FORM 27

MATERIAL CHANGE REPORT

1. Reporting Issuers:

Empire Company Limited
115 King Street
Stellarton, NS B0K 1S0

2. Date of Material Change:

August 18, 1999

3. Press Releases:

The press release describing the material change referred to herein was released via ISDN Newswire Service on August 18, 1999 and filed on SEDAR.

4. Summary of Material Change:

Empire Company Limited ("Empire") has agreed to support a merger of Hannaford Bros. Co. ("Hannaford") and Food Lion, Inc. ("Food Lion") which will result in Empire selling its 24.6% interest in Hannaford for US$823 million in combined cash and Food Lion shares.

5. Full description of the Material Change:

Hannaford and Food Lion announced that their respective boards of directors unanimously approved a definitive merger agreement pursuant to which Food Lion will acquire all of the outstanding shares of Hannaford for US$79 per share in a cash and stock transaction valued at approximately US$3.6 billion including assumed debt of approximately US$300 million. The merger transaction is subject to approval of Hannaford shareholders and anti-trust clearance. Empire and its affiliates have entered into a voting agreement in support of the merger.

Empire, directly and indirectly through its wholly owned subsidiary ECL Investments Limited, currently owns 10,418,565 common shares of Hannaford or approximately 24.6% of the outstanding Hannaford common shares. Upon completion of the merger between Hannaford and Food Lion, Empire will receive total consideration of approximately US$823 million (C$1.2 billion). Upon closing, Empire's consideration will consist of a minimum of US$315 million in class A non-voting shares of Food Lion and the balance in cash. The transaction will result in Empire owning approximately 10.5% of the class A non-voting shares in Food Lion, being approximately 5% of the total equity of Food Lion. Empire will have the option prior to closing to elect to increase the amount of Food Lion stock it receives on the merger to a maximum of US$421 million.

The merger transaction will crystalize the value of Empire's investment in Hannaford and deliver value to Empire shareholders. A portion of the cash proceeds from the transaction will be used to reduce corporate debt.

Hannaford, whose head office is in Scarborough, Maine, is a multi-regional food retailer with approximately 150 stores in the States of Maine, New Hampshire, Vermont, Massachusetts, New York, Virginia, North Carolina and South Carolina operating primarily under the names "Shop'n Save" and "Hannaford". Hannaford also operates approximately 100 pharmacies within their supermarkets or combination stores. Hannaford sales and other revenues for its fiscal year ended December 31, 1998 were approximately US$3.3 billion.

Food Lion, based in Salisbury, North Carolina, operates 1,258 Food Lion, Kash'n Karry and Save'n Pack stores in the mid Atlantic and Southeast United States. The combined company of Food Lion and Hannaford will have about 1,400 stores from Maine to Florida and *pro forma* annual revenues of about US$13.5 billion. The merged company will be the sixth largest food retailer in North America.

6. Reliance on Section 75 (3) of the Securities Act (Ontario), Section 81(3) of the Securities Act (Nova Scotia) and equivalent provisions in other jurisdictions:

N/A

7. Omitted Information:

N/A

8. Senior Officer:

For more information contact:

Allan D. Rowe
Senior Vice-President, Chief Financial Officer and Secretary, Empire Company Limited
115 King Street
Stellarton, NS B0K 1S0
Telephone: 902-755-4440

9. Statement of Senior Officer:

The foregoing accurately discloses the material change referred to herein.

DATED at Stellarton, Nova Scotia as this 30th day of August, 1999.

EMPIRE COMPANY LIMITED

[signed] "Allan D. Rowe"
Allan D. Rowe, Senior Vice President,
Chief Financial Officer and Secretary

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