

ONE SHARED FOCUS

We measure success through our ability to create sustainable, long-term value in our food retailing business and in our investments in Crombie REIT, Genstar and Empire Theatres. During fiscal 2012, each of our businesses continued to execute on their strategic initiatives and strengthen their competitive position, helping Empire post record adjusted net earnings, net of minority interest, and subsequent to fiscal year-end, declare an annual dividend increase for the 17th consecutive year.

Over the past 10 years, Empire's shares have generated a compounded annual growth rate in total return of 8.6 percent compared to 7.0 percent for the S&P/TSX Composite Index. Equally important, these solid returns have been achieved through the ownership and management of predictable businesses that serve the everyday needs of Canadian consumers. It helps that we've been at it for a very long time.

At Empire, our growth strategy is focused on creating sustainable long-term value rather than short-term financial results. This approach can be seen in the patient investments Empire has made in Sobeys, in the creation of Crombie REIT and in the growing cooperation between these two businesses, which has fuelled the expansion of our food retailing network and enhanced the value of our real estate assets. Our long-term results clearly demonstrate the focused execution, dedication and experience of our management teams under the strong guidance and leadership of our Board.

At Empire, the Board is responsible for the stewardship of the Company and plays an active role in establishing the Company's growth strategies and understanding the major risks that could affect Empire's ability to deliver results. Our Board continues to have a strong commitment to good corporate governance to ensure our governance practices are among the best in Canada. We believe a fully engaged board is fundamental to the creation of shareholder value. Our Board consists of Sobey family representatives and a majority of independent directors who are always ready to challenge each other, as well as the senior management team.

A critical role of the Board is to ensure long-term succession planning is in place at all levels of management; the Board



exercised this role recently in the selection of a new CEO for Sobeys.

We are delighted to welcome Marc Poulin as Sobeys' newly appointed President and CEO. Marc is a seasoned and highly qualified food retailer with a solid reputation across our industry and proven abilities to lead Sobeys' food-focused strategy forward.

On behalf of the Board, I would like to extend our sincere appreciation and best wishes to Bill McEwan, who stepped down as Sobeys' President and CEO on June 28, 2012 following more than 11 years of inspired and inspirational leadership. Bill is a born leader and savvy merchant whose confidence and enthusiasm to "be the best" had a contagious effect on all of us who had the privilege to know him. We wish him all the best.

I would like to extend our sincere appreciation to Malen Ng who is leaving the Board this year after many years of distinguished service. Malen has contributed greatly to the Company's success as a director of both Empire and Sobeys. Her valuable insight and dedication will truly be missed.

As Chair, and on behalf of the entire Board, I would also like to thank the thousands of people in Empire's operating companies, franchises and affiliates for their important contributions to our ongoing progress.

Sincerely,

ROBERT P. DEXTER

Chair
Empire Company Limited
June 28, 2012