Fixed Income Update

June 1, 2010
This presentation contains forward-looking statements which reflect management’s expectations regarding the Company’s objectives, plans, goals, strategies, future growth, financial condition, results of operations, cash flows, performance, business prospects and opportunities. All statements other than statements of historical facts included in this presentation, including statements regarding the Company’s objectives, plans, goals, strategies, future growth, financial condition, results of operations, cash flows, performance, business prospects and opportunities may constitute forward-looking information. Expressions such as “anticipates”, “expects”, “believes”, “estimates”, “intends”, “could”, “may”, “plans”, “predicts”, “projects”, “will”, “would”, “foresees”, “remain confident that” and other similar expressions or the negative of these terms are generally indicative of forward-looking statements.

These statements are based on Sobeys management’s reasonable assumptions and beliefs in light of the information currently available to them. The forward-looking information is presented for the purpose of assisting the Company’s security holders in understanding its financial position and results of operation as at and for the periods ended on the dates presented and the Company’s strategic priorities and objectives and may not be appropriate for other purposes. By its very nature, forward-looking information requires the Company to make assumptions and is subject to inherent risks and uncertainties, which give rise to the possibility that the Company’s predictions, forecasts, expectations or conclusions will not prove to be accurate, that the Company’s assumptions may not be correct and that the Company’s objectives, strategic goals and priorities will not be achieved. Although the Company believes that the predictions, forecasts, expectations or conclusions reflected in the forward-looking information are reasonable, it can give no assurance that such matters will prove to have been correct. Such forward-looking information is not fact but only reflections of management’s estimates and expectations. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements. These factors include but are not limited to: changes in general industry, market and economic conditions, competition from existing and new competitors, energy prices, supply issues, inventory management, changes in demand due to seasonality of the business, interest rates, changes in laws and regulations, operating efficiencies and cost saving initiatives. In addition, these uncertainties and risks are discussed in the Company’s materials filed with the Canadian securities regulatory authorities from time to time, including the Risk Management section of the annual Management Discussion and Analysis.

Sobeys cautions that the list of important factors is not exhaustive and other factors could also adversely affect our results. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Forward-looking statements may not take into account the effect on the Company’s business of transactions occurring after such statements have been made. For example, dispositions, acquisitions, asset write-downs or other changes announced or occurring after such statements are made may not be reflected in forward-looking statements. The forward-looking information in this presentation reflects the Company’s expectations, and is subject to change. The Company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the Company other than as required by applicable securities laws.
Our Progress

- We have invested heavily in our stores, supply chain and infrastructure; stronger than ever.

- We have significantly improved our offering, merchandising and execution in all our regions.

- We have stronger management and a deeper bench.

- We are more competitive than ever and it shows in our financial performance.
Store Productivity

Tools & Processes

- Work Force Management
- Fresh Item Management
- Computer Assisted Ordering
Sales Productivity

- Private Label Optimization
- Retail Price Optimization
- Basket Analytics
Supply Chain

- Automation
  - Distribution & Store Cost Reduction
  - Service Level Improvements
  - DSD Consolidation

- Global Sourcing

- Vendor Engagement & Investment
  - “Sell-side” Performance
Customer Insights...Foundation

- Company wide loyalty programs
- Proprietary database
- Highly qualified external partners
- Strengthened internal resources
Customer Insights...Underway

- Customer specific promotions
- Insight driven assortments & pricing
- Insight collaboration with suppliers
Ontario Discount – FreshCo Launch

FreshCo delivers:

• Unconventionally fresher, cheaper
• Low prices, less compromise
• Clean, convenient and contemporary shopping environment
• Tailored product assortments for each store

8 Stores in Mississauga & Brampton

More to Come
Revenue

($ in billions)

5 year CAGR = 4.4%

2005 2006 2007 2008 2009 LTM

$12.2 $12.7 $13.0 $13.8 $14.8 $15.1

Year-over-Year = 3.4%

YTD F09 YTD F10

$11.1 $11.5

39 Weeks

Fiscal Year-End

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EBITDA

($ in millions)

5 year CAGR = 8.2%

Fiscal Year-End

2005: 499.0
2006: 528.2
2007: 531.6
2008: 634.2
2009: 710.3
LTM: $741.3

Year-over-Year = 5.8%

YTD F09: $530.8
YTD F10: $561.8

39 Weeks

4.78%
4.89%
Operating Income (EBIT)

5 year CAGR = 6.1%

Year-over-Year = 9.1%

($ in millions)

2005: $322.6
2006: $331.6
2007: $291.0
2008: $363.8
2009: $403.9
LTM: $431.6

YTD F09: $303.1
39 Weeks
YTD F10: $330.8

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EBITDA & EBIT Margin

- EBITDA Margin:
  - 2007: 4.09%
  - 2008: 4.60%
  - 2009: 4.80%
  - LTM: 4.91%

- EBIT Margin:
  - 2007: 2.24%
  - 2008: 2.64%
  - 2009: 2.73%
  - LTM: 2.86%
Investing in Our Network

Square footage (millions)

+14% over last five years

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Q3 F10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Square footage</td>
<td>25.1</td>
<td>25.4</td>
<td>26.4</td>
<td>27.2</td>
<td>27.5</td>
<td>27.9</td>
</tr>
</tbody>
</table>

Total retail store count

+2% over last five years

<table>
<thead>
<tr>
<th>Year</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>Q3 F10</th>
</tr>
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<tbody>
<tr>
<td>Total</td>
<td>1,314</td>
<td>1,296</td>
<td>1,332</td>
<td>1,348</td>
<td>1,343</td>
<td>1,338</td>
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</tbody>
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Fiscal Year-End

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Capital Investments

Capital Investments – Fiscal 2009
- Over $382 million invested in expansion or improvement
- 47 new stores opened or relocated
- 11 stores expanded
- 52 stores closed

Capital Investments – F2010 Q1-Q3
- Over $262 million invested in expansion or improvement
- 30 stores opened, acquired or relocated
Our Financing Policy

- Committed to being a solid investment grade credit

<table>
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<tr>
<th>Rating</th>
<th>Outlook</th>
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<tr>
<td>DBRS</td>
<td>BBB</td>
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<tr>
<td>S&amp;P</td>
<td>BBB-</td>
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- Committed to maintaining a strong balance sheet
- Balance of short-term and long-term duration and rates
- Maintain flexibility through strong banking relationships and access to capital markets
Funded Debt to Total Capital has improved to 27.7% from 35.6% at the end of Fiscal 2008.

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<th>F2008</th>
<th>F2009</th>
<th>Q3 T12M</th>
</tr>
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<tbody>
<tr>
<td>Funded Debt (adjusted for leases) / EBITDAR (1)</td>
<td>2.7x</td>
<td>2.3x</td>
<td>2.3x</td>
</tr>
<tr>
<td>Funded Debt / Total Capital</td>
<td>35.6%</td>
<td>31.2%</td>
<td>27.7%</td>
</tr>
<tr>
<td>Funded Debt (adjusted for leases) (1) / Total Capital</td>
<td>53.8%</td>
<td>51.6%</td>
<td>48.7%</td>
</tr>
</tbody>
</table>

(1) Adjusted by capitalizing leases at 6x net lease expense.
We will continue to:

- Improve our offering
- Improve our service
- Develop and support our people
- Increase our productivity
- Lower our costs and execute well...store by store