

EMPIRE

COMPANY LIMITED

Notice of 2011 Annual General Meeting of Shareholders and Management Information Circular

EMPIRE COMPANY LIMITED

Our Annual General Meeting of Shareholders
will be held at 11:00 a.m. Atlantic Daylight Time (ADT)
on Wednesday, September 14, 2011 at Empire Studio 7 Cinemas,
610 East River Road, New Glasgow, Nova Scotia.

Table of Contents

Invitation to Shareholders	i
Notice of Annual General Meeting of Shareholders	ii
Management Information Circular	1
Voting at the Annual General Meeting	1
Solicitation of Proxies	1
Appointment and Revocation of Proxies	1
Voting of Shares Represented by Proxies	1
Notice to Beneficial Shareholders of Empire Company Limited	2
Business of the Meeting	2
1. Receive the Audited Consolidated Financial Statements	2
2. Election of the Board of Directors	2
3. Approval of Directors' Fees	3
4. Appointment of Auditors	3
5. Approval of Auditors' Fees	4
6. Advisory Vote on Approach to Executive Compensation	4
Nominees for Election to the Board of Directors	5
Director Selection	5
Other Information	14
Shareholdings of Board Members	14
Committee Membership and Record of Attendance	15
Director Independence and Other Relationships	16
Interlocking Directorships	17
Voting and Share Information	18
Class B Common Shares	18
Non-Voting Class A Shares	18
Board of Directors' Compensation	19
Compensation Paid in Fiscal 2011	19
Director Compensation Review	19
Directors' Share Ownership Requirements	21
Directors' Deferred Stock Unit Plan	21
Directors' and Officers' Insurance	21
Director Orientation	22
Director Continuing Education	22
Statement of Executive Compensation	23
Introduction	23
Role and Composition of the Human Resources Committee	23
Compensation Philosophy and Process	23
Advisor to the Human Resources Committee	24
Compensation Benchmarking	24
Compensation Discussion and Analysis	25
Components of Executive Compensation	25
Fiscal 2011 Compensation Decisions	32
Compensation of Named Executive Officers	35
Summary Compensation Table	35
Incentive Plan Awards	36
Performance Graph	38
Pension Plan, Benefits and Other Compensation	39
Employment Contracts and Severance Arrangements	40
Indebtedness of Directors, Officers and Employees	40
Corporate Governance	42
Additional Information	42
Annual Information Form	42
Ethical Business Conduct	42
Risk Management	42
Normal Course Issuer Bid	44
Contact the Board of Directors	44
Directors' Approval	44
Appendix A – Statement of Corporate Governance Practices	45
Appendix B – Mandate of the Board of the Directors	50
Shareholder and Investor Information	54

Invitation to Shareholders

July 21, 2011

Dear Shareholder:

We are pleased to invite you to join our Board of Directors and senior management team at our 2011 Annual General Meeting of Shareholders. The meeting will be held on:

September 14, 2011
11:00 a.m. (Atlantic Daylight Time)
Empire Studio 7 Cinemas
610 East River Road
New Glasgow, Nova Scotia

The items of business to be considered and voted upon at this meeting are set out in the attached Notice of Annual General Meeting and Management Information Circular. In addition, this meeting provides you with the opportunity to meet, listen to and ask questions of the people who are responsible for the performance of the Company.

Empire Company Limited is committed to keeping you, our investors, informed about your investment in the Company. We are also committed to respecting your wishes when you elect not to receive copies of the Annual Report or Quarterly Reports. We want you to know that you have a choice as to whether you would like to receive the Empire Company Limited Annual Report and/or Quarterly Reports next year. Please read and make your choice accordingly on the enclosed document being used for that purpose.

We do want you to know, however, that if you are interested in the 2011 Annual Report and/or 2011 Quarterly Reports, copies are also available on our website www.empireco.ca or at www.sedar.com or you can write to the following address and request a copy:

Investor Relations
Empire Company Limited
115 King Street
Stellarton, Nova Scotia
B0K 1S0

E-mail: investor.relations@empireco.ca

We will also audiocast the Annual General Meeting at www.empireco.ca. We encourage you to visit our website at any time before the meeting as it provides useful information about our Company.

We look forward to seeing you on September 14, 2011.

Sincerely,



Robert P. Dexter
Chair



Paul D. Sobey
President & CEO

Notice of Annual General Meeting of Shareholders

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Shareholders of Empire Company Limited will be held on:

September 14, 2011
11:00 a.m. (Atlantic Daylight Time)
Empire Studio 7 Cinemas
610 East River Road
New Glasgow, Nova Scotia

for the following purposes:

1. To receive the audited consolidated financial statements of the Company for the fiscal year ended May 7, 2011, together with the report of the auditors thereon;
2. To elect directors for the ensuing year and fix the maximum number of directors at 18;
3. To approve the remuneration of directors for the ensuing year;
4. To appoint auditors for the ensuing year;
5. To authorize the directors to fix the remuneration of the auditors;
6. To consider an advisory resolution on executive compensation; and
7. To transact such other business as may properly come before the meeting.

Your attendance at this meeting is welcomed.

Class B common shareholders who are unable to be present in person at the meeting are requested to complete, sign, date and return the enclosed form of Class B common shareholder proxy, in the envelope provided for that purpose, to the Secretary of the Company, 115 King Street, Stellarton, Nova Scotia, B0K 1S0.

Non-Voting Class A shareholders are eligible to vote on the advisory resolution on executive compensation. Non-Voting Class A shareholders who are unable to be present in person at the meeting may appoint a proxy to attend and speak on their behalf and vote on the advisory resolution on executive compensation by completing the enclosed form of Non-Voting Class A shareholder proxy and returning it in the envelope provided for that purpose to:

Attention: Proxy Department
CIBC Mellon Trust Company
c/o Canada Stock Transfer Company Inc
PO Box 66297, Stn BRM B
Toronto, ON
M7Y 4K1

Dated at Stellarton, Nova Scotia, this 21st day of July, 2011.

BY ORDER OF THE BOARD



Karin McCaskill
Secretary

Management Information Circular

Voting at the Annual General Meeting

Solicitation of Proxies

This Management Information Circular (“**Circular**”) is furnished in connection with the solicitation of Class B common shareholders’ proxies and Non-Voting Class A shareholders’ proxies (collectively referred to as the “**Proxy**” or “**Proxies**”) by and on behalf of the management of Empire Company Limited (“**Empire**” or the “**Company**”) for use at the Annual General Meeting of Shareholders of the Company (the “**Meeting**”) to be held at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting. It is expected that the solicitation will be primarily by mail, but Proxies may also be solicited personally by the officers and directors of the Company. The cost of such solicitation will be borne by the Company.

Appointment and Revocation of Proxies

The persons named in the enclosed form of Proxy are directors of the Company. **A shareholder has the right to appoint a person to represent such shareholder at the Meeting other than the persons named in the enclosed form of Proxy.** Such right may be exercised by striking out the name of the persons designated and by inserting such other person’s name in the blank space provided in the form of Proxy. Failing any designation, one of the persons already named on the Proxy form shall be deemed to have been appointed as the nominee of such shareholder for the purposes set out in the accompanying Notice of Annual General Meeting.

If the accompanying separate form of Proxy is executed and returned, the Proxy may nevertheless be revoked by an instrument in writing revoking the Proxy and executed by the shareholder, or by the attorney of the shareholder authorized in writing, or if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof, duly authorized and deposited with the Secretary of the Company prior to the commencement of the Meeting on the date of the Meeting or any adjournment thereof.

Voting of Shares Represented by Proxies

Shares represented by Proxy will be voted in accordance with instructions specified by the shareholder on the form of Proxy. If no instructions are given by the shareholder, the Proxy confers discretionary authority upon the Proxy nominees with respect to the matters set out in the Notice of Annual General Meeting and other matters that may properly come before the Meeting or any adjournment thereof, but shall not confer authority to vote for the election of any person as a director of the Company, unless a bona fide proposed nominee for such election is named in this Circular, or to vote at any meeting other than the Meeting specified in the Notice of Annual General Meeting, or any adjournment thereof. **Unless otherwise instructed, where either Robert P. Dexter or Paul D. Sobey has been appointed to vote on behalf of another shareholder, he will vote:**

- (a) **in favour of the election of those persons listed in this Circular as the proposed directors of the Company for the ensuing year and fixing the maximum number of directors at 18;**
- (b) **in favour of the approval of directors’ remuneration as set out in this Circular;**
- (c) **in favour of the appointment of Grant Thornton LLP as auditors for the ensuing year;**
- (d) **in favour of the authorization of the directors to fix the remuneration of the auditors; and**
- (e) **in favour of the advisory resolution on executive compensation.**

Management has no present knowledge that any business other than that referred to in the accompanying Notice of Annual General Meeting will be presented to the Meeting. However, if any other matters properly come before the Meeting, it is the intention of the persons named in the Proxies to vote the Proxies in accordance with what they consider to be in the best interest of the Company.

Notice to Beneficial Shareholders of Empire Company Limited

The information set forth in this section is of significant importance to many shareholders as a substantial number of the shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to herein as “**Beneficial Shareholders**”) should note that only Proxies deposited by shareholders whose names appear on the records of the Company as the registered holders of the shares can be recognized and acted upon at the Meeting. If shares are listed in an account statement provided to a shareholder by a broker, then in almost all cases those shares will not be registered in the shareholder’s name on the records of the Company. Such shares will more likely be registered under the name of the shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms). Shares held by brokers or their nominees can only be voted (for or against resolutions) or otherwise represented upon the instructions of the Beneficial Shareholder. Without specific instructions, the brokers/nominees are prohibited from voting or otherwise representing shares for their clients. The Company does not know for whose benefit the shares registered in the name of CDS & Co. are held.

Applicable regulatory policy requires intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted or otherwise represented at the Meeting. Often, the form of Proxy supplied to a Beneficial Shareholder by its broker is identical to the form of Proxy provided to registered shareholders. However, its purpose is limited to instructing the registered shareholder how to vote on behalf of or otherwise represent the Beneficial Shareholder. The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Financial Solutions, Inc. (“**Broadridge**”). Broadridge typically applies a special sticker to the Proxy forms, mails those forms to the Beneficial Shareholders and asks Beneficial Shareholders to return the Proxy forms to Broadridge. Broadridge then tabulates the results of all instructions respecting the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a Proxy with a Broadridge sticker on it cannot use that Proxy to vote or otherwise represent shares in person at the Meeting as the Proxy must be returned as directed by Broadridge well in advance of the Meeting in order to have the shares voted or otherwise represented. Accordingly, it is strongly suggested that Beneficial Shareholders return their completed Proxies as directed by Broadridge well in advance of the Meeting.**

Business of the Meeting

1. Receive the Audited Consolidated Financial Statements

The audited consolidated financial statements of Empire for the year ended May 7, 2011, and the report of the auditors thereon, will be tabled at the Meeting. These audited consolidated financial statements and the report of the auditors thereon were mailed to registered shareholders and beneficial shareholders who have requested a copy along with this Notice of Annual General Meeting of Shareholders and Circular. Additional copies of these documents may be obtained from the Investor Relations department of the Company upon request and will be available at the Meeting. These documents are available at www.sedar.com.

2. Election of the Board of Directors

There are to be 16 directors elected at the Meeting, each to hold office until the next Annual General Meeting or until his or her successor is elected or appointed. Unless authority to vote on the election of directors is withheld, **it is the intention of persons named in the enclosed form of Proxy to vote the shares represented thereby in favour of the 16 nominees listed in the section entitled “Nominees for Election to the Board of Directors” and fixing the maximum number of directors at 18.**

The persons nominated for election as directors of the Company are all currently directors of the Company. Each director has established his or her eligibility and willingness to serve.

The Board of Directors of Empire believes that each of its members should carry the confidence and support of the shareholders. To this end, the directors have unanimously adopted a majority voting policy. This policy requires any nominee for election to the Board of Directors for which the number of shares withheld was greater than the number of shares voted in favour of the nominee to submit his or her resignation promptly after the meeting to the Corporate Governance Committee for its consideration. The Committee will make a recommendation to the Board after reviewing the matter and the Board's decision to accept or reject the resignation will be publicly disclosed. The nominee will not participate in any Committee or Board deliberations in considering the resignation. This policy does not apply in circumstances involving contested director elections. Future nominees for election to the Board will be asked to subscribe to this statement before their names are put forward.

3. Approval of Directors' Fees

The persons named in the enclosed Proxy form intend to vote the shares represented thereby for the approval of external directors' fees for the 12-month period beginning September 14, 2011, as follows:

Proposed Directors' Fees	
Annual Director's Retainer	\$ 70,000
Chair of the Board's Retainer	\$ 220,000
Meeting Fee	
• Board	\$ 2,000
• Committee	\$ 2,000
• Telephone (Board or Committee)	\$ 1,250
Committee Chairs' Retainer	
• Audit	\$ 25,000
• Human Resources	\$ 25,000
• Other Committees	\$ 10,000
Committee Members' Retainer	
• Audit	\$ 5,000
• Other Committees	\$ 3,000

Directors will also be reimbursed for out-of-pocket expenses. The Chair does not receive meeting fees. Directors who live outside of Canada will be paid their fees in U.S. dollars. Directors who are also employees of the Company or its subsidiaries do not receive any fees for their services as directors. Directors based in Canada or the United States or, as of January 1, 2011, elsewhere in the world, may elect to receive all or part of their fees as Deferred Stock Units ("DSUs") as described in the section entitled "Directors' Stock Unit Plan".

A summary of the fees paid during the fiscal year ended May 7, 2011 is set forth under the heading "Board of Directors' Compensation".

4. Appointment of Auditors

The Audit Committee has reviewed the independence and performance of Grant Thornton LLP as external auditors of the Company. Based on this review, it has recommended to the Board of Directors that they be reappointed, subject to shareholder approval.

Based on the Board's recommendation, the persons named in the enclosed Proxy intend to vote the shares represented thereby for the appointment of Grant Thornton LLP as auditors of the Company, to hold office until the next Annual General Meeting of Shareholders.

Grant Thornton LLP and its predecessors have served as auditors of Empire for more than 50 years. The table below shows the fees charged by Grant Thornton LLP to the Company and its subsidiaries for the fiscal years ended May 7, 2011 and May 1, 2010, respectively:

	Auditors' Fees for Empire Company Limited and its Subsidiaries	
	Fiscal Year Ended	
	May 7, 2011	May 1, 2010
Audit Fees	\$ 2,428,775	\$ 2,310,867
Audit Related Fees	739,778	829,060
Tax Fees	317,050	285,905
Other Fees	57,219	46,295
Total Fees	\$ 3,542,822	\$ 3,472,127

Audit fees include fees for the audit of the annual consolidated financial statements, audits of other required financial statements, and reviews of quarterly interim financial statements.

Audit related fees are for services including consultations on accounting and disclosure matters, conversion to International Financial Reporting Standards, internal control certification, French translation and assistance with CEO/CFO certification.

Tax fees include tax planning and project based assignments related to regulatory compliance.

Other fees for the year ended May 7, 2011 include Canadian Public Accountability Board fees as well as other services provided by Grant Thornton LLP for project based assignments that are not audit or audit related.

The Audit Committee monitors and reviews the independence of the auditors on an ongoing basis. A policy that requires the pre-approval of engagements for services of the external auditors has been implemented and, during the pre-approval process, it is considered whether the nature and extent of these services is compatible with maintaining the independence of the external auditors. It has been concluded that the independence of Grant Thornton LLP has not been not compromised by the services provided.

5. Approval of Auditors' Fees

The persons named in the enclosed Proxy intend to vote the shares represented thereby to authorize the Board of Directors to fix the remuneration of the auditors as the Board of Directors deems appropriate.

6. Advisory Vote on Approach to Executive Compensation

The Board of Directors, on the recommendation of the Corporate Governance Committee, has determined that it would be appropriate to hold a non-binding advisory vote relating to executive compensation. As a Non-Voting Class A shareholder or a Class B common shareholder, you have the opportunity to vote "For" or "Against" Empire's approach to executive compensation through the following resolution:

Resolved, on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the Non-Voting Class A shareholders and the Class B common shareholders accept the approach to executive compensation disclosed in this Management Information Circular of the fiscal 2011 Annual General Meeting of Shareholders.

Since the vote is advisory, it will not be binding on the Board. However, the Board and, in particular, the Human Resources Committee, will consider the outcome of the vote as part of its ongoing review of executive compensation.


The persons named in the enclosed Proxy intend to vote the shares represented thereby in favour of the Company's approach to executive compensation.

Nominees for Election to the Board of Directors

Director Selection

The Nominating Committee of the Board of Directors is responsible for the identification and recommendation of suitable candidates for election or appointment as directors. This process includes a determination of the competencies, skills and personal qualities required of new directors in light of opportunities and risks facing the Company. As a result of the work of the Nominating Committee, the Chair of the Board maintains an evergreen list of potential candidates.

The nominees for election as directors of Empire are listed below.

 <p>Marcel Côté Age 68 Québec, Canada Director Since: 2007 Independent</p>	<p>Marcel Côté is Senior Partner of Secor Inc., a Montréal-based consulting firm. He is a former economic advisor to the Premier of Québec from 1986 to 1988, and was Director of Strategic Planning and Communication for the Office of the Prime Minister from 1989 to 1990. He is a director of Intact Financial Corporation and of Osisko Mining Corporation. He is also a director of the Montréal Symphony Orchestra, the YMCA Foundation, NeuroScience Canada, Compagnie de danse Marie Chouinard and Imagine Canada. Mr. Côté has served as a director of Sobeys Inc. since 1998. Mr. Côté previously served as Chairman of Engenuity Technologies Inc. and as a director of Nurun Inc. Mr. Côté did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>				
	<p>Empire Committee Membership⁽¹⁾</p>			<p>Membership on Other Reporting Issuer Boards (Exchange: Symbol)</p>	
	<p>Human Resources Corporate Governance Nominating</p>			<p>Intact Financial Corporation (TSX: IFC) Osisko Mining Corporation (TSX: OSK) Sobeys Inc.</p>	
	<p>Securities Held</p>				
	Year	NV Class A Shares ⁽³⁾	Class B Shares ⁽⁴⁾⁽⁵⁾	DSUs ⁽⁶⁾	Total of Shares and DSUs
July 2011 ⁽²⁾	4,000	1	7,043	11,044	Meets Share Ownership Guidelines
July 2010 ⁽²⁾	4,000	1	5,299	9,300	



Robert P. Dexter
Age 59
Nova Scotia, Canada
Director Since: 1987
Independent

Robert P. Dexter is Chair of Empire Company Limited. He is Chair and Chief Executive Officer of Maritime Travel Inc. He is a director of BellAliant Inc., Wajax Corporation and High Liner Foods Inc. and counsel to the law firm of Stewart McKelvey. Mr. Dexter has served as a director of Sobeys Inc. since 1998. Mr. Dexter previously served as a director of Aliant Inc. and Maritime Life Assurance Company. Mr. Dexter did not serve as a director of any other reporting issuers during the period from 2006 to 2011.


Empire Committee Membership				Membership on Other Reporting Issuer Boards (Exchange: Symbol)	
				BellAliant Inc. (TSX: BA) High Liner Foods Inc. (TSX: HLF) Sobeys Inc. Wajax Corporation (TSX: WJX)	
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	39,000	1	21,411	60,412	Meets Share Ownership Guidelines
July 2010	39,000	1	19,177	58,178	





David S. Ferguson
Age 66
Georgia, U.S.
Director Since: 2007
Independent


David S. Ferguson is the principal of D.S. Ferguson Enterprises, LLC. He was the President and Chief Executive Officer of Walmart Europe from September 2000 to July 2003. Prior to that, he was President and Chief Executive Officer of Walmart Canada. He is a director of Exide Technologies. He is a member of the Dean's Advisory Board for the Business School of Morehouse College. Mr. Ferguson has served as a director of Sobeys Inc. since 2006. Mr. Ferguson previously served as a member of the Advisory Board of Ryerson University's School of Retail Management and as a member of the Board of Directors of the Retail Council of Canada, NSB Retail Systems PLC and the Advisory Board of Miller-Zell. Mr. Ferguson did not serve as a director of any other reporting issuers during the period from 2006 to 2011.

Empire Committee Membership				Membership on Other Reporting Issuer Boards (Exchange: Symbol)	
Human Resources Oversight				Exide Technologies (NASDAQ: XIDE) Sobeys Inc.	
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	–	1	3,024	3,025	Expected to Achieve Share Ownership Requirement by December 2011
July 2010	–	1	2,138	2,139	

 <p>Edward C. Harsant Age 66 Ontario, Canada Director Since: 2003 Independent</p>	<p>Edward C. Harsant is the President of Stonehedge Partners. He was President, North American Stores for Staples Inc. from 2000 to 2002. Prior to that, he was President of The Business Depot Ltd. Mr. Harsant has served as a director of Sobeys Inc. since 2007 and he is the Chair of the Advisory Board of Lawton's Drug Stores Limited, a former director of the Canadian Special Olympics and former Chair of the Retail Council of Canada. Mr. Harsant did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>					
	Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Audit Corporate Governance Nominating			Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
	July 2011	–	1	12,185	12,186	Meets Share Ownership Guidelines
July 2010	–	1	11,150	11,151		

 <p>David A. Leslie Age 67 Ontario, Canada Director Since: 2007 Independent</p>	<p>David A. Leslie, a Fellow of the Institute of Chartered Accountants of Ontario, retired in 2004 after 37 years of service with Ernst & Young LLP, where he was Chairman and Chief Executive Officer from 1999 to 2004. He is a director of Enbridge Inc., Enbridge Gas Distribution Inc., Imris Inc., a trustee of Crombie REIT and Chair of Sunnybrook Health Sciences Centre. Mr. Leslie has served as a director of Sobeys Inc. since 2005 and previously served as a director of CanWest Global Communications Inc. Mr. Leslie did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>					
	Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Audit Oversight			Crombie REIT (TSX: CRR.UN) Enbridge Inc. (TSX: ENB) Imris Inc. (TSX:IM) Enbridge Gas Distribution Inc. Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
	July 2011	750	1	6,577	7,328	Meets Share Ownership Guidelines
July 2010	750	1	4,739	5,490		

 <p>Bill McEwan Age 54 Nova Scotia, Canada Director Since: 2007 Non-Independent</p>	<p>Bill McEwan is the President and Chief Executive Officer of Sobeys Inc. He is a member of the Board of Directors of international food retailer Delhaize Group and serves on the board of the Consumer Goods Forum. He served on the Board of Directors of Kids Help Phone and he is past Chairman of The Grocery Foundation. Mr. McEwan has served as a director of Sobeys Inc. since 2000. Mr. McEwan did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>					
	Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
				Sobeys Inc. Delhaize Group (EUR: DELB, NYSE: DEG)		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	5,000 ⁽¹⁰⁾	1	–	5,001	Meets Share Ownership Guidelines	
July 2010	5,000	1	–	5,001		

 <p>Malen Ng Age 59 Ontario, Canada Director Since: 2007 Independent</p>	<p>Malen Ng retired in 2008 as Chief Financial Officer of the Workplace Safety and Insurance Board of Ontario. She was formerly President and Chief Executive Officer of Hydro One Networks Inc., a wholly-owned subsidiary of Hydro One Inc. Before that, she was Executive Vice President of Wires Operations, and Executive Vice President & Chief Financial Officer of Hydro One Inc., and prior to that was Vice President of Corporate Finance with Ontario Hydro. Ms. Ng has served as a director of Sobeys Inc. since 2001. Ms. Ng is a director of Assisted Living Concepts, Inc. and the Sunnybrook Health Sciences Centre. Ms. Ng previously served as a director of Extendicare Inc. and Jacques Whitford. Ms. Ng did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>					
	Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Audit (Chair) Oversight			Assisted Living Concepts, Inc. (NYSE: ALC) Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	–	1	8,307	8,308	Meets Share Ownership Guidelines	
July 2010	–	1	6,266	6,267		



Mel Rhinelander
Age 61
Ontario, Canada
Director Since: 2007
Independent

Mel Rhinelander is Chairman of Extencicare REIT and Vice Chairman of Assisted Living Concepts, Inc. Mr. Rhinelander was President and Chief Executive Officer of Extencicare Inc. from August 2000 to November 2006. He previously served in increasingly senior roles at Extencicare Inc. since 1977. Mr. Rhinelander is also a Certified Human Resources Professional. Mr. Rhinelander has served as a director of Sobeys Inc. since 2004. Mr. Rhinelander did not serve as a director of any other reporting issuers during the period from 2006 to 2011.

Empire Committee Membership		Membership on Other Reporting Issuer Boards (Exchange: Symbol)			
Human Resources (Chair) Corporate Governance Nominating		Assisted Living Concepts, Inc. (NYSE: ALC) Extencicare REIT (TSX: EXE.UN) Sobeys Inc.			
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	–	1	7,899	7,900	Meets Share Ownership Guidelines
July 2010	–	1	5,936	5,937	



Stephen J. Savidant
Age 62
Alberta, Canada
Director Since: 2004
Independent

Stephen J. Savidant is a director and Chair of the Board of Enerflex Ltd. and he has been a director of Sobeys Inc. since 2007. Mr. Savidant was previously the Chairman of ProspEx Resources Ltd. and a director of Toromont Industries Limited. From 2002 until his retirement in May 2006, Mr. Savidant was the President, Chief Executive Officer and member of the Board of Trustees of Esprit Energy Trust. Previously, he was also the President and Chief Executive Officer and a member of the Board of Directors of Canadian Hunter Exploration Ltd. Mr. Savidant did not serve as a director of any other reporting issuers during the period from 2006 to 2011.

Empire Committee Membership		Membership on Other Reporting Issuer Boards (Exchange: Symbol)			
Audit Corporate Governance (Chair) Nominating (Chair)		Enerflex Ltd. (TSX: EFX) Sobeys Inc.			
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	2,000	1	13,380	15,381	Meets Share Ownership Guidelines
July 2010	2,000	1	11,460	13,461	



David F. Sobey
Age 80
Nova Scotia, Canada
Director Since: 1963
Non-Independent

David F. Sobey is Chair Emeritus of Sobeys Inc. He was Chief Executive Officer of Sobeys from 1982 until 1995. He became Chair of the Board in 1996 until his appointment as Chair Emeritus in 2001. Mr. Sobey was appointed a member of the Order of Canada in November 1995. He is former Chancellor of Saint Mary's University, a member of the Advisory Board for the Sobey School of Business at Saint Mary's University, and an honorary director of the Atlantic Salmon Federation and the Royal Nova Scotia International Tattoo. Mr. Sobey has been a director of Sobeys Inc. since 1998 and of earlier Sobeys companies beginning in 1958. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2006 to 2011.


Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
			Sobeys Inc.		
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	1,477,466	7,635,874 ⁽⁸⁾	14,741	9,128,081	Meets Share Ownership Guidelines
July 2010	1,477,466	7,635,874 ⁽⁸⁾	13,310	9,126,650	





Donald R. Sobey
Age 76
Nova Scotia, Canada
Director Since: 1963
Non-Independent


Donald R. Sobey is Chair Emeritus of Empire Company Limited. He was President of the Company from 1969 until his appointment as Chair in 1985. He was Chair of the Company until his appointment as Chair Emeritus in 2004. He is also past Chairman of the National Gallery of Canada, past Chairman of Maritime Tel & Tel and past director of the World Wildlife Fund. He is the founder of the D&R Sobey Scholarship Fund at Queen's University and currently a member of the Trilateral Commission. Mr. Sobey has been a director of Sobeys Inc. since 1998 and of earlier Sobeys companies beginning in 1993. Mr. Sobey previously served as a director of the following publicly traded companies: Toronto-Dominion Bank, Alliance Atlantis Communications Inc., High Liner Foods Limited and Trader Classified Media NV. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2006 to 2011.

Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
			Sobeys Inc.		
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	1,476,790 ⁽⁹⁾	7,629,652 ⁽⁹⁾	9,228	9,115,670	Meets Share Ownership Guidelines
July 2010	1,476,790 ⁽⁹⁾	7,629,652 ⁽⁹⁾	7,912	9,114,354	

 <p>Frank C. Sobey Age 58 Nova Scotia, Canada Director Since: 2007 Non-Independent</p>	<p>Frank C. Sobey is Vice President, Real Estate of Empire Company Limited. Mr. Sobey is also Chairman of Crombie REIT and the Dalhousie Medical Research Foundation as well as a member of the Canadian-US Fulbright Program. Mr. Sobey has served as a director of Sobeys Inc. since 2001. Mr. Sobey was previously a director of Wajax Limited. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>					
	Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Oversight (Chair)			Crombie REIT (TSX: CRR.UN) Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
	July 2011	452,534 ⁽¹⁰⁾	2,906,930 ⁽¹¹⁾	–	3,359,464	Meets Share Ownership Guidelines
July 2010	452,534	2,906,930 ⁽¹¹⁾	–	3,359,464		

 <p>John R. Sobey Age 62 Nova Scotia, Canada Director Since: 1979 Independent</p>	<p>John R. Sobey was President and Chief Operating Officer of Sobeys Inc. until his retirement in 2001 after 34 years of service. He is a director of Medavie Inc. Mr. Sobey has served as a director of Sobeys Inc. since 1998. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>					
	Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Audit			Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
	July 2011	47,503	19,078	–	66,581	Meets Share Ownership Guidelines
July 2010	47,503	19,078	–	66,581		

 <p>Karl R. Sobey Age 56 Nova Scotia, Canada Director Since: 2001 Non-Independent</p>	<p>Karl R. Sobey is President of Caribou River Investments Limited and Jafa Investments Limited. He has served as a director of Sobeys Inc. since 2007. He was President of the Atlantic Division of Sobeys Inc. until his retirement in 2001 after 27 years of service. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>					
	Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Corporate Governance			Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
	July 2011	–	2,564,468 ⁽¹²⁾	–	2,564,468	Meets Share Ownership Guidelines
July 2010	–	2,564,468 ⁽¹²⁾	–	2,564,468		

 <p>Paul D. Sobey Age 54 Nova Scotia, Canada Director Since: 1993 Non-Independent</p>	<p>Paul D. Sobey has been President and Chief Executive Officer of Empire Company Limited since 1998. He has been with the Company since 1982. He is a director of the Bank of Nova Scotia, a trustee of Crombie REIT and a director of Sobeys Inc. since 1998. Mr. Sobey previously served as the Chairman of Wajax Limited, a director of Emera Inc. and as a member of the Board of Governors of Saint Mary's University. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2006 to 2011.</p>					
	Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
				Bank of Nova Scotia (TSX: BNS) Crombie REIT (TSX: CRR.UN) Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
	July 2011	204,065 ⁽¹⁰⁾	993,166 ⁽¹³⁾	–	1,197,231	Meets Share Ownership Guidelines
July 2010	204,065	993,166 ⁽¹³⁾	–	1,197,231		



Rob G.C. Sobey
Age 44
Nova Scotia, Canada
Director Since: 1998
Non-Independent

Rob G.C. Sobey has been President and Chief Executive Officer, Lawton's Drug Stores Limited since 2006. He has been with Sobeys since 1989. He is a director of DHX Media Ltd. and has served as a director of Sobeys Inc. since 2007. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2006 to 2011. Mr. Sobey sits on the Queen's School of Business Advisory Board and the North American Acquisitions Committee of the Tate (UK). Mr. Sobey is Honourary Colonel of the 1st Field Artillery Regiment RCA. Mr. Sobey previously served as Chairman of the Nova Scotia Community College, Chairman of the Art Gallery of Nova Scotia, Vice Chairman of the Nova Scotia College of Art and Design, and was a member of the Board of Trustees of Queen's University. Mr. Sobey earned the ICD.D designation in 2009.

Empire Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
Oversight			DHX Media Ltd. (TSX: DHX) Sobeys Inc.		
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2011	183,906 ⁽¹⁴⁾	993,166 ⁽¹⁴⁾	–	1,177,072	Meets Share Ownership Guidelines
July 2010	183,906 ⁽¹⁴⁾	993,166 ⁽¹⁴⁾	–	1,177,072	

Notes:

- (1) Empire Committee Membership refers to those Committees on which an Empire director currently sits.
- (2) Securities held are reported as at July 8, 2011 for the current year and July 9, 2010 for the previous year.
- (3) "NV Class A Shares" refers to the number of Empire Non-Voting Class A shares owned, directly or indirectly, or over which control or direction is exercised by the director.
- (4) "Class B Shares" refers to the number of Empire Class B common shares owned, directly or indirectly, or over which control or direction is exercised by the director.
- (5) These shares are held of record by the director as a director's qualifying share under a Declaration of Trust for the benefit of Sumac Holdings Limited and are included in the total number of shares controlled by Sumac Holdings Limited as disclosed in note (9) below.
- (6) The Deferred Stock Unit Plan ("DSUP") is described in this Circular under the heading "Board of Directors' Compensation".
- (7) See section titled "Directors' Share Ownership Requirements".
- (8) David F. Sobey has voting control over DFS Investments Limited. Of the 9,609,354 Class B common shares owned of record by DFS Investments Limited, 7,623,030 are controlled by David F. Sobey. The children of David F. Sobey exercise direction and control over the balance of 1,986,324 Class B common shares pursuant to an agreement among the shareholders of DFS Investments Limited. David F. Sobey also owns 12,844 Class B common shares other than through DFS Investments Limited.
- (9) Donald R. Sobey has voting control over Sumac Holdings Limited. Of the 10,596,158 Class B common shares and 2,025,116 Non-Voting Class A shares owned of record by Sumac Holdings Limited, 7,629,652 Class B common shares and 1,474,390 Non-Voting Class A shares are controlled by Donald R. Sobey. The children of Donald R. Sobey exercise direction and control over 2,966,506 Class B common shares and 550,726 Non-Voting Class A shares pursuant to an agreement among the shareholders of Sumac Holdings Limited. Donald R. Sobey also owns 2,400 Non-Voting Class A shares other than through Sumac Holdings Limited.
- (10) In addition to their shareholdings, as at May 7, 2011, Frank C. Sobey owns 20,677 options, Paul D. Sobey owns 214,340 options and Bill McEwan owns 204,460 options, all of which were issued under Empire's LTIP. See the "Executive Compensation" section for more information regarding the options.
- (11) Includes 2,904,332 Class B common shares held by Dunvegan Holdings Limited over which Frank C. Sobey has control and direction pursuant to an agreement among the shareholders of Dunvegan Holdings Limited.
- (12) Includes 2,562,176 Class B common shares held by Dunvegan Holdings Limited over which Karl R. Sobey has control and direction pursuant to an agreement among the shareholders of Dunvegan Holdings Limited.
- (13) Paul D. Sobey exercises direction and control over 993,166 Class B common shares held by DFS Investments Limited pursuant to an agreement among the shareholders of DFS Investments Limited.
- (14) Rob G.C. Sobey exercises some direction and control over 993,166 Class B common shares and 183,906 Non-Voting Class A shares held by Sumac Holdings Limited pursuant to an agreement among the shareholders of Sumac Holdings Limited.

Other Information

David Leslie was a director of Canwest Global Communications Corp. up to January 14, 2009. On October 6, 2009, Canwest Global Communications Corp. sought and obtained an order commencing proceedings under Companies' Creditors Arrangement Act (Canada).

Shareholdings of Board Members		
	July 8, 2011	July 9, 2010
Total number of Non-Voting Class A shares held by all current and nominated directors	3,916,629	3,916,629
Total number of Class B common shares held by all current and nominated directors	22,742,334	22,742,334
Total number of DSUs held by all current and nominated directors	113,473	104,527
Total value ⁽¹⁾ of Non-Voting Class A shares held by all current and nominated directors	\$ 216,119,588	\$ 211,732,964
Total value ⁽¹⁾ of Class B common shares held by all current and nominated directors	\$ 1,254,921,990	\$ 1,229,450,576
Total value ⁽¹⁾ of DSUs held by all current and nominated directors	\$ 6,261,440	\$ 5,650,730
Total value ⁽¹⁾ of Non-Voting Class A shares, Class B common shares, and DSUs held by all current and nominated directors	\$ 1,477,303,018	\$ 1,446,834,269

Note:

(1) All values are based on the closing price of the Non-Voting Class A shares on the TSX as at July 8, 2011, of \$55.18 (July 9, 2010 - \$54.06).

Committee Membership and Record of Attendance

The following table summarizes the meetings of the Board and its Committees held for the fiscal year ended May 7, 2011, and the attendance at such meetings of each director.

	Board		Audit Committee ⁽²⁾		Corporate Governance Committee		Human Resources Committee		Nominating Committee		Oversight Committee		Total
	(8 Meetings) ⁽¹⁾		(7 Meetings)		(4 Meetings)		(7 Meetings)		(4 Meetings)		(4 Meetings)		
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%	
John L. Bragg ⁽³⁾	3 of 3	100%			0 of 2	0%	3 of 3	100%	0 of 2	0%			60%
Marcel Côte	8 of 8	100%			3 of 4	75%	7 of 7	100%	3 of 4	75%			91%
Christine Cross ⁽⁴⁾	7 of 8	88%					6 of 7	86%			4 of 4	100%	89%
Robert P. Dexter ⁽⁵⁾	8 of 8	100%											100%
David S. Ferguson	8 of 8	100%					7 of 7	100%			4 of 4	100%	100%
Edward C. Harsant	8 of 8	100%	6 of 7	86%	4 of 4	100%			4 of 4	100%			96%
David A. Leslie	8 of 8	100%	7 of 7	100%							4 of 4	100%	100%
Bill McEwan ⁽⁶⁾	8 of 8	100%											100%
Malen Ng	8 of 8	100%	7 of 7	100%							4 of 4	100%	100%
Mel Rhineland	6 of 8	75%			4 of 4	100%	7 of 7	100%	4 of 4	100%			91%
Stephen J. Savidant ⁽⁷⁾	7 of 8	88%	6 of 7	86%	3 of 4	75%			3 of 4	75%			83%
David F. Sobey	8 of 8	100%											100%
Donald R. Sobey	7 of 8	88%											88%
Frank C. Sobey	8 of 8	100%									4 of 4	100%	100%
John R. Sobey	6 of 8	75%	7 of 7	100%									87%
Karl R. Sobey	8 of 8	100%			4 of 4	100%							100%
Paul D. Sobey ⁽⁸⁾	8 of 8	100%											100%
Rob G.C. Sobey	8 of 8	100%									4 of 4	100%	100%
Overall Board Attendance		92%		94%		75%		86%		70%		100%	

Notes:

- (1) A total of eight Board meetings were held during the year: four regular quarterly meetings, a two-day strategy session (treated as two meetings) and two special meetings (via telephone). The Committees met in association with each regular quarterly Board meeting and held additional meetings during the year as needed.
- (2) For additional information related to the Company's Audit Committee, as required to be disclosed pursuant to National Instrument 52-110, "Audit Committees", see the Company's Annual Information Form for the year ended May 7, 2011, under the heading "Audit Committee Information".
- (3) John L. Bragg retired from the Board at the September 10, 2010 Annual General Meeting.
- (4) Christine Cross will retire from the Board at the September 14, 2011 Annual General Meeting.
- (5) Robert P. Dexter, as Chair of the Board, is not a member of any of the Committees; however, he attends Committee meetings in a non-voting capacity.
- (6) Bill McEwan is not a member of any of the Committees; however, as President and Chief Executive Officer of Sobey's, he attends Committee meetings in a non-voting capacity, at the invitation of the Committee Chairs.
- (7) Mr. Savidant was unable to attend the March 2011 Board and Committee meetings because of a death in his immediate family.
- (8) Paul D. Sobey is not a member of any of the Committees; however, as President and Chief Executive Officer, he attends Committee meetings in a non-voting capacity, at the invitation of the Committee Chairs.

Director Independence and Other Relationships

The Board has a policy of having an independent, non-management Chair. At every Board meeting, the directors meet without management present and the Independent Directors meet in camera.

The Board is comprised of a majority of Independent Directors and will continue to be comprised of a majority of Independent Directors if all of the proposed nominees for election are elected at the Meeting.

For a director to be considered independent, the Board must determine that the director does not have any material relationship with the Company, either directly or indirectly.

The Board is responsible for applying the definition of “Independent Director” to the circumstances of each individual director, and for disclosing annually whether the Board has a majority of Independent Directors and completing an analysis of the application of the principles supporting this conclusion. The Board has adopted independence standards to assist with the independence determination. The independence standards fall within the meaning of the guidelines adopted by Canadian securities regulators in National Instrument 58-101, “Disclosure of Corporate Governance Practices” and Multilateral Instrument 52-110, “Audit Committees”.

Directors and proposed directors must fully disclose their relationships with the Company and provide other pertinent information on an annual basis. The Board reviews such relationships to identify impact on director independence having regard to the criteria in the independence standards and whether any relationships between a director and the Company could reasonably be expected to interfere with the exercise of the director’s independent judgment.

The Board has determined that Paul D. Sobey, Bill McEwan, Frank C. Sobey, Rob G.C. Sobey, David F. Sobey, Donald R. Sobey and Karl R. Sobey are not independent. Paul D. Sobey is the President and CEO of Empire Company Limited, Bill McEwan is the President and CEO of Empire’s wholly-owned subsidiary, Sobeys Inc. (“Sobeys”), Frank C. Sobey is Vice President, Real Estate for Empire and Rob G.C. Sobey is President and CEO of Lawton’s Drug Stores Limited (an operating division of Sobeys) and as such are considered not to be independent. David F. Sobey is the Chair Emeritus of Sobeys and the father of Paul D. Sobey. Donald R. Sobey is the Chair Emeritus of the Company and the father of Rob G.C. Sobey. Karl R. Sobey is the brother of Frank C. Sobey. They are also considered not to be independent.

The Board has determined that Christine Cross, David S. Ferguson, David A. Leslie, Malen Ng, Mel Rhineland and Stephen J. Savidant have no relationships with the Company (other than as directors) and are therefore considered to be independent.

Edward C. Harsant, in his capacity as a director of Empire, has agreed to serve as Chair of the Advisory Board of Lawton’s Drug Stores Limited (an operating division of Sobeys) and receives annual compensation of \$32,000 in this regard. Mr. Harsant was appointed to this position because he is an Independent Director and the Board considers him to retain his independence notwithstanding this appointment.

Marcel Côté is a senior partner of Secor Inc., which provides consulting services to Sobeys and to some of its retail affiliates. Mr. Côté is not involved in the business relationship between Secor and Sobeys or in the provision of the consulting services. His remuneration from Secor is not connected in any way with the Sobeys relationship and the services provided to Sobeys are not material to Secor. The Board considers Mr. Côté to be independent.

John R. Sobey is not an immediate family member to any member of the Board or senior management (he is a first cousin to David F. Sobey and Donald R. Sobey and consequently a first cousin once removed to Paul D. Sobey, Frank C. Sobey and Rob G.C. Sobey) and retired from his management position at Sobeys in 2001. The Board considers Mr. Sobey to be independent.

Robert P. Dexter’s primary occupation is Chair and CEO of Maritime Travel Inc. He is also counsel to a law firm that provides legal services to Empire and its subsidiaries; however, he does not practise law nor is he involved in the provision of legal services to Empire or any of its subsidiaries. He receives an honorarium, unrelated to services provided to the Company, from the law firm. The Board considers Mr. Dexter to be independent.

The following table illustrates the Board's view on the independence of each director.

Table of Current Directors' Relationships to the Company			
Director	Independent	Non-Independent	Reason for Non-Independent Status
Marcel Côté	✓		
Christine Cross	✓		
Robert P. Dexter	✓		
David S. Ferguson	✓		
Edward C. Harsant	✓		
David A. Leslie	✓		
Bill McEwan		✓	President and CEO, Sobeyes
Malen Ng	✓		
Mel Rhineland	✓		
Stephen J. Savidant	✓		
David F. Sobey		✓	Paul D. Sobey's father and Chair Emeritus of Sobeyes
Donald R. Sobey		✓	Rob G.C. Sobey's father and Chair Emeritus of Empire
Frank C. Sobey		✓	VP Real Estate of Empire
John R. Sobey	✓		
Karl R. Sobey		✓	Frank C. Sobey's brother
Paul D. Sobey		✓	President and CEO, Empire
Rob G.C. Sobey		✓	President and CEO, Lawton's Drug Stores Limited, an operating division of Sobeyes

Interlocking Directorships

The Board is of the view that none of the interlocking public board directorships summarized in the following table adversely impact the effectiveness of the directors.

Company	Director	Board Committee Role
Assisted Living Concepts, Inc.	Malen Ng Mel Rhineland	Audit Committee (Chair) Executive Committee

The following directors serve as Trustees of Crombie REIT which is an equity accounted investment of the Company.

Company	Director	Trustee Role
Crombie REIT (Empire owns a 46.4% interest)	David A. Leslie Frank C. Sobey Paul D. Sobey	Audit Committee (Chair) and Investment Committee Chairman Human Resources Committee

The Board is of the view that it is prudent to have representation on the boards of Empire's equity accounted investments in order to provide counsel to management.

Voting and Share Information

Class B Common Shares

The Board of Directors has fixed July 25, 2011 as the record date for the purpose of determining which shareholders are entitled to receive the Notice of the Meeting.

On July 8, 2011, the Company had 34,260,763 outstanding Class B common shares each carrying the right to one vote per share at the Meeting. Any registered Class B common shareholder of record at the time of the Meeting will be entitled to attend and vote at the Meeting either in person or by Proxy.

As at July 8, 2011, the only shareholders of the Company owning of record, or known to own beneficially, either directly or indirectly, or exercise control or direction over more than 10 percent of the Class B common shares of the Company were as follows:

Shareholder	Number of Shares	Percentage of Total Class B Common Shares Issued and Outstanding
DFS Investments Limited ⁽¹⁾	9,609,354	28.05%
Dunvegan Holdings Limited ⁽²⁾	9,978,852	29.13%
Sumac Holdings Limited ⁽³⁾	10,596,158	30.93%

Notes:

- (1) David F. Sobey has voting control over DFS Investments Limited. Of the 9,609,354 Class B common shares owned of record by DFS Investments Limited, 7,623,030 are controlled by David F. Sobey. The children of David F. Sobey exercise direction and control over the balance of 1,986,324 Class B common shares pursuant to an agreement among the shareholders of DFS Investments Limited. David F. Sobey also owns 12,844 Class B common shares other than through DFS Investments Limited.
- (2) Dunvegan Holdings Limited is jointly controlled by the children of William Sobey (deceased).
- (3) Donald R. Sobey has voting control over Sumac Holdings Limited. Of the 10,596,158 Class B common shares owned of record by Sumac Holdings Limited, 7,629,652 are controlled by Donald R. Sobey. The children of Donald R. Sobey exercise direction and control over the balance of 2,966,506 Class B common shares pursuant to an agreement among the shareholders of Sumac Holdings Limited.

Non-Voting Class A Shares

On July 8, 2011, the Company had 33,687,747 outstanding Non-Voting Class A shares. Any registered Non-Voting Class A shareholder of record at the time of the Meeting will be entitled to attend and speak at the Meeting either in person or by Proxy but shall not be entitled to vote at the Meeting, except on the non-binding advisory vote relating to executive compensation.

If a formal take-over bid (other than a “Family Share Transaction” described below) is made for Class B common shares, then the conditions attaching to the Class B common shares and Non-Voting Class A shares generally provide that Canadian holders of Non-Voting Class A shares shall also be entitled to receive an offer to purchase their Non-Voting Class A shares on terms and conditions at least as favourable, including the price offered. If an offeror acquires Class B common shares pursuant to a formal take-over bid and does not make the same offer for Non-Voting Class A shares within 60 days, then the Class B common shares acquired pursuant to the offer, as well as other Class B common shares held by the offeror and any others acting jointly or in concert with the offeror, shall convert to Non-Voting Class A shares.

A “Family Share Transaction” means any transfer of any kind of an interest in Class B common shares to one or more of the descendants of J.W. Sobey, now deceased and formerly a businessman of Stellarton, Nova Scotia. For this purpose, descendants include: spouses, companies controlled by any such descendants or their affiliates and trusts for bona fide estate planning purposes primarily for the benefit any such descendants.

Board of Directors' Compensation

Compensation Paid in Fiscal 2011

During fiscal 2011, directors of the Company who were not employees of the Company or its affiliates received compensation for participating as a member of the Board and its Committees:

Directors' Fees Paid ⁽¹⁾		
	2011	2010
Annual Director's Retainer	\$ 55,000	\$ 50,000
Chair of the Board's Retainer ⁽²⁾	\$ 220,000	\$ 200,000
Meeting Fee		
• Board	\$ 2,000	\$ 2,000
• Committee	\$ 2,000	\$ 2,000
• Telephone (Board or Committee)	\$ 1,250	\$ 1,250
Committee Chairs' Retainer		
• Audit	\$ 15,000	\$ 15,000
• Human Resources	\$ 15,000	\$ 15,000
• Other Committees	\$ 10,000	\$ 10,000
Committee Members' Retainer		
• Audit	\$ 5,000	\$ 5,000
• Other Committees	\$ 3,000	\$ 3,000

Notes:

- (1) The 2011 fees were approved at the Annual General Meeting in September 2010, and are applicable as of the September 2010 Board meeting. Any meetings occurring after May 1, 2010 (Empire's fiscal year-end) but prior to the September 2010 Board meeting were paid using the 2010 approved fees as listed above. Directors who live outside Canada were paid their fees in U.S. Dollars.
- (2) The Chair of the Board does not receive meeting fees.

Director Compensation Review

The Corporate Governance Committee annually reviews the current director compensation and compares it to the compensation of directors of other companies comparable to Empire in size or activities using data obtained from published surveys and private polls and recommends adjustments to the Board, which in turn recommends director compensation to shareholders for approval at the Annual General Meeting.

The following table details the remuneration paid to the directors during the fiscal year ended May 7, 2011.

Remuneration of Empire Directors⁽¹⁾ For the Fiscal Year Ended May 7, 2011							
Director	Board Retainer	Committee Retainer	Board Meeting Fees	Committee Meeting Fees	Total	% of Total Fees Allocated to DSUs	
John L. Bragg ⁽²⁾	\$ 26,250	\$ 6,500	\$ 5,250	\$ 5,250	\$ 43,250	100%	
Marcel Côté	53,750	6,000	14,500	17,750	92,000	100%	
Christine Cross ⁽³⁾	53,750	6,000	13,250	18,500	91,500	23%	
Robert P. Dexter	215,000	–	–	–	215,000	50%	
David S. Ferguson	53,750	6,000	14,500	19,750	94,000	50%	
Edward C. Harsant ⁽⁴⁾	53,750	8,000	14,500	20,000	96,250	50%	
David A. Leslie	53,750	8,000	16,500	19,250	97,500	100%	
Bill M ^c Ewan ⁽⁵⁾	–	–	–	–	–	–	
Malen Ng	53,750	18,000	14,500	21,250	107,500	100%	
Mel Rhineland	53,750	18,000	12,000	19,750	103,500	100%	
Stephen J. Savidant	53,750	13,250	12,500	17,250	96,750	100%	
David F. Sobey	53,750	–	14,500	–	68,250	100%	
Donald R. Sobey	53,750	–	12,500	–	66,250	100%	
Frank C. Sobey ⁽⁵⁾	–	–	–	–	–	–	
John R. Sobey	53,750	5,000	9,250	11,250	79,250	0%	
Karl R. Sobey	53,750	3,000	16,500	10,000	83,250	0%	
Paul D. Sobey ⁽⁵⁾	–	–	–	–	–	–	
Rob G.C. Sobey ⁽⁵⁾	–	–	–	–	–	–	
Total Remuneration Paid	\$ 886,250	\$ 97,750	\$ 170,250	\$ 180,000	\$ 1,334,250		

Notes:

- (1) Remuneration refers to the compensation paid to the directors during the fiscal year ended May 7, 2011, paid either in cash or DSUs. Directors who live outside of Canada were paid their fees in U.S. dollars.
- (2) John L. Bragg retired from the Board at the September 10, 2010 Annual General Meeting.
- (3) Effective January 1, 2011, as a result of amendments to the DSUP, Christine Cross began to take 50 percent of her fees in DSUs.
- (4) Edward C. Harsant is Chair of the Advisory Board of Lawton's Drug Stores Limited (an operating division of Sobeys) and received additional compensation during fiscal 2011 of \$32,000.
- (5) Paul D. Sobey and Frank C. Sobey are employees of Empire Company Limited and Bill M^cEwan and Rob G.C. Sobey are employees of Sobeys. In accordance with Empire policy, they are not entitled to receive compensation for being directors of Empire. Compensation paid to Paul D. Sobey and Bill M^cEwan in an executive capacity is disclosed on page 35 in the Summary Compensation Table for Named Executive Officers. Compensation paid to Frank C. Sobey and Rob G.C. Sobey in an executive capacity during fiscal 2011 is disclosed in the following table.

Name & Principal Position	Fiscal Year	Salary (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation				Pension Value (\$) ⁽⁴⁾	All Other Compensa- tion (\$) ⁽⁵⁾	Total Compensation (\$)
			Option Based Awards (Empire) (\$) ⁽²⁾	Long-Term Incentive Plan Payout (\$) ⁽³⁾	Annual Incentive Plan (\$)				
Frank C. Sobey VP Real Estate of Empire	2011	\$ 214,451	\$ 62,469	N/A	\$ 134,385	\$ 21,000	\$ 3,045	\$ 435,350	
	2010	202,064	59,100	N/A	135,675	11,000	2,987	410,826	
	2009	197,664	56,400	N/A	132,975	18,000	6,088	411,127	
Rob G.C. Sobey President & CEO of Lawton's Drug Stores Limited	2011	\$ 270,274	N/A	\$ 358,688	\$ 148,496	\$ 23,770	\$ 611	\$ 801,839	
	2010	264,445	N/A	–	123,039	18,365	464	406,313	
	2009	263,226	N/A	–	144,253	17,546	464	425,489	

Notes:

- (1) For Frank C. Sobey, salary includes a nominal amount paid in respect to an employee holiday bonus for the fiscal year.
- (2) Frank C. Sobey participates in the Empire Stock Option Plan, which is more fully described elsewhere in this Circular. The numbers in this column represent the compensation value of stock options granted under the Empire Stock Option Plan as follows: (a) In fiscal 2011, Mr. Sobey was granted 4,806 options at a grant price of \$51.99. These options expire in June 2018 and the number of securities underlying the unexercised options is 4,806; (b) In fiscal 2010, Mr Sobey was granted 5,135 options at a grant price of \$46.04; these options expire in June 2017 and the number of securities underlying the unexercised options is 5,135; (c) In fiscal 2009, Mr. Sobey was granted 5,604 options at a grant price of \$40.26; these options expire in June 2016 and the number of securities underlying the unexercised options is 5,604; and (d) In fiscal 2008, Mr. Sobey was granted 5,132 options with an exercise price of \$43.96; these options expire in June 2015 and the number of securities underlying the unexercised options is 5,132. The value of the unexercised in-the-money options as of July 8, 2011, was \$203,458 and the value vested during the year was \$50,864.
- (3) Beginning in fiscal 2009, Rob G.C. Sobey participated in a cash-only Long Term Incentive Plan based on certain operating performance measures of Lawton's Drug Stores Limited. This plan did not contemplate any payout until the end of the third year. The award in this column for fiscal 2011 is the award at the end of the third year based on achievement of targets.
- (4) For Frank C. Sobey, who participates in the Company's Supplemental Executive Retirement Plan which is described on page 32 of this Circular, the Pension Value is the compensatory change for the applicable fiscal year which includes the annual employer service cost, which represents the value of the projected pension benefit earned during the year, and the impact related to the difference between actual and expected salary increases during the applicable fiscal year. For Rob G.C. Sobey, the Pension Value is the amount of the Sobey's contribution to the defined contribution plans.
- (5) All Other Compensation represents premiums paid in respect of the group life and accidental death and dismemberment insurance of the employee. For Frank C. Sobey, All Other Compensation also includes the aggregate of imputed interest on interest-free loans provided by the Company to the employee in connection with the purchase of Non-Voting Class A Shares under the Employee Share Purchase Plan. The value of perquisites did not exceed \$50,000 in aggregate or 10 percent or more of the employees' annual salary, and is therefore not included in this column.

Directors' Share Ownership Requirements

The Board has determined that share ownership (any combination of Non-Voting Class A shares, Class B common shares and DSUs) of at least four times the annual retainer is appropriate for the directors of the Company. Effective January 1, 2011, the Board established a requirement that all directors must take a minimum of 50 percent of their total fees in DSUs until this threshold is achieved and at any time their ownership declines below the threshold.

Directors' Deferred Stock Unit Plan

Since fiscal 2001, the Company has maintained a DSUP for its Directors resident in Canada. Directors in the United States were added in March 2008 and effective January 1, 2011, the Company had a DSUP available to all directors regardless of place of residence. Under the DSUP, Directors may elect to receive all or any portion of their fees in deferred stock units in lieu of cash. A DSU is a bookkeeping entry equivalent in value to a Non-Voting Class A share. The number of DSUs received is determined by the market value of an Empire Non-Voting Class A share on the directors' fee payment date. Additional DSUs are received as dividend equivalents. DSUs cannot be redeemed for cash until the holder is no longer a director of the Company. The redemption value of a DSU equals the market value of a share at the time of redemption, in accordance with the DSUP. On a quarterly basis, the Company values the DSU obligation at the current market value of a share and records any increase in the DSU obligation as an operating expense.

Directors' and Officers' Insurance

Directors' and officers' liability insurance is provided for the benefit of the directors and officers of the Company through participation in a directors' and officers' insurance policy. The total policy limit is \$50 million annually for the Company and the other subsidiaries of Empire, collectively. Where a non-indemnifiable claim is advanced against a director or officer, no policy deductible applies. Where the Company grants indemnification for a claim advanced

against a director or officer, the Company is responsible to cover the first \$100,000 of such claim, or \$250,000 in the case of a securities claim. The annual premium for this coverage of \$185,750 was paid by the Company in fiscal 2011.

Director Orientation

When a new director joins the Board, an orientation program is developed for him/her taking into account the director's background and skills as well as his/her intended committee involvement. The orientation program is designed to introduce the new director to the business and to the Company's expectations of directors. The orientation will include meetings with senior management of Empire and its major subsidiaries, meetings with the Board Chair and committee chairs, and property and store tours. The new director will be provided with the Directors' Handbook (which includes Board and committee mandates, position descriptions and the Code of Business Conduct and Ethics together with a selection of historical information about the Company), the current approved budget and business plan, the most recent quarterly financial reports and the most recent annual disclosure documents.

Director Continuing Education

The Company is committed to the ongoing education of directors to assist them in fulfilling their responsibility to be knowledgeable about the Company's business and about the duties and responsibilities of directors. To this end, the Company provides regular briefings (both at meetings and by providing written material) on such topics as different areas of the business, the competitive landscape, global and national economic trends, capital markets analysis and emerging governance issues (for example, CEO/CFO certification and International Financial Reporting Standards ("IFRS")). The Company also encourages the participation of directors in continuing director education programs, including the Institute for Corporate Directors, and reimburses for tuition and associated expenses.

In fiscal 2011, in addition to the regular briefings, the following presentations and site visits were offered:

Date	Subject	Audience
May 2010	FreshCo Stores Tour	All Directors
June 2010	Food Safety Review	Audit Committee
	Customer Insight Strategy	Oversight Committee
	Lawton's Business Overview and Store Tour	All Directors
October 2010	IFRS Update	Audit Committee (all Directors invited)
	Greater Toronto Area Market Stores Visits	All Directors
	Consumer/Competitive/Economic Trends Overview	All Directors
	Ethnic and Wholesale Markets Overview	All Directors
	Real Estate Development Overview	All Directors
December 2010	IFRS Update	Audit Committee (all Directors invited)
	Private Label Development	All Directors
	Enterprise Risk Management	All Directors
March 2011	Québec Market Overview and Store Tour	All Directors

Statement of Executive Compensation

INTRODUCTION

This Statement of Executive Compensation is intended to provide Empire's shareholders with a description of the processes and decisions involved in the design, oversight, and payout of its compensation programs for the Named Executive Officers ("NEOs") for the 2011 fiscal year. The NEOs are the individuals who were the Chief Executive Officer and Chief Financial Officer and the other three most highly compensated executive officers of the Company and its subsidiaries for the last fiscal year.

Role and Composition of the Human Resources Committee

The Board of Directors of Empire has delegated to the Human Resources Committee (the "HR Committee") responsibility for setting and implementing compensation policy for Empire and Sobeys executives. The HR Committee is composed of the following four independent directors: Mel Rhinelanders (Chair), Marcel Côté, Christine Cross, and David S. Ferguson. There were seven meetings held in fiscal 2011.

The HR Committee's mandate includes the establishment of executive compensation programs that reinforce the achievement of the Company's objectives, the establishment of salary levels, the determination of Annual Management Incentive Plan ("AMIP") awards, the determination of Long-Term Incentive Plan ("LTIP") awards and the monitoring of succession plans. The HR Committee's complete mandate is available on the Empire website: www.empireco.ca.

The HR Committee is responsible for monitoring, reviewing and providing guidance in respect of succession planning for both Empire and Sobeys. It discharges this responsibility through regular review and discussion of the needs of the companies together with the strengths of the current management team. The Committee ensures that both long-term and urgent need succession plans are in place for all senior executive positions in both companies.

Compensation Philosophy and Process

The philosophy of the executive compensation program is to provide compensation to attract, motivate and retain a highly skilled executive team and directly align their compensation to the attainment of both corporate and personal performance objectives. The Company's approach is to encourage management to make decisions and take actions that will create long-term sustainable growth and result in long-term shareholder value creation.

To accomplish continued growth and expansion of the business, the executive compensation program has been designed, under the direction of the HR Committee, based on the following principles:

- To provide executives with compensation that is market competitive to attract and retain leadership talent required to drive results;
- To reflect a pay for performance philosophy;
- To align executives' interest with those of our shareholders;
- To reflect high standards of good governance; and
- To be easily understood by our shareholders.

The HR Committee has determined that the principles to compensate executive management should be identical to those applicable to all senior management, except that:

- Executives should have a greater portion of their compensation at risk than other employees;
- Executives' compensation should consider longer-term results of the Company;
- A meaningful portion of executives' compensation should be based on the results of the entire organization; and
- A significant portion of executives' compensation should mirror the experience of the Company's shareholders.

The Company has an established protocol to review executive compensation annually as outlined below:

At the beginning of the performance year, the HR Committee:

- Establishes base salaries for the year;
- Reconfirms the pay mix for the CEO and the executive officers;
- Finalizes incentive targets and goals for annual incentive programs; and
- Approves Empire stock options and Sobey's Phantom Performance Options ("PPO") grants.

At the end of the performance year, the HR Committee:

- Assesses Company performance to determine if goals were met;
- Makes decisions with respect to the Company's AMIP awards; and
- Makes decisions with respect to the Company's LTIP awards.

Advisor to the Human Resources Committee

When deemed appropriate, the HR Committee may retain the services of an external human resources consultant to provide independent advice and information on: (i) the Company's compensation practices and program design; (ii) perspective on appropriate total compensation levels based on competitive practice and benchmark analysis; (iii) updates on ongoing trends in executive compensation design and governance; and (iv) any other information in support of evaluating compensation recommendations and making effective decisions pertaining to executive compensation.

In fiscal 2011, the HR Committee retained the services of Towers Watson, an external human resources consultant. All work performed by Towers Watson at the direction of the HR Committee was in relation to a comprehensive review of Empire's LTIP, including design recommendation and implementation. Towers Watson also provided consulting services to the Company for competitive executive benchmarking.

Advisor	Human Resources Committee Work	All Other Work For Empire	Total Fees
Towers Watson	\$ 69,640	\$ 2,500	\$ 72,140

Compensation Benchmarking

From time to time, and as part of the HR Committee's deliberations in establishing Total Direct Compensation (base salary plus AMIP plus LTIP), a number of Canadian median competitive references are reviewed. These have included retail companies, autonomous companies of similar size, diversified companies operating in Canada and real estate companies. These references provide context for setting and adjusting compensation. The HR Committee also considers the respective role, responsibilities and performance of each executive.

The HR Committee undertook a comprehensive review of the executive pay program in fiscal 2008. A competitive review was done for select NEOs for fiscal 2009. There was no review undertaken for fiscal 2010 or fiscal 2011.

It is important to note that the HR Committee does not rely solely on the compensation data provided by external advisors to determine appropriate compensation levels.

Compensation Discussion and Analysis

Components of Executive Compensation

The key elements of Empire's compensation program for executives, including the NEOs, are base salary, AMIP and LTIP. Pension, benefits, perquisites and other fringe benefits are not, in aggregate, a material element of the total annual compensation.

These elements when combined, particularly base salary and the annual and long-term incentives, provide a total compensation package that is designed to attract and retain highly qualified individuals while also providing strong incentive to align efforts and motivate executives to deliver company performance that creates long-term sustainable shareholder value.

The base salary portion of executive compensation is fixed while the AMIP and LTIP portions are variable. As illustrated in the following table, the total value of the compensation package is weighted towards the variable incentive components, thereby putting a significant portion of executive pay at risk.

Name and Position	Percentage of Fiscal 2011 Target Total Direct Compensation ⁽¹⁾			
	Salary	AMIP	LTIP	Pay at Risk ⁽²⁾
Paul D. Sobey President & CEO of Empire	40%	20%	40%	60%
Paul V. Beesley EVP & CFO of Empire	45%	21%	34%	55%
Bill McEwan President & CEO of Sobeys	31%	23%	46%	69%
Marc Poulin President Operations, Sobeys Québec	40%	30%	30%	60%
François Vimard CFO of Sobeys	40%	30%	30%	60%

Notes:

(1) Total Direct Compensation excludes benefits, pension and perquisites.

(2) Pay at Risk represents the aggregate of the AMIP and LTIP percentages.

More detail on each element and its purpose within the total executive compensation program is described in the following table and further in this report.

Element	Form		Time Period	Objectives
Base Salary	Cash		Annual	Reflects each executive's scope of responsibility, performance and contribution
Variable Compensation	AMIP	Cash	Annual	Rewards executives for achieving or exceeding annual performance goals
	LTIP	Empire Stock Options	Multi-year	<ul style="list-style-type: none"> • Motivate executive team to create long-term shareholder value • Retain key talent by offering competitive pay opportunities
		Sobeys Phantom Performance Options	Multi-year	<ul style="list-style-type: none"> • Motivate Sobeys' executive team to create long-term equity value in the business • Retain key talent by offering competitive pay opportunities
Other Elements of Compensation				
Pension and Benefits	The purpose of the Company's pension plans is to provide periodic payments to the members of the plans during retirement and until death in respect of their service as employees. NEOs participate in defined contribution plans and also participate in a Supplemental Executive Retirement Plan. NEOs participate in the Company's benefit plan which offers medical, drug and dental insurance, critical illness insurance, group life and accidental death and dismemberment, short-term disability and employee-paid long-term disability insurance.			
Perquisites	Limited perquisites are provided, which include a company leased vehicle, annual medical examination, executive financial planning allowance and club membership allowance.			

Base Salary

Base salary remunerates executives for discharging their job requirements. It is reviewed annually by the HR Committee to ensure that it continues to reflect individual performance and market conditions for Empire and Sobeys executives.

Annual Management Incentive Plan

Annual incentive awards to executives are predominately based on pre-determined performance targets for the fiscal year. Achievement of target performance results in incentive payouts at target level. If performance exceeds pre-determined performance target levels, the plans provide for enhanced payouts up to specified maximum levels.

Empire executives participate in the Empire AMIP whereby awards are based on the attainment of a Board approved budget (i.e. "target" performance) for earnings before capital gains (losses) and other items ("**operating earnings**" which is calculated as net earnings before capital gains (losses) and other items, net of tax). Capital gains (losses) and other items are not budgeted; historically, they have been primarily related to gains (losses) realized on the Company's liquid investment portfolio, and thus are not compensable. The maximum payment is set at 2.0 times the target award; however, it is important to note that the HR Committee may exercise its discretion to increase the award beyond 2.0 times the target percentage if this is in the interest of ensuring there is an appropriate link between exceptional business performance and compensation. The CEO's annual incentive bonus is not directly affected by the performance of the Company relative to a peer group of similar companies.

Sobeys executives participate in the Sobeys AMIP whereby awards are based on the attainment of Board approved annual sales and profitability targets (i.e. “target” performance). The AMIP target incentive for executives with national responsibilities is dependent upon the achievement of sales and profitability targets for the entire company. The AMIP target incentive for executives responsible for regional and divisional business unit operations and certain other senior executives is dependent upon the achievement of sales and profitability targets specific to their business unit. The maximum payment is set at 2.0 times the target award; however, it is important to note that the HR Committee may exercise its discretion to increase the award beyond 2.0 times the target percentage if this is in the interest of ensuring there is an appropriate link between exceptional business performance and compensation.

Long-Term Incentive Plan

The Empire LTIP provides for share purchase entitlements under the Employee Share Purchase Plan portion of the LTIP, share option awards under the Stock Option Plan portion of the LTIP, and cash incentive awards under the Medium-Term Performance Plan portion of the LTIP. The Company’s practice has been to use only the Stock Option Plan portion of the LTIP and all references herein to Empire’s LTIP should be read as referring only to the Stock Option Plan. See section “Compensation Changes for Fiscal 2012” on page 29.

The LTIP provides executives with the opportunity to earn annual awards based on the attainment of certain targets. The CEO’s long-term incentive targets are not directly affected by the performance of the Company relative to a peer group of similar companies. The LTIP currently consists of the Empire Stock Option Plan and the Sobeys Phantom Performance Option Plan (“PPOP”).

Empire Stock Option Plan

Empire executives and the CEO of Sobeys participate in the Empire Stock Option Plan, which provides for the issuance of stock options with a term of up to ten years. Empire’s current practice is to grant options having a term of eight years. Stock options may be granted to officers or management of the Company or its affiliates as approved by the HR Committee. Stock options issued have a grant price equal to the trailing five-day volume weighted average trading price of Empire Non-Voting Class A shares on the TSX on the date of approval.

Stock options granted include the following vesting provisions:

- 12.50 percent of the option grant vests annually;
- 6.25 percent of the option grant vests annually upon achievement of specified annual return on equity targets; and
- 6.25 percent of the option grant vests annually upon achievement of specified diluted earnings per share targets.

The Empire Stock Option Plan also contains a ‘cashless’ exercise feature whereby the participant may elect to receive the value of the option gain in the form of issued Empire Non-Voting Class A shares instead of exercising the option (i.e. number of shares = option gain / share price).

LTIP payments consider the level of responsibility of the executive, as well as their impact on and/or contribution to the long-term operating performance of the Company. Participants in the LTIP must be key executives or management (as determined by the HR Committee) of the Company or its affiliates. Awards under the LTIP are considered annually by Empire’s Board of Directors. A maximum of 3,200,000 Non-Voting Class A shares may be issued under the LTIP, which is 4.7 percent of the total outstanding Non-Voting Class A shares and Class B common shares of the Company.

A total of 565,571 stock options granted were outstanding at fiscal year ended May 7, 2011. These stock options are exercisable into Non-Voting Class A shares and represent 0.8 percent of the outstanding Non-Voting Class A shares and Class B common shares of the Company.

The table on the next page presents the number of stock options granted by fiscal year along with respective option exercise price, option expiry dates and the percentage of both Non-voting Class A and Class B common shares outstanding.

Fiscal Year	Number of Stock Options Granted ⁽¹⁾ (#)	Option Exercise Price	Option Expiration Date	Percentage of		
				Class A NV Shares (%)	Class B Common Shares (%)	Total Shares (%)
2011	150,464	\$ 51.99	June 2018	0.4%	0.4%	0.2%
2010	162,399	46.04	June 2017	0.5%	0.5%	0.2%
2009	178,044	40.26	June 2016	0.5%	0.5%	0.3%
2008	92,766	43.96	June 2015	0.3%	0.3%	0.1%
Less Options Exercised ⁽²⁾	(18,102)					
Total Outstanding	565,571			1.7%	1.7%	0.8%

Notes:

- (1) Net of any stock options forfeited.
(2) A total of 18,102 options were exercised in January 2011.

No options or Non-Voting Class A shares shall be issued pursuant to the LTIP where such grants, together with all of the Company's other share compensation arrangements, could result at any time in:

- (a) The number of Non-Voting Class A shares reserved for issuance pursuant to share compensation arrangements granted to insiders exceeding 10 percent of those outstanding; and
- (b) The issuance to insiders, within a one-year period, of a number of Non-Voting Class A shares exceeding 10 percent of those outstanding.

Options are not assignable by participants. Except as otherwise determined by the HR Committee from time to time:

- If, before the option expiry date, the employment of the participant by the Company is terminated by the Company without cause, the option may only be exercised by the participant within 14 days of the date on which the participant ceases to actively perform work at the workplace of the Company, but prior to the option expiry date. Unvested options as at the termination date will be forfeited.
- If, before the option expiry date, the employment of the participant by the Company is terminated by the Company with cause, the option shall expire and terminate simultaneously with the act or event which caused the termination of employment of the participant.
- If, before the expiry of an option, the employment of a participant is terminated for any other reason including by reason of death, disability or retirement, the option may only be exercised by the participant, or in the case of death by the participant's estate, within six months of the effective date of retirement, but prior to the option expiry date.

From time to time, subject to necessary regulatory approval from administrative bodies with jurisdiction over the LTIP, the Board of Directors of the Company may, without shareholder approval, terminate or amend any of the provisions of the LTIP, including amendments to:

- (i) reduce the number of Non-Voting Class A shares issuable under the LTIP;
- (ii) increase or decrease the maximum number of Non-Voting Class A shares any single participant is entitled to receive under the LTIP;
- (iii) amend the vesting provisions of each option;
- (iv) amend the terms of the LTIP relating to the effect of termination, cessation or death of a participant on the right to exercise options;
- (v) amend the assignability of grants required for estate planning purposes;
- (vi) increase the exercise price or purchase price;
- (vii) amend the process by which a participant can exercise his or her option;
- (viii) add and/or amend any form of financial assistance provision to the LTIP;

- (ix) amend the eligibility requirement for participants in the LTIP;
- (x) allocate and reallocate the number of Non-Voting Class A shares issuable to participants pursuant to the LTIP;
- (xi) bring the LTIP into compliance with securities, corporate or tax laws and the rules and policies of the TSX;
- (xii) add covenants of the Company for the protection of participants; and
- (xiii) cure or correct any ambiguity or defect or inconsistent provision or clerical omission or mistake or manifest error.

No amendment shall: (i) divest any participant of options granted to him or her, (ii) divest any participant of his or her entitlement to the participant's pledged shares and stock dividend shares as provided herein or of any rights a participant may have in respect of the participant's pledged shares and the stock dividend shares, or (iii) have the effect of altering the terms of repayment of any loan made to a participant, without the prior written consent of the participant.

Notwithstanding any other provision of this LTIP, none of the following amendments shall be made to this LTIP without approval of the shareholders:

- (i) a reduction in the option price or award price, or cancellation and re-issue of options;
- (ii) any amendment that extends the term of an award beyond its original expiry date, except as permitted by the LTIP in the event of a blackout period;
- (iii) any amendment to increase the maximum limit of the number of Non-Voting Class A shares that may be:
 - a) issued to insiders within any one year period, or
 - b) issuable to insiders, at any time under the LTIP, or when combined with all share compensation arrangement, which could exceed 10 percent of the Company's issued and outstanding Non-Voting Class A shares and Class B common shares;
- (iv) an increase to the maximum number of Non-Voting Class A shares issuable under the LTIP;
- (v) any amendment adding participants to the LTIP that may permit the introduction or re-introduction of non-employee directors on a discretionary basis; and
- (vi) any amendment to the amending provisions of the LTIP.

The Board of Directors may terminate the LTIP, provided that such termination shall not affect the rights of a participant holding options at the time of such termination without his or her consent.

Compensation Changes for Fiscal 2012

Subsequent to fiscal year end, the Board of Directors has approved a Performance Share Unit ("PSU") Plan for use beginning in fiscal 2012. A component of the Empire LTIP, the PSU Plan is designed to reward participants for performance over a medium-term period of three years. Each year, PSU participants may be awarded a target number of notional units that track Empire's underlying Class A Non-Voting share price. The starting grant of PSUs will be a function of a participant's base salary, management level and target LTIP award (expressed as a percentage of salary). PSUs will utilize performance vesting criteria based on return on equity and operating earnings per share. At the end of the three fiscal year performance period, the target award of PSUs will be adjusted upwards or downwards based on the level of achievement of specified corporate financial measures with a payout range of 0.0 times target to 2.0 times target.

Until fiscal 2011 inclusive, Empire's LTIP design has utilized stock options, with 50 percent time-based over four years and 50 percent performance-based. Beginning in fiscal 2012, the time-based stock options will continue to be utilized, but the performance-based stock options will be replaced with PSUs.

Sobeys Phantom Performance Option Plan

Sobeys' executives participate in the Sobeys PPOP which provides for the issuance of phantom performance options. The Phantom Performance Options ("PPO") are subject to a performance period or term of five years. Sobeys PPOs may be granted to officers or senior management of Sobeys as approved by the HR Committee. Gains will be realized through any increases in Sobeys' calculated enterprise value over the performance period. The initial grant in fiscal 2008 vested over a three-year period at a rate of 33.3 percent per year, with the final 33.3 percent having vested on June 30, 2010. Subsequent grants vest over a four-year period at a rate of 25 percent per year. In fiscal 2011, 25 percent of each of the fiscal 2009, fiscal 2010 and fiscal 2011 grants vested. The status of all grants made to date, as of July 8, 2011 is: fiscal 2008 grant – 100 percent vested, fiscal 2009 grant – 75 percent vested, fiscal 2010 grant – 50 percent vested, fiscal 2011 – 25 percent vested. The PPOP contains a liquidity provision which allows for partial payouts of the 'in-the-money' position during the performance period.

PPOs are not assignable by participants, except as otherwise determined by the HR Committee from time to time:

- In the event of an eligible employee's death during one or more performance periods, in respect of each grant relating to each such performance period, the eligible person's legal representative shall receive one final payment on the next scheduled payment date for each such grant immediately following the eligible person's date of death. Following receipt of such final payment, all PPOs in respect of such grant shall be cancelled (to the extent that they have not already been cancelled prior to such date).
- In the event of an eligible employee's retirement during one or more performance periods, payments shall continue to be made in respect of each grant relating to each such performance period up to the date that is three years following the date of the eligible employee's retirement. As soon as practicable following the date that is three years following the date of the eligible employee's retirement, the eligible employee shall receive one final payment in respect of each such grant. Following receipt of such final payment, all PPOs shall be cancelled (to the extent that they have not already been cancelled prior to such date).
- In the event an eligible employee ceases to be employed during one or more performance periods for any reason other than death or retirement, on the date to be determined by the HR Committee, the eligible employee shall receive one final payment in respect of each vested grant relating to each such performance period. Following receipt of such final payment, all PPOs shall be cancelled (to the extent that they have not already been cancelled prior to such date).
- In the event of an eligible employee's disability during one or more performance periods, the eligible employee shall receive one final payment in respect of each vested grant relating to each such performance period.

Share Ownership

NEO share ownership aligns the interest of our executives with that of shareholders. The NEOs have built up significant share ownership through the LTIP program and other personal holdings and, in the case of the Sobeys executives, participate in that alignment through the PPOP. The HR Committee is satisfied that current NEO ownership levels are appropriate. The HR Committee will continue to monitor NEO share ownership going forward.

It is the policy of Empire that the CEO of the Company and the CEO of Sobeys must retain, until one year following resignation or retirement, all Non-Voting Class A shares acquired through Company programs or with direct Company financial assistance except to the extent, that at the time of resignation or retirement, the CEO's ownership level exceeds three-times salary. The CEO is free to dispose of any equity in excess of this threshold.

The following table sets forth the share ownership information for the NEOs as of July 8, 2011.

Name	Number of Shares Held ⁽¹⁾				Total Share Ownership
	Non-Voting Class A Shares		Class B Common Shares		
	(# Shares)	(\$)	(# Shares)	(\$)	(\$)
Paul D. Sobey	204,065	\$ 11,260,307	993,166	\$ 54,802,900	\$ 66,063,207
Paul V. Beesley	55,537	\$ 3,064,532	0	\$ 0	\$ 3,064,532
Bill McEwan	5,000	\$ 275,900	1	\$ 55	\$ 275,955
Marc Poulin	1,000	\$ 55,180	0	\$ 0	\$ 55,180
François Vimard	1,000	\$ 55,180	0	\$ 0	\$ 55,180

Note:

(1) Securities held are reported as at July 8, 2011. In addition to the shares listed above, Paul D. Sobey holds 214,340 options, Paul V. Beesley holds 78,943 options and Bill McEwan holds 204,460 options issued under Empire's LTIP Stock Option Plan. Share value is calculated using the closing price of Empire's Non-Voting Class A shares on July 8, 2011 of \$55.18. The Class B Common share value is equal to the Non-Voting Class A share value of \$55.18 as at July 8, 2011.

Reimbursement of Incentive and Equity Based Compensation

The Board of Directors may, in its sole discretion, to the full extent permitted by governing law and to the extent it determines that it is in the Company's best interest to do so, require reimbursement under certain circumstances of all or a portion of annual and long-term incentive compensation received by certain designated executives including the CEOs and CFOs of Empire and Sobey's. Specifically, the Board may seek reimbursement of full or partial compensation from an executive or former executive in situations where: (a) the amount of incentive compensation was calculated based upon, or contingent on, the achievement of certain financial results that were subsequently the subject of or affected by a restatement of all or a portion of the Company's financial statements; and (b) the incentive compensation payment received would have been lower had the financial results been properly reported.

Pension and Benefits

Eligible employees of the Company participate in a defined contribution pension plan (the "Employee Plan") that is registered under the Nova Scotia Pension Benefits Act and Income Tax Act ("ITA"). Under the Employee Plan, members are currently required to contribute 2.5 percent of their regular earnings and such contributions are matched by the Company. In addition, members may make additional unmatched voluntary contributions of as much as ten percent of their earnings, subject to the maximum annual money purchase contribution limit permitted under the ITA. Management-level members (i.e. bonus eligible members) are eligible for a Company match of the first 2.0 percent of any voluntary contributions. Upon retirement, the employee's credits in the plans may be used to, among other things, purchase an annuity that provides pension income payable during the lifetime of the retiree and continues to a surviving spouse. If elected by the retiree, the pension income may have certain guaranteed payment periods.

Certain senior management employees contribute to an additional defined contribution plan (the "Senior Management Plan"). Each member is required to contribute \$2,500 annually to the Senior Management Plan. The Company contributes an amount equal to 6.0 percent of the each member's salary. In addition, members may make additional unmatched voluntary contributions of as much as ten percent of their earnings. All contributions are capped by the annual maximum permitted by the ITA.

A third defined contribution plan exists for executive officers and certain senior management employees of the Company, including the NEOs (the "Executive Plan"). Currently, each member is required to contribute \$3,500 annually to the Executive Plan. The Company contributes an amount equal to 12.0 percent of each member's salary. In addition, members may make additional unmatched voluntary contributions; however, all contributions are capped by the maximum permitted by the ITA.

The defined benefit pension plans formerly maintained by The Oshawa Group Limited ("Oshawa"), which was acquired by Sobey's in 1998, have been amended to require employee contribution levels matching those under the Employee Plan, the Senior Management Plan, and the Executive Plan, except for certain legacy arrangements.

Employees who were participants of the Oshawa pension plans have become subject to the Employee Plan, the Senior Management Plan, and the Executive Plan (as applicable), except where an employee was over 50 years of age, had a minimum of ten years of service, and elected to remain under the Oshawa pension plans.

Supplementary Executive Retirement Plan

The NEOs, as well as certain other executives, participate in the Supplementary Executive Retirement Plan (“SERP”). Under the provisions of this plan, supplementary payments will be made to these executives upon retirement if the level of payments to them under the Executive Plan does not reach certain target levels. These target levels are determined as an annual accrual of two percent per credited year of service to a maximum of 60 percent of the average of the executive’s highest consecutive five complete calendar years of pensionable earnings in the ten calendar years of continuous service prior to the executive’s date of retirement.

Deferred Profit Sharing Plan

Eligible employees of the Company participate in a Deferred Profit Sharing Plan (“DPSP”) that is registered under the *ITA*. The DPSP, branded for the purpose of employee communications as the Gain Share Plan, is a discretionary benefit, the provision of which is subject to review by the Company on an annual basis. The contribution formula is such that all full-time participants receive a uniform lump sum and all part-time participants receive a uniform lump sum. The eligibility criteria include participation in the Employee Plan and the requirement that participants must be either ineligible for other annual incentive programs or be eligible for incentive programs with target payments of less than 10 percent of base salary. Each year, a member may elect to receive 50 percent of the current DPSP award in cash. All amounts vested in a member’s account become payable when the member ceases to be an employee of the Company.

Fiscal 2011 Compensation Decisions

Year in Review

Our increased focus on food retailing and related real estate continued to enhance Empire’s financial performance and financial condition in fiscal 2011. Empire achieved record financial results in fiscal 2011; consolidated sales grew by 3.3 percent to \$16.03 billion and operating earnings increased by 8.2 percent to \$307.8 million or \$4.51 per share.

This improved operational performance and free cash flow generation served to strengthen the Company’s financial position. The ratio of funded debt to total capital improved to 26.4 percent at the end of fiscal 2011 from 29.3 percent at the end of the prior fiscal year. The 2.9 percentage point improvement is the result of lower funded debt levels and higher equity levels due to growth in retained earnings.

While annual targets are set, Empire’s over-arching goal is to create long-term shareholder value as reflected in the balance between AMIP and LTIP indicated in the “Percentage of Fiscal 2011 Target Total Direct Compensation” table on page 25. Specific goals are set and described in general terms in this Compensation Discussion and Analysis. The Company believes that more detailed disclosure of executives’ or Company goals would assist in providing earnings guidance to the market, which Empire does not do.

Base Salary

Base salaries for the NEOs for fiscal 2011 were set at the beginning of the year having regard to the factors set out in the discussion on page 26 of this circular. The Board of Directors is satisfied that these base salaries were appropriate in all the circumstances.

AMIP – Awards in the Most Recently Completed Fiscal Year

In determining the AMIP awards for fiscal 2011, the HR Committee considered the established performance factors and reached the following conclusions.

In the Empire AMIP, achievement of the operating earnings target accounts for 100 percent of the AMIP award. For the Empire NEOs, consolidated operating earnings for fiscal 2011 were in excess of 110 percent of the budgeted target, resulting in a payout of 1.84 times the target percentage of base salary. In the case of the President and CEO, this amounts to an award equal to 92.0 percent of base salary and in the case of the CFO, 82.8 percent of base salary.

The objectives for the Sobeys NEOs varied somewhat depending on their respective areas of responsibility. For the Sobeys CEO, the award was based on objectives that combined corporate and certain regional sales and profit. Some of the objectives (with substantially heavier weighting) were exceeded and some were not achieved, resulting in a payout of 1.45 times the target percentage reduced by 25 percent to reflect the balance between objectives exceeded and objectives not achieved. For the President Operations, Sobeys Québec, the award was based exclusively on regional sales and profit. The objectives were exceeded and the mix of actual results achieved resulted in a payout of 1.67 times the target percentage of 75 percent of salary. For the Sobeys CFO, the award was based exclusively on corporate sales and profit. The objectives were exceeded and the actual results achieved resulted in a payout of 1.25 times the target percentage of 75 percent of salary.

In fiscal 2011, the objectives approved by the Board for both Empire and Sobeys were exceeded, resulting in the following AMIP awards.

Name	AMIP Target (%)	AMIP Target (\$)	Maximum AMIP Obtainable (\$)	Actual 2011 AMIP Award (\$)
Paul D. Sobey	50%	\$ 312,500	\$ 625,000	\$ 580,758
Paul V. Beesley	45%	171,004	342,008	317,800
Bill McEwan	75%	787,564	1,575,128	856,476
Marc Poulin	75%	450,000	900,000	750,000
François Vimard	75%	342,793	685,586	428,491

LTIP – Awards in the Most Recently Completed Fiscal Year

In the Empire Stock Option Plan, the granting of options is governed by a formula of base salary multiplied by target LTIP percentage, divided by the result of dividing the Empire Non-Voting Class A share price based on the volume weighted average price five business days up to and including the Company's fourth quarter results reporting date, by four, resulting in the number of options to be granted. The resulting target grant of options per this calculation is presented to the HR Committee for approval. For fiscal 2011, the following stock options were granted on July 15, 2010 for the NEOs below:

Name	LTIP Target (%)	LTIP Target (\$)	Number of Stock Options Granted (#)	Option Exercise Price (\$)	Compensation Value of Fiscal 2011 Stock Option Based Awards
Paul D. Sobey	100%	\$ 625,000	48,086	\$ 51.99	\$ 625,000
Paul V. Beesley	75%	285,007	21,927	51.99	285,007
Bill McEwan	75%	787,564	60,593	51.99	787,564

In the Sobeys PPOP, the granting of PPOs is governed by a formula of base salary multiplied by target LTIP percentage topped up by 25 percent, divided by the result of the phantom option value at the date of the grant divided by three, resulting in the number of PPOs to be granted. The resulting target grant of PPOs is presented to the HR Committee for approval. Cash payments awarded for fiscal 2011 under the Sobeys PPOP are the result of the prescribed fourth-year cash payout from the fiscal 2008 grant, in addition to the prescribed first-year cash payout from the fiscal 2009 grant, at a fiscal 2011 year-end value of \$80.40 per PPO. The 'in the money' value of the fiscal 2008 grant is \$80.40 per PPO less \$52.89 multiplied by the number of PPOs granted multiplied by 80 percent minus any prior cash payment made in fiscal 2008, fiscal 2009 and fiscal 2010. The 'in the money' value of the fiscal 2009 grant is \$80.40 per PPO less \$52.73 multiplied by the number of PPOs granted multiplied by 33.3 percent.

Non-Equity Incentive Plan Compensation

Name	Fiscal Year of Grant	LTIP Target (%)	LTIP Target (\$)	PPOs Granted (#)	Grant Price (\$)	Compensation Value (\$)	LTIP ⁽¹⁾ Payout (\$)
Bill McEwan	2011	75%	\$ 787,564	39,112	\$ 75.51	\$ 984,455	\$ 1,403,401
	2010	75%	772,500	44,342	65.33	965,625	914,209
	2009	75%	772,500	54,938	52.73	965,625	529,212
	2008 ⁽²⁾	150% ⁽³⁾	1,500,000	106,353	52.89	1,875,000	–
Marc Poulin	2011	75%	\$ 450,000	18,987	\$ 75.51	\$ 477,891	\$ 412,681
	2010	75%	375,000	21,525	65.33	468,750	196,555
	2009	75%	335,400	23,853	52.73	419,250	113,780
	2008 ⁽²⁾	75%	322,500	22,866	52.89	403,125	–
François Vimard	2011	75%	\$ 342,793	17,024	\$ 75.51	\$ 428,491	\$ 410,650
	2010	75%	335,250	19,244	65.33	419,063	194,589
	2009	75%	335,250	23,842	52.73	419,063	112,643
	2008 ⁽²⁾	75%	319,275	22,637	52.89	399,094	–

Notes:

- (1) The numbers in this column for fiscal 2011 represent the prescribed fourth-year cash payout from the fiscal 2008 grant and the prescribed first-year cash payout from the fiscal 2009 grant at a fiscal 2011 year-end value of \$80.40 per PPO. The numbers in this column for fiscal 2010 represent the prescribed third-year cash payout from the fiscal 2008 grant at a fiscal 2010 year-end value of \$75.51 per PPO. The numbers in this column for fiscal 2009 represent the prescribed second-year cash payout under the Sobey's PPOP from the fiscal 2008 grant at a fiscal 2009 year-end value of \$65.33 per PPO.
- (2) The PPOP was introduced in fiscal 2008 and the first payout on the 2008 grant was paid the following year in fiscal 2009.
- (3) In fiscal 2008, Bill McEwan's entire LTIP was PPO based; effective fiscal 2009 he began to participate in the Empire Stock Option Plan in respect of 50 percent of his LTIP target.

Outstanding PPOs

Name	Fiscal Year of Grant	PPOs Not ⁽¹⁾ Vested (#)	PPOs Vested ⁽²⁾ (#)	Value of Vested PPOs ⁽³⁾ (\$)
Bill McEwan	2011	29,334	9,778	\$ 47,814
	2010	22,171	22,171	334,117
	2009	13,735	41,204	633,894
	2008 ⁽⁴⁾	–	106,353	585,149
Marc Poulin	2011	14,240	4,747	\$ 23,212
	2010	10,763	10,763	162,191
	2009	5,963	17,890	275,225
	2008 ⁽⁴⁾	–	22,866	125,812
François Vimard	2011	12,768	4,256	\$ 20,812
	2010	9,622	9,622	145,004
	2009	5,961	17,882	275,098
	2008 ⁽⁴⁾	–	22,637	124,544

Notes:

- (1) The numbers in this column represent the number of PPOs from the applicable fiscal year that have not vested as of July 8, 2011.
- (2) The numbers in this column represent the number of PPOs from the applicable fiscal year that have vested as of July 8, 2011.
- (3) The numbers in this column represent the amount of the current payout of PPOs (at a value as at May 7, 2011 of \$80.40 per PPO, net of payments previously made) in the event of termination of employment; under the terms of the PPOP, the PPOs are not exercisable or otherwise accessible by the participants. For Bill McEwan the total amount of PPO payout would be \$1,600,974, for Marc Poulin, the total amount would be \$586,440 and for François Vimard the total amount would be \$565,458.
- (4) The PPOP was introduced in fiscal 2008 and the first payout on the 2008 grant was paid the following year in fiscal 2009.

Compensation of Named Executive Officers

The following table sets forth information concerning the annual and long-term compensation earned for services rendered during the last fiscal year in respect of the individuals who were the NEOs:

Summary Compensation Table								
Name & Principal Position	Fiscal Year	Salary (\$) ⁽¹⁾	Option Based Awards (Empire) (\$) ⁽²⁾	Non-Equity Incentive Plan Compensation			All Other Compensa- tion (\$) ⁽⁵⁾	Total Compensa- tion (\$)
				LTIP Payout (Sobeys PPOP) (\$) ⁽³⁾	AMIP (\$)	Pension Value (\$) ⁽⁴⁾		
Paul D. Sobey President & CEO of Empire	2011	\$ 645,028	\$ 625,000	N/A	\$ 580,758	\$ 85,000	\$ 14,268	\$ 1,950,054
	2010	614,194	610,000	N/A	610,000	(35,000)	16,694	1,815,888
	2009	613,043	595,000	N/A	610,000	41,000	43,687	1,902,730
Paul V. Beesley EVP & CFO of Empire	2011	391,762	285,007	N/A	317,800	107,000	8,240	1,109,809
	2010	355,061	243,750	N/A	319,500	92,000	9,284	1,019,596
	2009	326,084	232,500	N/A	292,500	63,000	23,228	937,312
Bill McEwan President & CEO of Sobeys	2011	1,066,952	787,564	\$ 1,403,401	856,476	168,000	2,834	4,285,227
	2010	1,027,178	772,500	914,209	984,938	115,000	2,094	3,815,919
	2009	1,022,411	772,500	529,212	1,158,750	184,000	2,094	3,668,967
Marc Poulin President Operations, Sobeys Québec	2011	596,155	N/A	412,681	750,000	334,000	2,503	2,095,339
	2010	498,630	N/A	196,555	718,750	53,000	1,745	1,468,680
	2009	465,613	N/A	113,780	1,000,000	168,000	1,745	1,749,138
François Vimard CFO of Sobeys	2011	464,186	N/A	410,650	428,491	57,000	2,480	1,362,807
	2010	445,775	N/A	194,589	502,875	27,000	1,745	1,171,984
	2009	442,391	N/A	112,643	590,040	88,000	1,745	1,234,819

Notes:

- (1) For certain NEOs, salary includes nominal amounts paid in respect to employee holiday bonuses for the fiscal year.
- (2) The numbers in this column represent the compensation value of stock options granted under the Empire Stock Option Plan as follows: (a) In fiscal 2011, options were granted at a grant price of \$51.99. For this purpose, the HR Committee uses 25 percent of the grant price to estimate fair value of each option. The awards to Paul D. Sobey, Paul V. Beesley and Bill McEwan were valued at \$482,783, \$220,147 and \$608,354, respectively, for accounting purposes using the Black-Scholes valuation method as of May 7, 2011; (b) In fiscal 2010, options were granted at a grant price of \$46.04. For this purpose, the HR Committee uses 25 percent of the grant price to estimate fair value of each option. The awards to Paul D. Sobey, Paul V. Beesley and Bill McEwan were valued at \$509,629, \$203,638 and \$645,387, respectively, for accounting purposes using the Black-Scholes valuation method as of May 1, 2010; and (c) In fiscal 2009, options were granted at a grant price of \$40.26. For this purpose, the HR Committee uses 25 percent of the grant price to estimate fair value of each option. The awards to Paul D. Sobey, Paul V. Beesley and Bill McEwan were valued at \$576,440, \$225,248 and \$748,400, respectively, for accounting purposes using the Black-Scholes valuation method as of May 2, 2009.
- (3) For Sobeys executives, the numbers in this column represent: (a) for fiscal 2011 the prescribed fourth-year cash payout from the fiscal 2008 grant and the prescribed first-year cash payout from the fiscal 2009 grant at a fiscal 2011 year-end value of \$80.40 per PPO; (b) for fiscal 2010 the prescribed third-year cash payout under the Sobeys PPOP from the fiscal 2008 grant at a fiscal 2010 year-end value of \$75.51 per PPO; and (c) for fiscal 2009 the prescribed second-year cash payout under the Sobeys PPOP from the fiscal 2008 grant at a fiscal 2009 year-end value of \$65.33 per PPO.
- (4) The Pension Value is the compensatory change that is described in the table on page 39 of this circular.
- (5) All Other Compensation represents premiums paid in respect of the group life and accidental death and dismemberment insurance of the NEOs. Where applicable, All Other Compensation also includes the aggregate of imputed interest on interest-free loans provided by the Company to the NEOs in connection with the purchase of Common Shares under Employee Share Purchase Plan. The value of perquisites for any of the NEOs did not exceed \$50,000 in aggregate or 10 percent or more of the NEO's salary, and is therefore not included in this column.

Incentive Plan Awards

Outstanding Empire Stock Option Awards

Name	Fiscal Year	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-money Options as of July 8, 2011 (\$) ⁽¹⁾
Paul D. Sobey	2011	48,086	\$ 51.99	June 2018	\$ 153,394
	2010	52,998	46.04	June 2017	484,402
	2009	59,116	40.26	June 2016	882,011
	2008	54,140	43.96	June 2015	607,451
Paul V. Beesley	2011	21,927	\$ 51.99	June 2018	\$ 69,947
	2010	21,177	46.04	June 2017	193,558
	2009	21,550	40.26	June 2016	321,526
	2008	14,289	43.96	June 2015	160,323
Bill M ^c Ewan	2011	60,593	\$ 51.99	June 2018	\$ 193,292
	2010	67,116	46.04	June 2017	613,440
	2009	76,751	40.26	June 2016	1,145,125
	2008	N/A	N/A	N/A	N/A

Note:

(1) Based on the closing Empire Non-Voting Class A share price on July 8, 2011 of \$55.18.

Incentive Plan Awards Vested or Earned During the Fiscal Year

Name	Empire Option Based Awards – Value Vested During the Year (\$) ⁽¹⁾	Non-Equity Incentive Plan Compensation – Value Earned During the Year (\$) ⁽²⁾
Paul D. Sobey	\$ 531,814	\$ 580,578
Paul V. Beesley	186,338	317,800
Bill M ^c Ewan	487,964	2,259,877
Marc Poulin	N/A	1,162,681
François Vimard	N/A	839,141

Notes:

(1) Based on the closing Empire Non-Voting Class A share price on July 8, 2011 of \$55.18. The numbers in this column represent the dollar value associated with the percentage of each of the fiscal 2008, 2009, 2010 and 2011 option grants that vested during fiscal 2011.

(2) For Empire NEOs, this represents their AMIP payment and for the Sobey's NEOs, this represents the aggregate of their AMIP and their LTIP Payout.

Under the terms of the Empire LTIP plan, at the end of fiscal 2011, 75 percent of the fiscal 2008 stock option grant vested, 50 percent for the fiscal 2009 stock option grant vested and 25 percent for the fiscal 2010 stock option grant vested. As at July 15, 2011, 100 percent of the fiscal 2008 stock option grant was vested, 75 percent of the fiscal 2009 stock option grant was vested, 50 percent of the fiscal 2010 stock option grant was vested and 25 percent of the fiscal 2011 stock option grant was vested.

The following table sets out aggregate information relating to all compensation plans of the Company.

Aggregate Number of Securities Available for Issuance under All Compensation Plans of the Company			
Plan Category	To be Issued upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (\$)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans⁽¹⁾
Equity Compensation Plans Approved by Shareholders	565,571	\$ 45.55	2,634,429
Equity Compensation Plans Not Approved by Shareholders	NIL	NIL	NIL
Total	565,571	\$ 45.55	2,634,429

Note:

(1) A maximum of 3,200,000 Non-Voting Class A shares may be issued under the LTIP. The number in this column reflects the number of securities available for issuance excluding the number of securities to be issued upon exercise of outstanding options.

Performance Graph

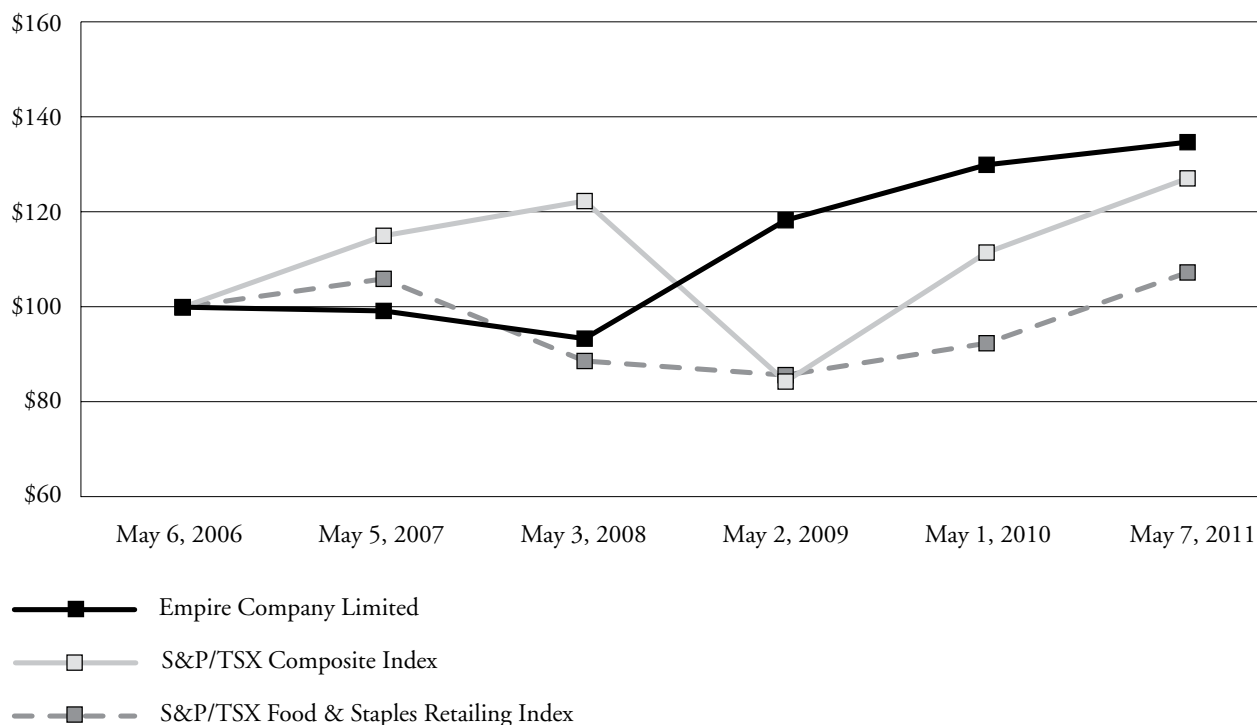
As at May 7, 2011, the following graph illustrates the total cumulative return on a \$100 investment in Non-Voting Class A shares on May 6, 2006, with the cumulative total return of the S&P/TSX Composite Index and the S&P/TSX Food and Staples Retailing Index over the same five-year period ending May 7, 2011, assuming reinvestment of all dividends. Empire's Non-Voting Class A shares are included in each of these indices.

The trend in the Company's total cumulative shareholder return, as shown in the graph below, is broadly consistent with the trend in the amount of total compensation paid to the NEOs for the three years ended May 7, 2011, as shown in the Summary Compensation Table on page 35 of this circular. Over the last five years, the total return performance of Empire's Non-Voting Class A shares has averaged 6.2 percent as compared to the S&P/TSX Composite Index total return of 4.9 percent and 1.4 percent total return for the S&P/TSX Food and Staples Retailing Index over the same period.

For the purpose of the above discussion, NEO compensation is defined as aggregate annual compensation which equals the sum of base salary, AMIP awards and LTIP awards and excluding all other compensation. The executive compensation values have been calculated for the NEOs based on the same methodology as disclosed in the Summary Compensation Table on page 35.

Comparison of Five-Year Cumulative Total Return*

Among Empire Company Limited, the S&P/TSX Composite Index
and the S&P/TSX Food & Staples Retailing Index



*\$100 invested on May 6, 2006 in stock or index, including reinvestment of dividends.

	May 6, 2006	May 5, 2007	May 3, 2008	May 2, 2009	May 1, 2010	May 7, 2011	Five-year Compound Annual Growth Rate
Empire Company Limited	\$ 100.00	\$ 99.21	\$ 93.36	\$ 118.35	\$ 130.05	\$ 134.83	6.16%
S&P/TSX Composite Index	\$ 100.00	\$ 115.07	\$ 122.40	\$ 84.30	\$ 111.53	\$ 127.19	4.93%
S&P/TSX Food & Staples Retailing Index	\$ 100.00	\$ 105.98	\$ 88.64	\$ 85.66	\$ 92.39	\$ 107.33	1.43%

Pension Plan, Benefits and Other Compensation

The following table sets forth the estimated annual retirement income at various levels of remuneration and service. No additional credit is given for years of service over 30.

Remuneration ⁽¹⁾	Years of Service			
	15	20	25	30
\$125,000	\$ 37,500	\$ 50,000	\$ 62,500	\$ 75,000
\$150,000	\$ 45,000	\$ 60,000	\$ 75,000	\$ 90,000
\$175,000	\$ 52,500	\$ 70,000	\$ 87,500	\$ 105,000
\$200,000	\$ 60,000	\$ 80,000	\$ 100,000	\$ 120,000
\$250,000	\$ 75,000	\$ 100,000	\$ 125,000	\$ 150,000
\$300,000	\$ 90,000	\$ 120,000	\$ 150,000	\$ 180,000
\$400,000	\$ 120,000	\$ 160,000	\$ 200,000	\$ 240,000
\$500,000	\$ 150,000	\$ 200,000	\$ 250,000	\$ 300,000
\$600,000	\$ 180,000	\$ 240,000	\$ 300,000	\$ 360,000
\$700,000	\$ 210,000	\$ 280,000	\$ 350,000	\$ 420,000
\$800,000	\$ 240,000	\$ 320,000	\$ 400,000	\$ 480,000
\$900,000	\$ 270,000	\$ 360,000	\$ 450,000	\$ 540,000
\$1,000,000	\$ 300,000	\$ 400,000	\$ 500,000	\$ 600,000
\$1,100,000	\$ 330,000	\$ 440,000	\$ 550,000	\$ 660,000

Note:

(1) Average of employee's base salary over the last five years.

In some cases, minimum pension targets in excess of those outlined in the above table have been established.

The pension benefits offered to the NEOs are determined as the greater of a defined benefit promise and a defined contribution promise. As a result, the Annual Benefits Payable, the Accrued Obligation and the Compensatory and Non-Compensatory Changes set out below are presented on a combined basis in respect of all the pension programs in which these executives have accrued some pension benefits, including the defined contribution plans and the DPSP. The Total Accrued Pension Obligation represents the value of the projected benefit earned for all service to date, under all of the Company's pension programs, including the defined contribution plans. The Annual Benefit Payable accrued at May 7, 2011 is based on a deferred pension payable at age 65 and payable as a 60 percent joint life and survivor pension.

Defined Benefit Plans Table

Name	Number of Years Credited Service (#)	Annual Benefits Payable (\$) ⁽¹⁾		Accrued Obligation at May 1, 2010 (\$) ⁽²⁾	Compensatory Change (\$) ⁽³⁾	Non-Compensatory Change (\$) ⁽⁴⁾	Accrued Obligation at May 7, 2011 (\$) ⁽²⁾
		At Year-End	At Age 65				
Paul D. Sobey	28.75	\$ 348,000	\$ 363,000	\$ 3,326,000	\$ 85,000	\$ 303,000	\$3,714,000
Paul V. Beesley	11.42	76,000	151,000	753,000	107,000	84,000	944,000
Bill McEwan	10.50	250,000	421,000	2,099,000	168,000	225,000	2,492,000
Marc Poulin	14.00	137,000	287,000	1,235,000	334,000	159,000	1,728,000
François Vimard	15.67	122,000	246,000	1,121,000	57,000	133,000	1,311,000

Notes:

- (1) The Annual Benefits Payable at age 65 is estimated based on total projected credited service at age 65, final average earnings at May 7, 2011 and the terms of the pension arrangements in effect on May 7, 2011.
- (2) The Accrued Obligations at May 1, 2010 and May 7, 2011 were calculated based on the methods and assumptions used to determine year-end pension plan obligations as disclosed in the fiscal 2010 and fiscal 2011 Consolidated Financial Statements respectively.
- (3) The Compensatory Change includes the annual employer service cost, which represents the value of the projected pension benefit earned during the year, and the impact related to the difference between actual and expected salary increases during fiscal 2011.
- (4) The Non-Compensatory Change reflects all other changes in the Accrued Obligation that are not included in the Compensatory Change.

The projected credited years of service at normal retirement (age 65) for each of Paul D. Sobey, Paul V. Beesley, Bill McEwan, Marc Poulin and François Vimard are 40, 23, 21, 29 and 32, respectively.

Empire and Sobey's accrue a liability for amounts owing in respect of the SERP arrangements on an annual basis, however these benefits are unsecured and unfunded. The Oshawa Group Limited Supplementary Executive Retirement Plan for former executive officers of Oshawa is secured by a letter of credit in favour of the trustee under the plan.

While the SERP pension benefits are not capped at an absolute level, due to the fact that the calculation of the SERP benefit excludes bonus from the formula (i.e. it is based on salary only), the view is that there are sufficient controls on value delivered in place.

Employment Contracts and Severance Arrangements

There were no formal change of control agreements, employment contracts, severance policies or severance agreements in place with any of the NEOs as of the date of this document.

Indebtedness of Directors, Officers and Employees

Awards previously made under the Empire LTIP allowed Empire executives to purchase Non-Voting Class A shares from treasury at a price approximating the market price on the date of the award. Executives were provided with interest-free loans for the purpose of acquiring these shares, in which case the shares purchased are held as collateral for the loan. The loan matures eight years after grant with annual payments consisting of the after-tax amount of dividend payments received on the shares, and the after-tax portion of any LTIP cash awards received. Outstanding loans granted under the Employee Share Purchase Plan ("ESPP") in prior years mature eight years after the last grant, are interest free, are secured by the related Non-Voting Class A shares and are subject to quarterly application of the after-tax amount of the dividends to reduce the outstanding loan.

Table of Indebtedness of Directors, Senior Officers and Executive Officers – Empire LTIP

Name and Principal Position	Involvement of Company	Largest Amount Outstanding During Fiscal 2011	Amount Outstanding as at July 21, 2011	Financially Assisted Securities Purchased During Fiscal 2011 (Number of NV Class A Shares)	Security For Indebtedness as at July 21, 2011 (Number of NV Class A Shares)
Paul D. Sobey President and CEO	Loan ⁽¹⁾	\$1,152,299	\$1,131,607	–	38,796
Paul V. Beesley EVP and CFO	Loan ⁽¹⁾	594,863	584,000	–	20,368
Carol A. Campbell Vice President Risk Management	Loan ⁽¹⁾	110,183	108,186	–	3,744
Stuart G. Fraser President and CEO of Empire Theatres Limited	Loan ⁽¹⁾	570,312	559,213	–	20,810
Stewart H. Mahoney Vice President Treasury and Investor Relations	Loan ⁽¹⁾	119,172	117,223	–	3,654
John G. Morrow Vice President and Comptroller	Loan ⁽¹⁾	130,191	127,689	–	4,691
Frank C. Sobey Vice President Real Estate	Loan ⁽¹⁾	132,442	130,081	–	4,426

Note:

(1) Loans granted under the ESPP in prior years are interest free, are secured by the related Non-Voting Class A shares and are subject to quarterly application of the after-tax amount of the dividend to reduce the outstanding loan. All loans mature in 2016.

The following table sets out the aggregate indebtedness at July 21, 2011 to the Company and its subsidiaries of all the executive officers, directors, employees and former executive officers, directors and employees of the Company or its subsidiaries.

Purpose	Aggregate Indebtedness to the Company or its Subsidiaries	Aggregate Indebtedness to Another Entity Guaranteed or Supported by the Company or its Subsidiaries
Share purchases	\$ 2,901,962	NIL
Other	NIL	NIL

Corporate Governance

The Board of Directors and management of Empire believe that the highest standards of corporate governance are essential in the effective management of the Company as well as our ability to build sustainable worth for our customers, business partners, employees and investors.

In accordance with National Instrument (“NI”) 58-101, the Company annually discloses information related to its system of corporate governance. The discussion provides information relating to the Company’s governance practices as required or recommended by National Policy (“NP”) 58-201 – Corporate Governance Guidelines, NI 58-101 – Disclosure of Corporate Governance Practices and Multilateral Instrument 52-110 pertaining to Audit Committees. The Company’s disclosure addressing each of these guidelines and instruments is set out in Appendix “A” to this Circular.

Pursuant to its mandate, the Board oversees the management of the business affairs of the corporation, discharging its responsibilities either directly or through its Committees, with the goal of building sustainable worth for all of the Company’s stakeholders. The Board and Committee mandates are available on the Empire website: www.empireco.ca.

Additional Information

Annual Information Form

Financial information is provided in the Company’s comparative financial statements and Management’s Discussion and Analysis for its most recently completed financial year.

The Company has filed with certain securities regulatory authorities an Annual Information Form, thereby permitting the Company to use short form prospectus system for the distribution of securities.

A copy of the Company’s Annual Report, audited annual consolidated financial statements and Management’s Discussion and Analysis, as well as the Company’s Annual Information Form together with a copy of the other documents incorporated by reference therein, may be obtained, without charge, from the SEDAR website (www.sedar.com) or by contacting the Investor Relations department of the Company at 115 King Street, Stellarton, Nova Scotia, B0K 1S0.

Ethical Business Conduct

The Board has adopted a written Code of Business Conduct and Ethics covering all employees and directors of Empire Company Limited; it is available on the Company’s website, www.empireco.ca. Sobeys Inc. has adopted a similar Code, which is available on its website, www.sobeyscorporate.com.

Both companies have established confidential, anonymous reporting mechanisms described in the Codes referred to above, including telephone, online and mail avenues of communication to an independent third party. These mechanisms are publicized through posters in workplaces across the country. All reports received by the third party are automatically transmitted to senior executives in the internal audit and (in the case of Sobeys) legal functions for confidential investigation and any necessary action. A quarterly report of all such reports and investigations is provided to the Audit Committee but any matters of a serious nature would be reported more frequently.

Risk Management

The Empire Board of Directors has overall responsibility for assessing the principal risks facing the Company, ensuring the implementation of the appropriate strategies and systems to manage such risks, and reviewing any material legal matters relating to the Company as a whole or its investment in any major operating company. The Audit Committee reviews and approves risk management policies as recommended by management, receives reports from management on the risk profile of the Company, risk mitigation activities and accepted risk thresholds and provides direction with respect to improvements to risk mitigation or changes to risk threshold. The Audit Committee reports its conclusions and recommendations to the Board on a regular basis.

An Enterprise Risk Management (“ERM”) program was launched within Empire and Sobeys in early 2006. The primary purpose of ERM is to enable intelligent and systematic risk management across the companies in order to achieve and sustain superior business performance. ERM has clearly been instrumental in shifting the companies’ risk management, internal control and governance culture forward.

Enterprise-wide risks generally fall into three broad categories:

- (1) Regulatory, Legal and Compliance Risks
- (2) Operational Risks
- (3) Business and Strategic Risks

Regulatory, Legal and Compliance Risks

Over the past few years, a robust process has been developed surrounding the management, reporting, oversight and governance with respect to these types of risks, which include:

- CEO/CFO certification of internal controls over financial reporting
- Environmental and litigation
- Food safety
- Occupational health & safety

Operational Risks

These risks arise from the day-to-day execution of the strategy and from decisions that management has to make on a regular basis to ensure that they can deliver their financial performance targets; such risks are managed, on an ongoing basis, by regional and functional management. Senior management oversees and monitors these operational risks through a systematic internal governance process that includes:

- Quarterly regional operational reviews
- Network destination processes
- The annual business and capital plan
- Forecasting processes
- The monitoring of key performance indicators

As part of effective governance, senior management reviews and discusses operational performance and risks with the Board at the quarterly Board meetings. In fiscal 2003, due to the large technology investments and initiatives (such as the SAP transformations in Ontario, West and Québec, the Vaughan Automated Retail Support Centre and Customer Relationship Management), the Oversight Committee was established to ensure focused governance and oversight over these and other high risk initiatives. This process has proven to be very effective in assisting the Board in monitoring the risk of those projects.

Business and Strategic Risks

These risks are closely linked with company strategy and the external marketplace, as well as the political, economic and social environment, and can have a significant impact on business performance. Examples of such risks include:

- Access to capital
- Competitive landscape
- Changing consumer buying habits
- Human capital: inability to attract, retain, train and develop quality personnel

Since launching the ERM process, the Company has increased the discipline and rigour in identifying, assessing, managing and reporting on the business and strategic risks through an annual ERM process at the executive level of Empire and Sobeys. Inherently, the key business and strategic risks have been, and continue to be, embedded in the business and strategy discussions at the Board and/or Board Committee meetings. To fully leverage the benefits of the ERM process, the companies continue to develop a clear and systematic link between the risks and the business strategy. To this end, senior management annually conducts a comprehensive assessment of the companies’ effectiveness in managing existing/known business and strategic risks as well as an identification and discussion of emerging risks.

Normal Course Issuer Bid

The Board of Directors and senior management of Empire are of the opinion that from time to time the purchase of Non-Voting Class A shares at the prevailing market prices is a worthwhile use of funds investment and in the best interests of Empire and its shareholders. Empire acquired 513,579 Non-Voting Class A shares over the past fiscal year at a purchase price totalling \$27.6 million under a Normal Course Issuer Bid. A copy of the notice filed with the Toronto Stock Exchange may be obtained without charge by contacting the Corporate Secretary of the Company.

Contact the Board of Directors

General information about Empire Company Limited can be requested through our “Contact Us” button on our website at www.empireco.ca. You may communicate with the Board of Directors through the Office of the Corporate Secretary in the following manner:

By Mail:

Karin McCaskill
Corporate Secretary
Empire Company Limited
115 King Street
Stellarton, Nova Scotia
B0K 1S0

By E-mail: board@empireco.ca

We receive inquiries on many subjects and have developed a process to manage inquiries so that the appropriate people respond to them. The Office of the Corporate Secretary reviews all letters and e-mails addressed to the Board or to individual directors. Matters relating to the Company’s financial disclosure, internal accounting controls or audit matters will be referred to the Audit Committee. Other matters may be referred to the Board Chair and/or to committees of the Board as appropriate. While the Board oversees management, it does not participate in day-to-day operations, therefore inquiries related to operational matters will be directed to the appropriate member(s) of management for response. The Office of the Corporate Secretary will, in its discretion, decline to forward correspondence that is not relevant to Empire or not appropriate for the Board to consider. The Office of the Corporate Secretary maintains a log of all correspondence received and its disposition. Directors may review the log at any time and request copies of correspondence received.

Directors’ Approval

The contents and the sending of this Circular have been approved by the Board of Directors of the Company.



Karin McCaskill
Corporate Secretary
Stellarton, Nova Scotia
July 21, 2011

Appendix A

Statement of Corporate Governance Practices

The Board, through its Corporate Governance Committee, is focused on adhering to the regulatory standards as well as best practices that go beyond the requirements mandated by regulation.

The Company has adapted its governance practices in response to the changes in regulations and best practices and will continue to respond to future corporate governance developments as appropriate. The Company's corporate governance practices are substantially in alignment with NP 58-201. In addition, this appendix discloses the Company's current corporate governance practices in accordance with the requirements of NI 58-101.

1. Board of Directors

Disclose the identity of directors who are independent.

The Board has determined that all of the present directors of the Company with the exception of Bill McEwan, David F. Sobey, Donald R. Sobey, Frank C. Sobey, Karl R. Sobey, Paul D. Sobey, and Rob G.C. Sobey are independent.

Disclose the identity of directors who are not independent and describe the basis for that determination.

See the "Director Independence and Other Relationships" section of this Circular.

Disclose whether or not a majority of directors are independent.

Currently, 10 out of 17 directors are considered to be independent. Of the directors proposed for election at the 2011 Annual General Meeting, 9 of 16 are considered to be independent.

If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.

All of the directorships of the present directors with other public entities are disclosed on pages 5 through 13 of this Circular in the "Nominees for Election to the Board of Directors" section.

Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer's most recently completed financial year. If the independent directors do not hold such meetings, describe what the Board does to facilitate open and candid discussion among its independent directors.

The independent directors meet in the absence of non-independent directors and members of management at every meeting of the Board. Private sessions during committee meetings are regularly held by the Audit and Human Resources Committees and when circumstances warrant by the other committees. During fiscal 2011, the Board and Committees held the following meetings of solely independent directors:

Board 8
Audit 4
Human Resources 7

Disclose whether or not the chair of the Board is an independent director. If the Board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.

Mr. Dexter, the Chair of the Board, is an independent director. He is the Chair and CEO of Maritime Travel Inc. He has served as Board Chair since 2005.

Amongst other things, the Chair is expected to:

- Provide leadership to ensure effective functioning of the Board;
- Lead in the assessment of Board and Committee performance;
- Assist the Human Resources Committee in monitoring and evaluating the performance of the Chief Executive Officer and Senior Officers of the Company;

- Lead the Board and Committees in ensuring succession plans are in place at the senior management level; and
- Act as an effective liaison among the Board and management.

Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.

The attendance record of each director for Board and Committee meetings during fiscal 2011 is disclosed in the table in the Committee Membership and Record of Attendance section of this Circular.

2. Board Mandate

Disclose the text of the Board's written mandate. The mandate should explicitly acknowledge responsibility for the stewardship of the issuer.

The Board's written Mandate, which confirms the Board's explicit responsibility for the stewardship of the issuer, is set out in Appendix B of this Circular.

3. Position Descriptions

Disclose whether or not the Board has developed written position descriptions for the Chair and the Chair of each Board committee. If the Board has not developed written position descriptions for the chair and/or the chair of each Board committee, briefly describe how the Board delineates the role and responsibilities of each such position.

The Board has developed a written position description for the Chair of the Board and for the committee chairs.

Disclose whether or not the Board and CEO have developed a written position description for the CEO. The Board should also approve the corporate goals and objectives that the CEO is responsible for meeting. If the Board and CEO have not developed such a position description, briefly describe how the Board delineates the role and responsibilities of the CEO.

The Board has developed a written position description for the CEO. The description is reviewed regularly against both best practices and the requirements of the Company. Approving the corporate goals and objectives is a part of the mandate of the Board.

Amongst other items, the CEO is expected to:

- Develop and recommend to the Board a long-term strategy and vision for the Company that leads to creation of Shareholder value;
- Develop and recommend to the Board annual business plans and budgets that support the Company's long-term strategy; and
- Consistently strive to achieve the Company's financial and operating goals and objectives.

4. Orientation and Continuing Education

Briefly describe what measures the Board takes to orient new directors regarding:

- i) the role of the Board, its companies and its directors, and*
- ii) the nature and operation of the issuer's business.*

The Company provides a detailed orientation to new directors. More information on Director Orientation is described in the section "Director Orientation" on page 22 of this circular.

The Board should provide continuing education opportunities for all Directors.

The Company is committed to the ongoing education of directors to assist them in fulfilling their responsibility to knowledgeable about the Company's business and about the duties and responsibilities of directors. More information on director education is described in the section "Director Education" on page 22 of this circular.

5. Ethical Business Conduct

Disclose whether or not the Board has adopted a written code of business conduct and ethics for the directors, officers and employees. If the Board has adopted a written code:

The Board has adopted a written Code of Business Conduct and Ethics covering all employees and directors of Empire Company, which covers all of the elements recommended by NP 58-201.

Disclose how a person or Company may obtain a copy of the Code;

The Code is available on the Company's website, www.empireco.ca.

Describe how the Board monitors compliance with its code or, if the Board does not monitor compliance, explain whether and how the Board satisfies itself regarding compliance with its code; and

The Board, through the Audit Committee, receives reports of unethical behaviour received through the Ethics Hotline and otherwise.

Provide a cross reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code.

The Board has not granted any waiver of the Code in favour of a director or executive officer since the beginning of fiscal 2011 (or, indeed, ever). Accordingly, no material change report has been required to be filed.

Describe any steps the Board takes to ensure directors exercise independent judgement in considering transactions and agreements in respect of which a director or executive officer has a material interest.

The Board does not nominate for election any candidate who has a material interest in any business conducted with the Company, or its subsidiaries, and requires directors to disclose any potential conflict of interest which may develop. Directors do not undertake any consulting activities for, or receive any remuneration from, the Company other than compensation for serving as a director and, in the case of Edward C. Harsant, as Chair of the Advisory Board of Lawton's Drug Stores Limited. (Directors who are also employees of the Company or one of its subsidiaries receive employment income as disclosed in this Circular but do not receive directors' fees.)

Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.

The Board encourages a culture of ethical conduct by appointing officers of high integrity and monitoring their performance so as to set an example for all employees. More information on director orientation is described in the section Director Orientation on page 22 of this circular.

6. Nomination of Directors

Describe the process by which the Board identifies new candidates for Board nomination.

The Nominating Committee is responsible for identifying new candidates for the Board. It annually identifies director skill and experience needs, having regard to projected retirements, and oversees a director recruitment search and nomination process leading to recommendations to the Board for consideration and recommendation for election by the shareholders.

Disclose whether or not the Board has a nominating committee composed entirely of independent directors.

The Nominating Committee is composed entirely of independent directors.

The Nominating Committee should have a written charter that clearly establishes its purpose, responsibilities, member qualifications, member appointment and removal, structure and operations, manner of reporting to the Board, etc. In addition, the Nominating Committee should be given authority to engage and compensate any outside advisor that it determines to be necessary to carry out its duties.

The Nominating Committee mandate encompasses these responsibilities and provides for the effective functioning of the Committee. The mandate of the Committee is available on the Empire website: www.empireco.ca.

Prior to nominating or appointing individuals as directors, the Board should adopt a process involving the following steps: competency/skill assessment of what is required, what exists, gaps, etc. The Board should also consider the appropriate size of the Board.

The Nominating Committee monitors the composition of the Board and identifies the needs and any gaps that may exist. The Committee also considers the appropriate size of the Board.

The Nominating Committee should be responsible for identifying individuals qualified to become new Board members and recommending to the Board the new director nominees for the annual meeting of shareholders.

The Nominating Committee undertakes, on an ongoing basis, the responsibility of identifying prospective Board members. It recommends new nominees to the Board.

In making its recommendations, the Nominating Committee should consider: competencies and skills necessary, current assessment of competencies and skills and those of director nominees.

In fulfilling its responsibilities, the Nominating Committee seeks to ensure there is an appropriate mix of competencies and skills on the Board.

7. Compensation

Describe the process by which the Board determines the compensation for the issuer's directors and officers.

The Corporate Governance Committee annually reviews the compensation of directors in other companies comparable to Empire in either size or activities through published surveys and private polls, and recommends adjustments thereto for adoption by the Board. The Human Resources Committee annually makes recommendations to the Board in respect of compensation of officers. When it is deemed necessary and appropriate, the HR Committee has retained Towers Watson to provide their expertise and access to their compensation information. The targets are approved and set by the Board in advance of the fiscal year.

Disclose whether or not the Board has a compensation committee composed entirely of independent directors. If the Board does not have a compensation committee composed entirely of independent directors, describe what steps the Board takes to ensure an objective process for determining such compensation.

The Human Resources Committee acts as a compensation committee in respect of executive compensation. The Human Resources Committee is comprised of a minimum of three independent directors, one of whom chairs the Committee.

If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.

The Human Resources Committee is responsible for monitoring the compensation practices and policies of the Company and making recommendations to the Board with respect thereto.

Included in the Committee's responsibilities are:

- Reviewing and approving corporate goals and objectives regarding CEO compensation;
- Evaluating the performance of the CEOs of Empire and Sobeys;
- Recommending CEO compensation;
- Recommending the design of incentive compensation and equity-based plans; and
- Reviewing executive compensation disclosure before the issuer publicly discloses this information.

The mandate of the Committee is available on the Empire website: www.empireco.ca.

If a compensation consultant or advisor has been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.

No specific consultant or advisor has been retained to assist in determining compensation for directors. As mentioned in section 7, when deemed necessary, the Human Resources Committee has retained Towers Watson to provide reviews on executive compensation matters.

8. Other Board Committees

If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

The five standing Committees of the Board are: Audit, Corporate Governance, Human Resources, Nominating and Oversight.

The mandates of each Committee are available on the Empire website: www.empireco.ca.

9. Assessments

Disclose whether or not the Board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the Board satisfies itself that the Board, its committees and its individual directors are performing effectively.

The Corporate Governance Committee is responsible for regular assessment of the effectiveness and contribution of the Board, its Committees and individual directors. It carries out this responsibility through confidential surveys of each director regarding his or her views on the effectiveness of the Board and its Committees. Aggregate results of the survey are summarized and compared to the previous survey and reviewed in detail with the Corporate Governance Committee and the Board. An action plan is developed and implemented to address any issues raised by directors. Individual director performance is reviewed through discussion between each director and the Chair of the Board.

Appendix B

Empire Company Limited

Mandate of the Board of Directors

By virtue of the Articles of Association of the Company, the management of the Company is vested in the Board of Directors, subject to the provisions of applicable statutes and the Memorandum and Articles of Association of the Company.

The Board of Directors (“Board”) of the Company shall have responsibility for the stewardship of the Company including the strategic planning process, approval of the strategic plan, the identification of principal risks and implementation of systems to manage these risks (inclusive of food safety and occupational health and safety), succession planning, communications and the integrity of the Company’s internal control and management information systems. The Board discharges certain of its responsibilities through delegation to its committees as more particularly set out in the committee mandates.

The following points outline the key principles or guidelines governing how the Board will operate to carry out its overall stewardship responsibility:

Independent Chair

The Board has adopted a policy of having an independent, non-management Chair.

Size of the Board

The ideal size of the Board will provide a diversity of expertise and opinion, as well as efficient operation and decision-making. The Corporate Governance Committee will review the size of the Board annually and make recommendations to the Board when it believes a change would be in the best interests of the Company.

Board Composition and Assessment

The Nominating Committee shall have responsibility for the nominating function of the Company by recommending suitable candidates for nominees for election or appointment as directors. This process shall include a determination of the competencies, skills and personal qualities required of new directors in light of opportunities and risks facing the Company.

The Board is responsible for assessing and developing its effectiveness.

The Board, through the Corporate Governance Committee, shall establish and conduct orientation and education programs for new recruits to the Board, through which the performance expectations for Board members shall be communicated.

The Board shall provide continuing education opportunities for all directors so that they may enhance their skills and abilities as directors and ensure that their knowledge and understanding of the Company’s business remains current.

The Corporate Governance Committee shall implement a process for assessing the effectiveness of the Board as a whole, the committees and the contributions of individual directors. The Board shall assess directors on an ongoing basis, including periodic formal surveys of directors and ongoing assessments by the Chair of the Board and the Chair of the Corporate Governance Committee.

The Corporate Governance Committee shall also be responsible for recommending proposals to the Board concerning the compensation of directors, including the adequacy and form of compensation.

Board Contacts with Senior Management

All of the directors shall have open access to the Company’s senior management. It is expected that directors will exercise judgment to ensure that such contact does not distract management from the Company’s business operations. Written communications from directors to members of management will be copied to the CEO.

Board Meetings

The Board shall hold regular meetings at least once in each fiscal quarter, with additional meetings held as and when necessary. The Board shall, at every regularly scheduled meeting and at other meetings at its discretion, meet without management present to ensure that the Board functions independently of management. Further, at every Board meeting, an in-camera meeting of independent directors will take place. The Board shall maintain a policy which permits Board committees and individual directors to engage outside advisors at the cost of the Company, provided that approval is first obtained from the Corporate Governance Committee.

The Board appreciates having certain members of senior management attend each Board meeting to provide information and opinion to assist the directors in their deliberations. Management attendees will be excused for any agenda items which are reserved for discussion among directors only.

Board Meeting Agendas and Information

The Chair and the CEO, in consultation with the Corporate Secretary and members of senior management as appropriate, will develop the agenda for each Board meeting. Agendas will be distributed to the directors before each meeting, and all Board members shall be free to suggest additions to the agenda in advance of the meeting.

Whenever practicable, information and reports pertaining to Board meeting agenda items will be circulated to the directors in advance of the meeting. Reports may be presented during the meeting by members of the Board, management and/or staff, or by invited outside advisors. It is recognized that under some circumstances, due to the confidential nature of matters to be discussed at a meeting, it will not be prudent or appropriate to distribute written materials in advance.

Committees

The Board of Directors delegates certain responsibilities to the standing Committees of the Board to allow an in-depth review of issues. The standing Committees of the Board are the Audit Committee, the Human Resources Committee, the Corporate Governance Committee, the Nominating Committee and the Oversight Committee. Other Committees may be struck as the Board determines is appropriate. All of the members of the Audit, Human Resources and Nominating Committees shall be independent directors. Each Committee has a written mandate that is reviewed and approved annually.

Committee Meetings

The schedule and agenda for the meetings of each committee will be determined by the committee Chair in consultation with management, staff and committee members. Each committee will report to the Board on the results of each committee meeting. The Chair of the Board shall be a non-voting, non-quorum member of each Committee.

Review of Independence of Outside Directors

The Corporate Governance Committee will review on an annual basis any relationships between directors and the Company which might be construed in any way to compromise the designation of any director as being independent. The objective of such review will be to determine the existence of any relationships, to ensure that the composition of the Board remains such that the majority of the directors are independent and unrelated and that where any relationships exist, the director is acting appropriately.

Directors Who Change Their Present Job Responsibility

The Board shall maintain a policy which requires that a director who makes a change in principal occupation shall offer a resignation to the Board for consideration. The Board will take the opportunity to review, through the Corporate Governance Committee, the continued appropriateness of Board membership under such circumstances.

Retirement Age

In the normal course, a member of the Board who has reached the age of 70 years will not stand for re-election at the next following Annual General Meeting of the shareholders, unless the member is a lineal descendent of John William Sobey. On an exceptional basis, the Corporate Governance Committee of the Board may propose to the Board that a person who would normally not stand for re-election by reason of age be nominated to stand for election as a director for a further year.

The Company shall make full and complete disclosure of its system of corporate governance on an annual basis in its annual report or information circular. The Board, through the Corporate Governance Committee, shall have responsibility for developing the Company's approach to corporate governance issues.

Strategic Planning

Management is responsible for the development of individual business unit and corporate strategic plans which take into account, among other things, the opportunities and risks of the business, and for the implementation of strategic plans. The Board shall be responsible for setting the long term goals and objectives for the Company, the adoption of a strategic planning process and the annual approval of the strategic plans developed by management. The Board shall monitor senior management's implementation of the plans and shall assess the achievement of the Company's goals and objectives on an ongoing basis.

Managing Risk

The Board shall have overall responsibility for assessing the principal risks facing the Company, ensuring the implementation of the appropriate strategies and systems to manage such risks, and reviewing any material legal matters relating to the Company as a whole or its investment in any major operating company.

The Audit Committee shall review and approve risk management policies as recommended by management, shall receive reports from management on the risk profile of the Company, risk mitigation activities and accepted risk thresholds and shall provide direction with respect to improvements to risk mitigation or changes to risk threshold. The Audit Committee shall report its recommendations on such matters to the full Board on a regular basis.

Succession Planning

The Board shall have responsibility for the appointment and evaluation of the performance of executive management, including approving the appointment of senior executives of the Company, reviewing their performance against the objective of maximizing shareholder value, measuring their contribution to that objective, and overseeing compensation policies.

The Human Resources Committee shall have responsibility for recommending proposals to the full Board concerning the compensation of executive management, including incentive programs and awards made pursuant thereto. This committee shall also monitor, review and provide guidance in respect of executive management training, development and succession planning.

Communications Policy

The Board shall have the responsibility for reviewing and approving the Company's policies and practices with respect to the disclosure of financial and other information including insider reporting and trading. This includes the review and approval of the content of the Company's major communications to shareholders and the investing public, encompassing the Annual Report, Management Information Circular, Annual Information Form and any prospectuses which may be issued. The Audit Committee shall review and recommend to the Board the approval of the quarterly and annual financial statements (including the Management Discussion & Analysis) and press releases relating to financial matters. The Board also has responsibility for monitoring all of the Company's external communications. However, the Board believes that it is the function of management to speak for the Company in its communications with the investment community, the media, customers, suppliers, employees, governments and the general public.

The Board shall approve and monitor the disclosure policies designed to assist the Company in meeting its objective of providing timely, consistent and credible dissemination of information, consistent with disclosure requirements under applicable securities law. The Board shall review the Company's policies relating to communication and disclosure on an annual basis.

Generally, communications from shareholders and the investment community will be directed to the Vice President, Treasury and Investor Relations, who will coordinate an appropriate response depending on the nature of the communication. It is expected that if communications from stakeholders are made to the Chair or to other individual directors, management will be informed and consulted to determine any appropriate response.

Internal Control and Management Information Systems

The Board has responsibility for the integrity of the Company's internal control and management information systems.

All material matters relating to the Company and its business require the prior approval of the Board. In particular, capital expenditures or commitments in excess of \$10 million must be approved by the Board in advance. Management is authorized to act, without Board approval, on all ordinary course matters relating to the Company's business. The Grants of Operating Authority outlines the Board authorization required of the Company and its' subsidiaries.

The Audit Committee has responsibility for ensuring internal controls are appropriately designed, implemented and monitored and for ensuring that management and financial reporting is complete and accurate, even though management may be charged with developing and implementing the necessary procedures. The Board reviews and approves the annual financial statements as well as the quarterly financial statements.

The Oversight Committee has responsibility for all matters related to business process optimization and information technology.

Governance, Integrity and Corporate Conduct

The Board oversees the ethical, legal and social conduct of the Company. The Board oversees the development of the Company's corporate governance policies, principles and guidelines. The Board develops and monitors compliance with the Company's Code of Business Conduct and Ethics for directors, officers and employees.

Management and Human Resources

The Board selects, appoints and evaluates the performance of the CEOs of Empire and Sobeys Inc., and establishes the appropriate compensation for the CEOs. In consultation with the CEO of Empire and the Human Resources Committee, the Board appoints all officers of the Company and determines the terms of employment, training, development and succession of senior management specifically including the overall percentage salary increase for those executives (in addition to the CEOs) whose compensation is subject to public disclosure.

Shareholder and Investor Information

Empire Company Limited

Head Office:
115 King St.
Stellarton, Nova Scotia
B0K 1S0
Telephone: (902) 755-4440
Fax: (902) 755-6477
www.empireco.ca

Investor Relations and Inquiries

Shareholders, analysts, and investors should direct their financial inquiries or requests to:

Stewart H. Mahoney, CFA
Vice President, Treasury & Investor Relations
E-mail: investor.relations@empireco.ca

Communication regarding investor records including changes of address or ownership, lost certificates or tax forms, should be directed to the Company's transfer agent and registrar, CIBC Mellon Trust Company.

Affiliated Company Web Addresses

www.sobeyscorporate.com
www.empiretheatres.com

Shareholders' Annual General Meeting

September 14, 2011, at 11:00 a.m. (ADT)
Empire Studio 7 Cinemas
610 East River Road
New Glasgow, Nova Scotia

Stock Exchange Listing

The Toronto Stock Exchange

Stock Symbols

Non-Voting Class A shares – EMP.A
Preferred shares: Series 2 – EMP.PR.B

Average Daily Trading Volume (TSX:EMP.A)

69,102

Dividend Record and Payment Dates for Fiscal 2012

Record Date	Payment Date
July 15, 2011	July 29, 2011
October 14, 2011*	October 31, 2011*
January 13, 2012*	January 31, 2012*
April 13, 2012*	April 30, 2012*

*Subject to approval by Board of Directors

Outstanding Shares

As of June 30, 2011

Non-Voting Class A shares	33,687,747
Class B common shares, voting	34,260,763

Transfer Agent

CIBC Mellon Trust Company
c/o Canadian Stock Transfer Company Inc.
Investor Correspondence
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario
M5C 2W9
Telephone: (800) 387-0825
E-mail: inquires@canstockta.com

Bankers

Bank of Montreal
Bank of Nova Scotia
Bank of Tokyo-Mitsubishi
Canadian Imperial Bank of Commerce
National Bank of Canada
Rabobank
Royal Bank of Canada
TD Bank Financial Group

Solicitors

Stewart McKelvey
Halifax, Nova Scotia

Auditors

Grant Thornton, LLP
New Glasgow, Nova Scotia

Multiple Mailings

If you have more than one account, you may receive a separate mailing for each. If this occurs, please contact CIBC Mellon Trust Company at (800) 387-0825 to eliminate the multiple mailings.

EMPIRE

COMPANY LIMITED

www.empireco.ca

