

Guiding Empire's growth

Our decision to concentrate Empire's resources on food retailing and related real estate continued to pay dividends – literally and figuratively – during one of the most challenging economic periods in memory. Buoyed by a solid operating performance in our core businesses, the Company posted a record financial performance and delivered strong returns for our investors.



The annual dividend payable on shares in Empire Company Limited was increased to \$0.74 in fiscal 2010. In addition, the value of Empire shares climbed 8.1 percent to \$52.98 in the 12 months ending May 1, 2010. Subsequent to fiscal year-end, the Company announced an increase in the annual dividend to \$0.80 per share, representing the 15th consecutive annual increase.

Much of our success is the result of the investments we have made to support the expansion and improvement of Sobeys' store and distribution networks, as well as the systems and business process improvements that have been required to realize the company's potential. These investments have really started to pay off as reflected in Sobeys' growing earnings and other performance metrics over the past few years. Equally important, we have continued to reduce our leverage with consolidated net funded debt of \$825 million at the end of fiscal 2010, down from a peak of \$1.75 billion following the privatization of Sobeys and the acquisition of Thrifty Foods in fiscal 2007.

Our progress is a testament to the active stewardship of a talented board of directors. A minority of our directors are Sobeys family representatives who have a distinctly patient and proprietary interest in the business. They are complemented by a majority of independent directors whose diverse skills and experience help foster a challenging and dynamic atmosphere for our deliberations. While the next quarter's results are always important, we firmly believe that good managers thrive best in an environment that gives them the time and latitude to do what's right for the business over the long term. We are also blessed with an outstanding senior management team that knows how to make the most of that opportunity.

This year I would like to pay special tribute to John Bragg, who is retiring from the Board. He has made a significant contribution as a Director of both Empire and Sobeys for the past 12 years. We are deeply indebted to John for his wise counsel to both the Board and our management team.

On behalf of the entire Board, I would also like to extend our sincere appreciation to the thousands of employees throughout Empire's operating companies, together with our franchisees and affiliates. As always, their efforts have been instrumental to our success.

A handwritten signature in black ink that reads "Rob Dexter". The signature is written in a cursive, flowing style.

Robert P. Dexter

Chair
Empire Company Limited
June 25, 2010



Empire Company Limited Board of Directors

1 Robert P. Dexter

Chair
Halifax, Nova Scotia
Director since 1987.

2 John L. Bragg

Collingwood, Nova Scotia
Director since 1999.

3 Marcel Côté

Montreal, Québec
Director since 2007.

4 Christine Cross

Thundridge, Hertfordshire,
United Kingdom
Director since 2007.

5 David S. Ferguson

Atlanta, Georgia
Director since 2007.

6 Edward C. Harsant

Woodbridge, Ontario
Director since 2003.

7 David Leslie

Toronto, Ontario
Director since 2007.

8 Bill M'Ewan

New Glasgow, Nova Scotia
Director since 2007.

9 Malen Ng

Toronto, Ontario
Director since 2007.

10 Mel Rhinelander

Toronto, Ontario
Director since 2007.

11 Stephen J. Savidant

Calgary, Alberta
Director since 2004.

12 David F. Sobey

New Glasgow, Nova Scotia
Director since 1963.

13 Donald R. Sobey

Pictou County, Nova Scotia
Director since 1963.

14 Frank C. Sobey

Pictou County, Nova Scotia
Director since 2007.

15 John R. Sobey

Pictou County, Nova Scotia
Director since 1979.

16 Karl R. Sobey

Halifax, Nova Scotia
Director since 2001.

17 Paul D. Sobey

Pictou County, Nova Scotia
Director since 1993.

18 Robert G. C. Sobey

Stellarton, Nova Scotia
Director since 1998.

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