Welcome to the Empire 2007 Annual General Meeting
Bienvenue à l’assemblée générale annuelle 2007
Long-term Progress
1983 - 2007

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

- Fiscal Year-End

**Key Values:**
- Revenue: $13,366
- Operating Earnings: $42.33
- Share Price: $204.4
- $625
- $4.6
- $0.51
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
Clearly focused on our strengths
100 Years in Food

EMPIRE

Clearly focused on our strengths
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
Rationale for Sobeys Privatization

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

Fiscal Year-End

$0 $10 $20 $30 $40 $50


$7.85 $49.62

EMPIRE Clearly focused on our strengths
Food Retailing
100 Years in Food
100 Years in Food

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Reported Net Earnings
($ in millions)

- 2003: $178.1
- 2004: $166.5
- 2005: $186.7
- 2006: $189.4
- 2007: $173.4

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

Food Retailing

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Sobeys has generated consistent positive sales growth

Revenue ($ in billions)

<table>
<thead>
<tr>
<th>Fiscal Year-End</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue ($ in billions)</td>
<td>10.4</td>
<td>11.0</td>
<td>12.2</td>
<td>12.7</td>
<td>$13.0</td>
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Same-Store Sales Growth

<table>
<thead>
<tr>
<th>Fiscal Year-End</th>
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<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Same-Store Sales Growth</td>
<td>3.2%</td>
<td>1.4%</td>
<td>3.7%</td>
<td>4.0%</td>
<td>2.4%</td>
</tr>
</tbody>
</table>
Clearly Focused on being the “Best in Food”

- Innovation
- Operating standards
- Store development
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/redeveloped
Strategic Acquisitions

ADL (Q2 F2007)
• Provides Sobeys with a stronger position in Quebec and Northern Ontario
• 25 stores added
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 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
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 → Right to Purchase New Properties

Rationale:
- Sobeys Inc.: Flexibility & Control Over Locations
- ECL Properties: Earns Spread on Selling Price Less Development Cost
- Crombie REIT: Flexibility & Control Over Locations
Revenue
($ in millions)

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<tr>
<th>Fiscal Year-End</th>
<th>Revenue ($ in millions)</th>
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<tr>
<td>2003</td>
<td>$198.6</td>
</tr>
<tr>
<td>2004</td>
<td>$210.5</td>
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<tr>
<td>2005</td>
<td>$229.2</td>
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<tr>
<td>2006</td>
<td>$239.0</td>
</tr>
<tr>
<td>2007</td>
<td>$218.8</td>
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</table>

- Revenue of 44 Properties sold to Crombie REIT
- Fiscal Year-End

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Operating Income
($ in millions)

Net Earnings (1)
($ in millions)

Fiscal Year-End

(1) excludes capital gains, net of tax
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
Over 40 Years in the Real Estate Business

Our success has been driven by:

- Knowledge
- Strong management
- Development experience
- Strengthened relationship
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
Empire Theatres

A Coast-to-Coast Operator

- New Theatre Developments
  - Dartmouth, NS
  - Bolton, ON

Dartmouth Crossing, NS
Off to a Good Start
In Fiscal 2008
Empire Company Limited Q1 Fiscal 2008

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

**Going Forward**
- Long-term sustainability and value creation
Clearly Focused

Going Forward

**Food Retailing**

- Fresh food excellence
- Product development and innovation
- Superior customer service
- Store network renewal
- Infrastructure investment
- Health and sustainability for the long term
Going Forward

Real Estate

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