareholding family not only demands long-term growth in profitability but enables it.”

A legacy of enduring value

It is a great honour to succeed Donald Sobey as Chair of this great enterprise. Now Chairman Emeritus, Donald served as Chairman of Empire for two decades – two extraordinary decades of value creation.

This legacy of value creation is no accident. It is the result of strong governance, carefully developed and implemented business plans and strategies, and outstanding efforts by management and thousands of employees of Empire and its operating companies. As well, it is a testament to the stewardship, vision and values of Empire’s major shareholders, the Sobey family, as exemplified by the leadership of Donald and his brother David.

All shareholders have benefited from the family ownership model of Empire. As someone

who has been associated with the company since before it went public in 1982 and who has been a director since 1987, I have observed this model first hand. I can attest that one of the strengths of Empire is that the major shareholding family not only demands long term profitability, but enables it. That is because the vision and focus is always on the longer term – and the family has always been prepared to accept short term sacrifices to achieve the vision. In creating a legacy, this family constantly looks beyond the next quarter and the next business cycle to future generations. The results speak for themselves.

While maintaining family control, the Sobey family has always been assiduous about good governance and has long since broadened and

Board of Directors



John L. Bragg^{3, 6}
Collingwood, Nova Scotia
Director since 1999.
Chairman, President and
Co-Chief Executive Officer of
Oxford Frozen Foods Ltd.



Sir Graham Day^{3, 5}
Hantsport, Nova Scotia
Director since 1991.
Counsel to Stewart McKelvey
Stirling Scales.



Robert P. Dexter
Halifax, Nova Scotia
Director since 1987.
Chairman and
Chief Executive Officer of
Maritime Travel Inc.



Jim Gogan²
New Glasgow, Nova Scotia
Director since 1972.
Corporate Director



Ed Harsant¹
Woodbridge, Ontario
Director since 2003.
Corporate Director



Donald R. Sobey
Director and Chairman Emeritus,
Empire Company Limited

Robert P. Dexter
Chairman,
Empire Company Limited

strengthened the Board with strong, independent directors. The Company and all shareholders have benefited from the counsel and advice of independent directors, who bring diverse business experience to the Empire board and those of its subsidiaries. The value has become particularly apparent as Empire – while remaining firmly rooted in Atlantic Canada – has expanded to a national platform. We were pleased at our last Annual General Meeting to welcome two new independent directors: Anna Porter, Publisher of Key Porter Books of Toronto, and Stephen Savidant, CEO of Esprit Exploration of Calgary. They succeeded Mary Mogford of Toronto, who retired from the Board, and Peter Godsoe – former Chair and CEO of the Bank of Nova Scotia –

who left to assume his role as Chair of Sobeys Inc.

This focus on outside directors began long before the recent concerns about governance models and the resulting regulatory pressures. A clear indication of this can be seen from the fact that Empire established a board for Crombie Properties and its predecessors more than thirty years ago. Crombie was then – and remains today – a wholly-owned subsidiary of Empire; it is not a public company and there is no requirement for it to have a board. But both the family and outside directors of Empire appreciated and have long understood the value of Board stewardship and governance. Again, the results speak for themselves.



Anna Porter¹
Toronto, Ontario
Director since 2004.
Corporate Director



E. Courtney Pratt^{4,5}
Toronto, Ontario
Director since 1995.
President and
Chief Executive Officer of
Stelco Inc.



Stephen J. Savidant¹
Calgary, Alberta
Director since 2004.
President and
Chief Executive Officer of
Esprit Exploration Ltd.



J. William Sinclair⁵
Pictou, Nova Scotia
Director since 1980.
Corporate Director



David F. Sobey³
New Glasgow, Nova Scotia
Director since 1963.
Chairman Emeritus of
Sobeys Inc.



Robert P. Dexter
Chairman,
Empire Company Limited

In addition to strong governance on behalf of all shareholders, Empire has also been dedicated to the values of good citizenship and corporate responsibility – in the interest of all stakeholders. At Empire, we are very cognizant of the leadership role we play in the communities where our businesses operate and we seek to be an employer of choice with progressive employment policies and a model citizen, with far reaching corporate philanthropy and community support programs.

The ongoing success of Empire is a source of pride to me as a Nova Scotian and as a business person. I am very pleased that all stakeholders contributed to another strong year for the Company in fiscal 2005, with stellar results and

further gains in the legacy of shareholder value. I am proud to have been part of this legacy and I look forward to helping build upon it. I am committed to ensuring that as Empire goes through transitions in the Board and in its businesses, the core values that are fundamental to our success will endure.

Robert P. Dexter
Chairman
July 19, 2005

Board of Directors



Donald R. Sobey³
Pictou County, Nova Scotia
Director since 1963.
Chairman Emeritus of
Empire Company Limited



John R. Sobey¹
Pictou County, Nova Scotia
Director since 1979.
Corporate Director



Karl R. Sobey³
Halifax, Nova Scotia
Director since 2001.
Corporate Director



Paul D. Sobey
Pictou County, Nova Scotia
Director since 1993.
President and
Chief Executive Officer of
Empire Company Limited



Rob G. C. Sobey
Stellarton, Nova Scotia
Director since 1998.
Senior Vice-President,
Merchandising and
Marketing of Sobeys Atlantic