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OPERATOR: Good afternoon. My name is Alicia and I will be your conference operator today. At this time I would like to welcome everyone to the Empire Company Ltd. Q4 F'2011 conference call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. If you would like to ask a question during this time, simply press * then the number 1 on your telephone keypad. If you would like to withdraw your question, please press the # key. Thank you.

Mr. Paul Beesley, Vice President and CFO, you may begin your conference.

PAUL BEESLEY (Vice President and Chief Financial Officer, Empire Company Ltd.): Thank you, Alicia, and good afternoon and welcome to the Empire Company Ltd.'s fourth quarter and fiscal 2011 yearend conference call. Thanks for joining us. Our comments today will focus primarily on the financial results for the fourth quarter and fiscal year ended May 7th, 2011. After our comments we'd be pleased to take your questions.

This call is being recorded in live audio on our website at www.EmpireCo.ca.

Today's discussion includes forward-looking statements. I want to caution you that such statements are based on management's assumptions and beliefs. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements.

With me today on the call are from Empire Company Ltd., Paul Sobey, President and Chief Executive Officer, and Stewart Mahoney, Vice President, Investor Relations and Treasury. And from Sobeys we have Bill McEwan, President and Chief Executive Officer; François Vimard, Chief Financial Officer; and Paul Jewer, Senior Vice President, Finance and Treasurer.

This morning we released Empire's financial results for the fourth quarter and fiscal year ended May 7th, 2011. Empire reported consolidated revenue in the fourth quarter of $4.19 billion compared to $3.84 billion the year previous, a 9.2-per-cent increase.

The fourth quarter of fiscal 2011 contained 14 weeks of operations for Sobeys compared to 13 weeks fiscal 2010. This additional week accounted for approximately $313.6 million or 8.2 percentage points of the 9.2-per-cent increase in the fourth quarter consolidated sales.

Revenue for the full year was $16.03 billion, a 3.3-per-cent increase from $15.52 billion recorded in fiscal 2010. The additional week of food (inaudible) operations accounted for 2 percentage points of the 3.3-per-cent increase in fiscal 2011 consolidated sales. Empire recorded fourth quarter operating earnings, that is earnings before net capital gains and other items, of $92.3 million or $1.36 per share compared to $71.9 million or $1.05 per share in the fourth quarter last year.

Operating earnings for the fourth quarter were positively impacted by the extra week of operations for Sobeys by lower effective tax rate. Together, these two items positively impacted fourth quarter operating earnings by approximately $17.2 million. Included in the fourth quarter operating earnings were pre-tax costs of $5.4 million related to continued FreshCo discount store conversions.

For the full year, Empire operating earnings were $307.8 million or $4.51 per share on a fully diluted basis. This represents an 8.2 per cent increase over fiscal 2010 operating earnings of $284.5 million or $4.15 per share. The additional week of operations and the lower effective income tax rate positively impacted fiscal 2011 operating earnings by approximately $9.2 million.

Included in fiscal 2011 operating earnings were pre-tax costs of $17.8 million related to the FreshCo discount store conversions compared to $5 million in fiscal 2010, and there were $6.2 million worth of pre-tax costs associated with Sobeys' construction of its automated distribution centre in Terrebonne, Quebec.

Net earnings in the fourth quarter equalled $92.3 million or $1.36 per share compared to $73.5 million or $1.07 per share last year. For the full year net earnings totalled $369.5 million or $5.42 per share versus $301.9 million or $4.40 per share last year. The company recorded capital gains and other items net of tax of $61.7 million in fiscal 2011 compared to capital gains and other items net of tax of $17.4 million last year. Capital gains and other items reported in fiscal 2011 consisted largely of a gain on the sale of Wajax in the second quarter. While capital gains and other items recorded in fiscal 2010 were primarily related to a $17 million tax settlement relating to the fiscal 2001 sale of shares in Hannaford Brothers.

Empire's liquidity remains strong with consolidated cash and cash equivalents of $617 million at the end of fiscal 2011, up from $481 million at the end of the third quarter. Our debt ratio also continues to improve, with debt to capital at the end of the fourth quarter equal to 26.4 per cent versus 29.3 per cent at the start of the fiscal year. Authorized consolidated bank credit facilities exceed borrowings by $725 million.

I'll now turn the call over to Paul Sobey.

PAUL SOBEY (President and Chief Executive Officer, Empire Company Ltd.): Thanks, Paul, and good afternoon, everyone.

We continue to be very pleased with our focus on disciplined cost management initiatives throughout our organization, and in particular Sobeys' supply chain and retail productivity improvements with the adoption of best practices and capital investments that have sustained sales and margin growth over time. Bill will provide his comments on Sobeys and the retail food environment a little later.

Consistent with our growth, on behalf of the board, we announced an increase in Empire's common dividend per share from $0.20 quarterly… from $0.20 quarterly to $0.225 quarterly, a 12.5-per-cent increase. This marks the 16th consecutive year of dividend increases. The annualized $.90 dividend rate equals 20 per cent of our fiscal '11 operating earnings per share.

A few comments now on our real estate business. During the fourth quarter, Empire's real estate division supported operating earnings of $17.5 million versus $13.5 million last year, a $4 million improvement.

Residential real estate earnings in the fourth quarter increased $2.9 million over the same quarter last year as a result of higher residential lot sales activity and the sale of two commercial lots, particularly offset by lower margins on residential lot sales.

Crombie REIT's contribution to Empire's operating income in Q4 was $5.1 million versus $4.4 last year. The increase is largely due to Crombie REIT's reporting increased revenues as a result of higher occupancy, along with property acquisitions, partially offset by higher interest expense.

Crombie's reported that its property occupancy remains strong at 95.3 per cent at the end of their first quarter. Crombie completed leasing activities on 456,000 square feet of GLA during the quarter ended March 31st, which represented 42 per cent of its 2011 expiring leases. Average net rents per square foot from leasing activity for 2011 increased to $16.69 compared to average expiring rents per square foot of $14.15, an increase of 18 per cent. For more detailed information on Crombie REIT's performance, please see its quarter release dated May 4th.

With respect to our investments and other operations, operating earnings in the fourth quarter, net of corporate expenses, declined by $4.5 million from Q4 last year. The decrease is largely the result of our sale of interest in Wajax Income Fund in the second quarter.

Bill McEwan will now comment on the performance of Sobeys.

BILL MCEWAN (President and Chief Executive Officer, Sobeys): Thank you, Paul.

Sobeys' Q4 sales increased $348 million or 9.3 per cent to $4.1 billion. The additional week of operations accounted for approximately $313 million or 8.4 per cent of the increase in Sobeys' fourth quarter sales. Same store sales grew by 1 per cent in the quarter. There was no inflation in the fourth quarter in aggregate. Sobeys' Q4 gross margin percentage increased 4 basis points from last year. Sobeys' Q4 EBIT contribution to Empire increased $17.5 million to $115.9 million. Included in the EBIT or the EBT dollars is a $5.4 million in cost related to control (inaudible) of our FreshCo discount banner in Ontario, as Paul Beesley mentioned.

Sobeys' Q4 net earnings contribution to Empire increased $19.1 million to $80.3 million. The additional week of operations positively impacted Sobeys' net earnings by approximately $6.3 million, and the lower effective income tax rate positively impacted Sobeys' net earnings by approximately $10.9 million.

A few comments on our full fiscal year results. Sales for fiscal 2011 increased 3.4 per cent to $15.76 billion, up from $15.24 billion last year, an increase of $519 million. Sobeys' same store sales grew by 0.2 per cent for the full fiscal year. Through the first three quarters of fiscal 2011, food retail price inflation persisted. However, no inflation was experienced in the fourth quarter in aggregate, as I mentioned earlier.

EBITDA contribution to Empire for fiscal 2011 was $785 million, an increase of $41 million or 5.5 per cent from last year. EBITDA as a per cent of sales for fiscal 2011 was 4.98 per cent compared to 4.88 per cent last year.

Despite $519 million invested in our store network and infrastructure over last year, our cash position continued to improve with cash and cash equivalents at fiscal year end of $612 million compared to $391 million last year.

During the quarter we continued to be pleased with the customer response to our FreshCo offerings, and now have 61 stores converted and reopened, with more to follow in the coming months.

And we continue to invest across the entire company in our store network and infrastructure. During the fourth quarter Sobeys capex totalled $171 million, covering store network renewal and infrastructure improvements and expansion projects. Fifteen corporate and franchise stores were opened, acquired or relocated. Four stores were expanded, and 24 stores were re-bannered. After several years of continued focus and sustained investment, our store network is now approximately 75 per cent to a standard we consider current, and is performing well.

At fiscal yearend May 7th Sobeys' square footage totalled 28.7 million square feet, a 2.1-per-cent increase over last year.

Additionally, we continue to upgrade the distribution network. Most notably, construction is well underway in Quebec on our second automated distribution facility. Our SAP Quebec implementation is on track. Across the company we have put tools, processes and disciplines in place to assist our people in getting the job done well. We continue to build a stronger management team and continue to grow our bench strength, and we continue the process some accelerating further productivity and efficiency initiatives, and the application and harvest of our customer insight capabilities.

Through these initiatives and our customer insight capabilities, we remain confident and committed to sustaining our solid competitive position. Going forward, we will continue to improve our offering and our service, develop our people, bring even more stores up to standard, and improve our productivity. We intend to lower our costs, innovate intelligently, and execute well and consistently. Bottom line as a team, we remain committed to being widely recognized as the best food retailer in this country.

I'll turn it now back to Paul for comments.

PAUL BEESLEY: Thank you, Bill. Fiscal 2011 was a solid year with growth in earnings and continued improvement in our financial position. Going forward, Empire's key priorities will not change. We remain committed to long-term value creation by allocating our capital to businesses that we know and understand, and specifically we intend to remain focused on our core strengths in food retailing and real estate.

Though pleased with our progress, we remain focused on expanding our retail food and real estate presences in Canada while also concentrating on overall operational efficiencies and effectiveness. We will continue to support Sobeys as it innovates, executes and grows in a manner that is consistent with widely being recognized as the best food retailer in the country. And we will continue to support investments in our real estate business, which emphasizes long-term growth.

We are now happy to respond to your questions. Alicia, we'll take questions now. Thank you.

OPERATOR: Absolutely. At this time I would like to remind participants in order to ask a question, you may press * then the number 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Our first question comes from the line of Perry Caicco with CIBC World Markets. Your line is open.

PERRY CAICCO: Bill, you referred to inflation as zero in aggregate. Do you mean by that that in general regular prices went up, but you gave it back promotionally or was it more specific to categories and regions?

BILL MCEWAN: It was… it in aggregate for the company it was flat, as I said. It was different in some regions than others. There was inflation in a few regions and deflation in others associated with some price repositioning we did in a particular region, promotional activity that continued primarily in Central Canada, and the opportunity to pass through modestly the cost increases that have begun to flow through in the other parts of the country.

PERRY CAICCO: And what has happened to that inflation number since the end of the quarter?

BILL MCEWAN: It hasn't changed materially. It's on a slow slope. About the same trajectory as it was through the quarter in the regions where there was inflation. And there continues to be deflation, primarily in Ontario.

PERRY CAICCO: And how much of the sort of inflation or lack of inflation is specific to your own programs, your own decisions versus how the… what's happening in the market?

BILL MCEWAN: Well it's driven by continue to carve out our competitive position in the marketplace, so it's really both. It's our own decisions to proactively be aggressive on promotions, our own decisions to re-price certain categories based on market necessity to stay competitive. And separately in one region of the company, completely repositioning of price position in fresh departments to be more aggressive versus the discount players in Western Canada.

PERRY CAICCO: And Bill, your gross margins were down from last year, which is kind of a rare occurrence among grocers these days. What caused that? Was it in fact these promotional investments or was it some sort of other mismatch between costs and price?

BILL MCEWAN: Actually gross margins were up 4 basis points. And SG&A was down 10, so we had a net 14 point improve in EBITDA.

PERRY CAICCO: So… Okay. But let's look at gross margins then in general. Not a large increase. We'll have to check our numbers, but tell us about gross margins. Are you…?

BILL MCEWAN: Yeah, I think what you're seeing in the… The way it's going to work and has been working for some time is that we have continued to get sharper and sharper and sharper on pricing at a methodical, steady rate, and we are very comfortable with our pricing position across the country, format by format. But that has had a downward pressure on margins. We're recovering on margins through innovation and product mixes. But the majority of our improvement in operating earnings will come from the productivity initiatives and cost savings, which will further fuel our capability of being competitive on a consistent basis, and we anticipate the competitive pressures on pricing to continue, and we continue to position ourselves to improve our relative position, not just against the conventional channel, but the discounters.

So we're not looking for huge margin increases. We're going to plough it back into strategic pricing where appropriate, and promotional activity to keep our sales momentum where it's been.

PERRY CAICCO: Okay. That's good for now. Thank you.

OPERATOR: Our next question comes from the line of Michael Van Aelst with TD Newcrest. Your line is open.

DEREK: Hi. Good afternoon, guys. It's actually Derek standing in for Mike. I just wanted to – yesterday's inflation numbers actually show that inflation in Quebec has slowed relative to the rest of Canada. Just wondering if you're seeing increased competition ahead of the opening of Walmart Supercentres? And as a follow-up, is it taking longer for the new stores to ramp up, given the high level of competitive activity?

BILL MCEWAN: We see no discernable difference in the pattern of growth for us in the province of Quebec at all. In anticipation… I think there's a new entrant coming into the province of Quebec, and we think we're very well positioned, and there has been no discernable impact whatsoever.

DEREK: Okay. Thanks.

OPERATOR: Our next question comes from the line of Chris Lee with Bank of America-Merrill Lynch. Your line is open.

CHRIS LEE: Hi. Good afternoon. Hi, Bill. I think this is the first full quarter where Sobeys experienced price increased by the suppliers. I mean, if we just keep it very high level, generally have you been able to pass on most of your cost increases to the consumers?

BILL MCEWAN: There has been modest passing along, and you have to break it down differently. In some markets we've had no opportunity to pass on the price increases based on market conditions. In other places we've had opportunity to pass them on as they've come through, but they haven’t come through in leaps and bounds, but we are encouraged that the movement in the market appears to be intelligent, and we are able to pass it on in markets that aren’t affected by aggressive promotional activity, which is having an effect of keeping those prices down. So you really have to decompose the market and not think of it as an aggregate opportunity or an aggregate reality of passing on cost increases in the marketplace.

CHRIS LEE: Okay. And I think on the last quarter conference call you also mentioned the percentage of products that are sold on promotion has increased... well, increased significantly in the last quarter. Has that percentage kind of stabilized or declined?

BILL MCEWAN: No, approximately it’s the same. There’s no discernable difference from last quarter to this quarter. What’s worthy of note is not the quarter to quarter or period to period, but let’s call it year over year or this year versus a couple of years ago. There’s been a significant increase in a good percentage of the business, and the percentage of goods sold on promotion generally speaking across the board. And while there may be modest declines from here to there, generally speaking, percentage of promotion is higher across the country and has stayed there relative to last quarter or the quarter before.

CHRIS LEE: Okay. And has the majority of your suppliers already raised prices or do you expect them to be spread out throughout the year?

BILL MCEWAN: Yeah, they're not coming in any sort of significant way. I would say they're slightly more than a trickle. They're coming through on an individual vendor and category basis, and as we review them, in some cases we have greater opportunity to pass them on than others. We remain somewhat optimistic and encouraged that in many parts of the country there's… it appears that the justified cost increases are being passed on more than would have been expected a year or two ago.

CHRIS LEE: Okay. And just in terms of capital expenditure for Sobeys, you spent $519 million this past year. How much do you expect to spend this year?

FRANÇOIS VIMARD (Chief Financial Officer, Sobeys): Chris, it's François. We think we're going to spend in the high range of between $650-$700 million. You have to consider that that increase come from the fact that we have the Terrebonne DC (inaudible) in next year, but also additional real estate investment that we're doing now that we integrate those capital spend and Sobeys, so...

CHRIS LEE: Okay. And how much square footage would that give you approximately?

FRANÇOIS VIMARD: I would say we should be in the same range of the 2 per cent we did this year, a 2 per cent increase.

CHRIS LEE: Okay. And sorry, my last question was just if you can provide some guidance in terms of your… the costs that you'll be incurring for number one, for your FreshCo rollout, and number two, for your IT system implementation in Quebec for this fiscal year?

BILL MCEWAN: Yeah, we really aren't… haven't disclosed those separately. We haven't put a number on the street with respect to the FreshCo renovations, and we prefer not to do so now.

FRANÇOIS VIMARD: But one thing we can add, Chris is that for the FreshCo we think that we should end the big part of our rollout by the end of the Q1, beginning Q2.

CHRIS LEE: Okay. Great. Thank you.

OPERATOR: Again, if you would like to ask a question, you may press * then the number 1 on your telephone keypad.

Our next question comes from the line of Emily Foo with BMO Capital Markets. Your line is open.

EMILY FOO: Hi. Good afternoon. It's Emily Foo for Peter Sklar. My first question is that the $4 million cost related to the business process and the information systems that you've disclosed this quarter, should we consider this to be an ongoing cost, and will it be tapering off?

FRANÇOIS VIMARD: I would say it's a bit in line of what you saw over the past few quarters. It's related mainly to the implementation of SAP in Quebec. And as we've said, we still have around maybe 12 to 18 months to go, so it should be in the same range.

EMILY FOO: Okay. I see. And also with the extra selling week at Sobeys, you said that was positively impacted net impact by about $6.3 million. Would you be able to give us a breakdown of how it impacted operating income or EBITDA?

BILL MCEWAN: No, we haven't broken that down. No.

EMILY FOO: Would it be a safe assumption for us to just gross it up by a regular tax rate and interest?

PAUL SOBEY: Any way you like.

BILL MCEWAN: Yeah, you really have to… you'd have to sort of break it down in a way that extrapolates it backwards or 52, 50-thirds or something like that.

EMILY FOO: Okay. I see. Those are my questions. Thank you.

OPERATOR: Our next question comes from the line of Michael Van Aelst with TD Newcrest. Your line is open.

DEREK: Hi. Just a question on interest and depreciation. It looked a little low in the quarter. I guess it looks like as if there was no extra week in there. And I was just wondering maybe if you could explain that and what should we expect for those two line items next year?

FRANÇOIS VIMARD: I would say overall the additional weeks had its share of interest and depreciation costs. And the trend you saw for next year should be the same, so, nothing special.

BILL MCEWAN: Yeah, and with respect to interest expense, I mean it was down in conjunction with our free cash flow, lower debt levels overall.

DEREK: Okay. Thanks.

OPERATOR: Our next question comes from the line of Keith Howlett with Desjardins Securities. Your line is open.

KEITH HOWLETT: Yes. I was wondering how many FreshCos you think you'll end up to by the end of the first quarter or beginning of the second quarter this year?

BILL MCEWAN: By the very beginning of the second quarter we should be at around 70 to 73, in that range.

KEITH HOWLETT: Just in terms of the Western Canadian market, I think Safeway took some prices down. Did you readjust more in response?

I know your lower priced than Safeway typically. But did you readjust for the extra discount square footage coming in or for Safeway's actions or both or...?

BILL MCEWAN: Well actually, neither. We've been on a deliberate course over the course of the last three years in Western Canada to reposition ourselves so that the pricing strategy that we've been executing the last couple of quarters is the continuation of something we set out a couple of years ago. So it's neither in response to the additional square footage in discount or specifically what Safeway did. That's just true.

I mean, now the fact that we did it position us much, much stronger had we not done it with the actions that Safeway took to reduce their pricing. So this has been a consistent, constant action that we've taken over some time, Keith.

KEITH HOWLETT: And then just in the Quebec market, are you anticipating the Quebec market will sort of be more resilient versus the entry of Supercentres or do you think that in two years we'd have a lot of flyer promotional activity or…? I'm just trying to figure out, you indicate that pricing didn't adjust much in advance of the Walmart Supercentre. I realize they already have all the other food, it's just the fresh side of it. But do you think Quebec will look different than Ontario has since Supercentres rolled out?

BILL MCEWAN: Well the complexion of Ontario was quite a bit different than Quebec when Supercentre started to rollout in Ontario. It's a different environment in the province of Quebec. I won't speak to others, but I'll tell you that we think we're very well positioned with a very strong franchise network and a very strong retail support team and a very strong brand and a very strong offering.

And that just as when the Supercentres came into the other markets, we anticipated it. We knew it was coming. Anybody that didn't just wasn't paying attention. We prepared for it, and I think if everybody were to look back and see what we were seeing back then that the impact, while not insignificant on the market in total, has not had that materially negative impact on our offerings in the markets of Ontario and West as people had anticipated or said they would. And our offering in Quebec is as strong or much stronger in many cases than it was on a relative basis in Ontario and the West.

So we think we're well positioned. We're not competitively reactive; we're competitively aware, and we have a strong position in Quebec that we think we can continue to sustain irrespective of the changes that take place in the Supercentre environment.

KEITH HOWLETT: Great. Thanks very much.

OPERATOR: Once again, if you would like to ask a question, you may press * then the number 1 on your telephone keypad.

Our next question comes from the line of Chris Lee with Bank of America-Merrill Lynch. Your line is open.

CHRIS LEE: Hi, François. I just want to confirm the capex number you said earlier for Sobeys. It's $650 to $700 million, right?

FRANÇOIS VIMARD: Yeah, yeah.

CHRIS LEE: That compares to the $519 you spend this past year.

FRANÇOIS VIMARD: In this past year it was (inaudible) at 519 if you include the acquisition of the Crombie side that we acquired in September. But yeah. It's going to be around $100 million more than this year.

CHRIS LEE: Okay.

BILL MCEWAN: Just to remind you, that's largely as a result, as François said, of the automated distribution centre expenses this year.

FRANÇOIS VIMARD: And the additional (inaudible).

CHRIS LEE: Right. Okay. And what's the reasonable tax rate to use for this year for Empire?

PAUL SOBEY: Twenty-eight, 29 per cent, in that range.

CHRIS LEE: Okay. And then just lastly on the IFRS impact, can you give us an idea now or do we have to wait until I guess August when your annual report is filed?

PAUL SOBEY: Better go to August I think. Stewart, do you have a comment on that?

STEWART MAHONEY (Vice President, Investor Relations and Treasury, Empire Company Ltd.): Well, I think in August… September, we'll obviously be releasing our numbers. We will be planning in July, July 12th, a webcast for IFRS, and we'll be sending out a press release broadly on that point. But as an analyst you should know that. That's upcoming.

CHRIS LEE: Okay.

STEWART MAHONEY: And we're just finalizing that now, Chris.

CHRIS LEE: Okay. Okay, that's great. Thank you.

PAUL SOBEY: Okay, Chris.

OPERATOR: Our next question comes from the line of Perry Caicco with CIBC World Markets. Your line is open.

PERRY CAICCO: Yeah, Bill, you opened a few slightly more innovative stores in a few markets over the last few months. Just wonder if you could tell us a little bit about what you're learning from those stores, and is the idea to take what's in some of those stores that's working and backfill that into existing conventional stores?

BILL MCEWAN: Yes, that's precisely it, Perry. You take the Ontario store, Ira Needles. That's a dramatic change from the footprint that we had before. The team took a pretty provocative step in putting together the fresh departments the way they did, and the adjacencies and the flow and the fixturing. And we knew going in that we would go back in and learn and critique and apply it to any new stores going forward, and adjustments will be made on things that we would have done differently now that we know what we know. And it will be our intention to take aspects of… on a modular basis, of the fresh departments, of the wellness, of the pharmacies, of the grocery the way we've executed in that store, and execute it across our full service (inaudible) stores, not necessarily just in Ontario.

Quebec continues with the evolution of their next generation, and it's been more of an evolutionary process, so on their newest generation store, like Valleyfield, they will, as they upgrade and renovate and expand and build new stores, you'll see them on that new décor, that new footprint, that new equipment.

Western Canada, we're still assessing what the next stores will look like for Thrifty Foods in B.C. as we expand on Vancouver Island. And they're more… they have to be more tailored to individual circumstances than individual markets because we don't have a cookie-cutter opportunity in those markets because of the nature of real estate.

And we're particularly pleased with the great work in Atlantic Canada. Some of the most recent renovations that we've done, like north of Windsor, a dramatic improvement from the, let's call it the 1998-2000 version stores in terms of what they can offer, the flow of the adjacencies, the look, the feel, and then the new store in South Bedford is a good reflection of where we're headed with that as well, including a dramatic improvement in health and wellness offerings.

So the team's doing a great job in working together, not just inside the regions with their individual store prototypes, but our plan is to optimize on a more company-wide basis what we do on our full service stores by sharing learning and applying it in even… with greater determination than we've been able to do thus far.

PERRY CAICCO: As you roll those programs and products and the learning to your existing store base, do you do it just on a sort of as-needed basis? In other words, when it's time to renovate you just add a few elements or do you feel that with some new competition coming into the country that you might do that on a more aggressive basis, ramp up your capex a bit and really try to modernize more quickly than you normally would?

BILL MCEWAN: Well I'd answer that this way: it's actually both. In some cases as we go in to take a store that needs to be touched, that needs to be brought up to standard, we'll do it on a one-off renovation basis. But what we've been most successful in is attacking a full market. So rather than just touch a store on a particular cycle, as the need arises, we look at not just the competitive circumstance, but our ability to not just maintain a standard, but improve the entire market footprint where there's five or six stores in a given area like Dartmouth or Saint John or Edmonton for that matter.

So we like to fix the market all at once, not just on a singular store basis. But as we have individual opportunities, store by store, to take bakery fixtures or deli offerings or bulk foods, which we've rejuvenated, we do that on a one-off store or one-off department basis as well.

So it's a bit of a mix of both, but I'd say our emphasis has been on repairing, fixing, positioning whole markets in as close proximity as possible.

PERRY CAICCO: Okay. Thank you.

OPERATOR: Our next question comes from the line of Keith Howlett with Desjardins Securities. Your line is open.

KEITH HOWLETT: Thanks. I just wanted to make sure I knew where this store was. Is this Ira Needles in Kitchener?

BILL MCEWAN: It's in Kitchener. It's on the West End of Kitchener, and it's an entire… there's a lot of new retail out there. There's a lot of roundabouts and turnabouts, and it's still a little bit of upheaval in construction, so we haven't hit our stride as well as I know we will when everything gets settled out there. Go take a look. I think the team's done a great job with… by stepping it up and doing some different things.

KEITH HOWLETT: Great. Thanks a lot.

OPERATOR: Our next question comes from the line of Philip Bassil with Beacon Securities. Your line is open.

PHILIP BASSIL: Hi, guys. It looks like in the fourth quarter you bought back half a million shares for cancellation. With your current balance sheet cash balance of $617 million, do you see that as a common occurrence in the near future?

PAUL SOBEY: We – go ahead, Stewart.

STEWART MAHONEY: Well during the fiscal year we did buyback 513,000 shares under a normal course issuer bid. And at this point we don't plan any further repurchases.

PAUL SOBEY: So there was no repurchases in the fourth quarter.

STEWART MAHONEY: We had to get... that was prior to that, Phil.

PHILIP BASSIL: Right. Okay, perfect. Thank you.

PAUL SOBEY: Thanks, Phil.

OPERATOR: We have no further questions at this time. I turn the call back over to the presenters.

PAUL BEESLEY: Thank you, Alicia. Ladies and gentlemen, we appreciate your continued interest in Empire, and look forward to having you join us for our Q1 fiscal 2012 conference call on September 14th. Goodbye.

OPERATOR: And this concludes today's conference call. You may now disconnect.

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