

EMPIRE

Notice of 2008 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 Thursday, September 11, 2008 at Empire Studio 7 Cinemas,
610 East River Road, New Glasgow, Nova Scotia.

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Invitation to Shareholders

July 25, 2008

Dear Shareholder:

We are pleased to invite you to join our Board of Directors and senior management team at our 2008 Annual General Meeting of Shareholders. The meeting will be held on:

September 11, 2008
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 2008 Annual Report and/or 2008 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 webcast 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 11, 2008.

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 11, 2008
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 and consider the Annual Report, including the audited financial statements of the Company for the fiscal year ended May 3, 2008, together with the report of the auditors thereon;
2. To elect directors for the ensuing year;
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; and
6. 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 who are unable to be present in person at the meeting may appoint a proxy to attend and speak on their behalf by completing the enclosed form of Non-Voting Class A shareholder proxy and returning it in the envelope provided for that purpose to the Secretary of the Company, c/o Postlinx, Attn: Proxy Department, 1170 Birchmont Road, Scarborough, ON, M1P 5E3.

Dated at Stellarton, Nova Scotia, this 25th day of July, 2008.

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 (hereinafter 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;
- (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; and
- (d) in favour of the authorization of the directors to fix the remuneration of the auditors.

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 Annual Report and Financial Statements

The audited consolidated financial statements of Empire for the year ended May 3, 2008, and the report of the auditors thereon, will be tabled at the Meeting. These audited consolidated financial statements form part of the fiscal 2008 Annual Report of the Company, which was mailed to shareholders with this Notice of Annual General Meeting and Circular. Additional copies of the fiscal 2008 Annual Report may be obtained from the Secretary of the Company upon request and will be available at the Meeting. The Annual Report has been posted to the SEDAR website at www.sedar.com and to the Company’s corporate website at www.empireco.ca.

2. Election of the Board of Directors

There are to be 18 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 18 nominees of management listed in the section titled “Nominees for Election to the Board of Directors”.**

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, on March 12, 2008, the Directors 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 is greater than the number of shares voted in favour of the nominee to submit his or her resignation promptly after the meeting for the Corporate Governance Committee's 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 concerning 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 twelve-month period beginning September 11, 2008, as follows:

Proposed Directors' Fees	
Annual Directors' Retainer	\$ 50,000
Chair of the Board's Retainer	\$ 200,000
Meeting Fee:	
• Board	\$ 2,000
• Committee	\$ 2,000
• Telephone (Board or Committee)	\$ 1,250
Committee Chairs' Retainer:	
• Audit	\$ 15,000
• Human Resources	\$ 15,000
• 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 may elect to receive all or part of their fees as Deferred Stock Units ("DSUs") as described in the section titled "Directors' Stock Unit Plan".

A summary of the fees paid during the fiscal year ended May 3, 2008, 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 form 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 the shareholders.

Grant Thornton LLP and its predecessors have served as auditors of Empire for more than 50 years. During fiscal 2008 and fiscal 2007, fees charged by Grant Thornton LLP to the Company and its subsidiaries were as follows:

Auditors' Fees for Empire Company Limited and its Subsidiaries		
	Fiscal Year ended May 3, 2008	Fiscal Year ended May 5, 2007
Audit	\$ 2,528,274	\$ 2,525,188
Audit Related	751,445	855,890
Tax	565,975	376,865
Other	85,640	53,975
Total Fees	\$ 3,931,334	\$ 3,811,918

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

Audit related fees are for services including review of the Company's incentive plans, consultations on accounting and disclosure matters, assistance with CEO/CFO certification and services related to the privatization of Sobeyes Inc.

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

Other fees for the year ended May 3, 2008 included services related the sale of 61 properties to Crombie REIT.


The Audit Committee has considered whether the nature and extent of these non-audit services is compatible with maintaining the independence of the external auditor and has concluded that the independence of Grant Thornton LLP is not compromised by the non-audit services provided. In addition, the Audit Committee's mandate requires that the Committee pre-approve the nature and extent of all non-audit engagements with the external auditor.


5. Approval of Auditors' Fees

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

Nominees for Election to the Board of Directors

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

 <p>John L. Bragg Age 68 Nova Scotia, Canada Director Since: 1999 Independent</p>	<p>John L. Bragg is Chairman, President and Co-Chief Executive Officer of Oxford Frozen Foods Limited. He is Chairman of Bragg Communications, which operates under the brand name of Eastlink. He is a director of the Toronto-Dominion Bank and Canada Bread Limited. He is also Chancellor of Mount Allison University. Mr. Bragg has served as a director of Sobeys Inc. since 1998. Mr. Bragg did not serve as a director of any other reporting issuers during the period from 2003 to 2008.</p>					
	Committee Membership ⁽¹⁾			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Human Resources Corporate Governance (Chair) Nominating (Chair)			Canada Bread Limited (TSX: CBY) Toronto-Dominion Bank (TSX: TD) Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares ⁽³⁾	Class B Shares ⁽⁴⁾	DSUs ⁽⁵⁾	Total of Shares and DSUs	Share Ownership Status ⁽⁶⁾
	July 2008 ⁽²⁾	23,615	1	12,968	36,584	Meets Share Ownership Guidelines
July 2007 ⁽²⁾	23,615	1	10,781	34,397		

 <p>Marcel Côté Age 65 Quebec, Canada Director Since: 2007 Independent</p>	<p>Marcel Côté is Senior Partner of Secor Inc., a Montreal-based consulting firm. He is a former economic advisor to the Premier of Québec (1986-88), and was Director of Strategic Planning and Communication for the Office of the Prime Minister (1989-90). He is a director of ING Canada Inc. He is also a director of the Montreal 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. and Alphinat Inc. Mr. Côté did not serve as a director of any other reporting issuers during the period from 2003 to 2008.</p>					
	Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Human Resources Corporate Governance Nominating			Sobeys Inc. ING Canada Inc. (TSX: IIC)		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
	July 2008	4,000	1	1,500	5,501	Meets Share Ownership Guidelines
July 2007	–	–	–	–		



Christine Cross
Age 57
Hertfordshire, U.K.
Director Since: 2007
Independent

Christine Cross is Managing Director of Christine Cross Ltd., an independent advisor in retail management. From April 2002 to June 2003, Ms. Cross was Group Business Development Director for TESCO PLC, based in Hertfordshire, England. Ms. Cross held other positions with TESCO, including World Non-Food Buying Director and Head of Own Brand Development from 1989 to 2002. Ms. Cross is also a Non-Executive Director of Next PLC and Premier Foods PLC. Ms. Cross is Retail Advisor to Apax Partners U.K., PriceWaterhouseCoopers Advisory Panel Transactions Services and Visiting Professor at the University of Hull Business School Logistics Institute. Ms. Cross has served as a director of Sobeys Inc. since 2003. Ms. Cross previously served as a director of Fairmont Hotels & Resorts Inc. and George Wimpey PLC. Ms. Cross did not serve as a director of any other reporting issuers during the period from 2003 to 2008.

Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
Human Resources Oversight			Next PLC (LN: nxt) Premier Foods PLC (LN: pfd) Sobeys Inc.		
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2008	–	1	–	1	Has until 2012 to meet Share Ownership Guidelines
July 2007	–	–	–	–	



Robert P. Dexter
Age 56
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 partner of the law firm of Stewart McKelvey, a trustee of Wajax Income Fund, and a director of Bell Aliant Regional Communications LP and High Liner Foods Inc. 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 2003 to 2008.

Committee Membership			Memberships on Other Reporting Issuer Boards (Exchange: Symbol)		
			Bell Aliant Regional Communications LP (TSX: BA.UN) High Liner Foods Inc. (TSX: HLF) Sobeys Inc. Wajax Income Fund (TSX: WJX.UN)		
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2008	39,000	1	14,405	53,406	Meets Share Ownership Guidelines
July 2007	39,000	1	12,077	51,078	



David S. Ferguson
Age 63
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 Wal-Mart Europe from September 2000 to July 2003. Prior to that, he was President and Chief Executive Officer of Wal-Mart Canada. He is a director of Exide Technologies and is on the Advisory Board of Miller-Zell. 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 and NSB Retail Systems PLC. Mr. Ferguson did not serve as a director of any other reporting issuers during the period from 2003 to 2008.

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 2008	–	1	–	1	Has until 2012 to meet Share Ownership Guidelines
July 2007	–	–	–	–	



Edward C. Harsant
Age 63
Ontario, Canada
Director Since: 2003
Independent

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. He is the Chair of the Advisory Board of Lawton's, a member of the Board of Directors of Sobeys Inc. since 2007, a member of the Advisory Board of Bargain Shops Holdings Inc., a member of the Advisory Board of South Shore Industries Ltd., 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 2003 to 2008.

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 2008	–	1	8,900	8,901	Meets Share Ownership Guidelines
July 2007	–	1	7,520	7,521	



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. and CanWest Global Communications 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. Mr. Leslie did not serve as a director of any other reporting issuers during the period from 2003 to 2008.

David A. Leslie
Age 64
Ontario, Canada
Director Since: 2007
Independent

Committee Membership		Membership on Other Reporting Issuer Boards (Exchange: Symbol)			
Audit Oversight		CanWest Global Communications Inc. (TSX: CGS) Crombie REIT (TSX: CRR.UN) Enbridge Inc. (TSX: ENB) Imris Inc (TSX: IM) Sobeys Inc.			
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2008	750	1	876	1,627	Has until 2012 to meet Share Ownership Guidelines
July 2007	–	–	–	–	



Bill M'Ewan is the President and Chief Executive Officer of Sobeys Inc. He is a member of the Board of Directors of the Food Marketing Institute, and CIES-The Food Business Forum. He served on the National Board of Directors of Kids Help Phone and is past Chairman of the Grocery Industry Foundation Together (G.I.F.T.). Mr. M'Ewan has served as a director of Sobeys Inc. since 2000. Mr. M'Ewan did not serve as a director of any other reporting issuers during the period from 2003 to 2008.

Bill M'Ewan
Age 51
Nova Scotia, Canada
Director Since: 2007
Non-Independent

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 2008	5,000	1	–	5,001	Meets Share Ownership Guidelines
July 2007	–	–	–	–	



Malen Ng
Age 56
Ontario, Canada
Director Since: 2007
Independent

Malen Ng is 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 Jacques Whitford. Ms. Ng previously served as a director of Extencicare Inc. Ms. Ng did not serve as a director of any other reporting issuers during the period from 2003 to 2008.

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 2008	–	1	1,929	1,930	Has until 2012 to meet Share Ownership Guidelines
July 2007	–	–	–	–	



Mel Rhineland
Age 58
Ontario, Canada
Director Since: 2007
Independent

Mel Rhineland is Vice Chairman of Extencicare REIT and Assisted Living Concepts, Inc. Mr. Rhineland 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. Rhineland is also a Certified Human Resources Professional (CHRP). Mr. Rhineland has served as a director of Sobeys Inc. since 2004. Mr. Rhineland did not serve as a director of any other reporting issuers during the period from 2003 to 2008.

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 2008	–	1	1,703	1,704	Has until 2012 to meet Share Ownership Guidelines
July 2007	–	–	–	–	



Stephen J. Savidant
Age 59
Alberta, Canada
Director Since: 2004
Independent

Stephen J. Savidant is Chairman and a director of ProspEx Resources Ltd. He is also a director of Toromont Industries Limited and Sobeys Inc. since 2007. 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 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 2003 to 2008.

Committee Membership				Membership on Other Reporting Issuer Boards (Exchange: Symbol)	
Audit Corporate Governance Nominating				ProspEx Resources Ltd. (TSX: PSX) Sobeys Inc. Toromont Industries Ltd. (TSX: TIH)	
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2008	2,000	1	7,313	9,314	Meets Share Ownership Guidelines
July 2007	2,000	1	5,247	7,248	



David F. Sobey C.M.
Age 77
Nova Scotia, Canada
Director Since: 1963
Non-Independent

David F. Sobey is Chair Emeritus of Sobeys Inc. He was Chief Executive Officer of Sobeys Inc. from 1986 until 1995. He was Chair of Sobeys Inc. until his appointment as Chair Emeritus in 2001. He is Chairman of The Sobey Foundation and The Frank H. Sobey Fund for Excellence in Business Studies, a director of the Atlantic Salmon Federation, a member of the Advisory Board for the Sobey School of Business at Saint Mary's University and Chancellor of Saint Mary's University. 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 2003 to 2008.

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 2008	1,477,466	7,635,874 ⁽⁷⁾	10,236	9,123,576	Meets Share Ownership Guidelines
July 2007	1,477,466	7,635,874 ⁽⁷⁾	8,602	9,121,942	



Donald R. Sobey
Age 73
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 Chairperson of the Board of Trustees of the National Gallery of Canada and a director of the World Wildlife Fund. He is a member of the Queen's University Advisory Council and the Canadian Group, Trilateral Commission. Mr. Sobey has served as a director of Sobeys Inc. since 1998. Mr. Sobey previously served as a director of the following publicly traded companies: Alliance Atlantis Communications Inc., Toronto-Dominion Bank, High Liner Foods Limited, Stora Enso Port Hawkesbury and Trader Classified Media NV. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2003 to 2008.


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 2008	1,426,790 ⁽⁸⁾	7,629,652 ⁽⁸⁾	5,048	9,061,490	Meets Share Ownership Guidelines
July 2007	1,793,610	9,602,992	3,529	11,400,131	





Frank C. Sobey
Age 55
Nova Scotia, Canada
Director Since: 2007
Non-Independent


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. He is a trustee of Wajax Income Fund and a member of the Advisory Board for the Fred C. Manning School of Business Administration at Acadia University and a director of the National Arts Centre Foundation. Mr. Sobey has served as a director of Sobeys Inc. since 2001. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2003 to 2008.

Committee Membership		Membership on Other Reporting Issuer Boards (Exchange: Symbol)			
Oversight (Chair)		Crombie REIT (TSX: CRR.UN) Sobeys Inc. Wajax Income Fund (TSX: WJX.UN)			
Securities Held					
Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2008	452,534 ⁽⁹⁾	2,906,930 ⁽¹⁰⁾	–	3,359,464	Meets Share Ownership Guidelines
July 2007	452,534	2,906,930 ⁽¹⁰⁾	–	3,359,464	

 <p>John R. Sobey Age 59 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 2003 to 2008.</p>						
	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 2008	47,503	19,079	–	66,582	Meets Share Ownership Guidelines	
July 2007	47,503	19,079	–	66,582			

 <p>Karl R. Sobey Age 53 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 2003 to 2008.</p>						
	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 2008	–	2,564,468 ⁽¹¹⁾	–	2,564,468	Meets Share Ownership Guidelines	
July 2007	193,760	2,564,468 ⁽¹¹⁾	–	2,758,228			

 <p>Paul D. Sobey Age 51 Nova Scotia, Canada Director Since: 1993 Non-Independent</p>	<p>Paul D. Sobey is President and Chief Executive Officer of Empire Company Limited, a position he has held 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 member of the Board of Governors of Saint Mary's University. Mr. Sobey was the Chairman of Wajax Limited and a director of Emera Inc. Mr. Sobey has served as a director for Sobeys Inc. since 1998. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2003 to 2008.</p>					
	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 2008	204,065 ⁽⁹⁾	993,166 ⁽¹²⁾	–	1,197,231	Meets Share Ownership Guidelines	
July 2007	204,065	993,166 ⁽¹²⁾	–	1,197,231		

 <p>Rob G.C. Sobey Age 41 Nova Scotia, Canada Director Since: 1998 Non-Independent</p>	<p>Rob G.C. Sobey is President and Chief Executive Officer, Lawton's Drug Stores Limited, a position he has held since February 2006. He has been with Sobeys Inc. since 1989. He previously served as Chairman of the Nova Scotia Community College and Chairman of the Art Gallery of Nova Scotia. He is a member of the Board of Trustees of Queen's University and has served as a director for Sobeys Inc. since 2007. Mr. Sobey did not serve as a director of any other reporting issuers during the period from 2003 to 2008.</p>					
	Committee Membership			Membership on Other Reporting Issuer Boards (Exchange: Symbol)		
	Oversight			Sobeys Inc.		
	Securities Held					
	Year	NV Class A Shares	Class B Shares	DSUs	Total of Shares and DSUs	Share Ownership Status
July 2008	183,906 ⁽¹³⁾	993,166 ⁽¹³⁾	–	1,177,072	Meets Share Ownership Guidelines	
July 2007	183,906	993,166	–	1,177,072		

Notes:

- (1) Committee Membership refers to those Committees on which an Empire director currently sits.
- (2) Securities held are reported as at July 11, 2008 for the current year and July 13, 2007 for the previous year.
- (3) "NV Class A Shares" refers to the number of 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 Class B common shares owned, directly or indirectly, or over which control or direction is exercised by the director.
- (5) The directors' DSU plan is described in this Circular under the heading "Board of Directors' Compensation".
- (6) See section titled "Directors' Share Ownership Requirements".
- (7) David F. Sobey has voting control over DFS Investments Limited, which owns of record 9,609,354 Class B common shares. Of these shares, the children of David F. Sobey exercise direction and control over 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.

- (8) Donald R. Sobey has voting control over Sumac Holdings Limited, which owns of record 10,596,158 Class B common shares and 1,975,116 Non-Voting Class A shares. Of these shares, 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. Changes from July 2007 to July 2008 are the result of a family share reorganization involving Donald Sobey and his children. Following the reorganization, certain Class B common shares and Non-Voting Class A shares owned of record by Sumac Holdings Limited are subject to the exercise of direction and control by the children of Donald Sobey.
- (9) In addition to their shareholdings, Frank C. Sobey owns 5,132 options and Paul D. Sobey owns 54,140 options, all of which were issued under Empire's LTIP. See the "Executive Compensation" section for more information regarding the options.
- (10) 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.
- (11) 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.
- (12) 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.
- (13) Rob G.C. Sobey exercises 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.

Shareholdings of Board Members		
	July 11, 2008	July 13, 2007
• Total number of Non-Voting Class A shares held by all current and nominated directors:	3,866,629	4,417,459
• Total number of Class B common shares held by all current and nominated directors:	22,742,335	24,715,675
• Total number of Empire DSUs held by all current and nominated directors:	64,878	47,756
• Total value ⁽¹⁾ of Non-Voting Class A shares held by all current and nominated directors:	\$ 163,166,420	\$ 219,856,934
• Total value ⁽¹⁾ of Class B common shares held by all current and nominated directors:	\$ 953,813,530	\$ 1,230,099,145
• Total value ⁽¹⁾ of Empire DSUs held by all current and nominated directors:	\$ 2,720,983	\$ 2,376,816
• Total value ⁽¹⁾ of Non-Voting Class A shares, Class B common shares, and DSUs held by all current and nominated directors	\$ 1,118,700,933	\$ 1,452,332,895

Note:

- (1) All values are based on the closing price of the Non-Voting Class A shares on the TSX as at July 11, 2008, of \$41.94 (July 13, 2007 – \$49.77) per share.

Committee Membership and Record of Attendance

The following table summarizes the meetings of the Board and its Committees held during the fiscal year ended May 3, 2008, and the attendance at such meetings of those individual directors nominated for re-election to the Board of Directors of the Company.

Board of Directors Attendance during Fiscal 2008 ⁽¹⁾					
Director	Board Meeting Attendance ⁽²⁾		Committee Membership	Committee Meetings Attendance	
		%			%
John L. Bragg	7/10	70%	Human Resources Committee	5/5	100%
			Corporate Governance Committee (Chair) ⁽³⁾	4/4	100%
			Nominating Committee (Chair)	4/4	100%
Marcel Côté ⁽⁴⁾	5/7	71%	Human Resources Committee	4/4	100%
			Corporate Governance Committee	3/3	100%
			Nominating Committee	3/3	100%

Director	Board Meeting Attendance ⁽²⁾	%	Committee Membership	Committee Meetings Attendance	%
Christine Cross ⁽⁴⁾	5/7	71%	Human Resources Committee	4/4	100%
			Oversight Committee	5/5	100%
Robert P. Dexter ⁽⁵⁾	10/10	100%			
David S. Ferguson ⁽⁴⁾	6/7	86%	Human Resources Committee	4/4	100%
			Oversight Committee	4/5	80%
Edward C. Harsant	10/10	100%	Audit Committee	7/7	100%
			Corporate Governance Committee	3/3	100%
			Nominating Committee	3/3	100%
David A. Leslie ⁽⁴⁾	7/7	100%	Audit Committee	5/5	100%
			Oversight Committee	5/5	100%
Bill McEwan ⁽⁴⁾⁽⁶⁾	7/7	100%			
Malen Ng ⁽⁴⁾	7/7	100%	Audit Committee (Chair)	5/5	100%
			Oversight Committee	5/5	100%
Mel Rhineland ⁽⁴⁾	5/7	71%	Human Resources Committee (Chair)	4/4	100%
			Corporate Governance Committee	3/3	100%
			Nominating Committee	3/3	100%
Stephen J. Savidant	9/10	90%	Audit Committee	6/7	86%
			Corporate Governance Committee	2/3	67%
			Nominating Committee	2/3	67%
David F. Sobey	10/10	100%			
Donald R. Sobey	9/10	90%			
Frank C. Sobey ⁽⁴⁾	7/7	100%	Oversight Committee (Chair)	5/5	100%
John R. Sobey	9/10	90%	Audit Committee	7/7	100%
Karl R. Sobey ⁽⁷⁾	10/10	100%	Human Resources Committee	1/1	100%
			Corporate Governance Committee	3/4	75%
Paul D. Sobey ⁽⁸⁾	10/10	100%			
Rob G.C. Sobey	9/10	90%	Oversight Committee	4/5	80%
Overall Board Attendance Rate		91%	Overall Audit Committee		97%
			Overall Human Resources Committee		100%
			Overall Corporate Governance Committee		90%
			Overall Nominating Committee		94%
			Overall Oversight Committee		93%

Notes:

- (1) In addition to the above listed directors, four directors retired prior to the September 2007 Board Meeting and Annual General Meeting. The attendance record of each of those directors is detailed as follows in the format (Name, Board Meetings Attended/Held, Audit Meeting Attended/Held, Human Resources Meeting Attended/Held, Corporate Governance Meeting Attended/Held, Nominating Meeting Attended/Held): William T. Brock, 2/3, NA, 0/1, 0/1, 0/1; James W. Gogan, 3/3, 2/2, NA, NA, NA; Anna Porter, 1/3, 1/2, NA, NA, NA; E. Courtney Pratt, 3/3, NA, 1/1, 1/1, 1/1. James W. Gogan was the Chair of the Audit Committee and E. Courtney Pratt was the Chair of the Human Resources Committee when they retired from the Board in September.
- (2) A total of ten Board meetings were held during the year: four regular quarterly meetings, a two-day strategy session (treated as two meetings) and four special meetings (via telephone). The Committees met in association with each regular quarterly Board meeting and held additional meetings during the year as needed.
- (3) Effective September 2007, the Corporate Governance and Nominating Committee split into the Corporate Governance Committee and the Nominating Committee.

- (4) Director was elected to the Board at the 2007 Annual General Meeting in September. Three of the ten Board meetings occurred prior to their election to the Board.
- (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 M^cEwan is not a member of any of the Committees; however, as President and Chief Executive Officer of Sobeys Inc. he attends Committee meetings in a non-voting capacity, at the invitation of the Committee Chair.
- (7) Karl R. Sobey stepped down as a member of the Human Resources Committee after its June 2007 meeting. In addition, he became a member of the Corporate Governance and Nominating Committee for the June 2007 meeting.
- (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 Chair.

Director Independence and Other Relationships

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 an analysis of the application of the principles supporting this conclusion. 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
John L. Bragg	✓		
Marcel Côté	✓		
Christine Cross	✓		
Robert P. Dexter	✓		
David S. Ferguson	✓		
Edward C. Harsant	✓		
David A. Leslie	✓		
Bill M ^c Ewan		✓	President and CEO, Sobeys Inc.
Malen Ng	✓		
Mel Rhineland	✓		
Stephen J. Savidant	✓		
David F. Sobey		✓	Paul D. Sobey’s father
Donald R. Sobey		✓	Rob G.C. Sobey’s father
Frank C. Sobey		✓	VP, Real Estate of Empire
John R. Sobey	✓		
Karl R. Sobey		✓	Brother of Frank C. Sobey, VP, Real Estate of Empire
Paul D. Sobey		✓	President and CEO, Empire
Rob G.C. Sobey		✓	President and CEO, Lawton’s Drug Stores Limited, a subsidiary of Sobeys Inc.

Robert P. Dexter’s primary occupation is Chair and CEO of Maritime Travel Inc. He is also a non-active partner in a law firm that provides legal services to Empire and its subsidiaries; however, he is not involved in the provision of legal services to Empire or any of its subsidiaries and receives a fixed remuneration, unrelated to services provided to the Company, from the law firm. The Board considers Mr. Dexter to be independent.

Interlocking Directorships

The following table outlines those Empire directors who are considered by the Board to have interlocking directorships as of July 25, 2008.

Interlocking Public Board Directorships		
Company	Director	Committee Membership
Assisted Living Concepts, Inc.	Malen Ng Mel Rhinelanders	Audit (Chair) Executive
Crombie REIT (Empire owns a 47.8% interest)	David A. Leslie Frank C. Sobey Paul D. Sobey	Audit (Chair) and Investment Human Resources
Wajax Income Fund (Empire owns a 27.6% interest)	Robert P. Dexter Frank C. Sobey	Human Resources and Corporate Governance Corporate Governance (Chair)

Voting and Share Information

Class B Common Shares

The Board of Directors has fixed July 31, 2008 as the record date for the purpose of determining which shareholders are entitled to receive the Notice of Annual General Meeting.

On July 11, 2008, the Company had 34,260,763 outstanding Class B common shares without par value, 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 11, 2008, 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	Approximate Number of Shares	Percentage of Class B
DFS Investments Limited ⁽¹⁾	9,609,354	28.05%
Sumac Holdings Limited ⁽²⁾	10,596,158	30.93%
Dunvegan Holdings Limited ⁽³⁾	9,978,852	29.13%

Notes:

- (1) David F. Sobey has voting control of 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 with the balance controlled by the children of David F. Sobey pursuant to a shareholders' agreement among all the shareholders of DFS Investments Limited. David F. Sobey also owns 12,844 Class B common shares other than through DFS Investments Limited.
- (2) Donald R. Sobey has voting control of 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 with the balance controlled by the children of Donald R. Sobey pursuant to a shareholders agreement among the shareholders of Sumac Holdings Limited.
- (3) Dunvegan Holdings Limited is jointly controlled by the children of William Sobey (deceased).

Non-Voting Class A Shares

On July 11, 2008, the Company had 31,484,498 outstanding Non-Voting Class A shares without par value. 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.

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 of any such descendants.

Board of Directors' Compensation

Board of Directors' Compensation Paid in Fiscal 2008

During fiscal 2008, 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⁾		
	2008	2007
Annual Directors' Retainer	\$ 50,000	\$ 45,000
Chair of the Board's Retainer ⁽²⁾	\$ 200,000	\$ 180,000
Meeting Fee: ⁽³⁾		
• Board	\$ 2,000	\$ 1,750
• Committee ⁽⁴⁾	\$ 2,000	\$ 1,750
• Telephone (Board or Committee)	\$ 1,250	\$ 1,250
Committee Chairs' Retainer:		
• Audit	\$ 15,000	\$ 15,000
• Human Resources	\$ 15,000	\$ 5,000
• Other Committees	\$ 10,000	\$ 5,000
Committee Members' Retainer:		
• Audit	\$ 5,000	\$ 5,000
• Other Committees	\$ 3,000	\$ 3,000

Notes:

- (1) The 2008 fees were approved at the Annual General Meeting in September 2007, and are applicable as of the September 2007 Board meeting. Any meetings occurring after May 5, 2007 (Empire's fiscal year-end) but prior to the September 2007 Board meeting were paid using the 2007 approved fees as listed above. Directors who live outside Canada were paid their fees in U.S. Dollars.
- (2) The Chair of the Board did not receive meeting fees.
- (3) For meetings prior to the September 2007 Board Meetings, a travel allowance of \$750 was paid to directors for any meeting attended outside their province of residence.
- (4) In fiscal 2007, Audit Committee meeting fees were \$2,500 per meeting; all other Committee meeting fees were \$1,750 per meeting.

The following table details the remuneration paid to Empire's directors during the fiscal year ended May 3, 2008.

Remuneration of Empire Directors⁽¹⁾ For the Fiscal Year Ended May 3, 2008							
Director	Empire Board Retainer	Empire Committee Retainer	Empire Board Meeting Fees	Empire Committee Meeting Fees	Remune- ration Received as Sobeys Director ⁽²⁾	Total	% of Total Empire Fees Allocated to DSUs
John L. Bragg	\$ 48,750	\$ 11,750	\$ 12,250	\$ 15,500	\$ 9,750	\$ 98,000	100%
William T. Brock ⁽³⁾	11,250	1,500	2,500	–	–	15,250	100%
Marcel Côté ⁽⁴⁾	37,500	4,500	10,000	12,000	10,250	74,250	100%
Christine Cross ⁽⁴⁾	37,500	4,500	10,000	14,500	11,750	78,250	0%
Robert P. Dexter	195,000	–	–	–	9,750	204,750	48%
David S. Ferguson ⁽⁴⁾	37,500	4,500	9,750	13,250	7,500	72,500	0%
James W. Gogan ⁽³⁾⁽⁵⁾	11,250	3,750	5,000	3,750	–	23,750	0%
Edward C. Harsant ⁽⁶⁾	48,750	7,250	17,500	18,250	1,250	93,000	62%
David A. Leslie ⁽⁴⁾	37,500	6,000	12,500	17,750	16,750	90,500	50%
Bill McEwan ⁽⁴⁾⁽⁷⁾	–	–	–	–	–	–	–
Malen Ng ⁽⁴⁾	37,500	13,500	12,500	17,750	16,750	98,000	100%
Anna Porter ⁽³⁾	11,250	1,250	1,250	1,250	–	15,000	100%
E. Courtney Pratt ⁽³⁾	11,250	2,000	5,000	3,500	–	21,750	50%
Mel Rhineland ⁽⁴⁾	37,500	13,500	8,500	12,000	14,250	85,750	100%
Stephen J. Savidant	48,750	7,250	15,500	14,250	1,250	87,000	100%
David F. Sobey	48,750	–	17,500	–	5,000	71,250	100%
Donald R. Sobey	48,750	–	15,500	–	5,000	69,250	100%
Frank C. Sobey ⁽⁴⁾⁽⁷⁾	–	–	–	–	–	–	–
John R. Sobey	48,750	5,000	16,250	12,250	9,250	91,500	0%
Karl R. Sobey	48,750	3,000	16,750	5,750	1,250	75,500	0%
Paul D. Sobey ⁽⁷⁾	–	–	–	–	–	–	–
Rob G.C. Sobey ⁽⁷⁾	–	–	–	–	–	–	–
Total Remuneration Paid	\$806,250	\$89,250	\$188,250	\$161,750	\$119,750	\$1,365,250	60%

Notes:

- (1) Remuneration refers to the compensation paid to the directors during the fiscal year ended May 3, 2008, paid either in cash or DSUs. Directors who live outside of Canada were paid their fees in U.S. Dollars.
- (2) Remuneration received as a Sobeys Director refers to the compensation paid to Sobeys Directors for meetings that occurred between May 6, 2007 and July 6, 2007, inclusive. Included in the above figures, David A. Leslie, Malen Ng and Mel Rhineland received additional compensation of \$5,000 each for sitting on a special committee related to the privatization transaction.
- (3) William T. Brock, James W. Gogan, Anna Porter and E. Courtney Pratt retired from the Board prior to the September 2007 Annual General Meeting and did not attend the September Board meeting.
- (4) Director was elected at the September 2007 Annual General Meeting.
- (5) James W. Gogan continued to serve on the Sobeys Pension Investment Committee after his retirement from the Board. He received \$4,000 for his services to the Committee.

- (6) Edward C. Harsant is Chair of the Advisory Board of Lawton's (a subsidiary of Sobeys) and received annual compensation during fiscal 2008 of \$30,000.
- (7) Paul D. Sobey and Frank C. Sobey are employees of Empire Company Limited and Bill M^cEwan and Rob C.G. Sobey are employees of Sobeys. In accordance with Empire policy, they are not entitled to receive compensation for being directors of Empire.

Directors' Share Ownership Requirements

The Board has determined that share ownership (any combination of Non-Voting Class A, Class B common shares, and DSUs) of at least four times the annual retainer is appropriate for directors of the Company. A director has five years from the date of joining the Board to reach the required ownership level.

Directors' Stock Unit Plan

Directors resident in Canada or, effective March 2008, the United States, may elect to receive all or any portion of their fees in deferred stock units under the directors' Deferred Stock Unit Plan ("DSUP") 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 and its subsidiaries through participation in a directors' and officers' insurance policy. The total policy limit is \$50 million annually for the Company and the 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 \$180,150 was paid by the Company in fiscal 2008.

Executive Compensation

Composition of the Human Resources Committee

The Human Resources Committee is composed of the following five directors: Mel Rhineland (Chair), John L. Bragg, Marcel Côté, Christine Cross and David Ferguson.

Report on Executive Compensation

The Human Resources Committee's mandate includes the establishment of executive compensation programs that reinforce the achievement of Board objectives, monitoring succession plans, determining salary levels, determining Annual Management Incentive Plan ("AMIP") awards, determining Long-Term Incentive Plan ("LTIP") awards, and reviewing management training and development programs and occupational health and safety matters.

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

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

Fiscal 2008 was a transition year. The Empire Human Resources Committee undertook a comprehensive review of the executive pay programs. This work followed a similar undertaking by the Human Resources Committee of Sobeys prior to its privatization.

As part of the Committee's deliberations in setting total direct compensation (salary + annual bonus + long term incentives) a number of Canadian competitive references are taken into consideration. These include 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 Committee also considers the respective role, responsibilities and performance of each executive.

The Committee retained the services of an independent compensation consultant, Towers Perrin, to assist in the above mentioned review. For fiscal 2008, Towers Perrin's executive compensation advisory fees totaled \$122,700 and were approved by the Committee Chair. The Committee is satisfied that the advice received from Towers Perrin is objective and independent. In addition, the Company also paid Towers Perrin fees of \$477,000 for other actuarial, pension and benefits work.

Executive compensation is composed of the following elements:

Base Salary – Base salary remunerates management for discharging job requirements. It is reviewed annually by the Human Resources Committee to ensure that it continues to reflect individual performance and market conditions for executives in Empire and Sobeys.

Annual Management Incentive Plan – Empire executives participate in Empire's AMIP whereby awards are based on the attainment of pre-established, Board-approved financial and personal objective goals. The awards range from 25 to 50 percent of base salary when targeted results are achieved, with maximum payout ranging from 50 to 100 percent. The financial component is based upon achievement of the Board-approved fiscal 2008 earnings before capital gains and other items budget, (i.e. "target" performance). 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. The relative weighting for financial performance is 80 percent for the CEO and 90 percent for all other participants with personal objective goals representing the balance at target performance levels.

Sobeys' executives participate in Sobeys' AMIP whereby awards are based on the attainment of pre-established, Board-approved annual sales and profitability targets. The 75 percent of base salary AMIP target incentive for executives with national responsibilities is dependent upon the achievement of sales and profitability targets for the entire Company. The 75 percent of base salary AMIP target incentive for executives responsible for regional business unit operations is dependent upon the achievement of sales and profitability targets specific to their business unit. The maximum payout under the both the Sobeys National and Regional AMIP is 150 percent of base salary.

Long Term Incentive Plan – The LTIP provides executives with the opportunity to earn annual awards based on the attainment of certain targets. Empire's Option Plan under its LTIP provides for the issuance of stock options exercisable at not lower than the market price on the date of grant, with a term of up to ten years. Empire's current practice is to grant options having a term of eight years. Options may be granted to officers or full-time employees of the Company or its affiliates as approved by the Human Resources Committee. The plan is designed to reward executives for creating sustained, long-term shareholder value.

The options granted include vesting provisions:

- 12.5 percent of the options vest annually;
- 6.25 percent of the options vest annually upon achievement of specified annual Return on Equity targets; and
- 6.25 percent of the options will vest annually upon achievement of specified Diluted Earnings per Share targets.

Empire's Option Plan also contain a 'cashless' exercise feature whereby the participant may elect to receive the value of the option gain in issued shares instead of exercising the option (i.e. number of shares = option gain / share price).

In prior years, Empire executives were provided an annual incentive opportunity based on the attainment of Return on Capital Employed ('ROCE') and Economic Value Added ('EVA') targets established three fiscal years in advance of the payments. Similarly, Sobeys' executives participated in a Sobeys' LTIP, which provided executives with the opportunity to earn annual cash awards based on Sobeys' progress to date in attaining three-year performance targets for EVA improvement.

The Empire LTIP also provides for the share purchase entitlements under the Employee Share Purchase Plan ('ESPP') portion of the LTIP. No share purchase awards have been granted to Named Executive Officers under the Company's ESPP during the most recently completed fiscal year. Awards previously made under this program 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 matured 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 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.

Sobeys has a Phantom Option Plan which provides for the issuance of phantom share options exercisable at not lower than the valuation price on the date of grant. The Phantom Options are subject to a performance period or term of five years. Sobeys Phantom Options may be granted to officers or full-time employees of Sobeys as approved by the Human Resources Committee. Gains will be realized through any increases in equity value over the performance period. The initial grant of phantom options will vest over a three year period at a rate of 33 percent per year. It is intended that subsequent phantom option grants will vest over a four year period at a rate of 25 percent per year.

Sobeys' executives participated in a Sobeys' ESPP which was the same in all material aspects to the Empire plan, except that the share purchase entitlements were for Sobeys common shares issued from treasury or acquired by Sobeys in the open market. For Sobeys' executives upon the privatization of Sobeys, all outstanding share positions were settled at the acquisition price and all loans were discharged.

Share Ownership – Through the prior LTIP program and their other personal holdings, the Empire participants built up significant ownership. To this end, the Committee is satisfied that current executive ownership levels are appropriate. The Committee will continue to monitor executive ownership going forward.

The following table outlines the beneficial share ownership by the Named Executive Officers as of July 11, 2008.

Name	Number of Shares Held ⁽¹⁾		Share Value ⁽²⁾	
	Class A	Class B	Class A	Class B
Paul D. Sobey	204,065	993,166	\$8,558,486	\$41,653,382
Paul V. Beesley	55,880	–	\$2,343,607	–
Bill M ^c Ewan	5,000	–	\$209,700	–
François Vimard	1,000	–	\$41,940	–

Notes:

(1) Securities held are reported as at July 11, 2008. In addition to the shares held listed above, Paul D. Sobey holds 54,140 options and Paul V. Beesley holds 21,156 options issued under Empire's LTIP Option Plan.

(2) Share value calculated based on the closing share price of the NV Class A on the TSX on July 11, 2008 of \$41.94 per share.

The President and CEO of Empire must maintain an ownership level of Non-Voting Class A shares of at least five times salary until one year following retirement.

Reimbursement of Incentive and Equity Based Compensation – The Committee has approved a policy that will require the reimbursement of incentive and equity-based compensation upon the occurrence of certain events including a significant restatement of financial results.

Deferred Profit Sharing Plan (“DPSP”) – Executives are eligible to participate in Empire's and Sobeys' registered Deferred Profit Sharing Plan. The DPSP does not form a material part of executive compensation and is described more fully under the heading “Employee Plans”. The Canada Revenue Agency (“CRA”) prohibits the participation of “connected persons” in registered profit sharing plans. CRA primarily defines a connected person as a person who does not deal at arm's length with the employer. Certain individuals connected by blood relationship, marriage, common-law partnership or adoption are “related persons” and therefore are deemed not to deal at arm's length. Individuals who own a corporation such that they have control of the corporation are considered not to deal at arm's length with the corporation. Corporations that are connected by ownership are also considered to be related.

Our legal counsel periodically reviews the relationships of individuals employed within the Company and the current list of individuals who meet the criteria of being connected persons includes Paul D. Sobey.

Compensation of the President and Chief Executive Officer

In determining the appropriate total compensation, the Human Resources Committee carefully assesses the performance of Paul D. Sobey, the President and CEO, considering both financial and non-financial components of his performance. Empire's compensation structure for the President and CEO contains significant pay at risk components.

The Human Resources Committee considers that the President and CEO's current compensation provides appropriate motivation for the attainment of Company objectives as established by the Board. Assuming the Company meets, but does not exceed, the performance targets established by the Board in any fiscal year, the total compensation for the President and CEO would be comprised of base salary, an AMIP award of 50 percent of base salary, and a LTIP award of 100 percent of base salary delivered through stock options. If the Company exceeds its performance targets, the weight attributed to the AMIP is increased, such that at the maximum bonus payout the President and CEO would receive an AMIP award of 100 percent of base salary. Actual performance for fiscal 2008 resulted in the President and CEO receiving an AMIP award of 97.1 percent of base salary.

Similar to the other Empire executives, the President and CEO's AMIP award is based on the attainment of financial and personal objectives. The financial component is based upon achievement of the Board-approved fiscal 2008 operating earnings per share budget (i.e. "target" performance). Capital gains (losses) and other items are not budgeted for. Historically capital gains (losses) and other items have been primarily related to realized gains (losses) on the Company's liquid securities portfolio. The weightings attributed to each of these components are as follows: 80 percent weight to the financial component and 20 percent to the individual component. If the Company exceeds its performance targets, the AMIP is increased with the maximum AMIP bonus payout the President and CEO could receive being 100 percent of base salary. Actual performance for fiscal 2008 resulted in the President and CEO receiving an AMIP award of \$577,745 equivalent to 97.1 percent of base salary and an LTIP award of \$595,000 equivalent to 100.0 percent of base salary. As outlined in the President and CEO Summary Compensation Table below, in fiscal 2008 the President and CEO of Empire Company Limited earned total compensation of \$1,863,745.

President and Chief Executive Officer Summary Compensation Table									
Name	Fiscal Year	Annual Compensation		Long-Term Compensation			Total Direct Compensation	Pension Annual Service Cost ⁽³⁾	Total Annual Compensation
		Annualized Base Salary ⁽¹⁾	Bonus (AMIP)	Stock Options Granted ⁽²⁾	LTIP Payout	Total			
Paul D. Sobey	2008	\$595,000	\$577,745	\$595,000	\$ –	\$1,767,745	\$96,000	\$1,863,745	
	2007	\$580,200	\$458,358	\$ –	\$435,150	\$1,473,708	\$86,000	\$1,559,708	
	2006	\$562,755	\$516,947	\$ –	\$450,204	\$1,529,906	\$84,000	\$1,613,906	

Notes:

- (1) Annualized Base Salary in effect at the end of the fiscal year, not actual earnings, excluding employee holiday bonuses.
- (2) The amount represents the estimated compensation value at the time of grant. The number of options granted is provided in the Summary Compensation Table.
- (3) The Annual Service Cost represents the value of the projected pension benefit earned during the year.

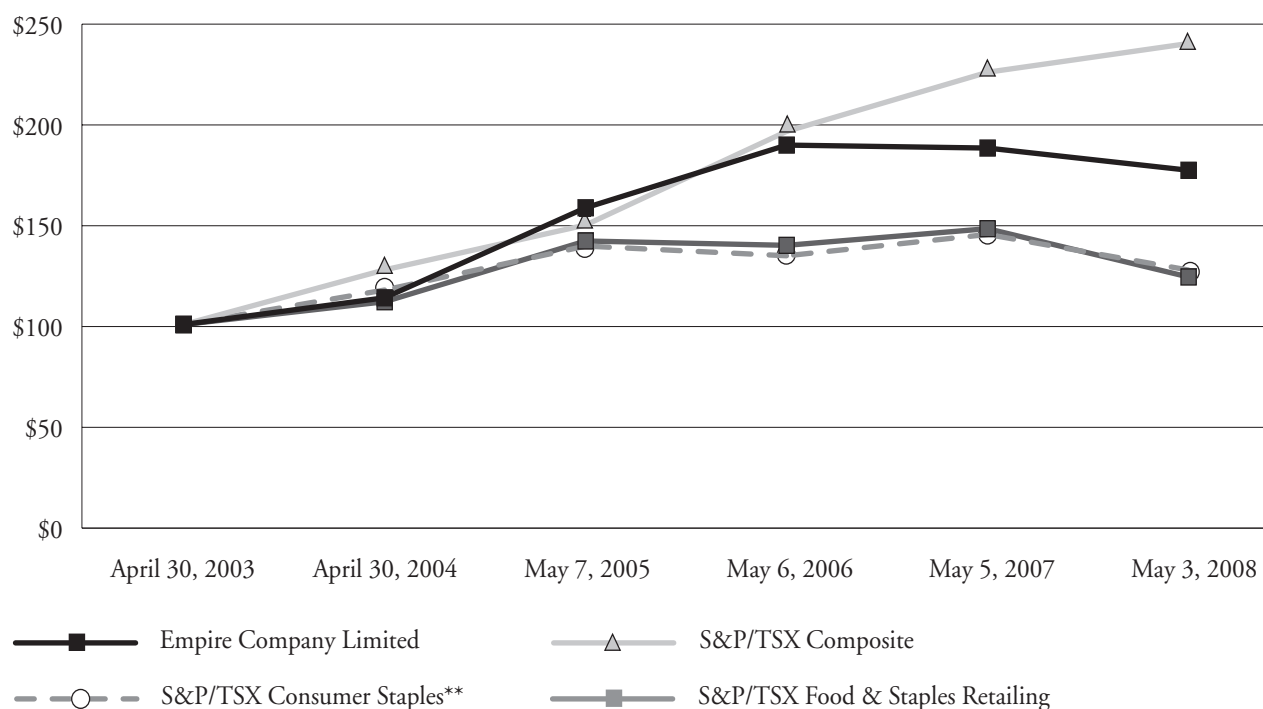
The Human Resources Committee believes that the total compensation received by the President and CEO in fiscal 2008 was appropriate given his contribution to Empire's overall success, its strong financial position and the achievement of performance targets and individual objectives. This report on executive compensation is presented by the Human Resources Committee, consisting of the following directors:

Mel Rhineland (Chair of Human Resources Committee)
 John L. Bragg
 Marcel Côté
 Christine Cross
 David Ferguson

Performance Graph

The following chart compares Empire's five-year cumulative total shareholder return from a \$100 investment in Non-Voting Class A shares on April 30, 2003 to the S&P/TSX Composite Index, to the S&P/TSX Food and Staples Retailing Index and to the S&P/TSX Consumer Staples Index. It has been assumed that all dividends have been reinvested.

Comparison of 5 Year Cumulative Total Return*
Among Empire Company Limited, the S&P/TSX Composite Index
and the S&P/TSX Consumer Staples Index



* \$100 invested on 4/30/03 in stock or index-including reinvestment of dividends.

** Due to Empire's significant exposure to the Canadian food retailing sector, Empire's management felt it was prudent to compare the return on Empire's shares to that of the S&P/TSX Food & Staples Retailing index. As a result, Empire will cease to use the S&P/TSX Consumer Staples index as a benchmark on a go-forward basis.

	April 30, 2003	April 30, 2004	May 7, 2005 ⁽¹⁾	May 6, 2006 ⁽¹⁾	May 5, 2007 ⁽¹⁾	May 3, 2008 ⁽¹⁾	Compound Annual Growth
Empire Company Limited	\$100.00	\$113.40	\$158.52	\$189.95	\$188.46	\$177.33	12.1%
S&P/TSX Composite	\$100.00	\$127.40	\$149.88	\$196.81	\$226.47	\$240.89	19.2%
S&P/TSX Consumer Staples ⁽²⁾	\$100.00	\$117.29	\$139.33	\$134.46	\$145.15	\$127.30	4.9%
S&P/TSX Food & Staples Retailing	\$100.00	\$111.41	\$141.87	\$139.69	\$148.04	\$123.82	4.4%

Note:

(1) For fiscal years after 2004, Empire changed its year-end from April 30th to the first Saturday in May to correspond with that of Sobeys.

(2) Index will be replaced on a go-forward basis by the S&P/TSX Food & Staples Retailing index as discussed above.

Statement of Executive Compensation

The following table sets forth information concerning the annual and long-term compensation earned for services rendered during each of the last three fiscal years in respect of the individuals who were Chief Executive Officer and Chief Financial Officer during the current fiscal year and the other three most highly compensated executive officers of the Company and its subsidiaries, for the current fiscal year (the “Named Executive Officers”):

Summary Compensation Table							
Name and Principal Position	Fiscal Year	Annual Compensation			Long-Term Compensation		All Other Compensation ⁽⁵⁾
		Salary ⁽¹⁾	Bonus	Other Annual Compensation ⁽²⁾	Securities Under Options Granted ⁽³⁾	LTIP Payout ⁽⁴⁾	
Paul D. Sobey President and Chief Executive Officer of Empire	2008	\$598,077	\$577,745	\$58,096	54,140	\$0	\$19,058
	2007	\$582,994	\$458,358	\$72,579	–	\$435,150	\$18,058
	2006	\$567,040	\$516,947	\$53,230	–	\$450,204	\$17,058
Paul V. Beesley Executive Vice President, Chief Financial Officer of Empire	2008	\$311,110	\$269,885	\$29,901	21,156	\$0	\$18,143
	2007	\$296,372	\$202,722	\$33,325	–	\$199,181	\$17,632
	2006	\$286,445	\$255,849	\$21,596	–	\$204,682	\$16,649
Bill McEwan President and Chief Executive Officer of Sobeys Inc.	2008	\$994,905	\$900,000	\$15,705	106,353	\$0	\$18,541
	2007	\$960,563	\$569,418	\$129,552	–	\$534,946	\$18,126
	2006	\$926,084	\$599,217	\$84,163	–	\$981,789	\$17,108
Marc Poulin President Operations of Sobeys Québec	2008	\$427,795	\$482,847	\$4,329	22,866	\$0	\$18,089
	2007	\$412,836	\$513,822	\$36,186	–	\$91,964	\$17,632
	2006	\$396,652	\$378,000	\$23,973	–	\$168,800	\$16,749
François Vimard Chief Financial Officer of Sobeys Inc.	2008	\$421,883	\$378,873	\$3,985	22,637	\$0	\$18,100
	2007	\$385,118	\$173,299	\$32,880	–	\$85,759	\$17,690
	2006	\$372,986	\$194,700	\$20,561	–	\$158,250	\$16,695

Notes:

- (1) Salary includes nominal amounts paid in respect to employee holiday bonuses.
- (2) Other Annual Compensation represents the aggregate of imputed interest on interest-free loans provided by the Company to the Named Executive Officers in connection with the purchase of Common Shares under the Company's and Sobeys' ESPP. In no case did the aggregate amount of annual compensation paid to any of the Named Executive Officers in the form of perquisites and/or other personal benefits, securities or property exceed the lesser of \$50,000 or 10 percent of the total annual salary and bonus paid to the Named Executive Officer.
- (3) For Empire executives, the numbers in this column represent stock options granted under the Empire Stock Option Plan. For Sobeys executives, the numbers in this column represent phantom options granted under the Sobeys Phantom Option Plan.
- (4) LTIP payments made in prior years before introduction of Empire's Stock Option Plan in fiscal 2008 and Sobeys' Phantom Performance Option Plan in fiscal 2008.
- (5) Other Compensation represents premiums paid in respect of the life insurance and accidental death and dismemberment insurance of the Named Executive Officers and contributions by the Company on behalf of the Named Executive Officers to the Company's defined contribution pension plan(s).

The following table outlines the options granted under Empire's LTIP during the most recently completed fiscal year to certain Named Executive Officers.

Option Grants During the Most Recently Completed Financial Year⁽¹⁾					
Named Executive Officer	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Respect of Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Paul D. Sobey	54,140	58.36%	\$43.96	\$37.76	June 2015
Paul V. Beesley	21,156	22.28%	\$43.96	\$37.76	June 2015

Notes:

(1) The figures shown in this table represent the number of Empire common shares under options granted to each of the Empire Named Executive Officers on March 24, 2008 in respect of fiscal 2008.

The following table outlines the phantom performance options granted under Sobey's LTIP during the most recently completed fiscal year to certain Named Executive Officers.

Option Grants During the Most Recently Completed Financial Year⁽¹⁾					
Named Executive Officer	Securities Under Options Granted (#)	% of Total Options Granted to Employees in Respect of Financial Year	Exercise or Base Price (\$/Security)⁽²⁾	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)⁽²⁾	Expiration Date
Bill McEwan	106,353	19.83%	\$52.89	\$52.89	June 2012
Marc Poulin	22,866	4.26%	\$52.89	\$52.89	June 2012
François Vimard	22,637	4.22%	\$52.89	\$52.89	June 2012

Notes:

(1) The figures shown in this table represent the number of Sobey's phantom shares under options granted to each of the Sobey's Executive Officers on June 28, 2007 in respect of fiscal 2008.

(2) The exercise price and the equity value are based on the most recent valuation prior to grant, which was \$52.89.

The following table outlines the aggregated option exercises during the most recently completed fiscal year.

Aggregated Option Exercises During the Most Recently Completed Fiscal Year				
Named Executive Officer	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at FY-End (#) Exercisable/Unexercisable	Value of Unexercised in-the-Money Options at FY-End (\$ Exercisable/Unexercisable⁽¹⁾)
Paul D. Sobey	—	—	13,535 / 40,605	—
Paul V. Beesley	—	—	5,281 / 15,875	—
Bill McEwan	—	—	35,415 / 70,938	—
Marc Poulin	—	—	7,614 / 15,252	—
François Vimard	—	—	7,538 / 15,099	—

Notes:

(1) An option is in-the-money at year-end if the market value of the underlying securities at that date exceeds the exercise or base price of the option. Empire's share value is based on the closing share price of the TSX on July 11, 2008 of \$41.94 per share. Sobey's share value is based on fiscal year end price of \$52.73.

Long-Term Incentive Plan

The Empire LTIP provides for share purchase entitlements under the ESPP portion of the LTIP, share option awards under the Option Plan portion of the LTIP, and cash incentive awards under the Medium Term Performance Plan (“MTPP”) portion of the LTIP. The Company’s current practice is to use only the Option Plan of the LTIP.

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 full-time employees (as determined by a Committee appointed by the Board, the “Human Resources 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, being approximately 4.9 percent of the outstanding Non-Voting Class A shares and Class B common shares. 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;
- (b) the issuance to insiders, within a one-year period, of a number of Non-Voting Class A shares exceeding 10 percent of the those outstanding;

Stock options issued under the LTIP are exercisable at not lower than market price at the date of grant, with a term of up to ten years. Current practice is to grant options with a term of eight years. Options may be granted to officers or full-time employees of the Company or its affiliates as approved by the Human Resources Committee. Empire’s current practice is to include vesting provisions in share option awards whereby half of the options granted will vest over a four year period at a rate of 25 percent per year, one-quarter of the options will vest over a four year period at a rate of 25 percent per year subject to achievement of annual Return on Equity targets, and one-quarter of the options will vest over a four-year period at a rate of 25 percent per year subject to achievement of annual Diluted Earnings per Share targets.

Options granted under the LTIP may also contain a ‘cashless’ exercise feature whereby the participant may elect to receive the value of the option gain in issued shares instead of exercising the option (i.e. number of shares = option gain / share price).

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

- If, before the expiry of an option, the employment of a participant is terminated as a result of retirement of the participant at normal retirement age, the option may only be exercised by the participant within 36 months of the effective date of retirement, but prior to the option expiry date. Unvested options will continue to vest in accordance with the terms of this Agreement during this 36 month period.
- If, before the expiry of an option, the participant tenders his or her resignation, the participant has 30 days from the effective date of the resignation to exercise the option, subject to the option’s expiry date. Unvested options as at the effective date of resignation will be forfeited.
- If, before the expiry of an option, the employment of the participant by the Company shall terminate as a result of the death of the participant, the option shall be deemed to be vested on the next vesting date following the date of the death and may only be exercised by the legal personal representative(s) of the estate of the participant within six months of the vesting date following the date of the death of the participant, but prior to the option expiry date.
- If, before the option expiry date, the participant’s physical or mental incapacity prevents him or her from substantially fulfilling his or her duties and responsibilities on behalf of the Company, the option will continue to vest in accordance with the terms of this plan for one year after the date on which the employee ceases to perform his or her duties and responsibilities on behalf of the Company, and vested options may only be exercised by the participant within three years of the date on which the employee ceases to perform his or her duties.
- If, before the option expiry date, the employment of the participant by the Company shall be terminated by the Company without cause, the option may only be exercised by the participant within 90 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.

As at July 11, 2008 there were 92,766 options outstanding under the Empire LTIP.

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 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.

Sobeys has an LTIP for its executives under which phantom share options are granted. These Phantom Options are exercisable at not lower than the valuation price on the date of grant, subject to a performance period or term of not more than 5 years. Sobeys Phantom Options may be granted to officers or full-time employees of Sobeys as approved by the Committee. Gains will be realized through any increases in the phantom share price, which is derived from Sobeys Equity Value, over the performance period. The initial grant in fiscal 2008 of phantom options will vest over a three year period at a rate of 33 percent per year. All subsequent phantom option grants will vest over a four year period at a rate of 25 percent per year. The Phantom Option Plan contains a liquidity provision which allows for partial payouts of the 'in-the-money' position during the performance period.

As at July 11, 2008, there were 516,239 phantom options outstanding under the Sobeys LTIP.

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	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (A)	Weighted-Average Exercise Price of Plans (Excluding Securities Warrants and Rights) (B)	Outstanding Options, Number of Securities Remaining Available for Future Issuance Under Equity Compensation Reflected in Column (A) (C)
Equity Compensation Plans Approved by Securityholders	92,766	NIL	3,107,234
Equity Compensation Plans Not Approved by Securityholders	NIL	NIL	NIL
Total	92,766	NIL	3,107,234

Employee Plans

Pension Plans

Eligible employees of the Company, including the Named Executive Officers, participate in a defined contribution pension plan (the “**Basic Plan**”) that is registered under the Nova Scotia *Pension Benefits Act* and *Income Tax Act*. Under the Basic Plan, members are currently required to contribute 2.5 percent of their earnings to a maximum of \$1,875 annually and such contributions are matched by the Company. In addition, members may make additional unmatched contributions of as much as ten percent of their earnings, subject to the maximum annual money purchase contribution limit permitted under the *Income Tax Act*. 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 members also contribute to an additional defined contribution plan (the “**Senior Management Plan**”). Each member is required to contribute to the Senior Management Plan such an amount as is required for the member’s total annual contribution to the Senior Management Plan and the Basic Plan to equal \$2,500. The Company contributes an amount equal to six percent of the each member’s salary, less any contributions by the Company to the Basic Plan or the DPSP for the member. All contributions are capped by the annual maximum permitted by the *Income Tax Act*.

A third defined contribution plan exists for executive officers and certain senior management of the Company, including the Named Executive Officers (the “**Executive Plan**”). Currently, each member is required to contribute to the Executive Plan such an amount as is required for the member’s total annual contribution to the Executive Plan and the Basic Plan to equal \$3,500. The Company contributes an amount equal to 12 percent of each member’s salary, less any contributions by the Company to the Basic Plan or the DPSP for the member. All contributions are capped by the maximum permitted by the *Income Tax Act*.

The defined benefit pension plans formerly maintained by The Oshawa Group Limited (“**Oshawa**”), which was acquired by Sobeys in 1998, have been amended to require employee contribution levels matching those under the Basic 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 Basic Plan, the Senior Management Plan, and the Executive Plan (as applicable), except where the employee was over 50 years of age, had a minimum of ten years of service, and elected to remain under the Oshawa pension plans.

Retirement Contracts

The Named Executive Officers, as well as certain other executive officers, have retirement contracts with the Company which provide that supplementary payments will be made to such officers upon retirement if the level of payments to them under the Basic Plan and the Executive Plan together do not reach certain target levels (the contracts collectively constitute the Supplementary Executive Retirement Plan or “**SERP**”). For employees of the Company and its subsidiaries, 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 officer’s last five years’ base salary. These benefits vest with the individuals after completion of five years of service with the Company.

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, employment contracts may specify minimum pension targets under the SERP in excess of the above table.

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 in respect of amounts owing in respect of these retirement contracts 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.

Additional Disclosure on Pension Arrangements				
Named Executive Officer	Years of Pension Service as at April 30, 2008	Fiscal 2008 Annual Service Cost	Total Accrued Pension Obligation as at April 30, 2008	Estimated Annual Pension Benefit Payable at Normal Retirement Age
Paul D. Sobey	25.75	\$96,000	\$2,841,000	\$357,000
Paul V. Beesley	8.42	\$58,000	\$507,000	\$141,000
Bill McEwan	7.50	\$205,000	\$1,559,000	\$415,000
Marc Poulin	11.00	\$80,000	\$846,000	\$252,000
François Vimard	12.67	\$74,000	\$875,000	\$243,000

Notes:

- The Annual Service Cost represents the value of the projected pension benefit, earned during the year.
- The Total Accrued Pension Obligation represents the value of the projected benefit, earned for all service to date, under all of the Empire pension programs, including the defined contribution plans.
- The Estimated Annual Pension Benefit payable at Normal Retirement Age (age 65) is estimated based on total projected service at Normal Retirement Age, salary rate at May 3, 2008 and the terms of the current pension agreements.
- The Total Accrued Pension Obligation at April 30, 2008 was calculated based on the methods and assumptions used to determine year-end pension plan obligations as disclosed in the 2008 Consolidated Financial Statements. The key assumptions are a discount rate of 5.25 percent and a rate of increase in future compensation of 4.00 percent.
- The Annual Service Cost for each fiscal year was calculated based on the methods and assumptions used to determine the previous year-end pension plan obligations as disclosed in the Company's Consolidated Financial Statements. The discount rates were 5.00 percent, 5.50 percent and 5.50 percent for fiscal 2008, fiscal 2007 and fiscal 2006, respectively.
- The Annual Service Cost and the Total Accrued Pension Obligation are based on the assumption that all benefits are vested.
- The estimated costs of these future benefits assume that 15 percent of the Named Executive Officers retire at each age between 60 and 64 and the balance retire at age 65.
- The Named Executive Officers own contributions are included in the estimated cost of these future benefits. Each Named Executive Officer is required to contribute \$3,500 per year.
- The estimated costs of these future benefits are based on assumptions which represent current contractual entitlements; these entitlements may change over time.
- The methods used to determine the estimated costs shown may not be identical to the methods used by other companies and, as a result, these amounts may not be directly comparable across companies.

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. based only on salary) the view is that there are sufficient controls on value delivered in place.

Deferred Profit Sharing Plan

Eligible employees of the Company participate in a DPSP that is registered under the *Income Tax Act*. The DPSP is a discretionary benefit, the provision of which is subject to review by the Company on an annual basis. Each year, active DPSP members are credited with one DPSP point for every \$100 of earnings, up to a maximum of 450 points, and two points for every complete year of continuous service. The Company makes a determination as to the total contribution that is available for allocation in a particular year. This amount is then divided by the total of all member points for such year to determine the DPSP award point value. The point value is then multiplied by each member's total points credited for the year to arrive at the individual member's DPSP award. 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.

Employment Agreements

There were no formal employment contracts in place as of the date of this document.

Indebtedness of Directors, Officers and Employees

The following table sets out the aggregate indebtedness at July 25, 2008 to the Company and its subsidiaries of all 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	\$3,498,977	NIL
Other	NIL	NIL

The following tables set out information for each individual who is, or at any time during the most recently completed financial year was, a director, executive officer or senior officer of the Company, each proposed nominee for election as a director of the Company, and each associate of any such director, senior officer, executive officer or proposed nominee who is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to the Company or any of its subsidiaries. No such persons have indebtedness to another entity which is, or at any time since the beginning of the most recently completed financial year, has been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries. Repaid and routine indebtedness are excluded from the tables. There was no debt forgiven during fiscal 2008 for the directors, senior officers and executive officers listed in the tables below.

Table of Indebtedness of Directors, Senior Officers and Executive Officers – Empire LTIP					
Name and Principal Position	Involvement of Company	Largest Amount Outstanding During Fiscal 2008	Amount Outstanding as at July 25, 2008	Financially Assisted Securities Purchased During Fiscal 2008 (Number of NV Class A Shares)	Security for Indebtedness as at July 25, 2008 (Number of NV Class A Shares)
Paul D. Sobey President and Chief Executive Officer	Loan ⁽¹⁾	\$1,206,616	\$1,189,545	–	38,796
Paul V. Beesley Executive Vice President and Chief Financial Officer	Loan ⁽¹⁾	623,380	614,417	–	20,368
Carol A. Campbell Vice President, Risk Management	Loan ⁽¹⁾	115,425	113,777	–	3,744
Donald E. Clow President, ECL Developments Limited	Loan ⁽¹⁾	450,022	367,794	10,461	8,638
Stuart G. Fraser President and Chief Executive Officer of Empire Theatres Limited	Loan ⁽¹⁾	599,448	590,291	–	20,810
Kevin J. MacLeod Executive Vice President of Empire Theatres Limited	Loan ⁽¹⁾	153,671	151,462	–	5,021

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

Name and Principal Position	Involvement of Company	Largest Amount Outstanding During Fiscal 2008	Amount Outstanding as at July 25, 2008	Financially Assisted Securities Purchased During Fiscal 2008 (Number of NV Class A Shares)	Security for Indebtedness as at July 25, 2008 (Number of NV Class A Shares)
Stewart H. Mahoney Vice President, Treasury and Investor Relations	Loan ⁽¹⁾	124,288	122,680	–	3,654
John G. Morrow Vice President and Comptroller	Loan ⁽¹⁾	136,759	134,695	–	4,691
Frank C. Sobey President, ECL Properties Limited and Vice President, Real Estate	Loan ⁽¹⁾	138,638	136,691	–	4,426

Notes:

(1) Current 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 except for the loan to Donald E. Clow, which matures in 2017.

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 Schedule “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 included in Schedule “B” of this Circular.

Additional Information

Annual Information Form

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

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

A copy of the Company’s Annual Report containing the Company’s audited annual 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 Secretary of the Company at 115 King Street, Stellarton, Nova Scotia, B0K 1S0.

Related Party Transactions

The Company rents premises to Crombie REIT. In addition, the Company rents premises from Crombie REIT and Crombie REIT provides administrative and management services to the Company. The rental payments are at fair value and the charges incurred for administrative and management services are on a cost recovery basis. The Company has non-interest bearing notes payable to Crombie REIT in the amount of \$19.6 million.

On April 22, 2008, the Company sold 61 commercial properties to Crombie REIT for cash proceeds of \$373.5 million plus additional Class B Units in Crombie Limited Partnership totalling \$55.0 million, which was fair market value. In accordance with Canadian GAAP, the gain on this transaction of \$144.3 million has been accounted for as a reduction in the carrying value of Crombie REIT because the purchaser is a related party.

Directors' Approval

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



Karin McCaskill
Secretary
Stellarton, Nova Scotia
July 25, 2008

Schedule 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, the following table discloses the Company's current corporate governance practices in accordance with the requirements of NI 58-101.

DISCLOSURE REQUIREMENT UNDER FORM 58-101F1	COMPLIANCE	GOVERNANCE PROCEDURES FOR EMPIRE COMPANY LIMITED
<i>1. Board of Directors</i>		
(a) Disclose the identity of directors who are independent.	Yes	The Board has determined that all of the present directors of the Company with the exception of Bill M ^c Ewan, Frank C. Sobey, Paul D. Sobey, Rob G.C. Sobey, Donald R. Sobey, David F. Sobey and Karl Sobey are independent.
(b) Disclose the identity of directors who are not independent and describe the basis for that determination.	Yes	See "Director Independence and Other Relationships" section of this Circular.
(c) Disclose whether or not a majority of directors are independent.	Yes	Currently, 11 out of 18 directors are considered to be independent.
(d) 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.	Yes	All of the directorships of the present directors with other public entities are disclosed in the "Nominees for Election to the Board of Directors" section of this circular.

DISCLOSURE REQUIREMENT UNDER FORM 58-101F1	COMPLIANCE	GOVERNANCE PROCEDURES FOR EMPIRE COMPANY LIMITED
(e) 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.	Yes	<p>The independent directors meet without non-independent directors present at every quarterly meeting of the Board and at the annual strategy meeting, and at special meetings as needed. 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 2008, the Board and Committees held the following meetings of solely independent directors:</p> <p style="padding-left: 40px;">Board 7 Audit 5 Human Resources 3 Corporate Governance 2 Oversight 1</p>
(f) 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.	Yes	<p>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.</p> <p>Amongst other things the Chair is expected to:</p> <ul style="list-style-type: none"> • 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.
(g) Disclose the attendance record of each director for all Board meetings held since the beginning of the issuer's most recently completed financial year.	Yes	<p>The attendance record of each director for Board and Committee meetings during fiscal 2008 is disclosed in the table in the "Committee Membership and Record of Attendance" section of this Circular.</p>

DISCLOSURE REQUIREMENT UNDER FORM 58-101F1	COMPLIANCE	GOVERNANCE PROCEDURES FOR EMPIRE COMPANY LIMITED
2. Board Mandate		
Disclose the text of the Board’s written mandate. The mandate should explicitly acknowledge responsibility for the stewardship of the issuer.	Yes	The written Board Mandate which confirms the Board’s explicit responsibility is disclosed in Schedule “B” to this Circular.
3. Position Descriptions		
(a) 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.	Yes	The Board has developed a written position description for the Chair of the Board and for committee chairs.
(b) 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.	Yes	<p>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.</p> <p>Amongst other items, the CEO is expected to:</p> <ul style="list-style-type: none"> • 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		
(a) Briefly describe what measures the Board takes to orient new directors regarding: <p>(i) the role of the Board, its companies and its directors, and</p>	Yes	The Company provides a detailed orientation to new directors which includes meetings with senior management of Empire and its subsidiaries for information on Board operation and policies, as well as current and historical data pertaining to the operation of the Company and an assessment of current strategic opportunities and issues facing the

DISCLOSURE REQUIREMENT UNDER FORM 58-101F1	COMPLIANCE	GOVERNANCE PROCEDURES FOR EMPIRE COMPANY LIMITED
(continued)		
(ii) the nature and operation of the issuer's business.		Company. New directors are also given property and store tours and a review of Board and Committee Mandates, the Code of Business Conduct and Ethics, policies and other relevant information.
The Board should provide continuing education opportunities for all directors.	Yes	The directors are provided with written and oral presentations which continue to educate them on the Company's operations. The Company encourages participation of directors in continuing director education programs and supports them by reimbursing tuition and out-of-pocket expenses.
5. Ethical Business Conduct		
(a) 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:	Yes	The Board has adopted a written Code of Business Conduct and Ethics covering all employees and directors of Empire, which covers all of the elements recommended by NP 58-201.
(i) disclose how a person or Company may obtain a copy of the Code;	Yes	The Code is available on the Company's website, www.empireco.ca .
(ii) 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	Yes	The Board, through the Audit Committee, receives reports of unethical behaviour received through the Ethics Hotline and otherwise.
(iii) 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.	Yes	The Board has not granted any waiver of the Code in favour of a director or executive officer during the past 12 months and for all of fiscal 2008. Accordingly, no material change report has been required to be filed.

DISCLOSURE REQUIREMENT UNDER FORM 58-101F1	COMPLIANCE	GOVERNANCE PROCEDURES FOR EMPIRE COMPANY LIMITED
(b) 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.	Yes	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.
(c) Describe any other steps the Board takes to encourage and promote a culture of ethical business conduct.	Yes	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.
6. <i>Nomination of Directors</i>		
(a) Describe the process by which the Board identifies new candidates for Board nomination.	Yes	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.
(b) Disclose whether or not the Board has a nominating committee composed entirely of independent directors.	Yes	The Nominating Committee is composed entirely of independent directors.
(c) 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.	Yes	The Nominating Committee mandate encompasses these responsibilities and provides for the effective functioning of the Committee. The mandate of the Committee is found in Schedule “B” of this Circular.

DISCLOSURE REQUIREMENT UNDER FORM 58-101F1	COMPLIANCE	GOVERNANCE PROCEDURES FOR EMPIRE COMPANY LIMITED
(d) 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.	Yes	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.
(e) 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.	Yes	The Nominating Committee undertakes, on an ongoing basis, the responsibility of identifying prospective Board members. It recommends new nominees to the Board.
(f) In making its recommendations, the Nominating Committee should consider: competencies and skills necessary, current assessment of competencies and skills and those of director nominees.	Yes	In fulfilling its responsibilities, the Nominating Committee seeks to ensure there is an appropriate mix of competencies and skills on the Board.
7. Compensation		
(a) Describe the process by which the Board determines the compensation for the issuer's directors and officers.	Yes	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 Committee has retained Towers Perrin and/or Aon Consulting to provide their expertise and access to their compensation information. For further details, see the "Executive Compensation" section of this Circular.

DISCLOSURE REQUIREMENT UNDER FORM 58-101F1	COMPLIANCE	GOVERNANCE PROCEDURES FOR EMPIRE COMPANY LIMITED
(b) 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.	Yes	The Human Resources Committee acts as a compensation committee in respect of executive compensation. The Human Resources Committee is comprised of five independent directors, one of whom chairs the Committee. The Committee makes its recommendations to the Board following its objective review of compensation having regard to the advice and recommendations of consultants where appropriate to ensure an independent and objective assessment of executive compensation.
(c) If the Board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.	Yes	<p>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.</p> <p>The Committee is responsible for:</p> <ul style="list-style-type: none"> • reviewing and approving corporate goals and objectives regarding CEO compensation; • evaluating CEO performance; • assessing CEO compensation based on evaluation; • making recommendations with respect to non-CEO officer compensation; • incentive compensation and equity-based plans; and • reviewing executive compensation disclosure before the issuer publicly discloses this information. <p>The mandate of the Committee is disclosed in Schedule “B” of this Circular.</p>

DISCLOSURE REQUIREMENT UNDER FORM 58-101F1	COMPLIANCE	GOVERNANCE PROCEDURES FOR EMPIRE COMPANY LIMITED
(d) 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.	Yes	No specific consultant or advisor has been retained to assist in determining compensation for directors. As mentioned in 7(a), when deemed necessary, the Human Resources Committee has retained Towers Perrin and/or Aon Consulting to provide reviews on 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.	Yes	The five standing Committees of the Board are: Audit, Corporate Governance, Human Resources, Nominating and Oversight.
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.	Yes	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 an annual confidential survey of each director regarding his or her views on the effectiveness of the Board and its Committees together with confidential meetings between the Chair of the Board and each director. Aggregate results of the assessment are summarized and compared to the previous assessment 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 annual meetings between each director and the Chair of the Board and the Chair of the Corporate Governance Committee.

Schedule B

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 explicit 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, 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. Such exception shall be applied on a year by year basis.

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 have the responsibility for reviewing and approving the Companies' policies and practices with respect to disclosure of financial and other information, including insider reporting and trading. 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's 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 Conduct and Ethics for directors, officers and employees.

Management and Human Resources

The Board selects, appoints and evaluates the performance of the CEO, and establishes the appropriate compensation for the CEO. In consultation with the CEO 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. The Board has overall responsibility for occupational health and safety.

Position Description for the Chair of the Board of Directors

Scope

The Chair is accountable for the overall effectiveness and efficiency of the Board's processes and governance. The Chair is responsible for leading the Board in the performance of its duties including the discharge of all fiduciary and legal obligations.

The Board has adopted a policy of having an independent, non-management Chair. The Chair shall not be a member of corporate or operating management and, therefore, shall not share in the accountabilities, authorities and responsibilities delegated to management by the shareholders through the Board of Directors. However, the Chair shall provide advice and counsel to the President and Chief Executive Officer (CEO) respecting matters within the purview of the Board.

Board Leadership Responsibilities

The Chair shall:

- Preside as Chair at all Board meetings and provide leadership and direction to the Board and its processes;
- Preside as Chair at the annual and any special meetings of the shareholders;
- Foster ethical and responsible decision making by the Board, Committees and its individual members;
- Establish and monitor procedures and structure to govern the Board's and Committees' activities and responsibilities in concert with the Corporate Governance Committee;
- Ensure that the Board discharges its stewardship duties in exerting appropriate influence on the manner in which the Company's business is conducted, and in preserving and creating shareholder value;
- Work with the CEO, Corporate Secretary and other Directors to prepare, prioritize and organize the agendas for Board and Committee meetings;
- Schedule meetings in a manner that enables the Board and its committees to perform their duties and responsibilities while not unduly interfering with the flow of operations of the Company;
- Work with other Directors and Committee Chairs to ensure effective discussion occurs at both the Board and Committee levels;
- With the assistance of the Corporate Secretary, ensure proper flow of information and review adequacy and timing of documentation for meetings of the Board and Committees;
- Work with the CEO and appropriate Board committees in respect of nominations for all corporate officers;
- Identify corporate and Board governance issues for consideration and ensure, in working with the Corporate Governance Committee, that each Director and the Board overall is adding significant value;
- Ensure the independent directors have adequate opportunities to meet to discuss issues without management present;
- Work with Nominating and Corporate Governance Committee to ensure proper Board Membership, committee structure and continuity. Particularly, the Chair shall ensure that adequate succession plans are in place in respect of Board and Committee Membership; and
- Participate as a non-voting, non-quorum committee member of all standing committees of the Board.

Overview Role

In conjunction with other Directors, through the Board and its various committees, the Chair monitors management's performance, succession, financial, strategic and operating decisions, as well as all aspects of corporate governance and reputation.

Other Duties and Responsibilities

The Chair shall:

- Act as liaison among the Board, CEO, management and, to the extent necessary, the Company's shareholders;
- Communicate with and be available for discussion with members of the Board between meetings of the Board;
- Work with the CEO, as appropriate, to represent the Company to shareholders and other stakeholders;
- Counsel and advise the CEO, as appropriate, and follow up on the implementation by management of all Board resolutions; and
- Perform other appropriate tasks and duties, as may from time to time be requested by the Board or CEO, to advance the corporate strategy and operating objectives.

Mandate of the Audit Committee

The Audit Committee (the “Committee”) is responsible to the Board of Directors (the “Board”) for the policies and practices relating to integrity of financial and regulatory reporting as well as internal controls to achieve the objectives of safeguarding of corporate assets, reliability of information and compliance with policies and laws. The Committee is also responsible for identifying principle risks of the business and ensuring appropriate risk management techniques are in place.

The Committee charges management with developing and implementing procedures to:

- Ensure internal controls are appropriately designed, implemented and monitored including reviewing and discussing any significant deficiencies in the design or operation of internal controls and any fraud, whether or not material, that involves management or other employees who have a significant role in the Company’s internal control over financial reporting; and
- Ensure financial reporting and disclosure of required information is complete, accurate and timely as required by applicable legislation and regulation.

Composition

The Committee shall be composed of three or more independent Directors, appointed by the Board on the recommendation of the Corporate Governance Committee, in accordance with the independence standards established by the Board of Directors, and all applicable corporate and securities law.

All members of the Committee shall be financially literate as defined by applicable legislation. Financially literate shall mean the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

A member of the Board of Directors who is not financially literate may be appointed to the Committee provided that the member becomes financially literate within three months following his or her appointment, subject to the Company’s Board of Directors determining that this appointment will not materially adversely affect the ability of the Committee to act independently and to satisfy the other requirements of this mandate.

If a Committee member ceases to be independent for reasons outside the member’s reasonable control, the member shall tender their resignation to the Chair of the Corporate Governance Committee, within three months of the occurrence of the event which caused the member to not be independent.

The members of the Committee are appointed or reappointed annually by the Board, with such appointments to take effect immediately following the Annual General Meeting of Shareholders of the Company. Each member of the Committee shall continue to be a member thereof until their successor is appointed, unless they resign or are removed by the Board, or cease to be a Director of the Company. The Board, upon recommendation of the Corporate Governance Committee, may fill vacancies of members of the Committee for the remainder of the current term of appointment.

The Board shall appoint a Chair from among the members of the Committee to preside at its meetings. The Chair must be independent. If the Chair of the Committee loses their independent status, that person shall cease to be Chair immediately and be replaced as Chair by an existing member of the Committee with the Nominating Committee being asked to replace this member within three months. In the absence of the Chair, one of the other members of the Committee present shall be chosen by the Committee to preside at the meeting.

Authority

The Committee has the authority to:

- Conduct or authorize an investigation into any matters within its scope of its mandate or responsibility;
- At the Company’s expense, as determined by the Committee, engage independent legal, accounting or financial

advisors and such other advisors as it deems necessary to advise the Committee or assist in carrying out its duties or to assist in the conduct of an investigation;

- Communicate and meet without Management involvement, the internal auditors, external auditors or outside counsel as necessary; and
- Call a meeting of the Board to consider any matter of concern to the Committee. The Committee shall have direct access to all books, records, facilities and personnel of the Company including to the external and/or internal auditor as it determines this to be advisable. All employees are to cooperate as requested by Committee members.

Meetings

The Audit Committee shall meet quarterly or more frequently as circumstances dictate.

Meetings of the Committee may be called by:

- The Chair;
- Any member of the Audit Committee;
- Management; or
- The external auditors.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

1. A quorum shall be a majority of the members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other; and
2. Notice of the time and place of every meeting shall be given in writing or facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting is a waiver of notice of that meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

The external auditors shall be invited to attend and be heard at every Audit Committee meeting, and have the opportunity to discuss matters with the Committee without the presence of Management at each meeting. The Committee will meet in camera with the external auditors at each meeting.

There shall be an in-camera session at each quarterly scheduled Committee meeting without management, with in-camera sessions at other Committee meetings as required by any member of the Committee. The Secretary of the Company shall act as Secretary of the Committee and minutes of the Committee shall be recorded and maintained by the Secretary.

All Committee members are expected to attend each meeting. The Chair of the Committee shall report the business of the meeting at the next regularly scheduled Board of Directors meeting.

Responsibilities

Administration:

1. The Committee annually reviews its mandate and recommends any changes to the Corporate Governance Committee.
2. The Committee annually completes a self assessment survey and reviews the Committee's financial literacy and independence.

External Auditor:

3. As required by the Board, the external auditor reports directly to the Committee.
4. The Committee must recommend to the Board of Directors;
 - a) the external auditor to be nominated for purposes of preparing or issuing an auditor's report or performing other audit, review or attest services for Empire; and
 - b) the compensation of the external auditor.

5. The Committee is directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing the Auditor's Report or performing other audit, review or attest services for Empire, including the resolution of disagreements between management and the external auditor regarding financial reporting.
6. The Committee must pre-approve all non-audit services to be provided to Empire or its subsidiary entities by Empire's external auditor. The Committee has established a policy for certain pre-approvals and has delegated to the Chair of the Committee the authority to pre-approve the non-audit services, with such pre-approval presented to the Audit Committee at the next scheduled Committee meeting following such pre-approval. Without limiting the foregoing, de minimis non-audit services may be performed by Empire's external auditor without prior approval of the Committee if:
 - a) the aggregate amount of all these non-audit services that were not pre-approved is reasonably expected to constitute no more than \$50,000 of the total audit fees paid by Empire and its subsidiaries to Empire's external auditor during the fiscal year in which the services are provided;
 - b) Empire or subsidiaries of Empire, as the case may be, did not recognize the services as non-audit services at the time of the engagement; and
 - c) the services are promptly brought to the attention of the Audit Committee of Empire and approved, prior to the completion of the audit, by the Audit Committee or by the Chair of the Audit Committee, who has been granted authority to pre-approve non-audit engagements.

The Committee has instructed management that, to obtain pre-approval, management must detail the work to be performed by the external auditor and obtain the assurance from the external auditor that the proposed work does not impair their independence.

7. The Committee reviews with the external auditors and management all major accounting policies and practices adopted, any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties and key estimates and judgements of management that may be material to financial reporting. The Committee shall also review any significant changes to GAAP or its application.
8. The Committee must review and approve Empire's hiring policies regarding partners, employees and former partners and employees of the present and former external auditor of Empire.
9. The Committee ensures through enquiry that the external auditor is in good standing with the Canadian Public Accountability Board (CPAB) and that the lead partner and other partners fulfil the rotation requirements. The Committee also reviews that the relationship with the external auditor and Empire Management is independent with consideration to the requirements set out by the Canadian Securities Administrators and the CICA.
10. The Committee receives from the external auditor an outline of the annual audit scope, plan, resources, reliance on management and progress reports against that plan.
11. The Committee reviews the Auditor Report with the external auditors:
 - a) significant findings during the year and management's response thereto;
 - b) any difficulties encountered in the course of their audits, including any restrictions to the scope of their work or access to required information; and
 - c) any changes required to the planned scope of their audit or quarterly reviews.

Risk Management:

12. The Committee annually reviews the adequacy and quality of the insurance coverage maintained by the Company.
13. The Committee reviews the principal risks of the business and ensures appropriate risk management techniques are in place. This will involve enquiry of management regarding how risks are managed as well as opinions from management regarding the degree of integrity of the risk mitigation strategies and accepted thresholds. The Committee shall review risk management policies as recommended by management.
14. The Committee reviews the Environmental Report, the Litigation Report and the Hedge Report, and reviews their appropriateness.
15. The Committee reviews the status of compliance with laws and regulations and the scope and status of systems designed to ensure compliance therewith, and receives reports from management, legal counsel and other third parties as determined by the Committee on such matters, as well as major legislative and regulatory developments which could impact the Company's contingent liabilities and risks.

Financial Management and Reporting:

16. The Committee reviews and recommends to the Board approval of Empire's interim and annual financial statements, MD&A and quarterly financial and material press releases prior to public disclosure of this information.
17. The Committee reviews the financially related disclosures contained in the Annual Report, Annual Information Form and Information Circular.
18. The Committee ensures that adequate disclosure procedures are in place for the review of Empire's public disclosure of financial information extracted or derived from Empire's financial statements, and must periodically assess the adequacy of those disclosure procedures.
19. The Committee reviews the disclosure controls and procedures and internal controls on financial reporting, including any significant deficiencies or material non-compliance with such controls and procedures.
20. The Committee reviews the Corporate Disclosure Policy and the Disclosure Committee Mandate and reviews the minutes of the quarterly Disclosure Committee meetings.
21. The Committee must establish procedures for:
 - a) the receipt, retention and treatment of complaints received by Empire regarding accounting, internal accounting controls, or auditing matters; and
 - b) the confidential, anonymous submission by employees of Empire of concerns regarding questionable accounting or auditing matters.
22. The Committee reviews the status and adequacy of Company's efforts to ensure its businesses are conducted and its facilities are operated in an ethical, legally compliant and socially responsible way, and recommends to the Board, for approval, policy changes and program initiatives considered advisable.

Mandate of the Corporate Governance Committee

The Corporate Governance Committee (the “Committee”) shall assist the Board of Directors (the “Board”) in fulfilling its responsibilities as they relate to corporate governance.

Composition

The Committee shall be appointed by the Board and composed of a minimum of four directors, at least three-quarters of whom are independent directors according to the independence standards established by the Board and all applicable corporate and securities law.

The members of the Committee shall be appointed or reappointed annually by the Board, with such appointments to take effect immediately following the Annual Meeting of the Shareholders of the Company. Each member of the Committee shall continue to be a member thereof until their successor is appointed, unless they resign or are removed by the Board, or shall cease to be a director of the Company. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than the minimum membership.

The Board shall appoint a Chair from among the members of the Committee to preside at its meetings. In the absence of the Chair, one of the present Committee members shall be chosen by the Committee to preside at the meeting. The Chair presiding at any meeting of the Committee shall have a casting vote in case of deadlock. The Committee shall also appoint a secretary who need not be a director.

Meetings

The Committee shall meet at least quarterly, with additional meetings as directed by the Board or determined by the Chair.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

1. A quorum of the meeting shall be a majority of the members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other; and
2. Notice of the time and place of every meeting shall be given in writing, electronic or other facsimile communication to each member of the Committee at least 24 hours prior to the time for such meeting, provided however, that a member may in any manner waive a notice of meeting. Attendance of a member at a meeting is a waiver of notice of that meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
3. All Committee members are expected to attend each meeting. The minutes of the Committee shall be recorded and maintained by the Secretary of the meeting. The Chair of the Committee shall report the business of the meeting to the next regularly scheduled Board meeting.

Primary Responsibilities

The Committee shall be advisory to the Board and, in such capacity, shall be responsible for the corporate governance functions of the Company, including but not limited to:

1. Establishing and conducting orientation and education programs for directors;
2. Recommending to the Board proposals concerning the compensation of directors;
3. Recommending to the Board the composition of the committees of Board;
4. Annually assessing the effectiveness of the Board as a whole, the committees of the Board and the contribution of individual directors and reporting to the Board on the results of the assessments including recommended actions to address any issues arising from the assessments;
5. Annually reviewing the mandate of the Board and of each Board committee and the position descriptions for the CEO, the Chair of the Board and the committee chairs and making recommendations for changes;
6. Reviewing and advising the Board on the independence status of any director;
7. Reviewing the continued appropriateness of Board membership when a director makes a change in principal occupation;

8. Reviewing the status of directors who have reached the age of 70;
9. The corporate governance functions of the Company and for the Company's response to the corporate governance guidelines of the applicable regulatory bodies including reviewing and approving the description of the Company's corporate governance practices for inclusion in the Company's annual information circular and any other disclosure concerning corporate governance;
10. Publishing and maintaining the Directors' Handbook;
11. Reviewing expenses charged to the Company by the Chair and the CEO;
12. Dealing with any other matters specifically delegated to the Committee by the Board.

Authority

The Committee has the authority to:

1. Conduct or authorize an investigation into any matters within its scope of its mandate or responsibility;
2. With the approval of the Chair of the Corporate Governance Committee at the Company's expense, retain independent legal, accounting or financial advisors and such other advisors as it deems necessary to advise the Committee or assist the Committee in carrying out its duties or to assist in the conduct of an investigation.

Mandate of the Nominating Committee

The Nominating Committee (the “Committee”) shall assist the Board of Directors (the “Board”) in fulfilling its responsibilities as they relate to proposing new nominees for the Board.

Composition

The Committee shall be appointed by the Board and composed of a minimum of three directors, comprised exclusively of independent directors according to the independence standards established by the Board and all applicable corporate and securities law.

The members of the Committee shall be appointed or reappointed annually by the Board, with such appointments to take effect immediately following the Annual Meeting of the Shareholders of the Company. Each member of the Committee shall continue to be a member thereof until their successor is appointed, unless they resign or are removed by the Board, or shall cease to be a director of the Company. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than the minimum membership.

The Board shall appoint a Chair from among the members of the Committee to preside at its meetings. In the absence of the Chair, one of the present Committee members shall be chosen by the Committee to preside at the meeting. The Chair presiding at any meeting of the Committee shall have a casting vote in case of deadlock. The Committee shall also appoint a secretary who need not be a director.

Meetings

The Committee shall meet at least quarterly, with additional meetings as directed by the Board or determined by the Chair. The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

1. A quorum of the meeting shall be a majority of the members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other; and
2. Notice of the time and place of every meeting shall be given in writing, electronic or other facsimile communication to each member of the Committee at least 24 hours prior to the time for such meeting, provided however, that a member may in any manner waive a notice of meeting. Attendance of a member at a meeting is a waiver of notice of that meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
3. All Committee members are expected to attend each meeting. The minutes of the Committee shall be recorded and maintained by the Secretary of the meeting. The Chair of the Committee shall report the business of the meeting to the next regularly scheduled Board meeting.

Primary Responsibilities

The Committee shall be advisory to the Board and, in such capacity, shall be responsible for the nominating functions of the Company by identifying and recommending suitable candidates for election or appointment as directors.

Authority

The Committee has the authority to:

1. Conduct or authorize an investigation into any matters within its scope of its mandate or responsibility;
2. With the approval of the Corporate Governance Committee Chair at the Company’s expense, retain independent legal, accounting or financial advisors and such other advisors as it deems necessary to advise the Committee or assist the Committee in carrying out its duties or to assist in the conduct of an investigation.

Mandate of the Human Resources Committee

The Human Resources Committee (the “Committee”) shall assist the Board of Directors (the “Board”) in its oversight role with respect to:

- the Company’s human resources strategy, policies and programs inclusive of occupational health and safety; and
- strategic matters relating to proper utilization of human resources within the Company, with special focus on management succession, development and compensation.

Composition

The Committee shall be appointed by the Board on the recommendation of the Corporate Governance Committee. The Committee is to be comprised of a minimum of five directors and shall be comprised of independent directors, according to the independence standards established by the Board of Directors and all applicable corporate and securities law.

The members of the Committee shall be appointed or reappointed annually by the Board, with such appointments to take effect immediately following the Annual General Meeting of Shareholders of the Company. Each member of the Committee shall continue to be a member thereof until their successor is appointed, unless they resign or are removed by the Board or shall cease to be a director of the Company. The Board, upon recommendation of the Nominating Committee, may fill vacancies of members of the Committee for the remainder of the current term of appointment.

The Board shall appoint a Chair from the members of the Committee to preside at its meetings. In the absence of the Chair, one of the other members of the Committee present shall be chosen by the Committee to preside at the meeting. The Chair presiding at any meeting of the Committee shall have a casting vote in case of deadlock. The Committee shall also appoint a secretary who need not be a director.

Meetings

The Committee shall meet at least quarterly or more frequently as circumstances dictate as directed by the Board or determined by the Chair. The Committee may call a meeting of the Board to consider any matter of concern to the Committee.

The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

1. A quorum of meetings shall be a majority of the members, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other; and
2. Notice of the time and place of every meeting shall be given in writing, electronic or other facsimile communication to each member of the Committee at least 24 hours prior to the time fixed for such meeting, provided, however, that a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting is a waiver of notice of that meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
3. All Committee members are expected to attend each meeting. The minutes of the Committee shall be recorded and maintained by the secretary of the meeting. The Chair of the Committee shall report the business of the meeting at the next regularly scheduled Board meeting.

There shall be an in-camera session at each quarterly scheduled Committee meeting without management, with in-camera sessions at other Committee meetings as required by any member of the Committee. There shall also be an in-camera session at each Committee meeting without management and directors who are not independent. Non-independent members will be excused from the meeting when the Committee is deciding agenda items for which they are not independent.

Primary Responsibilities

The Committee shall be advisory to the Board and, in such capacity, shall be responsible to:

1. Review and recommend for Board approval overall Company policies in respect of senior and executive management’s compensation of Empire Company Limited. Such activities shall be primarily focused upon:

- base annual salaries
 - annual management incentive programs (AMIP)
 - long-term management incentive programs (LTIP)
 - executive share purchase plan (ESPP)
 - executive management pension plan arrangements
 - Supplemental Executive Retirement Program (SERP)
2. Monitor, review and provide guidance in respect of the Company's people development initiatives. Key activities shall be focused on:
 - talent management and development programs, processes and execution
 - succession management process, tools and execution
 - employment diversity
 - performance management process, tools and execution
 - policies related to people matters including but not limited to the Code of Business Conduct and the Directors' Code of Conduct
 3. Provide advice to the executive management of the Company in relation to the terms and conditions of employment for senior and executive management which are designed to achieve the growth and profitability objectives of the Company and secure such key employees' long-term organizational commitment.
 4. Conduct the annual performance review for the CEO, establish annual and longer term objectives for the CEO, and determine the CEO's annual compensation having regard to these considerations and other relevant factors.
 5. Develop and maintain a CEO succession plan that addresses both planned and unforeseen succession circumstances.
 6. Review recommendations of management related to annual salary increases and incentive payments.
 7. Review at least annually the investment performance, regulatory compliance, communication provided to employees and plan administration of the pension plans.
 8. Review the design and operation of the Company's group benefit plans.
 9. Oversee the Company's participation in Sobeys or other registered and non-registered pension plans and deferred profit sharing plan governance as more particularly outlined in pension and deferred profit sharing plan governance structure mandates, as approved by the Board from time to time.
 10. Discharge the Board's overall responsibility for occupational health and safety, inclusive of the responsibility of ensuring the Company has integrated the promotion of a safe and healthy work environment into its ongoing business planning and operations.
 11. Review and recommend for Board approval the appointment of Empire's officers.
 12. Review and approve compensation disclosure contained in the Company's Information Circular or otherwise required by applicable securities laws, including the Report on Executive Compensation, the Statement of Officers' Compensation, Employment Agreements, Stock Option Plans, Pension Plans and Executive and Senior Officers' Indebtedness.
 13. Annually review the mandate of this Committee.
 14. Assume other assignments as delegated by the Board.
 15. Report to the Board in respect of its activities.

Authority

The Committee has authority to:

1. Conduct or authorize an investigation into any matter within its scope of its mandate or responsibility;
2. With the approval of the Corporate Governance Committee Chair, at the Company's expense, retain independent legal, accounting or financial advisors and such other advisors as it deems necessary to advise the Committee or assist the Committee in carrying out its duties to assist in the conduct of an investigation.

Mandate of the Oversight Committee

This mandate sets out the roles and responsibilities of the Oversight Committee (“the Committee”) for oversight, on behalf of the Board of Directors (the “Board”) of all matters related to Business Process Optimization and Information Technology (“IT”) undertaken by the management of the Company.

Composition

The Committee shall be appointed by the Board and composed of a minimum of three directors, and the majority comprised of independent directors, according to the independence standards established by the Board and all applicable corporate and securities law. In addition, it is expected that senior members of Empire and Sobeys management shall regularly be invited to attend and be involved in meeting of the Committee. Particularly, it is expected that the Sobeys Chief Financial Officer, Sobeys Chief Information Officer and Sobeys Chief Auditor shall be regularly involved in Committee meetings.

The members of the Committee shall be appointed or reappointed annually by the Board, with such appointments to take effect immediately following the Annual Meeting of the Shareholders of the Company. Each member of the Committee shall continue to be a member thereof until their successor is appointed, unless they resign or are removed by the Board, or shall cease to be a director of the Company. Where a vacancy occurs at any time in the membership of the Committee, it may be filled by the Board and shall be filled by the Board if the membership of the Committee is less than the minimum membership.

The Board shall appoint a Chair from among the members of the Committee to preside at its meetings. In the absence of the Chair, one of the present Committee members shall be chosen by the Committee to preside at the meeting. The Chair presiding at any meeting of the Committee shall have a casting vote in case of deadlock. The Committee shall also appoint a secretary who need not be a director.

Meetings

The Committee shall report and make recommendations to the Board as appropriate.

The Committee shall meet with such frequency as is determined to be appropriate by the members of the Committee or as directed by the Board. The time and place of meetings of the Committee and the procedure at such meetings shall be determined from time to time by the members thereof provided that:

1. A quorum of meeting shall be a majority of the members, present in person or by telephone or other telecommunication device, that permits all persons participating in the meeting to speak and hear each other; and
2. Notice of the time and place of every meeting shall be given in writing, electronic or other facsimile communication to each member of the Committee at least 24 hours prior to the time for such meeting, provided however, that a member may in any matter waive a notice of meeting. Attendance of a member at a meeting is a waiver of notice of that meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.
3. All Committee members are expected to attend each meeting. The minutes of the Committee shall be recorded and maintained by the Secretary of the meeting. The Chair of the Committee shall report the business of the meeting to the next regularly scheduled Board meeting.

The Committee may meet in camera at any of its meetings, at the instance of the Committee chair or any member of the Committee.

Primary Responsibilities

The Committee shall receive, review, report on and recommend to the Board, as appropriate, all significant business process and IT assessments, studies, proposals, recommendations and plans for Sobeys and progress reports thereon. This responsibility includes:

1. Reviewing and reporting on all guiding principles, governance models, strategies and tactics developed or proposed in respect of the foregoing by management;
2. Ensuring that management has implemented and maintains appropriate planning and risk management processes and protocols in respect of both business process change and IT planning and investment;

3. Being informed on, regularly reviewing and reporting to the board on the evolution and progress of all significant business process change and IT projects, including regularly reviewing and following up on budgets, timelines, resources and progress for all such projects;
4. Receiving and reviewing, on a regular basis, reports of both internal and external auditors (or other consultants retained from time to time) in respect of governance compliance by both business process optimization and IT process teams;
5. Reviewing and making recommendations to the Board on all information technology and business process projects which involve aggregate expenditures in excess of \$10 million.

Authority

The Committee has the authority to:

1. Conduct or authorize an investigation into any matters within its scope of its mandate or responsibility;
2. With the approval of the Corporate Governance Committee Chair at the Company's expense, retain independent legal, accounting or financial advisors and such other advisors as it deems necessary to advise the Committee or assist the Committee in carrying out its duties or to assist in the conduct of an investigation.

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