



## **FINAL TRANSCRIPT**

**Empire Company Limited**

**Annual and General Special Meeting**

Event Date/Time: September 10, 2015 — 11:00 a.m. E.T.

Length: 31 minutes

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

**CORPORATE PARTICIPANTS****Rob Dexter***Empire Company Limited — Chairman***Karin McCaskill***Empire Company Limited — Senior Vice President, General Counsel, and Secretary***Marc Poulin***Empire Company Limited — President and Chief Executive Officer***CONFERENCE CALL PARTICIPANTS****Carol Campbell***Empire Company Limited — Vice President, Risk Management***Clinton Key***Empire Company Limited — Executive Vice President Finance*

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

**PRESENTATION**

**Rob Dexter** — Chairman, Empire Company Limited

Good morning, ladies and gentlemen. Welcome to the Annual and General Special Meeting of Empire Company Limited. My name, as you've just heard, is Rob Dexter, and I'm Chair of the Board of Empire and will be Chair of the meeting today.

I would like to note that once again this year we have a number of Nova Scotia Community College business students in attendance, and thanks to each of you for joining us.

Also with me to my right are Marc Poulin, President and Chief Executive Officer; François Vimard—sorry, François—Chief Financial and Administration Officer—I really do know who you are; and Karin McCaskill, Senior Vice President, General Counsel, and Secretary of the Company. Karin will act as Secretary of the meeting.

I've asked Cindy Harrett and Bertrand Delia (phon) of CST Trust Company to act as the scrutineer.

Our agenda today includes first the formal part of the meeting, a few remarks of my own, and Marc will review fiscal 2015, the results of the first quarter of 2016 and comment on key initiatives and the outlook. After these remarks we'll be happy to answer any questions that you may have.

I now call the meeting to order.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Karin McCaskill as Secretary of the Company has advised me that we have 32,712,693 Class B voting common shares represented at this meeting either in person or proxy representing 100 percent of the total outstanding Class B shares.

I now declare the Annual General Meeting to be duly constituted.

The minutes of the Annual General Meeting held September 11, 2014, were distributed when you registered this morning, and additional copies are available. So unless there are any objections, I will dispense with the reading of the minutes. Are there any errors or omissions in the minutes?

Hearing none, we'll take the minutes as read.

I would like to introduce the nominees who in addition to myself are standing for the election to the Board of Directors for the ensuing year. I'm going to ask each to stand as I call their name: Bonnie Brooks; Cynthia Devine; James Dickson; Sue Lee; William Linton; Kevin Lynch; Marc Poulin; Steve Savidant; Frank Sobey; Don Sobey; Karl Sobey; Paul Sobey; Rob Sobey; and Martine Turcotte.

Three directors are not standing for reelection. I'd like to extend our sincere thanks and appreciation for their distinguished service. Dave Ferguson retired this past June after serving nine years with the Board of Directors and brought extensive experience and insight in the retail business and was a valuable member of the Board's committees. We wish David well, and we're glad that David joined us at dinner last night and is here today. So, David, thanks very much.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

David Sobey, Chair Emeritus of Sobeys Inc., and Don Sobey, Chair Emeritus of Empire Company Limited, are retiring from the Empire Board as of today. No two individuals have played more significant roles in the growth and development of Empire and Sobeys than David and Don Sobey.

Their contribution over more than six decades in management and governance roles at Empire and Sobeys transformed these companies and facilitated their emergent subsequent growth on a national stage. Dave and Don also demonstrated clearly that business success does not have to be achieved in isolation of serving the needs of the broader community.

Pictou County, Atlantic Canada, and our country are stronger because of their generosity and commitment to giving back. At the end of this meeting we will look back at their achievements and the extraordinary legacy they have given us.

Dave and Don, on behalf of the Board, shareholders, employees, franchisees, and affiliates of Empire and Sobeys and all the Sobey family members that are here present, we sincerely thank you for your enormous contributions and all the efforts you've done in building this wonderful company. Thank you very much.

The Sobey family continues to be well represented on the Board by the next generation, and as major shareholders I know that both Dave and Don will continue to be highly engaged and well informed on the strategic direction and decisions of the Company.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Now turning to some of the formal part of the meeting. As noted in the Notice of Annual and General Special Meeting and Management Information Circular, at this meeting we are to approve the following regular items of business: the election of each of the directors I've just mentioned and fixing the maximum number of directors at 18; the directors' remuneration as set out in the circular; the appointment of PricewaterhouseCoopers, LLP as auditors for fiscal 2016; the authorization of the directors to fix the remuneration of PricewaterhouseCoopers.

Are there any questions on any of these matters?

As proxies for 100 percent of the voting shares have been deposited in favour of these matters, we have enough votes already deposited for their approval. For the record, is there any voting shareholder at the meeting who would like to register a vote contrary to any of these matters?

Hearing none, I declare each of these items passed as outlined in the Notice of Meeting and Management Information Circular.

I now turn to the advisory resolution on executive compensation in respect to which both Class A and Class B shareholders will vote. This is an advisory vote; therefore not binding upon the Board of Directors of Empire. However, the Board, and in particular the Human Resources Committee, continues to be interested in the feedback from all shareholders with respect to executive compensation.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Our philosophy is based on the fundamental principle of pay for performance to align the interests of our executives with those of our shareholders. This compensation approach allows us to attract, motivate, and retain highly qualified executives who are encouraged to make decisions and take actions that will create long-term sustainable growth and result in long-term shareholder value.

Of the proxies received, 100 percent of the Class B shares and 84.5 percent of the Class A shares are in favour of the advisory resolution on executive compensation, so we already have enough votes to pass this resolution.

For the record, is there are any shareholder at the meeting who would like to register a vote contrary to the advisory resolution? Hearing none, I declare this resolution passed.

Finally, I will turn to the subject of special resolution before this meeting for the proposed 3:1 split of the non-voting Class A shares and Class B common shares as described in the circular.

The Board recommends that shareholders vote in favour of this special resolution, as we believe that having a greater number of non-voting Class A shares at a reduced price per share will enhance liquidity and increase retail investor interest in the Company. Under the share conditions, if there is a split of the non-voting Class A shares the same subdivision of Class B shares will be done at the same time.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

In consultation with the Toronto Stock Exchange, we've determined that Monday, September 21, 2015, is the appropriate record date for the share split. The special resolution is contained in the circular, and I will now ask the Secretary to read it now.

**Karin McCaskill** — Senior Vice President, General Counsel, and Secretary, Empire Company Limited

Be it resolved as a special resolution that effective as of the close of business on September 21, 2015, being the shares split record date, each of the authorized issued and unissued non-voting Class A shares shall be divided into three shares of such class, and the maximum number of non-voting Class A shares that the Company has authorized to issue is 771,132,168. And each of the authorized issued and unissued Class B common shares shall be divided into three shares of such class, and the maximum number Class B common shares that the Company has authorized to issue, 122,400,000.

**Rob Dexter**

Thank you, Karin. Is there any discussion on the special resolution? Voting on the special resolution will be conducted by ballot. If you've already voted by proxy, there is no need for you to vote again by ballot unless you wish to change your vote.

Shareholders requiring a ballot were given them at the registration desk before the meeting started. On the basis of the advice of our scrutineers, we believe all ballots were cast at that time. However, if there is any shareholder who did not get or did not give their marked ballot to the scrutineers at the registration desk, please raise your hand and it will be collected now.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »



I now call upon the Secretary to provide the report of the scrutineers on the vote of the special resolution.

**Karin McCaskill**

Mr. Chairman, I'm pleased to report that on the basis of the proxies received, the special resolution was passed by 100 percent of the Class B shareholders and 99.9 percent of the voting Class A shareholders. So the thresholds of three-quarters of the Class B shareholders and two-thirds of the Class A shareholders were met. A final vote count, inclusive of any ballots submitted at this meeting, will be published later today.

**Rob Dexter**

Thank you, Karin. I declare the special resolution has been passed.

The audited consolidated financial statements were mailed to each registered shareholder, and as well, copies have been made available at this meeting. While there is no requirement that these documents be approved by the shareholders, at this stage we are open to any discussion or questions anyone may have.

Are there any questions related to the audited financial statements?

Hearing no questions, before I turn it over to Marc I'll make a few remarks of my own. As a Board, our most fundamental tasks are to ensure our corporate governance practices are among the best in Canada, and that the composition of the Board reflects the diversity of experience and perspectives.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Accordingly, Empire's Board includes members of the Sobey family, plus a majority of the directors are independent. All of the directors are passionate about the food and the food business, and the Board is committed to strong stewardship and Empire's continued success.

At the same time, the presence of a large family shareholder who is committed to the lasting success of the Company gives our Board a certain kind of patience (phon) when it comes to carrying out one of the most important responsibilities we have, which is the allocation of capital in a way that maximizes long-term sustainable value.

The Board is focused on the long-term betterment of Empire as opposed to the short-term stock price performance, which enables our senior management team to focus on the successful implementation of strategic initiatives that are essential to strengthening Empire's long-term perspective.

The Board also has the responsibility of ensuring we have excellent leadership in place in all levels of the business, and as well having the proactive succession planning process. As most of our shareholders know, at Empire our primary goal is sustainable maximum profitability and growth.

The merits to our philosophy are clearly demonstrated in our legacy of long-term value creation. This long-term focus is why we are so strongly positioned today.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

The Board is actively involved in setting Empire's long-term goals and objectives and overseeing management in the development and execution of the corporate strategy. We have a clear vision to help Canadians eat better, feel better, and do better.

We are in the right market with the right-sized stores to deliver on this vision. We have a strong full-service culture with a highly gauged and knowledgeable team. We have a strong, modern, and scalable infrastructure to support our vision.

The successful execution of the corporate strategy translates into value for our shareholders by delivering our vision profitably. This was illustrated in fiscal 2015. Under Marc's strong leadership, our management team contributed to—or continued to advance a number of critical objectives that provide a strong foundation for building our future growth.

I will now turn it over to Marc to make a few comments on '15 and fiscal '16 and the outlook.

**Marc Poulin** — President and Chief Executive Officer, Empire Company Limited

Thank you, Rob, and good morning, everyone, and thanks for being with us this morning.

I'm happy to report that fiscal 2015 was a successful year for Empire. We delivered solid returns for shareholders.

We also achieved many milestones, which included the completion of the Safeway technical transformation, pharmacy integration, two rationalizations, and the continuation of our private label harmonization.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

We exceeded our phase one Safeway integration cost synergy targets with realization of 145 million in cost synergies. We reduced funded debt by over \$1.6 billion since the Canada Safeway acquisition.

We continued to roll out our new full-service concept stores with the opening of new concept stores across the country. We became the first grocer in Canada to issue Air Miles reward miles coast to coast.

We relaunched our iga.net online store with our new sophisticated platform, which we plan to introduce in other provinces. And we continued to introduce many new initiatives that support our mission to help Canadians eat better, feel better, and do better.

Clearly, a busy and very productive year in fiscal 2015 with significant progress on a number of important initiatives designed to strengthen our business for the long term, helping Empire deliver solid financial results.

We're very pleased with how we performed in fiscal 2015. Sales were up; net earnings increased; we were ahead of our debt reduction target; and we increased our dividend to shareholders.

Consolidated sales were 23.9 billion this year, an increase of 2.97 billion, or 14.2 percent from last year. Over the last 10 years consolidated sales have increased at a compounded annual growth rate of nearly 7 percent.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Consolidated adjusted EBITDA amounted to \$1.33 billion compared to \$1.06 billion last year, an increase of \$273.2 million, or 25.8 over last year. This increase reflects a full year of results from Safeway operations and the synergies realized since the acquisition.

Adjusted net earnings for the year were \$518.9 million, or \$5.62 per diluted share compared to \$391.4 million, or \$4.88 per diluted share last year. The year-over-year growth in adjusted net earnings was largely attributed to Safeway operations and related synergies realized.

In fiscal 2015, we exceeded our debt reduction target, reducing our funded debt by over \$1.6 billion since the Canada Safeway acquisition and now at \$2.3 billion. Our significant debt reduction was funded by healthy cash flows, coupled with proceeds generated from the sales of noncore assets.

These sales included four dairy manufacturing facilities to Agropur Cooperative and two bread manufacturing facilities to Canada Bread. We also sold and leased back 22 properties from a third party.

In fiscal 2015, Empire increased its dividend by 3.8 percent to \$1.08 per share. Then in late June, consistent with Empire's growth and improvement in financial position, the Board approved a further increase of 11.1 percent to \$1.20 per share on an annualized pre-split basis. This marked the 20th consecutive annual increase in Empire's dividends with a compound annual growth rate of 9.6 percent.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

And as we just heard, shareholders have approved a 3:1 share split, which we believe will enhance liquidity and increase retail investor interest in the Company.

Book value per share also continued to increase, rising 5 percent to \$64.81 at the end of fiscal 2015. Over the last 10 years book value has increased at a compound annual growth rate of 9.6 percent.

Let's take a closer look now at the performance of Sobeys and our equity accounted interest in Crombie REIT and Genstar.

First Sobeys, the foundation of our success. In fiscal 2015, Sobeys sales reached 23.9 billion, an increase of 2.97 billion, or 14.2 percent, which was mostly due to sales from our— increase in sales from our Safeway operation and also food inflation. As I said earlier, same-store sales grew 1.4 percent compared to last year, or 1.9 if you exclude the negative impact of oil prices on fuel sales.

Sobeys generated adjusted EBITDA of \$1.22 billion, an increase of 217.1 million, or 21.6 percent compared to 1 billion for the same period last year, and adjusted EBITDA margin increased 31 basis points to 5.11 percent from 4.80 percent.

I'd now like to comment on the performance of Empire's investments and other operations, which in fiscal 2015 mainly consisted of our 41.5 percent ownership interest in Crombie REIT and our 40 percent interest in Genstar.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Crombie REIT performed well in fiscal 2015 with an operating income contribution to Empire of \$30.6 million, up 11.4 million from last year. The increase was driven primarily by gains on property sales and improved year-over-year operating results primarily due to the Canada Safeway acquisition.

In fiscal 2015, the market value of Empire's investment in Crombie REIT had risen to \$724.3 million on a cost basis of \$365.6 million.

Our investment in Genstar, which selectively acquires and prepares land for development into master plan communities under the residential side of the business, performed well in fiscal 2015 with an operating income contribution of \$54.7 million, an increase of 24.3 million from the prior year. Our investment in Genstar has to date returned over \$590 million in cash.

Fiscal 2016 is an important year for Empire as we continue to deliver on our strategic objective. We are focused on exceeding the expectation of our customers by continuing to deliver on our Better Food For All strategy and the rollout of our new concept stores.

At the same time, we continue to streamline our cost structure through the consolidation of distribution centres and select back office operation while working diligently on the second half and final phase of the Safeway integration strategy.

We began the implementation of the second phase of the Safeway integration in fiscal 2015. While phase one of the integration was focused on realizing procurement synergies and IT integration, the primary objective of phase two is to integrate our team, harmonize our business

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

practices while reducing selling, general, and administration expenses. This will largely involve the streamlining of our cost structure in our Western Canada region by rationalizing and optimizing our distribution network and other back office operations.

We are pleased with the 145 million in cost synergies achieved to date and expect the cost synergies from the second phase of the integration to be realized in late fiscal 2016 and fiscal 2017.

We continue to identify additional incremental opportunities for improvement, and remain committed to reducing costs wherever possible across the organization.

We now have 23 new concept stores across the country, and are very pleased with how fast these stores are resonating with our customers and the positive impact it has on our sales. An additional seven stores across the country are undergoing construction or renovation and are scheduled to open in the next six months.

Our new concept Sobeys, Sobeys Extra, and next generation IGA Extra stores welcome our customers into a world of food discovery and present our vision in a much more powerful way.

Subsequent to the end of the first quarter, we opened our first South Asian grocery store called Chalo FreshCo in Brampton, Ontario. The South Asian market is one of Canada's fastest-growing markets and largest multicultural population. And in this 50,000 square feet store it provides an experience for customers of a one-stop shop for all their South Asian grocery needs, as well as a range of popular North American brands at low discount prices.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »



And we have continued to strengthen our network in fiscal 2016 with the acquisition of Co-op Atlantic's food and fuel business. We are now supplying food and gas to a vast majority of the member-owned co-op locations in Atlantic Canada, and have long-term supply agreements or franchise agreements with them.

As you can see, in fiscal 2016 we continue with several initiatives which will be transformational to our business.

The completion of these initiatives will be our priority, and although there is always potential for projects of scale to be somewhat disruptive in the short term, the outcome will significantly benefit our performance towards the long term.

At this point, I'd like to turn your attention to Empire's consolidated first quarter results, which were released last evening. Consolidated sales for the first quarter ended August 1, 2015, totalled 6.25 billion, up 26.5 million, or 0.4 over last year. Same-store sales increased 0.5 percent from last year, or 1.2 percent, not including the negative impact of oil prices on fuel sales.

Adjusted EBITDA equalled \$325.2 million compared to \$342.5 million last year, a decrease of 17.3 million, or 5.1 percent. Adjusted net earnings, net of noncontrolling interest, were \$121.7 million, or \$1.32 fully diluted, compared to \$129.1 million, or \$1.40 fully diluted last year.

Clearly, the significant amount of change in our Safeway business as we focused on the integration had a negative impact on the Company's first quarter results. Before implementing the changes we had identified the various risks associated with the integration. However, we

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

underestimated the impact and time required for the organization to adapt to those changes, which had a clear negative impact on our first quarter results.

We have identified the core issues that caused our challenges in the first quarter, and we have allocated the necessary resources to ensure that we bring our performance back in line with expectations in the coming quarters.

Our synergy strategy and execution continues to progress, and we remain confident in our ability to deliver and exceed our three-year run rate synergy target of \$200 million.

In what remains a very competitive retail food environment, the rest of our business performed to our expectation driven by the ongoing rollout of our Better Food For All strategy, which continued to resonate with more and more customers.

Our financial condition continues to improve. At the end of the first quarter, Empire's consolidated ratio of funded debt to total capital was 27.2 versus 35.4 percent at the end of Q1 fiscal 2015. During the same period, funded debt to EBITDA also declined to 1.9 times from 3.6 times at the end of Q1 2015.

Subsequent to the end of the quarter, Standard & Poor's rating services removed its negative outlook on debt. And we have many reasons to be confident about our future growth potential. We have a clear vision, a strong store network, and infrastructure necessary to support us and the team to make it happen. And we're delivering on that vision profitably.

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

We keep investing in modern, highly efficient, and highly scalable distribution network, supported by the most advanced technology in the industry. That investment is allowing us to deliver our vision efficiently and effectively from coast to coast.

We have developed and engaged an enthusiastic team who have a common passion and shared values, and that means better customer service, which ensures customer loyalty and a direct impact on our financial results.

We have access to capital markets, financial flexibility, and a long-term track record of growth. These all work together to give us a strong platform for continued growth in the years ahead.

In closing, I'd like to thank our management team and the approximately 125,000 employees and its subsidiaries, franchisees, and affiliates for their contribution over the last year. With their support, I am confident that Empire will continue its history of long-term value creation.

Finally, I would like to thank David and Donald Sobey for their lifetime contribution and commitment to this business and to the community we serve. As Rob said, no two people have played a more important role in the growth and development of Empire and Sobeys. Their legacy to us is the strength of our culture and our commitment to Empire's long-term growth.

It's also a legacy of commitment to Better Food For All Canadians.

Thank you.

## Rob Dexter

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »

Thank you, Marc. Is there any other business from the floor? Are there any questions from the floor? I don't wait long.

May I have a motion to terminate the meeting?

**Carol Campbell** — Vice President, Risk Management, Empire Company Limited

(unintelligible)

**Rob Dexter**

Thank you, Carol. Is there a seconder?

**Clinton Keay** — Executive Vice President Finance, Empire Company Limited

(unintelligible)

**Rob Dexter**

Thank you, Clinton.

All those in favour? Contrary?

I now declare the motion carried and the meeting terminated.

Thank you for your attendance. You're all invited back to the Crombie House for lunch, and we look forward to seeing you there.

And just before you leave, we want to take a look-back at David and Don's legacy, and I think you'll enjoy this very much, and so here it is.

\*\*\*\*\*

"Though CNW Group has used commercially reasonable efforts to produce this transcript, it does not represent or warrant that this transcript is error-free. CNW Group will not be responsible for any direct, indirect, incidental, special, consequential, loss of profits or other damages or liabilities which may arise out of or result from any use made of this transcript or any error contained therein."

« Bien que CNW Telbec ait fait tous les efforts possibles pour produire cet audioscript, la société ne peut affirmer ou garantir qu'il ne contient aucune erreur. CNW Telbec ne peut être tenue responsable de pertes ou profits, responsabilités ou dommages causés par ou découlant directement, indirectement, accidentellement ou corrélativement à l'utilisation de ce texte ou toute erreur qu'il contiendrait. »