FOR IMMEDIATE RELEASE
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Empire Company Reports Fiscal 2016 Fourth Quarter and Full Year Results

Empire Company Limited ("Empire" or the "Company") (TSX: EMP.A) today announced financial results for its fourth quarter and full year ended May 7, 2016. In the fourth quarter, the Company recorded adjusted net earnings, net of non-controlling interest, of $95.3 million ($0.35 per diluted share) compared to $136.7 million ($0.49 per diluted share) in the fourth quarter last year, a 30.3 percent decrease.

Net earnings in the fourth quarter of fiscal 2016 were favourably impacted by an additional week of operating results. Management calculates that the additional week of operations accounted for approximately $461.2 million in sales (or 8.0 percentage points of the 8.9 percent increase in fourth quarter consolidated sales) and positively impacted fourth quarter fiscal 2016 net earnings by approximately $7.4 million.

Fourth Quarter Highlights (14 weeks versus 13 weeks last year)

- *Sales of $6,283.2 million, up $512.7 million or 8.9 percent.*
- *Sobeys' same-store sales (1) decreased 1.8 percent. Excluding the negative impact of fuel sales and the retail West business unit, same-store sales would have increased 0.2 percent.*
- *Impairment losses were recognized in the West business unit for goodwill and long-lived assets of $1,285.9 million and $10.9 million, respectively.*
- *EBITDA (1) of $(1,047.2) million compared to $236.3 million last year, a decrease of $1,283.5 million.*
- *Adjusted EBITDA (1) of $269.6 million compared to $339.3 million last year, down $69.7 million or 20.5 percent.*
- *Net (loss) earnings, net of non-controlling interest, of $(942.6) million compared to $55.4 million last year, a decrease of $998.0 million.*
- *Adjusted net earnings (1), net of non-controlling interest, of $95.3 million compared to $136.7 million last year, a $41.4 million or 30.3 percent decrease.*
- *Adjusted EPS (2) (fully diluted) of $0.35 compared to $0.49 last year, a 28.6 percent decrease.*
- *Free cash flow (1) generation of $82.5 million compared to $582.4 million last year.*
- *Funded debt to total capital (1) ratio of 39.4 percent versus 27.6 percent at May 2, 2015.*
- *Declared dividend of $0.1025 per share, up 2.5 percent.*

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

Adjusted net earnings, net of non-controlling interest, for the 53 weeks ended May 7, 2016 were $410.2 million ($1.50 per diluted share) compared to $511.0 million ($1.84 per diluted share) last year, a 19.7 percent decrease.

Net earnings for the fiscal year ended May 7, 2016 were favourably impacted by an additional week of operating results. Management calculates that the additional week of operations accounted for 1.9 percentage points of the 2.9 percent increase in fiscal 2016 consolidated sales and positively impacted fiscal 2016 net earnings, as noted above.

Fiscal 2016 Highlights (53 weeks versus 52 weeks last year)

- *Sales of $24,618.8 million, up $690.0 million or 2.9 percent.*
- *Sobeys' same-store sales decreased 0.2 percent. Excluding the negative impact of fuel sales and the retail West business unit, same-store sales would have increased 1.5 percent.*
- *Impairment losses were recognized in the West business unit for goodwill and long-lived assets of $2,878.5 million and $148.6 million, respectively.*
- *EBITDA of $(1,944.7) million compared to $1,224.9 million last year, down $3,169.6 million.*
- *Adjusted EBITDA of $1,161.4 million compared to $1,321.9 million last year, down $160.5 million or 12.1 percent.*
- *Net (loss) earnings, net of non-controlling interest, of $(2,131.0) million compared to $419.0 million last year, a decrease of $2,550.0 million.*
- *Adjusted net earnings, net of non-controlling interest, of $410.2 million compared to $511.0 million last year, a $100.8 million or 19.7 percent decrease.*
- *Adjusted EPS (fully diluted) of $1.50 compared to $1.84 last year, an 18.5 percent decrease.*
- *Free cash flow generation of $422.8 million compared to $1,442.1 million last year.*

"The previously reported challenges in Western Canada that have had a negative effect on our results over the past three quarters deepened through the fourth quarter with impacts felt across additional banners in the West and which have led the Company to incur an impairment charge of $1.3 billion dollars in addition to the charge recorded in the third quarter," said Marc Poulin, President and CEO, Empire Company Limited.

"Management is also seeing early evidence of a softening sales trend in other regions of the country. Although management remains focused on reversing these negative trends by continuing on our core strategies of cost reduction, network renewal and relevant pricing for our customers, the stabilization of our business will take time."

Dividend Declaration

The Board of Directors announced an increase in Empire's annual dividend per share, paid quarterly, from $0.40 per share to $0.41 per share, a 2.5 percent increase. It also declared a quarterly dividend of $0.1025 per share on both the Non-Voting Class A shares and the Class B common shares that will be payable on July 29, 2016 to shareholders of record on July 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)		**14 Weeks Ended May 7, 2016**		13 Weeks Ended May 2, 2015 [1]		($) Change		**53 Weeks Ended May 7, 2016**		52 Weeks Ended May 2, 2015 [1]		($) Change
Sales	**$**	**6,283.2**	$	5,770.5	$	512.7	**$**	**24,618.8**	$	23,928.8	$	690.0
EBITDA		**(1,047.2)**		236.3		(1,283.5)		**(1,944.7)**		1,224.9		(3,169.6)
Adjusted EBITDA		**269.6**		339.3		(69.7)		**1,161.4**		1,321.9		(160.5)
Operating (loss) income		**(1,160.2)**		115.9		(1,276.1)		**(2,418.5)**		742.4		(3,160.9)
Finance costs, net		**36.3**		34.3		2.0		**137.4**		155.1		(17.7)
Income tax (recovery) expense		**(256.7)**		22.9		(279.6)		**(441.3)**		150.4		(591.7)
Net (loss) earnings [2]		**(942.6)**		55.4		(998.0)		**(2,131.0)**		419.0		(2,550.0)
Adjusted net earnings [2]		**95.3**		136.7		(41.4)		**410.2**		511.0		(100.8)
EPS (fully diluted) [2][3]	**$**	**(3.47)**	$	0.20	$	(3.67)	**$**	**(7.78)**	$	1.51	$	(9.29)
Adjusted EPS (fully diluted) [2]	**$**	**0.35**	$	0.49	$	(0.14)	**$**	**1.50**	$	1.84	$	(0.34)
Diluted weighted average number of shares outstanding (in millions)		**271.7**		277.5				**274.0**		277.2		

(1) Amounts have been reclassified to correspond to the current period presentation on the 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 14 weeks ended May 7, 2016 were $6,283.2 million compared to $5,770.5 million in the fourth quarter last year, an increase of $512.7 million or 8.9 percent. The additional week of operations in fiscal 2016 accounted for approximately $461.2 million or 8.0 percentage points of the 8.9 percent increase in sales.

For the 53 weeks ended May 7, 2016, consolidated sales were $24,618.8 million compared to $23,928.8 million in fiscal 2015, an increase of $690.0 million or 2.9 percent. The additional week of operations in fiscal 2016 accounted for 1.9 percentage points of the 2.9 percent increase in sales.

The increase in sales for the 14 weeks ended May 7, 2016 was also a result of food inflation, and the Co-op Atlantic acquisition and the associated long-term supply and franchise agreements. These increases were partially offset by: (i) the continued negative impact of merchandising and promotional strategies in Western Canada; (ii) the economic downturn in areas that have been impacted by decreasing oil prices; (iii) the decline in oil prices impacting fuel sales; and (iv) the soft sales trend in most of the store network.

In addition to the factors noted for the quarter, fiscal 2016 consolidated sales were also negatively impacted by: (i) significant integration, operational and reorganizational challenges affecting Safeway operations; (ii) store closures associated with the network rationalization; and (iii) the lost wholesale food volumes resulting from the loss of wholesale customers as discussed in previous quarters.

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 the 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, gross margin and earnings erosion in the West business unit. These have negatively impacted customer experience and resulted in a same-store sales decrease for the West business unit excluding fuel of 3.6 percent and 1.5 percent for the 14 and 53 weeks ended May 7, 2016, respectively.

During the 14 and 53 weeks ended May 7, 2016, Sobeys' same-store sales decreased 1.8 percent and 0.2 percent, respectively, from the same periods last year. Excluding the negative impact of fuel sales and the retail West business unit, same-store sales would have increased 0.2 percent and 1.5 percent.

EBITDA

Consolidated EBITDA in the fourth quarter was $(1,047.2) million compared to $236.3 million in the fourth quarter last year, a decrease of $1,283.5 million. The decrease in EBITDA was largely due to impairments recorded for goodwill and long-lived assets. This was partially offset by the previously mentioned factors affecting sales, mainly the additional week of operations, and reduced expenses for variable components of compensation, including stock-based awards.

For fiscal 2016, consolidated EBITDA was $(1,944.7) million compared to $1,224.9 million last year, a $3,169.6 million decrease. In addition to the factors noted for the quarter, fiscal 2016 EBITDA decreased due to the provision related to the manufacturing purchase price adjustment.

The following table adjusts EBITDA for certain items to better analyze trends in performance and financial results for the 14 and 53 weeks ended May 7, 2016 compared to the 13 and 52 weeks ended May 2, 2015.

($ in millions)	**14 Weeks Ended May 7, 2016**	13Weeks Ended May 2, 2015 [1]	**53 Weeks Ended May 7, 2016**	52 Weeks Ended May 2, 2015 [1]
EBITDA	**$ (1,047.2)**	$ 236.3	**$ (1,944.7)**	$ 1,224.9
Adjustments:				
Impairments of goodwill and long-lived assets	**1,296.8**	-	**3,027.1**	-
Loss (gain) on disposal of manufacturing facilities	**32.1**	(20.7)	**71.8**	(19.1)
Network rationalization reversals	**(13.9)**	(9.8)	**(13.9)**	(17.4)
Organizational realignment costs	**(0.4)**	49.6	**13.2**	49.6
Distribution centre restructuring	**2.2**	53.4	**7.9**	53.4
Inventory adjustment	**-**	30.5	**-**	30.5
	1,316.8	103.0	**3,106.1**	97.0
Adjusted EBITDA	**$ 269.6**	$ 339.3	**$ 1,161.4**	$ 1,321.9

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

Operating (Loss) Income

Consolidated operating (loss) income in the fourth quarter was $(1,160.2) million, a decrease of $1,276.1 million from the $115.9 million recorded in the fourth quarter last year. For fiscal 2016, consolidated operating (loss) income was $(2,418.5) million, a decrease of $3,160.9 million from the $742.4 million recorded in fiscal 2015. Operating loss for the fourth quarter and fiscal 2016 increased due to the factors noted in the sales and EBITDA sections above.

Finance Costs

For the fourth quarter of fiscal 2016, finance costs, net of finance income, remained consistent with the same period last year.

During fiscal 2016, finance costs, net of finance income, were $137.4 million compared to $155.1 million last year, a decrease of $17.7 million. The decrease is primarily due to debt repayments in fiscal 2015.

Income Taxes

The Company's effective income tax rate for the fourth quarter of fiscal 2016 was 21.5 percent compared to 28.1 percent for the fourth quarter of fiscal 2015. The reduction is attributable to the tax consequences arising from the impairments of goodwill and long-lived assets including a component relating to a change in estimate regarding the rate at which the tax consequences from the impairments of goodwill and long-lived assets will be realized. The effective income tax rate, excluding the aforementioned adjustments, would have been 23.0 percent and is lower than the prior year due to the presence of certain non-taxable proceeds in the same period last year.

The Company's effective income tax rate for the 53 weeks ended May 7, 2016 was 17.3 percent compared to 25.6 in fiscal 2015. The reduction is attributable to the tax consequences arising from the impairments of goodwill and long-lived assets. The effective income tax rate, excluding the impact of the impairments, would have been 27.0 percent compared to 25.6 percent in the prior year. This increase is primarily attributed to an increase in statutory tax rates and the partial non-deductibility of certain provisions.

Net (Loss) Earnings

Consolidated net (loss) earnings, net of non-controlling interest, in the fourth quarter equaled $(942.6) million ($(3.47) per diluted share) compared to $55.4 million ($0.20 per diluted share) in the fourth quarter last year. For fiscal 2016, Empire recorded consolidated net (loss) earnings, net of non-controlling interest, of $(2,131.0) million ($(7.78) per diluted share) compared to $419.0 million ($1.51 per diluted share) recorded last year.

Net loss was primarily the result of the challenges in the West business unit, including impairments recorded for goodwill and long-lived assets, and the provision related to the manufacturing purchase price adjustment. The decrease was partially offset by the additional week of operations which positively impacted net earnings by approximately $7.4 million, and reduced expenses for variable components of compensation, including stock-based awards, in the current year compared to the prior year.

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)	**14 Weeks Ended May 7, 2016**	13 Weeks Ended May 2, 2015	**53 Weeks Ended May 7, 2016**	52 Weeks Ended May 2, 2015
Net (loss) earnings [1]	**$ (942.6)**	$ 55.4	**$ (2,131.0)**	$ 419.0
EPS (fully diluted) [2]	**$ (3.47)**	$ 0.20	**$ (7.78)**	$ 1.51
Adjustments [3]:				
Impairments of goodwill and long-lived assets	**1,016.3**	-	**2,459.4**	-
Loss (gain) loss on disposal of manufacturing facilities	**25.6**	(14.7)	**57.4**	(14.1)
Intangible amortization associated with the Canada Safeway acquisition	**4.8**	4.9	**19.1**	20.5
Network rationalization reversals	**(10.1)**	(7.2)	**(10.1)**	(12.7)
Organizational realignment costs	**(0.3)**	36.2	**9.6**	36.2
Distribution centre restructuring	**1.6**	39.1	**5.8**	39.1
Inventory adjustment	**-**	23.0	**-**	23.0
	1,037.9	81.3	**2,541.2**	92.0
Adjusted net earnings [1]	**$ 95.3**	$ 136.7	**$ 410.2**	$ 511.0
Adjusted EPS (fully diluted)	**$ 0.35**	$ 0.49	**$ 1.50**	$ 1.84
Diluted weighted average number of shares outstanding (in millions)	**271.7**	277.5	**274.0**	277.2

(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 May 7, 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 as the amounts are net of consolidation adjustments, which include a purchase price allocation from the privatization of Sobeys.

($ in millions)	**14 Weeks Ended May 7, 2016**	13 Weeks Ended May 2, 2015	($) Change	**53 Weeks Ended May 7, 2016**	52 Weeks Ended May 2, 2015	($) Change
Sales	**$ 6,283.2**	$ 5,770.5	$ 512.7	**$ 24,618.8**	$ 23,928.8	$ 690.0
Gross profit	**1,546.2**	1,455.9	90.3	**5,957.6**	5,962.5	(4.9)
EBITDA	**(1,072.0)**	206.9	(1,278.9)	**(2,036.0)**	1,121.9	(3,157.9)
Adjusted EBITDA	**244.8**	309.9	(65.1)	**1,070.1**	1,218.9	(148.8)
Operating (loss) income	**(1,184.9)**	86.3	(1,271.2)	**(2,509.2)**	639.9	(3,149.1)
Net (loss) earnings (1)	**(958.2)**	34.1	(992.3)	**(2,193.3)**	343.5	(2,536.8)
Adjusted net earnings (1)	**79.7**	115.4	(35.7)	**347.9**	435.5	(87.6)

(1) Net of non-controlling interest.

Sales

Sobeys reported sales of $6,283.2 million for the 14 weeks ended May 7, 2016, an increase of $512.7 million or 8.9 percent from $5,770.5 million reported in the same quarter last year. The additional week of operations in fiscal 2016 accounted for approximately $461.2 million or 8.0 percentage points of the 8.9 percent increase in sales.

For the 53 weeks ended May 7, 2016, Sobeys reported sales of $24,618.8 million compared to $23,928.8 million in fiscal 2015, an increase of $690.0 million or 2.9 percent. The additional week of operations in fiscal 2016 accounted for approximately $461.2 million or 1.9 percentage points of the 2.9 percent increase in sales.

The increase in sales for the 14 weeks ended May 7, 2016 was also a result of food inflation, and the Co-op Atlantic acquisition and the associated long-term supply and franchise agreements. These increases were partially offset by: (i) the continued negative impact of merchandising and promotional strategies in Western Canada; (ii) the economic downturn in areas that have been impacted by decreasing oil prices; (iii) the decline in oil prices impacting fuel sales; and (iv) the soft sales trend in most of the store network.

In addition to the factors noted for the quarter, fiscal 2016 sales were also negatively impacted by: (i) significant integration, operational and reorganizational challenges affecting Safeway operations; (ii) store closures associated with the network rationalization; and (iii) the lost wholesale food volumes resulting from the loss of wholesale customers as discussed in previous quarters.

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 the 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, gross margin and earnings erosion in the West business unit. These have negatively impacted customer experience and resulted in a same-store sales decrease for the West business unit excluding fuel of 3.6 percent and 1.5 percent for the 14 and 53 weeks ended May 7, 2016, respectively.

During the 14 and 53 weeks ended May 7, 2016, Sobeys' same-store sales decreased 1.8 percent and 0.2 percent, respectively, from the same periods last year. Excluding the negative impact of fuel sales and the retail West business unit, same-store sales would have increased 0.2 percent and 1.5 percent.

Gross Profit

For the fourth quarter of fiscal 2016, Sobeys' gross profit was $1,546.2 million, an increase of $90.3 million or 6.2 percent compared to $1,455.9 million for the same period last year. For the fourth quarter of fiscal 2016, gross margin decreased 60 basis points to 24.6 percent compared to 25.2 percent in the same period last year. The decrease in gross margin was a result of the factors impacting sales, as well as the following factors: (i) a highly promotional environment; (ii) synergies related to the Canada Safeway acquisition, store divestitures and network rationalization; and (iii) continued competitive intensity.

For the 53 weeks ended May 7, 2016, Sobeys' gross profit was $5,957.6 million, a decrease of $4.9 million or 0.1 percent compared to $5,962.5 million for the same period last year. For fiscal 2016, gross margin decreased 70 basis points to 24.2 percent compared to 24.9 percent in the same period last year.

The decrease in gross margin during the 53 weeks ended May 7, 2016 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 Western Canada continued to have a downward impact on gross margin. Gross profit was also impacted negatively by continuity program investment and inventory valuation adjustment. 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 to the factors noted for the quarter, gross profit and gross margin continued to be impacted during the 53 weeks ended May 7, 2016 by a weaker Canadian dollar ("CAD") relative to the United States dollar ("USD") which affected the CAD cost of USD purchases.

For the 14 and 53 weeks ended May 7, 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 fourth quarter was $(1,072.0) million compared to $206.9 million in the fourth quarter last year, a decrease of $1,278.9 million. The decrease in EBITDA was largely due to impairments recorded for goodwill and long-lived assets. This was partially offset by the previously mentioned factors affecting sales, mainly the additional week of operations, and reduced expenses for variable components of compensation, including stock-based awards.

Sobeys contributed EBITDA to Empire in fiscal 2016 of $(2,193.2) million compared to $1,121.9 million last year, a $3,315.1 million decrease. In addition to the factors noted for the quarter, fiscal 2016 EBITDA decreased due to the provision related to the manufacturing purchase price adjustment.

The following table adjusts EBITDA for certain items to better analyze trends in performance and financial results for the 14 and 53 weeks ended May 7, 2016 compared to the 13 and 52 weeks ended May 2, 2015.

($ in millions)	**14 Weeks Ended May 7, 2016**	13 Weeks Ended May 2, 2015	**53 Weeks Ended May 7, 2016**	52 Weeks Ended May 2, 2015
EBITDA (contributed by Sobeys)	**$ (1,072.0)**	$ 206.9	**$ (2,036.0)**	$ 1,121.9
Adjustments:				
Impairments of goodwill and long-lived assets	**1,296.8**	-	**3,027.1**	-
Loss (gain) on disposal of manufacturing facilities	**32.1**	(20.7)	**71.8**	(19.1)
Network rationalization reversals	**(13.9)**	(9.8)	**(13.9)**	(17.4)
Organizational realignment costs	**(0.4)**	49.6	**13.2**	49.6
Distribution centre restructuring	**2.2**	53.4	**7.9**	53.4
Inventory adjustment	**-**	30.5	**-**	30.5
	1,316.8	103.0	**3,106.1**	97.0
Adjusted EBITDA	**$ 244.8**	$ 309.9	**$ 1,070.1**	$ 1,218.9

Operating (Loss) Income

Sobeys' operating (loss) income contribution to Empire in the fourth quarter was $(1,184.9) million, a decrease of $1,271.2 million from the $86.3 million recorded in the fourth quarter last year. For fiscal 2016, Sobeys' operating (loss) income contribution to Empire was $(2,509.2) million, a decrease of $3,149.1 million from the $639.9 million recorded in fiscal 2015. Operating loss increased due to the factors noted in the sales and EBITDA sections above.

Net (Loss) Earnings

Sobeys contributed net (loss) earnings, net of non-controlling interest, to Empire in the fourth quarter of $(958.2) million compared to $34.1 million in the fourth quarter last year, a decrease of $992.3 million. For fiscal 2016, Sobeys contributed net (loss) earnings, net of non-controlling interest, to Empire of $(2,193.3) million compared to $343.5 million recorded last year, a decrease of $2,536.8 million.

Net loss was primarily impacted by the challenges in the West business unit, including impairments recorded for goodwill and long-lived assets, and the provision related to the manufacturing purchase price adjustment. The decrease was partially offset by the additional week of operations which positively impacted net earnings by approximately $7.4 million, and reduced expenses for variable components of compensation, including stock-based awards, in the current year compared to the prior year.

The table below reconciles net (loss) earnings, net of non-controlling interest, to adjusted net earnings, net of non-controlling interest, for the 14 and 53 weeks ended May 7, 2016 compared to the 13 and 52 weeks ended May 2, 2015.

($ in millions)	**14 Weeks Ended May 7, 2016**	13 Weeks Ended May 2, 2015	**53 Weeks Ended May 7, 2016**	52 Weeks Ended May 2, 2015
Net (loss) earnings [1] (contributed by Sobeys)	**$ (958.2)**	$ 34.1	**$ (2,193.3)**	$ 343.5
Adjustments [2]:				
Impairments of goodwill and long-lived assets	**1,016.3**	-	**2,459.4**	-
Loss (gain) loss on disposal of manufacturing facilities	**25.6**	(14.7)	**57.4**	(14.1)
Intangible amortization associated with the Canada Safeway acquisition	**4.8**	4.9	**19.1**	20.5
Network rationalization reversals	**(10.1)**	(7.2)	**(10.1)**	(12.7)
Organizational realignment costs	**(0.3)**	36.2	**9.6**	36.2
Distribution centre restructuring	**1.6**	39.1	**5.8**	39.1
Inventory adjustment	**-**	23.0	**-**	23.0
	1,037.9	81.3	**2,541.2**	92.0
Adjusted net earnings [1]	**$ 79.7**	$ 115.4	**$ 347.9**	$ 435.5

(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.

($ in millions)	**14 Weeks Ended May 7, 2016**	13 Weeks Ended May 2, 2015 [1]	($) Change	**53 Weeks Ended May 7, 2016**	52 Weeks Ended May 2, 2015 [1]	($) Change
Operating income						
Crombie REIT [2]	**$ 18.1**	$ 7.0	$ 11.1	**$ 38.9**	$ 30.6	$ 8.3
Real estate partnerships [3]	**2.8**	11.1	(8.3)	**46.7**	54.7	(8.0)
Other operations, net of corporate expenses	**3.8**	11.5	(7.7)	**5.1**	17.2	(12.1)
	$ 24.7	$ 29.6	$ (4.9)	**$ 90.7**	$ 102.5	$ (11.8)

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

Operating Income

Investments and other operations contributed operating income of $24.7 million in the 14 weeks ended May 7, 2016 versus $29.6 million in the same period last year, a decrease of $4.9 million. The decrease in operating income was a result of a decrease in operating income from Genstar due to stronger operational results in fiscal 2015; and a decrease in operating income from other operations, net of corporate expenses, primarily as a result of dilution losses on Genstar in fiscal 2016. These decreases were partially offset by an increase in operating income from Crombie REIT as a result of a group of properties sold in their first quarter of fiscal 2016.

For fiscal 2016, investments and other operations contributed operating income of $90.7 million compared to $102.5 million last year, a decrease of $11.8 million. In addition to the factors affecting the quarter, the decrease in operating income can also be attributed to a decrease in operating income from other operations, net of corporate expenses, primarily as a result of gains on properties sold by Crombie REIT in the prior year.

CONSOLIDATED FINANCIAL CONDITION

The financial condition measures are presented in the table below.

($ in millions, except per share and ratio calculations)		**May 7, 2016**		May 2, 2015 (1)		May 3, 2014 (1)(2)
Shareholders' equity, net of non-controlling interest	**$**	**3,621.0**	$	5,983.8	$	5,700.5
Book value per common share (3)	**$**	**13.33**	$	21.60	$	20.59
Long-term debt, including current portion	**$**	**2,352.9**	$	2,284.1	$	3,493.8
Funded debt to total capital (3)		**39.4%**		27.6%		38.0%
Net funded debt to net total capital (3)		**36.6%**		24.9%		35.0%
Funded debt to EBITDA (3)(4)(5)		**(1.2)x**		1.9x		4.6x
EBITDA to interest expense (3)(4)(5)		**(17.1)x**		8.9x		5.8x
Current assets to current liabilities		**1.0x**		0.9x		1.0x
Total assets	**$**	**9,087.5**	$	11,460.7	$	12,236.6
Total non-current financial liabilities	**$**	**2,696.8**	$	2,942.0	$	3,929.6

(1) Amounts have been reclassified to correspond to the current period presentation on the consolidated statement of cash flows and the 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 and Analysis ("MD&A").
(3) See "Non-GAAP Financial Measures" section of this news release.
(4) Ratios for May 3, 2014 exclude EBITDA and interest expense relating to discontinued operations.
(5) Excluding the impact of goodwill and long-lived asset impairments in fiscal 2016, funded debt to EBITDA ratio would have been 2.2 times and EBITDA to interest expense ratio would have been 9.5 times.

The ratio of funded debt to total capital increased to 39.4 percent at May 7, 2016 from 27.6 percent at May 2, 2015.

Shareholders' equity, net of non-controlling interest, decreased $2,362.8 million or 39.5 percent over the fourth quarter last year to $3,621.0 million. Book value per common share decreased to $13.33 at May 7, 2016 versus $21.60 at May 2, 2015.

Free Cash Flow

Free cash flow 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 14 and 53 weeks ended May 7, 2016 and the 13 and 52 weeks ended May 2, 2015.

($ in millions)		**14 Weeks Ended May 7, 2016**		13 Weeks Ended May 2, 2015 (1)		**53 Weeks Ended May 7, 2016**		52 Weeks Ended May 2, 2015 (1)
Cash flows from operating activities	**$**	**244.8**	$	255.3	**$**	**896.8**	$	1,158.1
Plus: proceeds on disposal of property, equipment and investment property		**11.6**		460.9		**142.5**		781.2
Less: property, equipment and investment property purchases		**(173.9)**		(133.8)		**(616.5)**		(497.2)
Free cash flow	**$**	**82.5**	$	582.4	**$**	**422.8**	$	1,442.1

(1) Amounts have been reclassified to correspond to the current period presentation on the consolidated statement of cash flows.

Free cash flow in the fourth quarter of fiscal 2016 decreased $499.9 million from the fourth quarter of fiscal 2015. This decrease in free cash flow was a result of a decrease in proceeds on disposal of property, equipment and investment property mainly due to the divestiture of manufacturing facilities in fiscal 2015.

Free cash flow for fiscal 2016 decreased $1,019.3 million from last year. The decrease in free cash flow was the result of:

- A reduction in cash flows from operating activities, as previously discussed;
- A decrease in proceeds on disposal of property, equipment and investment property due to:
    - The sale leaseback of ten properties to Crombie REIT in fiscal 2015;
    - The sale leaseback of 22 properties to Econo-Malls in fiscal 2015;
    - The divestiture of manufacturing facilities in fiscal 2015; and
    - The divestiture of 11 stores in fiscal 2015 required as a part of the Canada Safeway acquisition.
- An increase in property, equipment and investment property purchases mainly due to the automated distribution centre expansion in Vaughan, Ontario; the acquisition of a former Target warehouse facility in Rocky View, Alberta; and land purchased.

SUBSEQUENT EVENTS

Subsequent to May 7, 2016, Sobeys entered into an agreement with Crombie REIT to sell and leaseback a portfolio of 19 retail properties and a 50 percent interest in each of its three automated distribution centres, as well as the sale of two parcels of development land owned by Empire. Crombie REIT will also invest approximately $58.8 million in renovations or expansions of 10 Sobeys retail locations already in Crombie REIT's portfolio. In addition to the cash, Crombie REIT will issue to Sobeys approximately $93.4 million in value of Class B LP units and attached special voting units of Crombie REIT at a price of $14.70 per unit. Sobeys will subsequently sell its Class B LP units to Empire on a tax deferred basis. Net cash proceeds to Sobeys from these transactions will be approximately $324.6 million, resulting in a nominal pre-tax gain, which will be used to repay senior unsecured notes coming due. The transaction was approved on June 28, 2016 by the unitholders Crombie REIT, excluding Empire and its affiliates, and is subject to regulatory approval.

Subsequent to May 7, 2016, Sobeys sold and leased back a property from a third party. Cash proceeds received from the sale was $24.0 million, resulting in a pre-tax gain of $1.1 million.

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 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;

- 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 used was 10.0 percent. 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;

- 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, which may be impacted by a number of factors including the under performance in fiscal 2016 and future mitigating strategies employed;

- The Company's expectations relating to the shortfall of minimum purchases required on supply agreements that resulted from the disposal of manufacturing facilities in fiscal 2015. This could be impacted by the success of mitigation strategies being implemented in Western Canada, changes in actual purchase volumes and customer demand;

- The Company's expectations regarding the impact of organizational realignment, including expected efficiencies, cost savings, and the impact on long-term earnings which could be impacted by the timing of positions eliminated, the time required by the Company to complete the realignment and the time required for employees to adapt to the changes;

- The Company's expectations regarding the cost savings related to the distribution centre restructuring, which could be impacted by the final number of closures and positions eliminated; and

- The timing and value of expected synergies from the Canada Safeway acquisition, which may be impacted by a number of factors, including the effectiveness of ongoing integration efforts.

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.

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 tax (recovery) expense, 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 fiscal year ended May 7, 2016.

CONFERENCE CALL INFORMATION

The Company will hold an analyst call on Wednesday, June 29, 2016 beginning at 7:00 a.m. (Eastern Daylight Time) during which senior management will discuss the Company's financial results for the fourth quarter of fiscal 2016 ended May 7, 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 34329525 until midnight July 6, 2016, or on the Company's website for 90 days following the conference call.

2016 ANNUAL REPORT

The Company's audited consolidated financial statements and the notes thereto for the fiscal year ended May 7, 2016 and MD&A for the fiscal year ended May 7, 2016, which includes discussion and analysis of results of operations, financial position and cash flows will be available today, June 28, 2016. These documents can be accessed through the Investor Centre section of the Company's website at www.empireco.ca and also at www.sedar.com.

The Company's 2016 Annual Report will be available on or about July 29, 2016 and can be accessed through the Investor Centre section of the Company's website at www.empireco.ca and also at www.sedar.com.

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 $24.6 billion in sales and $9.1 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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