EMPIRE

Clearly focused on our strengths

Beacon Securities Presentation
September 14, 2007
Rationale for Sobeys Privatization

• Confidence in our food-focused strategy
• Strengthens relationship
• Effective capital allocation
F2007 Accomplishments

• Continued implementation of Sobeys’ strategy
• Automated distribution centre
• ADL acquisition
• Two new product lines under Sobeys’ Compliments private label
• ECL Developments
• Outstanding performance from Crombie REIT
• Unprecedented earnings in residential real estate
• 100th Anniversary of Sobeys
Long-term Progress
1983 - 2007

- Revenue ($ in millions)
- Operating Earnings ($ in millions)
- Share Price ($ per share)

Fiscal Year-End

EMPIRE
Clearly focused on our strengths
Empire is Clearly Focused on its Core Businesses: Food Retail and Real Estate

- Grow long-term shareholder value
- Businesses that we know and understand
- Passionate commitment to build on synergies
Revenue Growth has averaged 16.9% per year over the past 10 years.
Earnings per share before capital gains and other items

Growth has averaged 16.9% over the past 10 years

Fiscal Year-End


$0.65 $0.85 $0.78 $1.10 $1.33 $2.00 $2.42 $2.48 $2.78 $3.07 $3.10
Dividend Growth

Dividends have increased on average 18.5% over the past 10 years. Subsequent to year-end, announced a 10% increase to $0.66 annually (cents/share).
Share Price Growth

Shareholder total return has averaged 18.4% per year over the past 10 years.
Empire Company Limited Q1 Fiscal 2008

Highlights
• $3.52 billion of revenue, up 4.1%
• 3.5% same-stores sales growth
• Record Q1 operating earnings per share of $0.92, up 13.3%
• $2.16 net earnings per share versus $0.81 per share last year

Going Forward
• Long-term sustainability and value creation
Real Estate
Real Estate includes Commercial and Residential Property Operations

Commercial
- Crombie REIT - 7.7 million sq. ft.
- Sobey Leased Properties - 4.4 million sq. ft.
- ECL Developments - 1.3 million sq. ft.

Residential
- Genstar Development Partnership
Real Estate Division

• The focus will be on the development and sale of food-anchored retail centres
• Established ECL Developments to work closely with Sobeys to build a property pipeline
• Developed properties will be first offered for sale to Crombie REIT
Empire’s Real Estate and Food Retail Businesses complement each other and, in turn, increase each other’s value.

- **Anchor for Real Estate**: Sobeys Inc.
- **Right to Purchase New Properties**: ECL Properties, Crombie REIT

- **Flexibility & Control Over Locations**
- **Ears Spread on Selling Price Less Development Cost**
Real Estate

Genstar

- Revenue of $146 million in fiscal 2007, a 72% increase
- Earnings of $46.8 million, a 42% increase
- Calgary and Edmonton markets remain very strong
Capital Activity

• Fiscal 2007 completed redevelopment projects:
  - St. John’s, NL
  - Summerside, PEI

• Current projects:
  - Fredericton, NB
  - Montreal, QC
  - New Glasgow, NS
Real Estate

Going Forward in F2008

Real Estate

• Develop and expand our property pipeline
• Focus on the development of food anchored retail centres
• Transformation from operator to developer
Investment Division

- Average total four-year return of 27.3%
- Sale of our liquid investments
- Retained our 27.6% interest in Wajax Income Fund
- $750 million of cumulative net capital gains since F2001 to end of Q1 F2008
Solid Performance from Wajax

Our investment in Wajax allows us to participate nationally in:

- mobile equipment
- industrial components
- power systems

Wajax continues to have strong growth in earnings
Going Forward

• Growing the long-term sustainability of our Food, Real Estate and related businesses

• Committed to decisions that will grow cash flow and net asset values over the long-term
Food Retailing
100 Years in Food
100 Years in Food
Reported Net Earnings
($ in millions)

2003 2004 2005 2006 2007

Net Earnings
Business Process, Rationalization and System Initiative Costs
Fiscal Year-End

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Earnings</th>
<th>Business Process, Rationalization and System Initiative Costs</th>
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<tbody>
<tr>
<td>2003</td>
<td>178.1</td>
<td>$0</td>
</tr>
<tr>
<td>2004</td>
<td>166.5</td>
<td>$0</td>
</tr>
<tr>
<td>2005</td>
<td>186.7</td>
<td>$0</td>
</tr>
<tr>
<td>2006</td>
<td>189.4</td>
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<tr>
<td>2007</td>
<td>173.4</td>
<td>$33.9</td>
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Food Retailing
Sobeys has generated consistent positive sales growth

**Revenue**

($ in billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue ($ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>10.4</td>
</tr>
<tr>
<td>2004</td>
<td>11.0</td>
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<tr>
<td>2005</td>
<td>12.2</td>
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<tr>
<td>2006</td>
<td>12.7</td>
</tr>
<tr>
<td>2007</td>
<td>13.0</td>
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</tbody>
</table>

**Same-Store Sales Growth**

<table>
<thead>
<tr>
<th>Year</th>
<th>Growth Rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>3.2%</td>
</tr>
<tr>
<td>2004</td>
<td>1.4%</td>
</tr>
<tr>
<td>2005</td>
<td>3.7%</td>
</tr>
<tr>
<td>2006</td>
<td>4.0%</td>
</tr>
<tr>
<td>2007</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
Clearly Focused on being the “Best in Food”

- Innovation
- Increase square footage
  - Store development and acquisition
  - Enlargement and renovation
Sobeys total store square footage has increased by 22% over the last 5 years (in millions sq. ft.)
Clearly Focused

Food Retail

• Capital expenditures of $483 million
• 48 new stores opened or replaced
• 24 stores expanded or renovated
• 49 stores rebannered

• Within the Store network
  – Stronger pricing
  – Improved standards
Strategic Acquisitions

**ADL (Q2 F2007)**
- Provides Sobeys with a stronger position in Quebec and Northern Ontario
- 25 stores added

**Thrifty Foods (Q2 F2008)**
- A Company with a similar passion for food
- Reputation for excellent customer service
- 20 stores in British Columbia
Sobeys Q1 Fiscal 2008

Highlights

• Operating earnings contribution to Empire of $44.9 million versus $35.1 million
• Sales increased 4.1%, $3.44 billion versus $3.31 billion
• 3.5% same-stores sales growth
• Operating income increased 7.8%
• EBITDA increased 8.5%
• Capital investment was $76.3 million
Sobeys Q1 Fiscal 2008 (cont’d)

- 13 corporate and franchised stores were opened, acquired or relocated
- 10 additional stores were expanded
- 35 stores were rebannered
Sobeys Food-focused Strategy

To be the Best Food Retailer in Canada

• We are committed to consistently delivering:
  - Excellence in fresh food
  - Superior customer service
  - The right format, right-sized stores for each market we serve
Sobeys’ Imperatives

• Continue to invest in and develop our people as we nurture our superior service and high-performance culture
Sobeys’ Imperatives

• Continue to invest in and develop our people as we nurture our superior service and high-performance culture

• Maintain our focus on satisfying our customers’ expectations
Sobeys’ Imperatives

- Continue to invest in and develop our people as we nurture our superior service and high-performance culture

- Maintain our focus on satisfying our customers’ expectations

- Continue to streamline our business processes, systems and supply chain
Compliments

- Launched 3 years ago
- More than 4,400 products
- 3 quality tiers
- Organics and healthy lifestyle products introduced
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