EMPIRE
COMPANY LIMITED

FOR IMMEDIATE RELEASE
March 9, 2016

Empire Company Reports Fiscal 2016 Third Quarter Results

Empire Company Limited (“Empire” or the “Company”) (TSX: EMP.A) today announced financial results for its third quarter ended January 30, 2016. In the third quarter, the Company recorded adjusted net earnings, net of non-controlling interest, of $82.5 million ($0.30 per diluted share) compared to $118.6 million ($0.43 per diluted share) in the third quarter last year, a 30.4 percent decrease.

Third Quarter Highlights

- *Sales of $6,027.2 million, up $86.7 million or 1.5 percent.*
- *Sobeys’ same-store sales (1) increased 0.4 percent. Excluding the negative impact of fuel sales and the retail West business unit, same-store sales would have increased 2.7 percent. The majority of the West impact was the result of challenges for the Safeway banner.*
- *Impairment losses were recognized in the West business unit for goodwill and long-lived assets of $1,592.6 million and $137.7 million, respectively.*
- *EBITDA (1) of $(1,467.9) million compared to $322.3 million last year, down $1,790.2 million.*
- *Adjusted EBITDA (1) of $262.9 million compared to $309.1 million last year, down $46.2 million or 14.9 percent.*
- *Net (loss) earnings, net of non-controlling interest, of $(1,365.7) million compared to $123.6 million last year, a decrease of $1,489.3 million.*
- *Adjusted net earnings (1), net of non-controlling interest, of $82.5 million compared to $118.6 million last year, a $36.1 million or 30.4 percent decrease.*
- *Adjusted EPS (2) (fully diluted) of $0.30 compared to $0.43 last year, a 30.2 percent decrease.*
- *Funded debt to total capital (1) ratio of 34.1 percent versus 27.7 percent at May 2, 2015.*

(1) See “Non-GAAP Financial Measures” section of this news release.
(2) Earnings per share (“EPS”).

“The challenges that we experienced in the first half of fiscal 2016 related to the integration of our Safeway business only intensified in the third quarter. In addition, increased promotional activity across the West as well as a difficult economic environment mainly in Alberta and Saskatchewan, resulted in sales erosion in our Safeway banner and West business unit,” said Marc Poulin, President and CEO, Empire Company Limited.

“While these challenges, and the implementation of associated mitigation plans, remain a top priority, it has become apparent that stabilizing our business will take longer than originally expected and has required us to take an impairment charge this quarter. Our focus is on rebuilding top-line sales in the West through initiatives such as our *Better Produce at Lower Prices* initiative introduced into the market at the end of the third quarter.

In what remains a very competitive food retail environment, the rest of our business generally performed to our expectations driven by the ongoing implementation of our *Better Food For All* strategy which continues to resonate with our customers.”

Dividend Declaration

The Board of Directors declared a quarterly dividend of $0.10 per share on both the Non-Voting Class A shares and the Class B common shares that will be payable on April 29, 2016 to shareholders of record on April 15, 2016. These dividends are eligible dividends as defined for the purposes of the Income Tax Act (Canada) and applicable provincial legislation and, therefore, qualify for the favourable tax treatment applicable to such dividends.

CONSOLIDATED OPERATING RESULTS

($ in millions, except per share amounts)	13 Weeks Ended Jan. 30, 2016	13 Weeks Ended Jan. 31, 2015 [1]	($) Change	39 Weeks Ended Jan. 30, 2016	39 Weeks Ended Jan. 31, 2015 [1]	($) Change
Sales	**$ 6,027.2**	$ 5,940.5	$ 86.7	**$ 18,335.6**	$ 18,158.3	$ 177.3
EBITDA	**(1,467.9)**	322.3	(1,790.2)	**(897.5)**	988.6	(1,886.1)
Adjusted EBITDA	**262.9**	309.1	(46.2)	**891.8**	982.6	(90.8)
Operating (loss) income	**(1,589.8)**	203.4	(1,793.2)	**(1,258.3)**	626.5	(1,884.8)
Finance costs, net	**33.9**	36.7	(2.8)	**101.1**	120.8	(19.7)
Income taxes	**(258.2)**	41.9	(300.1)	**(184.6)**	127.5	(312.1)
Net (loss) earnings [2]	**(1,365.7)**	123.6	(1,489.3)	**(1,188.4)**	363.6	(1,552.0)
Adjusted net earnings [2]	**82.5**	118.6	(36.1)	**314.9**	374.3	(59.4)
EPS (fully diluted) [2][3]	**$ (5.03)**	$ 0.45	$ (5.48)	**$ (4.33)**	$ 1.31	$ (5.64)
Adjusted EPS (fully diluted) [2]	**$ 0.30**	$ 0.43	$ (0.13)	**$ 1.15**	$ 1.35	$ (0.20)
Diluted weighted average number of shares outstanding (in millions)	**271.8**	277.2		**274.9**	277.0	

(1) Amounts have been reclassified to correspond to the current period presentation on the condensed consolidated statement of (loss) earnings.
(2) Net of non-controlling interest.
(3) The weighted average number of shares used for the purpose of basic and diluted loss per share is equal, as the impact of all potential common shares would be anti-dilutive.

Sales

All sales are generated by the food retailing segment.

Consolidated sales for the 13 weeks ended January 30, 2016 were $6,027.2 million compared to $5,940.5 million in the third quarter last year, an increase of $86.7 million or 1.5 percent. The increase in sales was primarily the result of food inflation, and the Co-op Atlantic acquisition and the associated long-term supply and franchise agreements. This increase was partially offset by: (i) significant integration, operational and reorganizational challenges affecting Safeway operations; (ii) the continued negative impact of merchandising and promotional strategies for the Safeway banner; (iii) the economic downturn in areas that have been impacted by decreasing oil prices; (iv) store closures associated with the network rationalization; (v) the decline in oil prices impacting fuel sales; and (vi) the lost wholesale food volumes resulting from the loss of wholesale customers.

Following the close of the Canada Safeway acquisition, the Company began integration of the acquired business with existing operations which has resulted in a number of operational issues that have had an impact on financial results. Merchandising issues such as our private label conversion along with produce supply chain issues impacted the offerings being made to customers at store level. In addition, increased promotional activity and a difficult economic environment mainly in the Alberta and Saskatchewan markets, resulted in sales erosion in the Safeway banner and the Western business unit. These have negatively impacted our customer experience and resulted in same-store sales for the West business unit excluding fuel of (2.9) percent for the 13 weeks ended January 30, 2016.

During the third quarter of fiscal 2016, Sobeys' same-store sales increased 0.4 percent from the same period last year. Excluding the negative impact of fuel sales and the retail West business unit, same-store sales would have increased 2.7 percent. The majority of the West impact was the result of challenges for the Safeway banner.

EBITDA

Consolidated EBITDA in the third quarter was $(1,467.9) million compared to $322.3 million in the third quarter last year, a $1,790.2 million decrease. The decrease in EBITDA was largely due to impairments recorded for goodwill and long-lived assets, the factors affecting sales, as mentioned previously, and the factors affecting gross profit in the food retailing segment. Reduced expenses in the current quarter for variable components of compensation, including stock-based awards, partially offset the operational decline noted above.

The following table adjusts EBITDA for certain items to better analyze trends in performance and financial results for the 13 and 39 weeks ended January 30, 2016 compared to the 13 and 39 weeks ended January 31, 2015.

	13 Weeks Ended		39 Weeks Ended	
($ in millions)	**Jan. 30, 2016**	Jan. 31, 2015 (1)	**Jan. 30, 2016**	Jan. 31, 2015 (1)
EBITDA (consolidated)	**$ (1,467.9)**	$ 322.3	**$ (897.5)**	$ 988.6
Adjustments:				
Impairments of goodwill and long-lived assets	**1,730.3**	-	**1,730.3**	-
Distribution centre restructuring	**0.4**	-	**5.7**	-
Organizational realignment costs	**0.1**	-	**13.6**	-
Network rationalization reversals	**-**	(7.6)	**-**	(7.6)
(Gain) loss on disposal of manufacturing facilities	**-**	(5.6)	**39.7**	1.6
	1,730.8	(13.2)	**1,789.3**	(6.0)
Adjusted EBITDA (consolidated)	**$ 262.9**	$ 309.1	**$ 891.8**	$ 982.6

(1) Amounts have been reclassified to correspond to the current period presentation on the condensed consolidated statement of (loss) earnings.

Operating (Loss) Income

Consolidated operating (loss) income in the third quarter was $(1,589.8) million, a decrease of $1,793.2 million from the $203.4 million recorded in the third quarter last year. Operating loss increased due to the factors noted in the sales and EBITDA sections above, and the factors affecting gross profit in the food retailing segment, discussed further. This was partially offset by the investments and other operations segment which had a $19.8 million gain on the sale of two real estate development partnerships by Genstar Development Partnership II during the third quarter of fiscal 2016.

Finance Costs

Finance costs, net of finance income, for the 13 weeks ended January 30, 2016 were $33.9 million, a decrease of $2.8 million from the $36.7 million recorded in the same period last year.

Income Taxes

The Company's effective income tax rate for the third quarter of fiscal 2016 was 15.9 percent compared to 25.1 percent for the third quarter of fiscal 2015. The reduction is attributable to the impact of the impairments of goodwill and long-lived assets. The effective income tax rate, excluding the impact of the aforementioned impairments, would have been 27.3 percent in the third quarter compared to 25.1 percent in the same period last year. The increase is due to the higher proportion of income earned by the investments and other operations segment compared to the same period last year.

Net (Loss) Earnings

Consolidated net (loss) earnings, net of non-controlling interest, in the third quarter equaled $(1,365.7) million ($(5.03) per diluted share) compared to $123.6 million ($0.45 per diluted share) in the third quarter last year. Net loss was primarily impacted by the previously discussed challenges in the West and the resulting impairments taken, partially offset by reduced expenses for variable components of compensation, including stock-based awards.

The following table adjusts net (loss) earnings, net of non-controlling interest, for certain items to better analyze trends in performance and financial results.

($ in millions, except per share amounts, net of tax)	13 Weeks Ended		39 Weeks Ended	
	Jan. 30, 2016	Jan. 31, 2015	**Jan. 30, 2016**	Jan. 31, 2015
Net (loss) earnings [1]	**$ (1,365.7)**	$ 123.6	**$ (1,188.4)**	$ 363.6
EPS (fully diluted) [2]	**$ (5.03)**	$ 0.45	**$ (4.33)**	$ 1.31
Adjustments [3]:				
Impairments of goodwill and long-lived assets	**1,443.1**	-	**1,443.1**	-
Intangible amortization associated with the Canada Safeway acquisition	**4.7**	4.9	**14.3**	15.6
Distribution centre restructuring	**0.3**	-	**4.2**	-
Organizational realignment costs	**0.1**	-	**9.9**	-
Network rationalization reversals	**-**	(5.5)	**-**	(5.5)
(Gain) loss on disposal of manufacturing facilities	**-**	(4.4)	**31.8**	0.6
	1,448.2	(5.0)	**1,503.3**	10.7
Adjusted net earnings [1]	**$ 82.5**	$ 118.6	**$ 314.9**	$ 374.3
Adjusted EPS (fully diluted)	**$ 0.30**	$ 0.43	**$ 1.15**	$ 1.35
Diluted weighted average number of shares outstanding (in millions)	**271.8**	277.2	**274.9**	277.0

(1) Net of non-controlling interest.
(2) The weighted average number of shares used for the purpose of basic and diluted loss per share is equal, as the impact of all potential common shares would be anti-dilutive.
(3) All adjustments are net of income taxes.

FINANCIAL PERFORMANCE BY SEGMENT

The Company operates and reports on two business segments:

1) **Food retailing**, which consists of wholly-owned subsidiary Sobeys Inc. ("Sobeys"), and

2) **Investments and other operations**, which as of January 30, 2016 included investments in Crombie Real Estate Investment Trust ("Crombie REIT") (41.5 percent equity accounted interest; 40.2 percent fully diluted) and interests in Genstar.

FOOD RETAILING

The following table presents Sobeys' contribution to Empire's consolidated sales, gross profit, EBITDA, adjusted EBITDA, operating (loss) income, net (loss) earnings, net of non-controlling interest, and adjusted net earnings, net of non-controlling interest.

($ in millions)	13 Weeks Ended [1] **Jan. 30, 2016**	Jan. 31, 2015	($) Change	39 Weeks Ended [1] **Jan. 30, 2016**	Jan. 31, 2015	($) Change
Sales	**$ 6,027.2**	$ 5,940.5	$ 86.7	**$ 18,335.6**	$ 18,158.3	$ 177.3
Gross profit	**1,421.8**	1,479.8	(58.0)	**4,411.4**	4,506.6	(95.2)
EBITDA	**(1,516.6)**	284.3	(1,800.9)	**(964.0)**	915.0	(1,879.0)
Adjusted EBITDA	**214.2**	271.1	(56.9)	**825.3**	909.0	(83.7)
Operating (loss) income	**(1,638.2)**	165.8	(1,804.0)	**(1,324.3)**	553.6	(1,877.9)
Net (loss) earnings [2]	**(1,400.5)**	95.5	(1,496.0)	**(1,235.1)**	309.4	(1,544.5)
Adjusted net earnings [2]	**47.7**	90.5	(42.8)	**268.2**	320.1	(51.9)

(1) Net of consolidation adjustments which includes a purchase price allocation from the privatization of Sobeys.
(2) Net of non-controlling interest.

Sales

Sobeys reported sales of $6,027.2 million for the 13 weeks ended January 30, 2016, an increase of $86.7 million or 1.5 percent from $5,940.5 million reported in the same quarter last year. The increase in sales was primarily the result of food inflation, and the Co-op Atlantic acquisition and the associated long-term supply and franchise agreements. This increase was partially offset by: (i) significant integration, operational and reorganizational challenges affecting Safeway operations; (ii) the continued negative impact of merchandising and promotional strategies for the Safeway banner; (iii) the economic downturn in areas that have been impacted by decreasing oil prices; (iv) store closures associated with the network rationalization; (v) the decline in oil prices impacting fuel sales; and (vi) the lost wholesale food volumes resulting from the loss of wholesale customers.

Following the close of the Canada Safeway acquisition, the Company began integration of the acquired business with existing operations which has resulted in a number of operational issues that have had an impact on financial results. Merchandising issues such as our private label conversion along with produce supply chain issues impacted the offerings being made to customers at store level. In addition, increased promotional activity and a difficult economic environment mainly in the Alberta and Saskatchewan markets, resulted in sales erosion in the Safeway banner and the Western business unit. These have negatively impacted our customer experience and resulted in same-store sales for the West business unit excluding fuel of (2.9) percent for the 13 weeks ended January 30, 2016.

During the third quarter of fiscal 2016, Sobeys' same-store sales increased 0.4 percent from the same period last year. Excluding the negative impact of fuel sales and the retail West business unit, same-store sales would have increased 2.7 percent. The majority of the West impact was the result of challenges for the Safeway banner.

Gross Profit

For the third quarter of fiscal 2016, Sobeys' gross profit was $1,421.8 million, a decrease of $58.0 million or 3.9 percent compared to $1,479.8 million for the same period last year. For the third quarter of fiscal 2016, gross margin decreased 130 basis points to 23.6 percent compared to 24.9 percent in the same period last year.

The decrease in gross margin during the quarter continued to be the result of the ongoing impact that merchandising and promotional programs had on customers, and the low reception of these strategies in Safeway also had a downward impact on gross margin. Gross profit was also impacted negatively by continuity program investment during the quarter and an inventory valuation adjustment recorded in the third quarter. In addition, increased promotional activity and a difficult economic environment mainly in the Alberta and Saskatchewan markets, resulted in gross margin erosion. These challenges are being addressed with high priority and mitigation plans continue to be put into place. The significant organizational, training, and education gaps related to IT system, process integration and reorganizational changes identified also continue to be aggressively addressed.

In addition, gross profit and gross margin continued to be impacted during the 13 weeks ended January 30, 2016 by the factors impacting sales, as well as synergies related to the Canada Safeway acquisition, store divestitures and network rationalization. These were offset by: (i) a weaker Canadian dollar ("CAD") relative to the United States dollar ("USD") which affected the CAD cost of USD purchases; (ii) a highly promotional environment; and (iii) continued competitive intensity.

For the 13 weeks ended January 30, 2016, the decline in the price of oil, which had an impact on fuel sales, did not have a material impact on gross profit.

EBITDA

EBITDA contribution from Sobeys to Empire in the third quarter of fiscal 2016 was $(1,516.6) million compared to a $284.3 million contribution in the same quarter last year, a decrease of $1,800.9 million. The decrease in EBITDA was largely due to impairments recorded for goodwill and long-lived assets, and the factors affecting sales and gross profit, as mentioned previously. Reduced expenses for variable components of compensation, including stock-based awards, partially offset the operational decline noted above.

The following table adjusts EBITDA for certain items to better analyze trends in performance and financial results for the 13 and 39 weeks ended January 30, 2016 compared to the 13 and 39 weeks ended January 31, 2015.

	13 Weeks Ended		39 Weeks Ended	
($ in millions)	**Jan. 30, 2016**	Jan. 31, 2015	**Jan. 30, 2016**	Jan. 31, 2015
EBITDA (contributed by Sobeys)	**$ (1,516.6)**	$ 284.3	**$ (964.0)**	$ 915.0
Adjustments:				
Impairments of goodwill and long-lived assets	**1,730.3**	-	**1,730.3**	-
Distribution centre restructuring	**0.4**	-	**5.7**	-
Organizational realignment costs	**0.1**	-	**13.6**	-
Network rationalization reversals	**-**	(7.6)	**-**	(7.6)
(Gain) loss on disposal of manufacturing facilities	**-**	(5.6)	**39.7**	1.6
	1,730.8	(13.2)	**1,789.3**	(6.0)
Adjusted EBITDA	**$ 214.2**	$ 271.1	**$ 825.3**	$ 909.0

Operating (Loss) Income

Sobeys' operating (loss) income contribution to Empire in the third quarter was $(1,638.2) million compared to $165.8 million in the third quarter last year, a decrease of $1,804.0 million. Operating loss increased due to the factors noted in the sales, gross profit and EBITDA sections above.

Net (Loss) Earnings

Sobeys contributed net (loss) earnings, net of non-controlling interest, to Empire in the third quarter of $(1,400.5) million compared to $95.5 million in the same period last year, a decrease of $1,496.0 million. Net loss was primarily impacted by the previously discussed challenges in the West, including impairments recorded for goodwill and long-lived assets, partially offset by reduced expenses for variable components of compensation, including stock-based awards.

The table below reconciles net (loss) earnings, net of non-controlling interest, to adjusted net earnings, net of non-controlling interest, for the 13 and 39 weeks ended January 30, 2016 compared to the 13 and 39 weeks ended January 31, 2015.

	13 Weeks Ended		39 Weeks Ended	
($ in millions)	**Jan. 30, 2016**	Jan. 31, 2015	**Jan. 30, 2016**	Jan. 31, 2015
Net (loss) earnings [1] (contributed by Sobeys)	**$ (1,400.5)**	$ 95.5	**$ (1,235.1)**	$ 309.4
Adjustments [2]:				
Impairments of goodwill and long-lived assets	**1,443.1**	-	**1,443.1**	-
Intangible amortization associated with the Canada Safeway acquisition	**4.7**	4.9	**14.3**	15.6
Distribution centre restructuring	**0.3**	-	**4.2**	-
Organizational realignment costs	**0.1**	-	**9.9**	-
Network rationalization reversals	**-**	(5.5)	**-**	(5.5)
(Gain) loss on disposal of manufacturing facilities	**-**	(4.4)	**31.8**	0.6
	1,448.2	(5.0)	**1,503.3**	10.7
Adjusted net earnings [1]	**$ 47.7**	$ 90.5	**$ 268.2**	$ 320.1

(1) Net of non-controlling interest.
(2) All adjustments are net of income taxes.

INVESTMENTS AND OTHER OPERATIONS

The table below presents investments and other operations' contribution to Empire's operating income.

	13 Weeks Ended			39 Weeks Ended		
($ in millions)	**Jan. 30, 2016**	Jan. 31, 2015 [1]	($) Change	**Jan. 30, 2016**	Jan. 31, 2015 [1]	($) Change
Operating income						
Crombie REIT [2]	**$ 7.2**	$ 7.3	$ (0.1)	**$ 20.8**	$ 23.6	$ (2.8)
Real estate partnerships [3]	**36.8**	24.2	12.6	**43.9**	43.6	0.3
Other operations, net of corporate expenses	**4.4**	6.1	(1.7)	**1.3**	5.7	(4.4)
	$ 48.4	$ 37.6	$ 10.8	**$ 66.0**	$ 72.9	$ (6.9)

(1) Amounts have been reclassified to correspond to the current period presentation on the condensed consolidated statement of (loss) earnings.
(2) 41.5 percent equity accounted interest in Crombie REIT (as at January 31, 2015 – 41.5 percent interest).
(3) Interests in Genstar.

Operating Income

Investments and other operations contributed operating income of $48.4 million in the 13 weeks ended January 30, 2016 versus $37.6 million in the same period last year, an increase of $10.8 million. The increase in operating income was primarily a result of the Company's investment in real estate partnerships (Genstar) which sold interests in two real estate development partnerships during the third quarter of fiscal 2016.

CONSOLIDATED FINANCIAL CONDITION

The financial condition measures are presented in the table below.

($ in millions, except per share and ratio calculations)		Jan. 30, 2016		May 2, 2015 (1)		Jan. 31, 2015 (1)(2)
Shareholders' equity, net of non-controlling interest	**$**	**4,613.8**	$	5,983.8	$	5,920.8
Book value per common share (3)	**$**	**16.98**	$	21.60	$	21.37
Long-term debt, including current portion	**$**	**2,387.8**	$	2,290.9	$	2,797.0
Funded debt to total capital (3)		**34.1%**		27.7%		32.1%
Net funded debt to net total capital (3)		**31.2%**		25.0%		29.5%
Funded debt to EBITDA (3)(4)(5)(6)		**(3.6)x**		1.9x		2.5x
EBITDA to interest expense (3)(4)(5)(7)		**(5.8)x**		8.9x		6.7x
Current assets to current liabilities		**0.8x**		0.9x		1.1x
Total assets	**$**	**10,130.2**	$	11,468.4	$	11,909.0

(1) Amounts have been reclassified to correspond to the current period presentation on the condensed consolidated statement of cash flows and the condensed consolidated balance sheets.
(2) Amounts have been restated as a result of the finalized purchase price allocation related to the Canada Safeway acquisition; see the "Business Acquisition" section of the Fiscal 2015 Annual Management's Discussion & Analysis ("MD&A").
(3) See "Non-GAAP Financial Measures" section of this news release.
(4) Ratios for January 31, 2015 exclude EBITDA and interest expense relating to discontinued operations.
(5) Excluding the impact of goodwill and long-lived asset impairments in the third quarter of fiscal 2016, funded debt to EBITDA ratio would have been 2.2 times and EBITDA to interest expense ratio would have been 9.3 times.
(6) Calculation uses trailing four-quarter EBITDA.
(7) Calculation uses trailing four-quarter EBITDA and interest expense.

The ratio of funded debt to total capital to 34.1 percent at January 30, 2016 from 27.7 percent at May 2, 2015.

Shareholders' equity, net of non-controlling interest, decreased $1,307.0 million or 22.1 percent over the third quarter last year to $4,613.8 million. Book value per common share decreased to $16.98 at January 30, 2016 versus $21.37 at January 31, 2015.

Free Cash Flow

Free cash flow [1] is used to measure the change in the Company's cash available for debt repayment, dividend payments, and other investing and financing activities. The following table reconciles free cash flow to GAAP cash flows from operating activities for the 13 and 39 weeks ended January 30, 2016 and the 13 and 39 weeks ended January 31, 2015.

	13 Weeks Ended				39 Weeks Ended			
($ in millions)		**Jan. 30, 2016**		Jan. 31, 2015 (2)		**Jan. 30, 2016**		Jan. 31, 2015 (2)
Cash flows from operating activities	**$**	**200.4**	$	343.7	**$**	**652.0**	$	902.8
Plus: proceeds on disposal of property, equipment and investment property		**82.5**		155.3		**130.9**		320.3
Less: property, equipment and investment property purchases		**(143.5)**		(171.3)		**(442.6)**		(363.4)
Free cash flow	**$**	**139.4**	$	327.7	**$**	**340.3**	$	859.7

(1) See "Non-GAAP Financial Measures" section of this news release.
(2) Amounts have been reclassified to correspond to the current period presentation on the condensed consolidated statement of cash flows.

Free cash flow in the third quarter of fiscal 2016 decreased $188.3 million from the third quarter of fiscal 2015. This decrease in free cash flow was the result of: a reduction in cash flows from operating activities; and a decrease in proceeds on disposal of property, equipment and investment property from the divestiture of manufacturing facilities; partially offset by a decrease in property, equipment and investment property purchases.

FORWARD-LOOKING INFORMATION

This document contains forward-looking statements which are presented for the purpose of assisting the reader to contextualize the Company's financial position and understand management's expectations regarding the Company's strategic priorities, objectives and plans. These forward-looking statements may not be appropriate for other purposes. Forward-looking statements are identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends", "could", "may", "plans", "predicts", "projects", "will", "would", "foresees" and other similar expressions or the negative of these terms.

These forward-looking statements include, but are not limited to, the following items:

- The Company's expectations relating to the timing of mitigation and remediation of organizational, training and education gaps related to IT system, process integration and reorganizational changes at Safeway, which may be delayed by further unforeseen challenges;

- The Company's expectations relating to the operational challenges being faced in Western Canada, primarily in the Safeway banner, which may be impacted by a number of factors including the under performance in the first three quarters of fiscal 2016 and future mitigating strategies employed;

- The Company's key assumptions used in the calculation of the impairment of long-lived assets, includes, long-term growth rates ranging from 3.0 percent to 5.0 percent and pre-tax discount rates that range from 7.0 percent to 10.0 percent. These assumptions were applied to the Company's internal forecasts to create cash flow projections. There is a risk that internal forecasts will not be achieved and actual long-term growth rates will fall outside of the ranges used; and

- The Company's key assumptions used in the calculation of the impairment of goodwill include the pre-tax discount rate, the growth rates and the operating margins used to estimate future performance. These are equally based on past performance and experience with growth rates and achievable operating margins. The after-tax discount rate of 10.0 percent was used. An assumed annual growth rate of 3.0 percent and an assumed terminal growth rate of 3.0 percent were used. The risk is that the growth rates and operating margins used in the calculation will fall outside of the determined amounts.

By its very nature, forward-looking information requires the Company to make assumptions and is subject to inherent risks, uncertainties and other factors which may cause actual results to differ materially from forward-looking statements made. For more information on risks, uncertainties and assumptions that may impact the Company's forward-looking statements, please refer to the Company's materials filed with the Canadian securities regulatory authorities, including the "Risk Management" section of the Company's Annual Information Form and Annual MD&A. The list of factors is not exhaustive and other factors could also adversely affect results.

Although the Company believes the predictions, forecasts, expectations or conclusions reflected in the forward-looking information are reasonable, it can give no assurance that such matters will prove to have been correct. Readers are urged to consider the risks, uncertainties and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Forward-looking statements do not take into account the effect of transactions occurring after the statements have been made on the Company's business. The forward-looking information in this document reflects the Company's current expectations and is subject to change after this date. The Company does not undertake to update any forward-looking statements that may be made by or on behalf of the Company other than as required by applicable securities laws.

NON-GAAP FINANCIAL MEASURES

There are measures included in this news release that do not have a standardized meaning under GAAP and therefore may not be comparable to similarly titled measures presented by other publicly traded companies. The Company includes these measures because it believes certain investors use these measures as a means of assessing financial performance.

Empire's definition of the non-GAAP terms are as follows:

- Same-store sales are sales from stores in the same location in both reporting periods.
- Gross profit is calculated as sales less cost of sales.
- Gross margin is gross profit divided by sales.
- Earnings before interest, taxes, depreciation and amortization ("EBITDA") is calculated as net (loss) earnings before finance costs (net of finance income), income taxes, and depreciation and amortization of intangibles.
- Adjusted EBITDA is EBITDA excluding certain items to better analyze trends in performance. These adjustments result in a truer economic representation on a comparative basis. The Company no longer adjusts for items that are insignificant to current period results or the comparative period.
- Interest expense is calculated as interest expense on financial liabilities measured at amortized cost plus losses on cash flow hedges reclassified from other comprehensive income.
- Adjusted net earnings are net (loss) earnings, net of non-controlling interest, excluding certain items to better analyze trends in performance and financial results. These adjustments result in a truer economic representation of the underlying business on a comparative basis. The Company no longer adjusts for items that are insignificant to current period results or the comparative period.
- Funded debt is all interest bearing debt, which includes bank loans, bankers' acceptances and long-term debt.
- Net funded debt is calculated as funded debt less cash and cash equivalents.
- Total capital is calculated as funded debt plus shareholders' equity, net of non-controlling interest.
- Net total capital is total capital less cash and cash equivalents.
- Funded debt to total capital ratio is funded debt divided by total capital.
- Net funded debt to net total capital ratio is net funded debt divided by net total capital.
- Funded debt to EBITDA ratio is funded debt divided by trailing four-quarter EBITDA.
- EBITDA to interest expense ratio is trailing four-quarter EBITDA divided by trailing four-quarter interest expense.
- Book value per common share is shareholders' equity, net of non-controlling interest, divided by total common shares outstanding.
- Free cash flow is calculated as cash flows from operating activities, plus proceeds on disposal of property, equipment and investment property, less property, equipment and investment property purchases.

For a more complete description of Empire's non-GAAP terms, please see Empire's MD&A for the third quarter ended January 30, 2016.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Thursday, March 10, 2016 beginning at 7:30 a.m. (Eastern Standard Time) during which senior management will discuss the Company's financial results for the third quarter of fiscal 2016 ended January 30, 2016. To join this conference call, dial (888) 231-8191 outside the Toronto area or (647) 427-7450 from within the Toronto area. To secure a line, please call 10 minutes prior to the conference call; you will be placed on hold until the conference call begins. The media and investing public may access this conference call via a listen mode only. You may also listen to a live audiocast of the conference call by visiting the Company's website located at www.empireco.ca.

Replay will be available by dialing (855) 859-2056 and entering passcode 57904043 until midnight March 17, 2016, or on the Company's website for 90 days following the conference call.

ABOUT EMPIRE

Empire Company Limited (TSX: EMP.A) is a Canadian company headquartered in Stellarton, Nova Scotia. Empire's key businesses are food retailing and related real estate. With approximately $24.1 billion in annualized sales and $10.1 billion in assets, Empire and its subsidiaries, franchisees and affiliates employ approximately 125,000 people.

Additional financial information relating to Empire, including the Company's Annual Information Form, can be found on the Company's website at www.empireco.ca or on SEDAR at www.sedar.com.

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