FORM 27

MATERIAL CHANGE REPORT

1. Reporting Issuer:

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

2. Date of Material Change:

December 5, 2001

3. Press Releases:

The press release describing the material change referred to herein was released on December 5, 2001 and filed on SEDAR.

4. Summary of Material Change:

Sobeys Inc. (“Sobeys”), which is 61% owned by Empire Company Limited, announced that it has entered into a definitive agreement to sell substantially all of the assets of its SERCA foodservice operations.

5. Full description of the Material Change:

Sobeys (TSE: SBY), which is 61% owned by Empire Company Limited (TSE: EMP.A), has entered into a definitive agreement to sell substantially all of the assets of its SERCA foodservice operations to SYSCO Corporation (“SYSCO”) (NYSE: SYY), the largest foodservice marketing and distribution company in North America. Under this definitive agreement, SYSCO will pay a purchase price of $440 million (CAD) payable in cash on closing and will assume the liabilities associated with the purchased assets. Sobeys and SYSCO also announced an agreement to form a strategic alliance, which will increase value for customers and drive future growth.

The transaction, which is expected to be completed early in calendar year 2002, is subject to SYSCO's due diligence and is also conditional upon the receipt of federal regulatory approvals, including consent from the Competition Bureau. Sobeys and SYSCO have agreed that if the Competition Bureau requires the sale of certain assets to address competition concerns, then the purchase price paid by SYSCO will be adjusted post-closing so that they will share any gain or loss on the sale of those assets equally.

The transaction will allow Sobeys to focus its full attention and resources on growing its core retail business, with a strengthened financial position and a strategic association with North America's largest foodservice operator. The sale of SERCA supports Sobeys’ commitment to more rapidly grow its retail food and in-store pharmacy business across Canada through the development and expansion of its core Sobeys, Garden Market, IGA, IGA extra and Price Chopper banners.

The all-cash consideration is expected to have a positive impact on Sobeys financial position and result in an improvement in debt and interest coverage ratios. Sobeys will use proceeds from the transaction to reduce debt and to support the company's capital spending program, which is focused on modernizing and expanding its retail food and in-store pharmacy presence across the country. The transaction is expected to result in growth in Sobeys EBITDA margin (Earnings before Interest, Taxes, Depreciation and Amortization/Sales), while also enhancing the company's financial flexibility and growth potential. The transaction is expected to be neutral to Sobeys' net earnings in the short term.

Sobeys' management believes that the transaction and strategic alliance should create significant value for their customers, shareholders and employees. It is intended that the strategic alliance between Sobeys and SYSCO will see the companies working together to optimize the sourcing and procurement of produce and private label products, increase efficiency of their respective logistics and distribution systems, and develop new concepts to satisfy the changing requirements of their respective customers.

Empire Company Limited is a diversified Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses are food distribution through majority ownership of Sobeys Inc., real estate through wholly owned companies managing 12.0 million square feet of leasable space, and corporate investment activities. With over $4.2 billion in assets, Empire employs over 34,000 people directly and through subsidiaries.

Sobeys, headquartered in Stellarton, Nova Scotia, is Canada's second largest retail grocer and distributor. The company operates over 1,300 corporate and franchise stores in all 10 provinces under a range of retail banners, including Sobeys, Garden Market, IGA, IGA extra and Price Chopper. Sobeys is committed to satisfying its customers' current demands for products and services, and exceeding their expectations with value-added offerings in the future. The company achieved sales of $11.37 billion (CAD) for its fiscal year ended May 5, 2001. More information on Sobeys can be found at www.sobeys.com.

SERCA is Canada's largest and only national foodservice operation. The company supplies restaurants, hotels, fast food chains, educational facilities and health care facilities with food products as well as other goods like paper products and cleaning supplies. With approximately 4,000 employees and a fleet of 500 trucks across Canada, SERCA ranks as one of the largest operators in the North American foodservice industry. The company was acquired by Sobeys in December 1998 as part of Sobeys acquisition of The Oshawa Group Limited. SERCA achieved sales of $2.21 billion (CAD) in fiscal 2001. For more information about SERCA, go to www.serca.com.

SYSCO is the largest foodservice marketing and distribution organization in North America. Generating sales of $21.8 billion (USD) for the fiscal year 2001 that ended June 30, 2001, the company provides food and related products and services to about 370,000 customers, including restaurants, healthcare and educational institutions, lodging establishments and other foodservice operations. The SYSCO distribution network currently extends throughout the entire contiguous United States and portions of Alaska, Hawaii and Canada. For more information about SYSCO visit the company's home page at www.sysco.com.

This report contains forward-looking statements about future performance of Empire and Sobeys. These statements are based on Empire and Sobeys management's assumptions and beliefs in light of the information currently available to them. Neither Empire nor Sobeys assume any obligation to update the information herein. These forward-looking statements are subject to uncertainties and other factors that could cause actual results to differ materially from such statements.

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:

Paul V. Beesley
Senior Vice-President, Chief Financial Officer and Secretary
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 13th day of December, 2001.

EMPIRE COMPANY LIMITED

Per: [signed] "Paul V. Beesley"
Paul V. Beesley
Senior Vice-President, Chief Financial Officer
and Secretary

IT IS AN OFFENCE UNDER THE SECURITIES ACT AND THE SECURITIES REGULATION FOR A PERSON OR COMPANY TO MAKE A STATEMENT IN A DOCUMENT REQUIRED TO BE FILED OR FURNISHED UNDER THE ACT OR THE REGULATION THAT, AT THE TIME AND IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH IT IS MADE, IS A MISREPRESENTATION.