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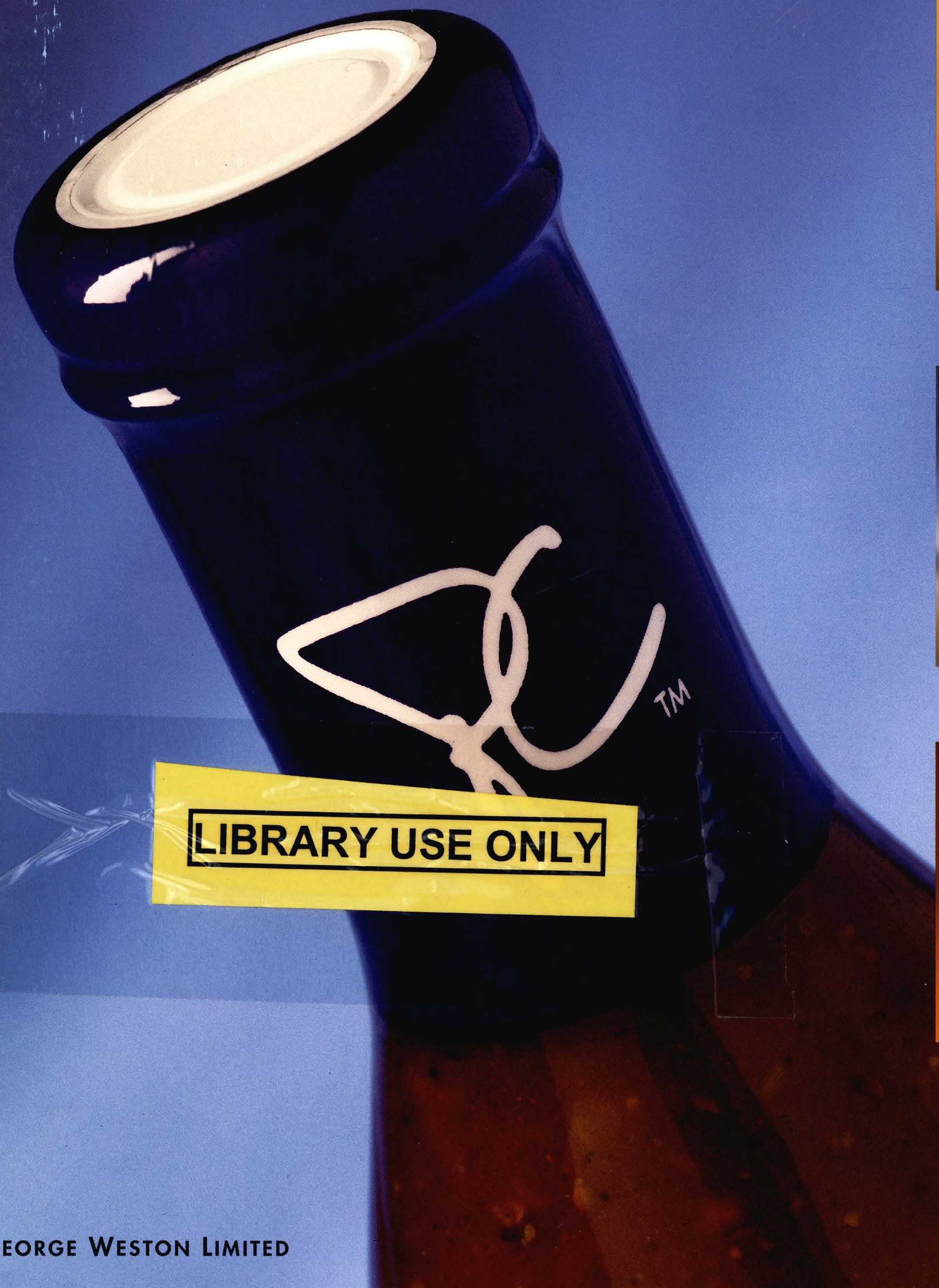
Weston

1996 Annual Report



George Weston Limited

Corporate Profile

George Weston Limited, a broadly based Canadian company founded in 1882, operates in the food processing, food distribution, and forest products and fisheries businesses in North America. 1996 sales were $13 billion, similar to 1995, and earnings per share were a record $4.04, excluding unusual gains.

George Weston Limited operates these diverse businesses through: Weston Foods, primarily a fresh and frozen bakery, and a dairy processor; Loblaw Companies, the largest food distributor in Canada; and Weston Resources, a value added forest products and fish processor.

George Weston Limited is committed to creating value for its shareholders and to the belief that it should participate with its more than 75,000 employees throughout its businesses, in supporting the communities in which it operates.

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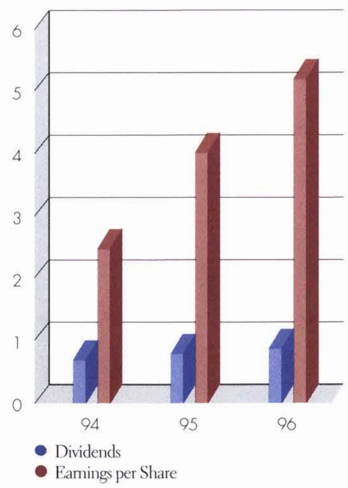
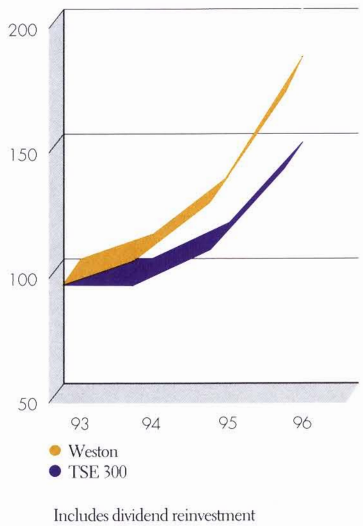
FINANCIAL HIGHLIGHTS

Year ended December 31 (in millions of dollars)	1996	1995	1994
SALES AND EARNINGS			
Sales	**12,709**	12,966	13,002
Operating income	**500**	521	378
Interest expense	**85**	103	105
Net earnings	**239**	190	117
CASH FLOW			
Cash flow from operations	**459**	492	552
Purchases of fixed assets	**583**	500	525
(Decrease) increase in cash *	**(4)**	106	53
FINANCIAL POSITION			
Long term debt and debt equivalents	**1,002**	930	977
Shareholders' equity	**1,615**	1,506	1,353
Total assets	**5,441**	5,122	4,787
RATIOS			
Return on capital employed (%)	**13.4**	15.3	12.0
Return on common equity (%)	**15.3**	13.3	9.0
PER COMMON SHARE (in dollars)			
Net earnings	**5.20**	4.02	2.48
Dividend rate (year end)	**.88**	.80	.70
Cash flow from operations	**9.99**	10.45	11.76
Purchases of fixed assets	**12.69**	10.62	11.18
Book value	**35.62**	31.99	28.75
Market value (year end)	**66.85**	50.25	42.25

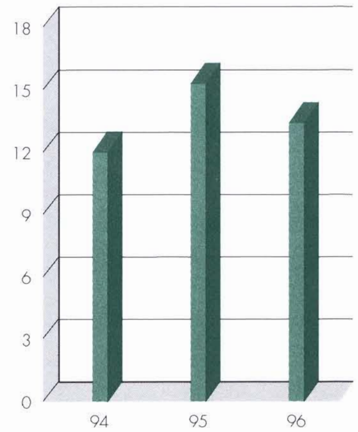
* Cash is defined as cash and short term investments net of bank advances and notes payable.



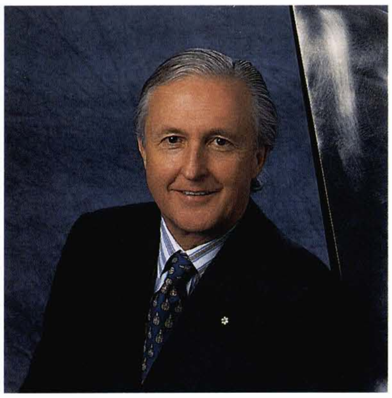
Earnings per Share and Dividend Rate
(dollars)



Total Returns on $100 Investment
(dollars)



Return on Capital Employed
(percent)



Chairman's Message

Dear Shareholder,

1996 has been another exciting year for your Company.

Earnings per share were a record $4.04, excluding the $1.16 Neilson Cadbury gain, up from $4.02 in 1995, assisted by strong results in the fourth quarter. Total sales were down by 2 percent reflecting the divestitures of our United States supermarkets and our Canadian confectionery business. However, sales of continuing businesses were up 5 percent. This is a good result considering it masks a dramatic fall in pulp and paper earnings and was achieved during a period in which many Canadian companies suffered badly from the continued effects of constrained consumer spending.

Weston Foods, which represents 14 percent of our capital employed, enjoyed a better year this year with operating income increasing from $18 million to $52 million. All of its operating companies are improving and we are allocating significant capital investment to support its growth segments.

Loblaw Companies, now representing nearly 64 percent of our total capital employed, had another highly successful year with operating earnings increasing from $323 million to $356 million, or 10 percent. Total capital expenditure levels were again significant at $390 million. We are now investing more each year than all our Canadian competitors combined.

Weston Resources now accounts for 22 percent of our total capital employed and collectively had a disappointing year in 1996. Sales were off 3 percent due to lower pulp and salmon prices. Fisheries' operating earnings were down from $37 million to $19 million. Forest Products' earnings were down almost 50 percent from $143 million to \$73 million in 1996. Capital expenditures of \$18 million and \$84 million in Fisheries and Forest Products, respectively, will enhance our low cost producer status and ensure that environmental and product quality standards are maintained at their highest levels.

For many years, we have had some success at reducing costs and increasing margins in a low growth environment. To do this we have chosen to concentrate on our most positive strategic positions and where appropriate, exit the low growth areas. As President of Loblaw Companies, our largest subsidiary, Richard J. Currie has played a vital part in this strategy. Mr. Currie has been President of Loblaw for 20 highly successful years during which the share price of this subsidiary grew from \$.68 to \$14.25 (or a remarkable 20 fold increase). In June of 1996, he accepted the additional title of President of George Weston Limited. This consolidation of senior operating positions has enabled us to reduce a significant duplication of functional responsibilities at our corporate office and Mr. Currie's leadership and strategic strengths will be a great asset throughout the group.

During the past year, we lost the contributions of two very important figures at George Weston Limited. In December of 1996, Earl Pearce decided to take early retirement for personal reasons after 27 years of distinguished service. He will remain a member of the Board of Directors. On a sad note, Hugo Mann, a 20 year overseas director from Germany, who had helped guide the fortunes of your Company, passed away on August 3, 1996. He will be sorely missed by myself and other members of the Weston family as well as the many people in the business to whom he gave such solid counsel and advice.

I am pleased to report that in financial terms, your Company has never been stronger and this is clearly perceived in the financial marketplace where our share price has increased in 1996 from \$50.25 to \$66.85. Our conservative balance sheet and strong cash flow, with an already modern and efficient asset base, give us the ability to grow and take advantage of any significant opportunity that might present itself. Our commitments to new product development and customer service are challenged only by our efforts to reduce costs.

After repeated visits to divisional operations across North America, it is my personal conviction that this Company has in position one of the most able, experienced and motivated teams of managers in its history. Competition remains intense, but I am confident that there are significant opportunities for growth ahead of us and that management will seize hold of these opportunities and that results in 1997 and beyond will more than justify the confidence that shareholders have placed in us.

I would once again like to thank our customers, suppliers and employees for their support.

Galen Weston

PRESIDENT'S REVIEW OF OPERATIONS

This is my first Annual Report to you since I became President of George Weston Limited on June 18, 1996. It was a role I accepted with some confidence, after 20 years as President of Loblaw Companies during which I have been keenly aware of the successes and the problems in the non-Loblaw parts of Weston. It was important to concentrate early on those non-Loblaw parts, which include Food Processing, Fisheries and Forest Products and which usually have been referred to as Weston Foods and Weston Resources. While a considerable amount of good work had been done in the individual businesses, their collective performance had been disappointing.

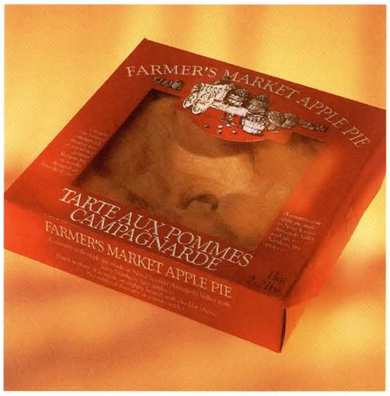
The Food Processing businesses had suffered a decline in operating profitability in the decade of the '90's, from $75 million in 1989 to $18 million in 1995, with a lapse into single digits of $6 million in 1994. The sale of Neilson Cadbury by Weston Foods in the first quarter of 1996 was a good and helpful strategic move as the competitors to Neilson were essentially all global brands with Canada, a relatively small market in their spectrum. As a result, Neilson had little opportunity for present or future sales and profit growth. Weston Foods' results for 1996 were an improved operating profit of $52 million. While this represents a virtual tripling of the $18 million achieved in 1995, it only represents a return to the profitability level of $56 million in 1991 and was achieved largely on the elimination of the 1995 losses.

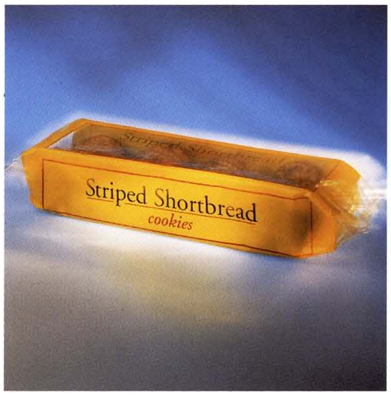
Much progress has been made in Weston Foods in a relatively short time by its dedicated group of managers. Weston Bakeries had a very good year in all its regions; Ontario, Quebec and Western Canada. Neilson Dairy delivered acceptable profits and returns in Ontario, a milk market that at present is undergoing the sale of Neilson's two major competitors, as total market profitability has been well under acceptable levels for some time. Chocolate Products, although a small business, through a combination of cost cutting and new product development in 1996, has become profitable. Stroehmann Bakeries has largely completed its initial cost rationalizations and is at present concentrating on increasing sales and customer growth while establishing a permanently lower cost structure for its business.

Weston Foods Locations

Weston Bakeries
Ready Bake Foods
Stroehmann Bakeries
Interbake Foods
Neilson Dairy
Chocolate Products

Baking	■
Fresh Bakery Plants	
Canada	12
U.S.	6
Frozen Bakery Plants	
Canada	6
U.S.	2
Biscuit Plants	
U.S.	4
Dairy and Other	●
Dairy	2
Specialty Plant	1





Ready Bake, the frozen bakery business, had a good year, mainly from simultaneous growth and rationalizations in Canada and solid sales increases in the United States. Operating in a growth segment of the baking industry, Ready Bake is working to capture its share of that growth while at the same time continuing to sharpen its cost position. This business will be supported with the largest capital investment program in its history in 1997, mainly in the United States, where present and potential growth rates exceed those of Canada.

Interbake Foods began to recover in 1996 from the two year downturn in its sales of low fat and fat free cookies. Demand for these products appears to have stabilized at a much reduced but still very acceptable level. The falloff has been partially replaced by sales growth in its dairy and Girl Scout cookie businesses. Cash flow from operations at Interbake was $34 million in 1996. Operating income has not yet returned to its former levels but will when sales more fully recover.

It is expected that Weston Foods and Loblaw Companies will benefit in the future from a closer working relationship, particularly in the areas of new products and logistics, which Weston Foods can then use to its advantage with its other customers. Near term, it is the intention to concentrate all of Weston Foods' energies on lowering costs, while at the same time developing new products and limiting acquisitions. With many of its Canadian customers already competitors of Loblaw Companies, it is vital for Weston Foods to be the low cost provider where its products are low in value added and to be an innovator in new and reformulated products that all retailers will want to stock regardless of its association. Just as importantly, Weston Foods needs to diversify its channels away from retail and its geography away from Loblaw.

The Fisheries division consists of Connors Bros., historically a sardine canner on the East Coast and British Columbia Packers, a fresh and frozen salmon shipper and a salmon and tuna canner, mainly under the famous *Clover Leaf* brand name on the West Coast. To this lineup has been added a major investment in salmon farming on both the East and West coasts and in salmon and trout farming in Chile. Sardines are a low growth industry so Connors will concentrate its energies on improved quality at ever-lower costs. The fishing business in British Columbia

FOOD DISTRIBUTION LOCATIONS

Loblaws Supermarkets
Zehrmart
Atlantic Wholesalers
National Grocers
Fortinos Supermarket
Kelly, Douglas
Westfair Foods

Eastern Canada	
Corporate	233 ■
Franchised	218 ●
Independent	1,165 ◆

Western Canada	
Corporate	108 ■
Franchised	362 ●
Independent	3,882 ◆

presents many challenges, not the least of which is the global excess supply of salmon. As a result, B.C. Packers has steadily consolidated its facilities, reducing operating costs and reducing the capital employed in its business. It is fish farming that offers growth potential and in which there is already approximately $100 million invested. From an excellent operation on the East Coast, that team has spread its wings to the lagging West Coast and now to Chile, where increased volume and yield is expected to turn a loss-making operation to profitability if market margins can be sustained and even improved.

The Forest Products division had operating profit in 1996 about half that of 1995. Nevertheless, Eddy over the past few years has achieved superior returns (EBITDA/assets and EBIT/assets) versus its major North American competitors. The Eddy downturn this year was less severe than most in the industry, mainly because of its increasing business balance between pulp, specialty fine papers and lumber.

The overall operating strategy of George Weston Limited will be to substantially increase the profitability of Loblaw Companies, Weston Foods and Fisheries to the point where the cyclicality of Eddy's earnings has less impact on total Weston results than it has had in the past. The cyclicality of the pulp and paper business is well known, but that is no reason for George Weston Limited earnings to be similarly cyclical. Meanwhile, the work to continue dampening the cyclicality within Eddy will continue.

Much has been written of late on the importance of "focus" or "pure plays" in North American industry. Business diversity has been considered ineffective and it has been punished in the capital markets. But the value of a company rests ultimately on its underlying business performance and breakups usually create shareholder value only when a business has consistently underperformed the market. While holding companies may be more complex than "pure plays", it is the skill of the management team at managing complexity that determines business performance. It is to that task that the management of George Weston Limited is turning its energies.

Richard J. Currie

Weston Resources Locations

E.B. Eddy Forest Products
E.B. Eddy Paper
Island Paper
British Columbia Packers
Nelbro Packing
Connors Bros.
Connors Seafoods
Port Clyde
Connors Aquaculture
Heritage Salmon

Forest Products ■
E.B. Eddy Forest Products

Sawmills	4
Paper Mills	5
Pulp Mill	1

Aquaculture ●

Salmon Farms	
British Columbia	7
New Brunswick	2
Maine	5
Chile	5
Salmon Hatcheries	
British Columbia	2
New Brunswick	1
Maine	2
Chile	1

Fish Processing ◆

British Columbia Packers	
Salmon Plants	4
Solomon Islands	1
Ecuador	1
Connors Bros.	
Sardine Plants	4
Scotland	1

Management's Statement of Responsibility

Management is responsible for the preparation and presentation of the consolidated financial statements and all other information in the Annual Report. This responsibility includes the selection of appropriate accounting principles in addition to making informed judgements and estimates in accordance with generally accepted accounting principles. Financial information presented elsewhere in this Annual Report is consistent with that in the financial statements.

To ensure the integrity and objectivity of the financial statements, management has established systems of internal control which are designed to provide relevant and reliable accounting records and properly safeguard Company assets. The financial statements have been audited by the shareholders' independent auditors, KPMG, whose report follows.

The Company's Audit Committee, which is comprised solely of directors who are not employees of the Company, is appointed by the Board of Directors annually. The Committee meets regularly with financial management and with the shareholders' independent auditors to satisfy itself on the adequacy of internal controls and to review the financial statements and the shareholders' independent auditors' reports. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements and other information in the Annual Report for issuance to the shareholders.

Richard J. Currie
President

Donald G. Reid
Senior Vice President and
Chief Financial Officer

Stephen A. Smith
Vice President, Controller

Toronto, Canada March 5, 1997

Auditors' Report

To the Shareholders of George Weston Limited: We have audited the consolidated balance sheets of George Weston Limited as at December 31, 1996 and 1995 and the consolidated statements of earnings, retained earnings and cash flow for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1996 and 1995 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

KPMG

Chartered Accountants
Toronto, Canada March 5, 1997

Consolidated Statement of Earnings

Year ended December 31 (in millions of dollars)	1996	1995	1994
Sales	**$12,709**	$12,966	$13,002
Operating Expenses			
Cost of sales, selling and administrative expenses	**11,952**	12,172	12,358
Depreciation and amortization	**257**	273	266
	12,209	12,445	12,624
Operating Income	**500**	521	378
Interest expense (income)			
Long term	**96**	98	99
Short term	**(11)**	5	6
	85	103	105
Net gain on business dispositions (note 2)	**87**		
Earnings before income taxes	**502**	418	273
Income taxes (note 3)	**211**	180	113
Earnings before minority interest	**291**	238	160
Minority interest	**52**	48	43
Net Earnings for the Year	**$ 239**	$ 190	$ 117
Net Earnings per Common Share (in dollars)	**$ 5.20**	$ 4.02	$ 2.48

Consolidated Statement of Retained Earnings

Year ended December 31 (in millions of dollars) (note 1)	1996	1995	1994
Retained Earnings, Beginning of Year	**$ 1,437**	$ 1,281	$ 1,197
Net earnings for the year	**239**	190	117
Premium on common shares purchased for cancellation (note 8)	**(88)**		
	1,588	1,471	1,314
Dividends declared			
Common shares, per share – 88¢ (1995 – 73¢, 1994 – 70¢)	**40**	34	33
Retained Earnings, End of Year	**$ 1,548**	$ 1,437	$ 1,281

Consolidated Balance Sheet

As at December 31 (in millions of dollars)	**1996**	1995	1994
Assets			
Current Assets			
Cash and short term investments (note 4)	**$ 768**	$ 716	$ 319
Accounts receivable	**348**	370	385
Inventories	**1,077**	1,046	1,068
Prepaid expenses and other assets	**43**	49	50
	2,236	2,181	1,822
Franchise Investments and Receivables	**130**	113	110
Fixed Assets (note 5)	**2,901**	2,672	2,677
Goodwill	**85**	76	84
Other Assets (note 6)	**89**	80	94
	$ 5,441	$ 5,122	$ 4,787
Liabilities			
Current Liabilities			
Bank advances and notes payable	**$ 552**	$ 496	$ 205
Accounts payable and accrued liabilities	**1,459**	1,439	1,500
Taxes payable	**100**	79	69
Dividends payable	**10**	9	8
Long term debt and debt equivalents due within one year (note 7)	**18**	33	66
	2,139	2,056	1,848
Long Term Debt and Debt Equivalents (note 7)	**1,002**	930	977
Other Liabilities	**99**	102	75
Deferred Income Taxes	**172**	143	128
Minority Interest	**414**	385	406
	3,826	3,616	3,434
Shareholders' Equity			
Share Capital (note 8)	**60**	57	57
Retained Earnings	**1,548**	1,437	1,281
Foreign Currency Translation Adjustment	**7**	12	15
	1,615	1,506	1,353
	$ 5,441	$ 5,122	$ 4,787

Approved by the Board

W. Galen Weston

W. Galen Weston
Director

Richard J. Currie

Richard J. Currie
Director

Consolidated Cash Flow Statement

Year ended December 31 (in millions of dollars)	**1996**	1995	1994
Operations			
Earnings before minority interest	**$ 291**	$238	$160
Depreciation and amortization	**257**	273	266
Net gain on business dispositions (note 2)	**(87)**		
Deferred income taxes	**3**	32	(16)
Other	**14**	(7)	28
	478	536	438
(Used for) provided from working capital	**(19)**	(44)	114
Cash flow from operations	**459**	492	552
Investment			
Purchases of fixed assets	**(583)**	(500)	(525)
Proceeds from sale of fixed assets	**30**	31	60
Acquisition of subsidiary companies (note 2)	**(46)**	(66)	
Disposition of subsidiary companies (note 2)	**225**	368	
Other	**(18)**	(40)	
	(392)	(207)	(465)
Cash flow before financing and dividends	**67**	285	87
Financing			
Long term debt and debt equivalents			
Issued	**100**	7	206
Retired	**(43)**	(87)	(98)
Subsidiary share capital			
Issued	**8**	4	6
Retired	**(1)**	(60)	(111)
Share capital			
Issued	**5**		8
Retired (note 8)	**(90)**		
	(21)	(136)	11
Dividends			
To shareholders	**(40)**	(33)	(33)
To minority shareholders	**(10)**	(10)	(12)
	(50)	(43)	(45)
(Decrease) Increase in Cash	**(4)**	106	53
Cash at beginning of year	**220**	114	61
Cash at End of Year	**$216**	$220	$114

Cash is defined as cash and short term investments net of bank advances and notes payable.

Notes to Consolidated Financial Statements

December 31, 1996
(in millions of dollars except Share Capital)

1. Summary of Significant Accounting Policies

Basis of Consolidation The consolidated financial statements include the accounts of the Company and all subsidiaries. The effective interest of George Weston Limited in the voting equity share capital of principal subsidiaries is 100%, except for Loblaw Companies Limited, which is 70.9% (1995 – 69.7%, 1994 – 69.9%) owned.

Cash Offsetting Cash balances for which the Company has a right and intent of offset are used to reduce reported short term borrowings.

Inventories (Principally Finished Products) Retail store inventories are stated at the lower of cost and net realizable value less normal profit margin. Other inventories are stated principally at the lower of cost and net realizable value.

Fixed Assets Fixed assets are stated at cost including capitalized interest. Depreciation is recorded principally on a straight line basis or units of production basis to amortize the cost of these assets over their estimated useful lives.

Estimated useful lives range from twenty-five to forty years for buildings and three to twenty years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of useful life and term of the lease.

Translation of Foreign Currencies Foreign currency balances of self-sustaining foreign subsidiaries are translated at a rate approximating the current exchange rate at each year end. The net difference on translation of the Company's equity in these subsidiaries is included in the foreign currency translation adjustment of shareholders' equity. Exchange gains or losses arising from hedges against these investments are also included in the foreign currency translation adjustment. The balance in this account will be recognized in earnings in proportion to any reduction of the net investment in these subsidiaries.

Net monetary assets of integrated foreign subsidiaries are translated at the current exchange rate at each year end and net non-monetary assets are translated at their historical exchange rates. Exchange gains or losses arising from the translation of these foreign currency balances are included in the current period's earnings.

Revenues and expenses are translated at the average exchange rate for the year.

GOODWILL Goodwill arises on the acquisition of subsidiaries. It is the excess of the cost of the acquisition over the fair value of the underlying net tangible assets acquired. Goodwill is being amortized on a straight line basis determined for each acquisition over the estimated life of the benefit. The weighted average remaining amortization period is 21 years. Any permanent impairment in value, based on projected future earnings, is written off against earnings.

DERIVATIVE FINANCIAL INSTRUMENTS The Company uses derivative financial instruments to manage risks from fluctuations in exchange rates and interest rates. These instruments include forward foreign exchange contracts, forward rate agreements, swaps and options. All such instruments are used for risk management purposes only. The income or expense arising from these activities is amortized over the term hedged or offset against the item hedged. Unrealized gains or losses on outstanding contracts are not recorded in the financial statements until maturity of the underlying transactions. Unamortized balances are included in the appropriate asset or liability amounts except those hedges against the net investment in self-sustaining foreign subsidiaries which are included in the foreign currency translation adjustment.

POST RETIREMENT BENEFITS Effective 1996, the Company adopted the policy of accruing for post retirement health benefits when the portion of this obligation applicable to active employees of a business unit has been eliminated. The change in accounting for post retirement benefits has been applied retroactively and does not have a material effect on net earnings for 1995 or 1994. Retained earnings at January 1, 1994 have been reduced by $47.

Some subsidiaries provide post retirement health, insurance and other benefits. The costs of these benefits, other than pensions, are expensed when paid.

2. DISPOSITIONS AND ACQUISITIONS

In 1996, the Company recorded a net gain on business dispositions of $87 on proceeds of $225, substantially represented by the sale of the Neilson confectionery business. Income taxes of $32 applicable to the dispositions are included in income taxes.

Loblaw Companies Limited, a subsidiary, sold substantially all of the assets of its United States retail business at the end of the second quarter of 1995 for proceeds of $368. The net pre-tax gain of $5, which was included in 1995 operating income, includes proceeds in excess of net book value, net of costs associated with the disposal. Operating income for the period to date of sale was not significant. Income taxes of $5 applicable to the disposal transaction were included in income taxes.

In 1996, the Company purchased 3,926,720 common shares of its subsidiary, Loblaw Companies Limited, for $46 (representing fair market value) of which 3,500,000 were purchased from the Wittington Group of Companies, the Company's majority shareholder, creating goodwill of $26.

In 1995, Weston Resources acquired two sawmills in Ontario and an aquaculture operation in Chile. Net assets of $66 were acquired in exchange for cash consideration of $66. The acquisitions were accounted for using the purchase method with the results of operations included in these consolidated financial statements from the dates of acquisition.

3. Income Taxes

The Company's effective income tax rate is made up as follows:

	1996	1995	1994
Combined basic Canadian federal and provincial income tax rate	**44.5%**	43.5%	44.8%
Impact of operating in countries with lower effective tax rates	**(.8)**	(1.0)	(.9)
Impact of business dispositions	**(1.1)**		
Rate reduction for manufacturing and processing operations	**(2.0)**	(3.3)	(2.2)
Other	**1.4**	3.9	(.3)
	42.0%	43.1%	41.4%

4. Cash and Short Term Investments

Cash and short term investments include $717 (1995 – $685, 1994 – $311) held by non-Canadian subsidiaries of Loblaw Companies Limited. The $37 (1995 – $31, 1994 – $10) income from these investments is included as a reduction of interest expense.

5. Fixed Assets

	1996			1995			1994
	Cost	**Accumulated Depreciation**	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Properties held for development	**$ 126**		**$ 126**	$ 90		$ 90	$ 54
Land	**411**		**411**	363		363	404
Buildings	**1,374**	**$ 387**	**987**	1,304	$ 370	934	947
Equipment, fixtures and other	**2,758**	**1,565**	**1,193**	2,634	1,486	1,148	1,120
Leasehold improvements	**271**	**107**	**164**	209	96	113	112
	4,940	**2,059**	**2,881**	4,600	1,952	2,648	2,637
Capital leases – buildings and equipment	**60**	**40**	**20**	62	38	24	40
	$5,000	**$2,099**	**$2,901**	$4,662	$1,990	$2,672	$2,677

Interest capitalized as part of fixed assets during the year is $6 (1995 – $7, 1994 – $6).

6. Pensions

The Company and its subsidiaries maintain defined benefit pension plans and participate in union sponsored multi-employer plans.

For the defined benefit plans, current actuarial estimates indicate that the present value of accrued pension benefits is $944 (1995 – $945, 1994 – $914) and the value of pension fund assets is $995 (1995 – $911, 1994 – $875). As at December 31, 1996, prepaid pension costs of $68 (1995 – $62, 1994 – $78) are included in other assets.

7. Long Term Debt and Debt Equivalents

	1996	1995	1994
George Weston Limited			
Debentures, 7.45%, Series A due 2004	**$ 200**	$ 200	$ 200
Notes, 12.7%, due 2030	**76**	85	93
Other long term debt	**2**	5	5
Loblaw Companies Limited			
Debentures			
Series 4, 11%, repaid 1995			40
Series 5, 10%, due 2006, retractable annually commencing 1996	**50**	50	50
Series 6, 9.75%, due 2001, retractable annually commencing 1993, redeemable in 1998	**75**	75	75
Series 7, 9%, redeemed 1996		14	14
Series 8, 10%, due 2007, redeemable in 2002	**61**	61	61
Notes, 11.4%, due 2031	**172**	175	178
Notes, 8.75%, due 2033	**200**	200	200
Medium Term Notes, 7.34%, due 2001	**100**		
Other at a weighted average interest rate of 10.6%, due 1997 – 2009	**29**	34	40
Capital lease obligations at a weighted average interest rate of 11.8%, due 1997 – 2017	**38**	43	66
Total long term debt	**1,003**	942	1,022
Total debt equivalents	**17**	21	21
	1,020	963	1,043
Less: due within 1 year	**18**	33	66
Long term debt and debt equivalents	**$ 1,002**	$ 930	$ 977

The five year schedule of repayments of long term debt and debt equivalents, at the earlier of maturity or first retraction date, excluding the Loblaw Companies Limited Series 5 and Series 6 debentures, which are expected to be renewed, is as follows: 1997 – $18; 1998 – $9; 1999 – $12; 2000 – $9; 2001 – $181.

The interest rates on the Loblaw Companies Limited Series 5 and Series 6 debentures were reset in 1996 at 10.0% and 9.75% respectively. Current intentions are to reset the interest rates on the Series 5 and Series 6 debentures in 1997 to encourage renewal, therefore they are excluded from the amount due within one year.

Debt Equivalents Senior preferred shares, Second series (authorized – 109,279) – $6.00 cumulative dividend, redeemable at $105 each. These shares were redeemed according to their terms at $105 each on October 31, 1996.

Loblaw Companies Limited – First preferred shares, Second series (authorized – 1,000,000) – $3.70 cumulative dividend, redeemable at $70 each. In 1996, 260,006 shares were issued and outstanding (1995 – 266,429, 1994 – 273,294) in the amount of $17 (1995 – $17, 1994 – $17). Subject to certain exceptions, in each fiscal year, Loblaw Companies Limited is obligated to apply $.4 to the retirement of these shares.

8. Share Capital

	1996	1995	1994
Common shares issued (authorized – unlimited)	**45,346,480**	47,079,900	47,060,650
Common share capital (in millions of dollars)	**$60**	$57	$57

Share Description (in dollars) In 1996, the Company issued 127,980 (1995 – 19,250, 1994 – 204,356) common shares for cash consideration of $5 million (1995 – $1 million, 1994 – $8 million) on exercise of employee stock options. As at December 31, 1996, there were outstanding stock options which were granted at the market price on the date of grant, to purchase 641,237 (1995 – 793,527, 1994 – 773,027) common shares at prices averaging $39.17 (1995 – $39.34, 1994 – $38.80) and ranging from $36.00 to $45.88. All options expire on dates ranging from May 10, 1997 to June 19, 2002. The exercise of stock options would not materially dilute earnings per common share.

During the year, the Company purchased for $90 million, 1,861,400 of its common shares for cancellation by way of a Normal Course Issuer Bid on the Toronto Stock Exchange which remains in effect until March 12, 1997. Subsequent to year end and prior to the expiration date of March 12, 1997, the Company purchased an additional 494,728 of its common shares for $36 million representing the balance of the shares available for purchase pursuant to the Normal Course Issuer Bid.

In addition, subsequent to year end, the Company announced that it intends to purchase up to 5 percent or 2,243,851 of its common shares between March 17, 1997 and March 16, 1998 pursuant to another Normal Course Issuer Bid on the Toronto Stock Exchange.

9. Financial Instruments

Currency The Company seeks to manage the risks arising from movements in exchange rates, principally on United States denominated revenues, by a combination of forward foreign exchange contracts and option contracts covering periods of up to 7 years.

At December 31, 1996, the amount of outstanding foreign exchange contracts sold forward for Canadian dollars was U.S. $376. The amount of option contracts purchased and outstanding was U.S. $460, while the amount of option contracts sold and outstanding was U.S. $150.

The Company's subsidiary, Loblaw Companies Limited, has entered into cross-currency swaps to exchange an amount of $680 Canadian debt for United States dollar debt. The swaps provide a hedge against exchange rate fluctuations on United States net assets, principally cash. The swaps mature as follows: 1999 – $7; 2000 – $119; 2001 – $85 and thereafter to 2005 – $469. Currency adjustments receivable or payable arising from the swaps must be settled in cash on maturity. As at December 31, 1996, a currency adjustment of $8 (1995 – $8, 1994 – $11) has been included in other liabilities.

Interest Rates The Company enters into interest rate derivative financial contracts to manage funding costs as well as the volatility of interest rates.

In 1996, the Company has entered into interest rate swap agreements converting a net notional $55 of 8.3% fixed rate debt into floating rate debt. The net maturities are as follows: 1998 – $30 and thereafter to 2004 – $25. The Company, at year end, had outstanding an interest rate option contract with a notional value of $50 expiring in 1997.

The Company's subsidiary, Loblaw Companies Limited, has entered into interest rate swap agreements converting a net notional $373 of 6.7% fixed rate debt into floating rate debt. The net maturities are as follows: 1997 – $148; 1998 – $85; 1999 – $45; 2000 – $52 and thereafter to 2003 – $43.

Counterparty Risk An event of default by the counterparties to these financial instruments does not create a significant risk because the principal amounts on currency contracts are netted by agreement and there is no exposure to loss of the notional principal amounts on interest rate contracts. However, as exchange rates and interest rates fluctuate, the mark to market value related to these contracts rises and falls. The Company may be exposed to losses in the future, in respect of this intrinsic mark to market value, if the counterparties to the above contracts fail to perform; however, the Company is satisfied that the risk of such non-performance is slight.

Fair Value of Financial Instruments The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. With the exception of the following, the fair value of financial instruments including cash, short term investments, accounts and notes receivable, bank advances and notes payable, accounts payable, accrued liabilities, taxes payable and dividends payable, approximates their recorded value.

	1996		1995		1994	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Long term debt and debt equivalents	**$1,020**	**$1,216**	$963	$1,085	$1,043	$1,031
Interest rate derivatives		**$ 20**				$ (40)

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value:

Long Term Debt The fair value of the Company's long term debt is estimated based on discounted cash flows using the estimated incremental borrowing rate of the Company for debt of the same remaining maturities.

Debt Equivalents The fair value of the Company's debt equivalents is estimated based on market quote or last trade closest to the valuation date.

Interest Rate Derivatives The fair value of the net notional principal of the interest rate swaps is estimated based on discounted cash flows based on the market swap rates for swaps of the same remaining maturities.

10. Other Information

Contingent Liabilities and Commitments Endorsements and guarantees arising in the normal course of business amount to $48.

Commitments for net operating lease payments total $840 ($942 gross, net of $102 of expected sub-lease income). Net payments for each of the next five years and thereafter are as follows: 1997 – $152; 1998 – $134; 1999 – $111; 2000 – $79; 2001 – $61 and thereafter to 2056 – $303.

Gross rentals under leases assigned at the time of sale of United States divisions for which Loblaw Companies Limited is contingently liable, amount to $130.

A complaint was issued in May, 1995 against two subsidiaries of the Company and 58 other fish processors in the Bristol Bay area of Alaska by nine United States fishermen alleging violation of the State of Alaska anti-trust laws. The plaintiffs, if successful in having this complaint certified as a class action suit, are seeking damages of U.S. $240 (subject to treble damages). The Company believes that this claim is without merit and is vigorously defending it.

One of the general partners in the Blue Water Fiber operation in Port Huron, Michigan has instituted legal proceedings against certain resource subsidiaries of the Company. The lawsuit, which is in an early stage, is being defended diligently and management believes it will not have a material adverse financial impact on the Company.

Related Party Transactions The Company's majority shareholder, Wittington Investments, Limited and its subsidiaries are related parties. It is the Company's policy to conduct all transactions with related parties on normal trade terms.

11. Segmented Information

	1996	1995	1994	1993	1992
Sales					
Weston Foods	**$ 1,709**	$ 1,927	$ 2,008	$ 1,830	$ 1,685
Loblaw Companies	**9,848**	9,854	10,000	9,356	9,262
Weston Resources	**1,559**	1,604	1,418	1,111	974
Fisheries	**665**	684	658	584	542
Forest Products	**894**	920	760	527	432
Inter Group	**(407)**	(419)	(424)	(366)	(322)
Consolidated	**12,709**	12,966	13,002	11,931	11,599
Canada	**11,242**	10,883	10,147	9,391	9,166
United States	**1,467**	2,083	2,855	2,540	2,433
Operating Income					
Weston Foods	**52**	18	6	22	12
Loblaw Companies	**356**	323	270	198	181
Weston Resources	**92**	180	102	21	14
Fisheries	**19**	37	36	25	28
Forest Products	**73**	143	66	(4)	(14)
Consolidated	**500**	521	378	241	207
Canada	**454**	492	357	227	153
United States	**46**	29	21	14	54
Purchases of Fixed Assets					
Weston Foods	**91**	107	110	56	63
Loblaw Companies	**390**	307	326	315	169
Weston Resources	**102**	86	89	47	40
Fisheries	**18**	17	16	16	7
Forest Products	**84**	69	73	31	33
Consolidated	**583**	500	525	418	272
Total Assets					
Weston Foods	**698**	792	728	794	738
Loblaw Companies	**3,566**	3,210	3,044	2,726	2,507
Weston Resources	**1,177**	1,120	1,015	939	750
Fisheries	**410**	387	373	348	343
Forest Products	**767**	733	642	591	407
Consolidated	**5,441**	5,122	4,787	4,459	3,995
Canada	**4,020**	3,844	3,433	3,241	2,849
United States	**1,421**	1,278	1,354	1,218	1,146

Canadian sales include export sales approximating $704 (1995 – $715, 1994 – $579).
Inter Group sales include $368 (1995 – $380, 1994 – $387) from Weston Foods.

	1991	1990	1989	1988	1987	1986
	$ 1,541	$ 1,633	$ 1,605	$ 1,468	$ 1,502	$ 1,433
	8,533	8,417	7,934	8,308	8,631	7,839
	975	1,119	1,215	1,361	1,223	1,055
	547	591	581	573	564	471
	428	528	634	788	659	584
	(279)	(313)	(295)	(306)	(321)	(301)
	10,770	10,856	10,459	10,831	11,035	10,026
	8,579	8,626	8,275	7,738	7,355	6,592
	2,191	2,230	2,184	3,093	3,680	3,434
	56	68	75	69	60	52
	218	212	190	137	187	161
	(27)	66	119	142	110	98
	4	36	32	49	42	42
	(31)	30	87	93	68	56
	247	346	384	348	357	311
	175	286	342	293	290	237
	72	60	42	55	67	74
	61	85	105	57	49	39
	159	176	154	177	249	289
	38	61	82	91	53	54
	14	10	19	19	16	12
	24	51	63	72	37	42
	258	322	341	325	351	382
	705	698	679	567	537	427
	2,325	2,260	2,183	2,137	2,215	1,998
	799	914	846	908	794	748
	373	412	351	336	261	281
	426	502	495	572	533	467
	3,829	3,872	3,708	3,612	3,546	3,173
	3,049	2,809	2,668	2,628	2,481	2,164
	780	1,063	1,040	984	1,065	1,009

MANAGEMENT DISCUSSION AND ANALYSIS

George Weston Limited 1996 earnings per share were a record $4.04, excluding the $1.16 first quarter net gain on dispositions, primarily the Neilson Cadbury confectionery business. This compares with $4.02 in 1995. Operating income of $500 million compared to $521 million in 1995 and was attained through significant improvements in Weston Foods and Loblaw Companies offsetting reduced profitability from the Resource Group's Forest Products and Fisheries.

Sales of $12.71 billion were 2 percent below last year's $12.97 billion. After adjusting for the 1995 and 1996 dispositions, sales from continuing operations improved by 5 percent. Sales in the continuing businesses of Weston Foods, now predominantly baking operations, declined 1 percent. Loblaw Companies' Canadian sales improved by 6 percent in Eastern Canada and 10 percent in Western Canada. Lower pulp prices and weaker salmon prices reduced sales in both the Forest Products and Fisheries 3 percent below last year's levels.

SALES (in millions of dollars)		**1996**	Change	1995	Change	1994
Weston Foods	Primarily Baking	**$ 1,709**	(11%)	$ 1,927	(4%)	$ 2,008
Loblaw Companies	Eastern Canada	**6,514**	6%	6,155	10%	5,601
	Western Canada	**3,334**	10%	3,034	5%	2,879
	United States			665	(56%)	1,520
		9,848		9,854	(1%)	10,000
Weston Resources	Fisheries	**665**	(3%)	684	4%	658
	Forest Products	**894**	(3%)	920	21%	760
		1,559	(3%)	1,604	13%	1,418
Inter Group		**(407)**		(419)		(424)
Consolidated		**$12,709**	(2%)	$12,966		$13,002

Operating income of $500 million was 4 percent below last year's record level and was achieved despite a severe drop in the average market price for pulp in 1996 which cut Forest Products' earnings to half of the 1995 level.

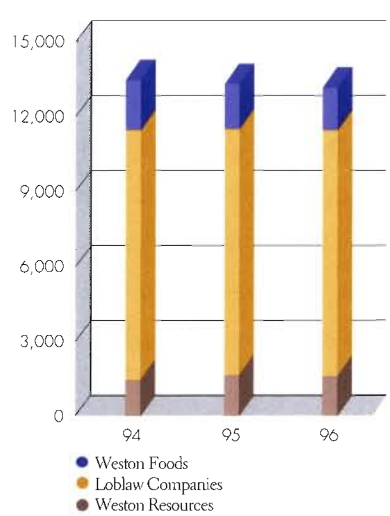
Weston Foods' operating income improved to $52 million in 1996, up from $18 million earned in 1995. Fresh and frozen baking operations provided much of the growth helped by the exclusion in 1996 of the Neilson Cadbury confectionery business which operated at a loss in 1995. Loblaw Companies' operating income was $356 million, up from 1995's $323 million, with earnings growth in both Eastern and Western

Canada. The Resource Group's operating income of $92 million was well below the record 1995 level of $180 million. Fisheries' operating income fell to $19 million from $37 million in 1995 due mainly to weaker canned and farmed salmon prices. Forest Products' operating income of $73 million was $70 million below last year's results as lower average pulp prices reduced earnings, offset somewhat by higher margins in paper and increased profitability in lumber.

Operating Income	(in millions of dollars)	**1996**	Change	1995	Change	1994
Weston Foods	Primarily Baking	**$ 52**	189%	$ 18	200%	$ 6
Loblaw Companies	Eastern Canada	**172**	5%	164	38%	119
	Western Canada	**167**	21%	138	24%	111
	United States	**17**	(19%)	21	(48%)	40
		356	10%	323	20%	270
Weston Resources	Fisheries	**19**	(49%)	37	3%	36
	Forest Products	**73**	(49%)	143	117%	66
		92	(49%)	180	76%	102
Consolidated		**$500**	(4%)	$521	38%	$378

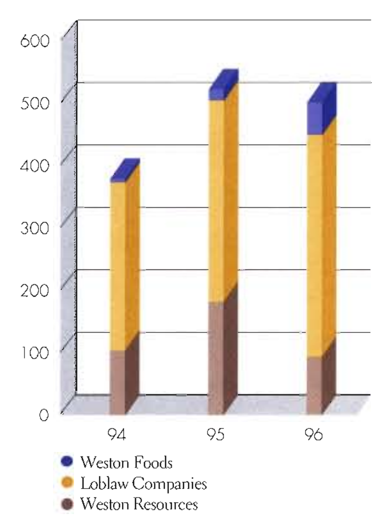
Interest expense declined to $85 million, down from $103 million in 1995, primarily from lower effective short term borrowing rates in Canada in 1996. Fixed asset purchases of $583 million were funded mainly by the $459 million of cash flow from operations in 1996 and supplemented by the cash proceeds from the Neilson Cadbury sale. In 1995, fixed asset purchases were funded entirely by cash flow from operations. A portion of the cash from the 1996 dispositions was also used to purchase for cancellation 1.9 million of the Company's common shares for $90 million pursuant to the Normal Course Issuer Bid effective from March 13, 1996 to March 12, 1997, and to purchase 3.9 million common shares of its subsidiary company, Loblaw Companies Limited, for $46 million.

The effective income tax rate decreased to 42.0% in 1996 from the 43.1% of 1995, however, after adjusting for dispositions, the 1996 tax rate was also 43.1%. This rate is expected to be slightly lower in 1997 from increased profitability of non-Canadian businesses at lower effective tax rates. Net earnings were $239 million



Includes inter group sales

Sales by Group
($ millions)



Operating Income by Group
($ millions)

in 1996 ($184 million excluding after-tax gains on dispositions) compared to $190 million in 1995. Earnings per share growth before dispositions, to $4.04 in 1996 from $4.02 in 1995, levered off the reduction in the average number of common shares outstanding from the 1996 purchase of the Company's common shares.

Weston Foods (Primarily Baking Operations)

The last several years have seen a significant rationalization of Weston Foods. Today, these operations are focused in the baking industry (fresh and frozen bakery products and biscuits), although Weston Foods continues to operate a dairy business.

Total sales decreased by $218 million or 11 percent in 1996, almost entirely the result of selling the Neilson Cadbury confectionery division at the start of the year. Sales from on-going operations declined 1 percent. Increased fresh bread, frozen baking and dairy sales offset a decline in biscuit sales. Operating income of $52 million was almost triple 1995 income of $18 million. The improvement was primarily the result of fewer write-downs of the United States fresh baking assets, on-going growth in frozen baking, particularly in the United States, continued improvements in the Canadian fresh baking operations and the sale of the confectionery business which operated at a loss in 1995.

Weston Bakeries, the Canadian based fresh baking operations, has seven of the top ten bread brands in the Ontario market. Operating income improved significantly despite relatively modest volume growth of 1 percent and a decline in sales dollars, resulting from the successful transfer of delivery routes to independent distributors. In addition to improving its cost position, the transition of the selling and delivery system to independent distributors is generating sales volume growth.

Stroehmann, the fresh bread operation in the Northeastern United States, improved as sales increased 7 percent in 1996 following a 10 percent decline in 1995. The sales increase was achieved at the same time as delivery routes were eliminated and consolidated, redundant assets removed and support functions centralized. A restructuring program during the last three years has improved results, but not yet to acceptable levels.

The frozen baking assets of the group are operated by Ready Bake Foods, supplying frozen bakery products and technical service to supermarket in-store bakeries in the United States and Canada. Sales and operating income both increased in 1996 as was the case in 1995. Operating in the United States through its Maplehurst Bakeries division, Ready Bake is a leading supplier of cake and donut products to in-store bakeries in the Mid-West and Southeast. Maplehurst's sales in 1996 were more than double those of 1992, when the division was acquired and now account for approximately 45 percent of Ready Bake's total sales. In anticipation of continued strong growth, a significant expansion of its new Indianapolis facility has just been completed and an expansion of its Carrollton, Georgia facility will take place in 1997.

The United States retail cookie market again contracted in size in 1996. Interbake Foods' sales decreased by 22 percent, primarily in low fat and fat free cookies which it co-packs for branded producers and as private label products for retail customers. Sales of ice cream wafers increased by 12 percent and sales of Girl Scout cookies increased by 9 percent.

The non-baking assets of Weston Foods belong primarily to Neilson Dairy which specializes in providing fluid milk. Neilson operates primarily in the intensely competitive Ontario market. Despite declining prices, a sales increase was driven by volume growth of 6 percent over last year. Operating income declined marginally versus 1995, the result of escalating raw milk costs and continued pressure on selling prices. Neilson's strategy of being the lowest cost operator has also been supplemented with the introduction of unique branded products including *Crispy Crunch* and *Caramilk* shakes and *TRUTASTE* and *TRUCALCIUM* microfiltered and fortified specialty milks. These products enhance profitability and expand the market.

Subsequent to year end, the closure of the Halton Hills dairy processing facility was announced. Strategic alliances are being established with other dairies to process some of our milk at a reduced cost to the business. The closure is expected to be completed by March, 1998.

The outlook for Weston Foods is positive as sales gains and cost reduction programs in fresh and frozen baking should improve profitability in 1997.

Loblaw Companies Limited

Sales for the year remained at essentially the same level as 1995, despite the sale of the United States retail business at the end of the second quarter of 1995. The continuing Canadian business generated a sales increase of 7 percent in 1996 following an 8 percent increase in 1995.

SALES (in millions of dollars)		**1996**	Change	1995	Change	1994
Eastern Canada	Retail	**$4,354**	7%	$4,064	11%	$ 3,646
	Wholesale	**2,160**	3%	2,091	7%	1,955
		6,514	6%	6,155	10%	5,601
Western Canada	Retail	**2,798**	14%	2,464	12%	2,208
	Wholesale	**536**	(6%)	570	(15%)	671
		3,334	10%	3,034	5%	2,879
United States	Retail			665	(56%)	1,520
Total Loblaw Companies	Retail	**7,152**	(1%)	7,193	(2%)	7,374
	Wholesale	**2,696**	1%	2,661	1%	2,626
		$9,848		$9,854	(1%)	$ 10,000

Operating income improved throughout the business in 1996, as it did in 1995, to $356 million, a 10 percent improvement over the $323 million earned in 1995. The Canadian businesses increased operating income by $57 million or 19 percent in 1996 before a $20 million special provision for store labour restructuring taken in the fourth quarter. This represents a 17 percent improvement in the East (38 percent increase in 1995) and a 21 percent improvement in the West (24 percent improvement in 1995). United States operating income of $17 million includes a $16 million receipt in relation to the cessation of an agreement to develop and source products for Wal-Mart, which was also recorded in the fourth quarter. The operating margin of Loblaw Companies (operating income divided by sales) improved to 3.6 percent in 1996 from 3.3 percent in 1995.

Eastern Canadian retail operations represent 44 percent of total Loblaw Companies' sales (up from 41 percent in 1995) and wholesale sales constitute 22 percent of total sales (up from 21 percent in 1995). Within the retail business, 24 new stores were opened in 1996 (14 in 1995) and 10 stores underwent major renovation or expansion (16 in 1995). The net effect on average square footage in 1996 was an increase of about 8 percent as compared to a 10 percent increase in 1995. Same-store sales grew 2 percent in 1996 and 5 percent in 1995. The increase in wholesale sales is primarily increases in volume through franchise stores in both years.

Operating income in the East increased by 17 percent in 1996 (5 percent including the one time charge of $20 million for store labour restructuring) following the 38 percent increase in 1995. Operating margins improved to 3.0 percent (before the one time labour charge), from 2.7 percent in 1995. Retail operating income increased by about 17 percent in 1996 and about 30 percent in 1995. Gross margins improved slightly in 1996 as competitive activity remained significant. Sales growth and cost control generated earnings improvements in all major banners in Ontario and the Atlantic provinces. Wholesale operating income improved by about 16 percent in 1996, following a 45 percent increase in 1995. This reflects the strong sales growth in franchised independent businesses in Ontario combined with lower operating costs, much of which is derived from efficiencies of the supply chain process. Results in 1997 are expected to trend consistently with 1996 as operating margins improve from a growing sales base.

Western Canadian retail operations represent 29 percent of total Loblaw Companies' sales (up from 25 percent in 1995) and wholesale sales for the West have declined to 5 percent (down from 6 percent in 1995). Superstore sales continued to be the driver of retail growth in the West, aided somewhat in 1996 by a 5 week labour strike by certain competitors in British Columbia. New square footage in the conventional store business and the Real Canadian Wholesale Club business have also added to the growth. New store activity in 1996 included 2 superstores, 10 conventional stores and 2 wholesale clubs providing an increase in average square footage of 10 percent in 1996 as compared with 12 percent in 1995. Retail sales growth surpassed growth in square footage in 1996 but not in 1995, as new stores do not initially produce rates of sales per square foot as high as their more mature counterparts. Same-store sales improved by 8 percent versus 3 percent in 1995. Wholesale sales declined 6 percent in 1996 and 15 percent in 1995 indicating the leveling off of the effect of the account rationalization over the past several years.

Operating income in the West increased by 21 percent to $167 million, following a 24 percent increase in 1995. Operating margins improved to 5.0 percent from 4.6 percent in 1995. Retail operating income growth increased about 27 percent following 24 percent growth in 1995. Strong retail sales growth in the Real Canadian Superstore business provided much of the growth. Gross margins were held steady and improved sales per store generated higher operating margins leveraging off the fixed cost base. Wholesale operating income increased about 3 percent after absorbing the costs of closing the Foremost Dairy, the milk processing operation for the West, in 1996. This follows a 25 percent increase in 1995 coming mostly from improved distribution economics. Wholesale operating margins, before the dairy closing costs, improved in 1996 after improving dramatically in 1995. Earnings levels are expected to increase in excess of sales growth again in 1997 as earnings contributions from existing stores increase with the maturity of the stores.

The United States retail business was sold at the end of the second quarter of 1995. United States operating income, represented primarily by the net service fee revenues generated through the sale, by non-affiliated United States retailers, of *President's Choice*, Sam's American Choice and Great Value products decreased by 19 percent in 1996. This decrease resulted from a combination of the 1995 inclusion of the $5 million gain on sale of the Loblaw Companies' United States retail business, the 1996 inclusion of $16 million received as consideration for certain rights related to the cessation of the developing and sourcing agreement with Wal-Mart and net costs related to the disposition of some of the remaining net assets of the former United States businesses. Excluding these items, United States operating income for 1996 was approximately equal to 1995. Net United States service fee revenues in 1997 are expected to decline because of the expiration of the Wal-Mart agreement.

Weston Resources

Weston Resources' sales of $1.6 billion remained at the same level as 1995 despite a significant decline in pulp pricing which also led to lower paper prices. Operating income of $92 million represents a 49 percent reduction from the record achievement of 1995 in a year that is considered to be a cyclical low for both Fisheries and Forest Products.

Eddy Paper Company, Weston's Forest Products operating division, generated operating income of $73 million ($143 million in 1995) on sales of $894 million. Sales were $26 million lower than 1995 from a combination of reduced pulp and paper prices offset by higher wood products pricing and increased volumes. Pulp pricing declined by approximately 40 percent in 1996 as compared to 1995.

For the most part, paper prices did not demonstrate the same price volatility exhibited by pulp and as prices declined, the paper segments experienced improved operating results through a better product mix and lower pulp costs. Lumber pricing strengthened considerably in 1996 with average millnets (a measure of operating margins) improving.

The softwood lumber quota on exports to the United States, announced by the Canadian federal government in the fall of 1996, created confusion in the market and two-tier pricing for Canada and the United States.

Vertical integration in the Eddy operations and focus on value added paper helped mitigate the 1996 negative impact of the significant price decreases in the pulp and paper sectors. The cyclical industry downturn is anticipated to be substantially over. With the exception of lumber, pricing of its principal products is expected to strengthen, resulting in a modest improvement in the 1997 results. While year end world pulp inventory levels remain high, the sharp market price decline experienced in late 1995 and early 1996 will not be repeated.

Weston's Fisheries operations are conducted by Connors Bros., Limited on the East Coast, the primary North American supplier of high quality canned sardine and herring products, and by B.C. Packers on the West Coast. In 1996, sales decreased by 3 percent to $665 million following a 4 percent increase in 1995. Increased farmed salmon volumes were offset by weaker canned salmon sales and unsatisfactory sales in the United States frozen seafood business which was discontinued at the end of the year.

The Fisheries business earned $19 million in operating income in 1996 which was 49 percent below the 1995 results. Selling prices were depressed due to excess supplies of canned pink salmon and farmed salmon and trout on the world market. In addition, $9 million of one time costs were recognized in 1996 in anticipation of the early 1997 closure of a small, high cost sardine cannery in Rockland, Maine, to close the unprofitable United States frozen seafood operation and to write-down certain aquaculture assets.

B.C. Packers has recently downsized its processing facilities in British Columbia and entered into a joint venture plant operation with another Canadian fishing company to produce its annual requirements. This is expected to result in a more competitive cost structure and improved profitability. B.C. Packers also reduced its investment in fishing effort during 1996 by eliminating 22 inefficient fishing vessels from its asset base.

Weak world markets are expected to continue into 1997. The strategy being employed is to reduce operating costs and enhance the profitability of the growing aquaculture business. It is expected that 1997 will see Fisheries return to the profitability experienced in 1994 and 1995.

Capital Resources and Liquidity

Liquidity is provided by a combination of net cash, internally generated cash flow and access to the commercial paper market. In 1996, the net cash position, defined as cash and short term investments, net of bank advances and notes payable, was $216 million compared to $220 million in 1995. Loblaw Companies has $717 million in cash and short term investments held by its non-Canadian subsidiaries. Current intentions are to continue to invest these funds short term in the United States.

The Company and its subsidiary, Loblaw Companies Limited, maintain commercial paper programs of $300 million and $500 million respectively. These programs are rated A-1 and R-1 (low) by the Canadian Bond Rating Service (CBRS) and Dominion Bond Rating Service (DBRS) respectively. Financial instruments are used from time to time to manage the effective interest rates on the underlying commercial paper and short term investments.

Longer term financial resources are provided by access to capital resources in both the domestic and international capital markets. Weston's long term debt is currently rated AA by CBRS and A by DBRS. Loblaw Companies has direct access to capital markets and has a long term debt rating of AA (low) with CBRS and A (high) with DBRS. The weighted average interest rate on fixed rate long term debt (excluding capital lease obligations and debt equivalents) at year end 1996 was 9.4 percent compared to 9.6 percent in 1995. The weighted average term to maturity of fixed rate long term debt was 20 years at year end 1996 compared to 23 years at year end 1995.

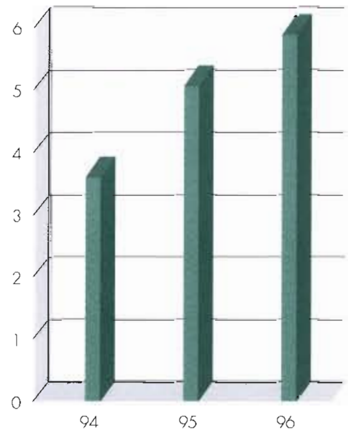
Common share equity at the end of 1996 was $1.6 billion compared to $1.5 billion in 1995. During the year, 1.9 million common shares, or about 4 percent of the outstanding shares were purchased on the Toronto Stock Exchange at market prices, pursuant to a Normal Course Issuer Bid. This had the effect of reducing the number of shares outstanding and reducing common share capital by $2 million and retained earnings by $88 million. The Normal Course Issuer Bid remains in effect until March 12, 1997. Subsequent to year end, the Company purchased 494,728 of its common shares, representing the balance of the shares available for purchase. The Company operates within an internal guideline of maintaining a debt and debt equivalents:equity ratio (with cash offset) no higher than 1:1. This ratio was .50:1 in 1996 and .49:1 in 1995 and was below the 1:1 level for the eighth consecutive year. The increase in equity in 1996 was offset by higher long term debt levels in Loblaw Companies.

Subsequent to year end, the Company announced plans to purchase up to 5 percent or 2,243,851 of its common shares between March 17, 1997 and March 16, 1998, pursuant to another Normal Course Issuer Bid on the Toronto Stock Exchange.

Cash flow from operations decreased to $459 million in 1996 from $492 million in 1995 and was below the level of fixed asset purchases. Working capital was a slight use of cash in 1996, the same as 1995 and is expected to be about neutral in 1997. Fixed asset purchases of $583 million in 1996 compare to $500 million in 1995 and may be analyzed as follows:

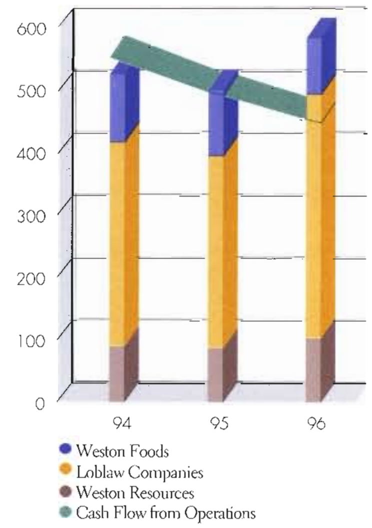
Purchases of Fixed Assets (in millions of dollars)		**1997** (Estimate)	1996	1995
Weston Foods		**$ 90**	$ 91	$ 107
Loblaw Companies		**450**	390	307
Weston Resources	Fisheries	**15**	18	17
	Forest Products	**150**	84	69
		165	102	86
Consolidated		**$ 705**	$ 583	$ 500

In 1996, the single biggest project within Weston Foods was an expansion of its Indianapolis frozen bakery products plant in anticipation of continued strong growth in this business in the United States. The remainder of the capital investment comprised several smaller projects to maintain the standard of facilities and to lower production costs.



Operating income as a multiple of interest expense

Interest Coverage



Purchases of Fixed Assets by Group
($ millions)

Loblaw Companies continued its significant capital investment program of adding to its store base and its available retail square footage with a 27 percent increase in its investment in 1996. Thirty-eight new corporate stores were opened or substantially enlarged in 1996 and 13 were renovated or slightly expanded as compared to 29 and 18 in 1995. Current intentions for 1997 are for a continuation of this expansion strategy and investment at levels comparable to 1996.

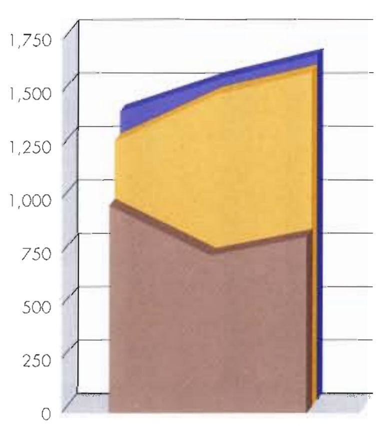
Eddy Paper invested $84 million in 1996, upgrading its asset base including $14 million towards a $26 million upgrade of one of its Vancouver operation paper machines slated for completion early in 1997. Approximately $31 million was invested to upgrade the Espanola pulp facility. A $77 million modernization of the hardwood pulp line started in mid-1996 as Eddy continues to improve product quality and move into the production of specialty pulps.

During 1996, Weston Fisheries invested $18 million in capital asset renewal directed largely at the aquaculture business in both North and South America and the prepared fish operation in Scotland where two additional processing lines were completed to accommodate that expanding business.

During the year, the Company purchased 3.9 million additional common shares of its subsidiary, Loblaw Companies Limited, for $46 million (representing fair market value) of which 3.5 million shares were purchased from the Wittington Group of Companies, the Company's majority shareholder. This increased the ownership of Loblaw Companies to 71 percent from 70 percent in 1995 and had the effect of reducing minority interest by $17 million.

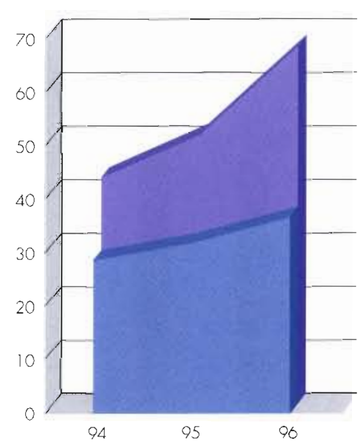
Cash resources of $21 million were used to reduce third party financing, compared to $136 million in 1995. In 1996, Loblaw Companies issued $100 million of 7.34% Medium Term Notes and redeemed the $14 million Series 7, 9% Debentures.

In 1996, a dividend on common shares of $.88 per share was declared for a total of $40 million. This was increased from the 1995 dividend of $.73 per share, totalling $34 million, reflecting improved earnings. The Company's stated policy is to pay dividends equal to approximately 25 percent of the prior year's earnings, giving consideration to cash flow requirements and investment opportunities.



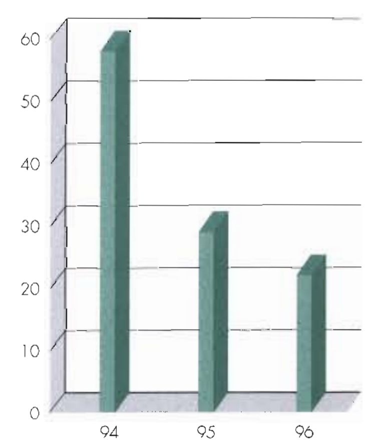
- Shareholders' Equity
- Total Debt and Debt Equivalents
- Total Debt and Debt Equivalents (Cash Offset)

Capital Structure
($ millions)



- Market Value
- Book Value

Book and Market Value per Common Share
(dollars)



Dividend divided by prior year's normalized earnings

Dividend Payout Ratio
(percent)

Risk and Risk Management

A major component of the Company's risk management strategy is diversification. Weston is a broadly based company carrying on business in food processing, food distribution, fisheries and forest products. Each of these businesses has its own risk management strategy.

Food Processing's operations are geographically diverse and focused primarily on fresh and frozen baked goods. This group's strategic focus is on quality brand development, maintaining a broad customer base and low cost production. Market expansion activities and cost reduction initiatives are a continuous process, while maintaining the high service levels demanded by its customers.

Food Distribution, through Loblaw Companies, is an aggressive competitor relying on a high level of reinvestment in innovation, economies of scale and a broad geographic base across Canada. Innovative investment includes operating a variety of store formats in both the retail and wholesale segments of the business and unique product development to enhance customer loyalty by providing superior overall value. The combination of these helps Loblaw Companies differentiate itself from the competition. Economies of scale provide Loblaw Companies the opportunity to buy products and services at the lowest possible cost. Operating on a broad geographic base helps minimize exposure to regional economies. The strategy of owning its own real estate whenever possible also enhances its operating flexibility.

Fisheries manages its operational risk by geographic and business segmentation. Operations are segregated between the Atlantic and Pacific coasts of Canada, and also include Scotland, Alaska, the Solomon Islands, Chile since 1995 and Ecuador since 1996.

Forest Products operates in a highly cyclical and capital intensive industry with many large competitors. Vertical integration, assured long term timber supply, low cost production of pulp and specialization in paper products have been the business strategies followed to minimize operating risks, enhance profitability and reduce some of the earnings volatility inherent in this industry.

The stability of operational results is supported by a prudent financial risk policy of maintaining a debt and debt equivalents:equity ratio (with cash offset) of less than 1:1 and a minimum interest coverage ratio of 3 times. As discussed earlier, the debt and debt equivalents:equity ratio (with cash offset) of .50:1 in 1996 and .49:1 in 1995 are well within these guidelines. The interest coverage ratio of 5.9 times exceeds the 1995 coverage of 5.1 times which was a ten year high. Both of these key financial ratios are expected to remain strong in 1997.

Weston endeavours to be a socially and environmentally responsible company, recognizing that the competitive pressures for economic growth and cost efficiency must be integrated with environmental stewardship and ecological considerations.

Outlook

1996 was a year of mixed results but real progress for George Weston Limited. We finished the year strongly and while Weston Resources' earnings may continue to be somewhat depressed by low commodity prices, your Company is well positioned to benefit from any improvement in consumer confidence. We look forward optimistically to 1997.

Eleven Year Summary

(in millions of dollars)	**1996**	1995	1994	1993**	1992
Sales and Earnings					
Sales	**12,709**	12,966	13,002	11,931	11,599
Operating income	**500**	521	378	241	207
As a percentage of sales (%)	**3.9**	4.0	2.9	2.0	1.8
Interest expense	**85**	103	105	89	99
Earnings before extraordinary items	**239**	190	117	10	40
As a percentage of sales (%)	**1.9**	1.5	.9	.1	.3
Net earnings	**239**	190	117	10	40
Cash Flow					
Cash flow from operations	**459**	492	552	400	350
Disposition of subsidiary companies	**225**	368			
Purchases of fixed assets	**583**	500	525	418	272
Acquisition of subsidiary companies	**46**	66		165	68
(Decrease) increase in cash position	**(4)**	106	53	(24)	(136)
Financial Position					
Current assets	**2,236**	2,181	1,822	1,697	1,594
Current liabilities	**2,139**	2,056	1,848	1,653	1,456
Working capital	**97**	125	(26)	44	138
Fixed assets	**2,901**	2,672	2,677	2,462	2,129
Long term debt and debt equivalents	**1,002**	930	977	883	752
Shareholders' equity	**1,615**	1,506	1,353	1,238	1,262
Average capital employed	**3,733**	3,402	3,151	2,920	2,732
Ratios					
Return on capital employed (%)	**13.4**	15.3	12.0	8.2	7.6
Weston Foods (%)	**9.9**	3.4	1.2	3.8	2.2
Loblaw Companies (%)	**14.8**	15.2	14.1	11.5	11.3
Weston Resources (%)	**11.4**	23.9	14.5	3.4	2.5
Return on common equity (%)	**15.3**	13.3	9.0	.8	3.2
Interest coverage (xx:1)	**5.88**	5.06	3.60	2.71	2.09
Debt and debt equivalents to equity	**.97:1**	.97:1	.92:1	.95:1	.77:1
Debt and debt equivalents to equity (cash offset)*	**.50:1**	.49:1	.69:1	.71:1	.58:1
Per Common Share (in dollars)					
Earnings before extraordinary items	**5.20**	4.02	2.48	.21	.85
Increase (decrease) (%)	**29**	62	1,081	(75)	(53)
Net earnings	**5.20**	4.02	2.48	.21	.85
Cash flow from operations	**9.99**	10.45	11.76	8.56	7.51
Dividends declared	**.88**	.73	.70	.70	.70
Purchases of fixed assets	**12.69**	10.62	11.18	8.94	5.84
Book value	**35.62**	31.99	28.75	26.42	27.08
Market value (year end)	**66.85**	50.25	42.25	39.00	36.75
Price earnings ratio (year end)	**12.9x**	12.5x	17.0x	185.7x	43.2x
Market/book ratio (year end)	**1.88:1**	1.57:1	1.47:1	1.48:1	1.36:1

* Total debt less cash and short term investments divided by total shareholders' equity

** 1993 comparative figures have been restated to reflect the retroactive application of the change in accounting policy for post retirement health benefits.

1991	1990	1989	1988	1987	1986
10,770	10,856	10,459	10,831	11,035	10,026
247	346	384	348	357	311
2.3	3.2	3.7	3.2	3.2	3.1
115	118	132	124	113	89
84	117	139	124	119	108
.8	1.1	1.3	1.1	1.1	1.1
84	117	176	177	119	108
327	378	369	321	317	275
		122	258		
258	322	341	325	351	382
	21	74	77	145	82
177	61	66	120	(208)	90
1,553	1,602	1,513	1,556	1,569	1,492
1,215	1,358	1,323	1,305	1,309	1,053
338	244	190	251	260	439
1,996	1,968	1,882	1,804	1,753	1,553
895	923	871	994	1,047	1,055
1,222	1,173	1,086	951	842	764
2,735	2,717	2,664	2,577	2,369	2,025
9.0	12.7	14.4	13.5	15.1	15.3
10.1	12.7	15.2	16.2	16.2	16.5
14.1	14.0	12.4	9.0	13.2	13.8
(4.1)	10.3	18.4	22.4	18.8	17.8
7.0	10.4	13.6	13.9	14.8	15.0
2.15	2.93	2.91	2.81	3.16	3.49
.82:1	.99:1	1.07:1	1.40:1	1.56:1	1.53:1
.59:1	.78:1	.87:1	1.15:1	1.51:1	1.41:1
1.81	2.52	3.00	2.70	2.58	2.31
(28)	(16)	11	5	12	18
1.81	2.52	3.81	3.85	2.58	2.31
7.05	8.18	8.00	6.96	6.88	5.99
.70	.70	.66	.61	.57	.51
5.55	6.97	7.40	7.06	7.61	8.30
26.31	25.37	23.47	20.59	18.23	16.52
36.75	41.75	43.25	35.00	32.00	35.50
20.3x	16.6x	14.4x	13.0x	12.4x	15.4x
1.40:1	1.65:1	1.84:1	1.70:1	1.76:1	2.15:1

CONTRIBUTING TO THE COMMUNITY

George Weston Limited is committed to improving quality of life in the communities it serves, and believes that business should participate with its employees in supporting our community organizations.

Contributions to community organizations are made by local operating divisions, by George Weston Limited, and by The W. Garfield Weston Foundation, a private Canadian foundation associated with the Weston group of companies.

Imagine
A Caring Company

Our support is shared across Canada and is directed mainly toward nutrition research, education, conservation, and community projects. George Weston Limited is one of a group of Canadian corporations that recognize and support the goals of the "IMAGINE" campaign. As a member of the "IMAGINE" Caring Company program, George Weston Limited is committed to contributing a minimum of 1% of pre-tax profits (cash and in-kind) to charitable organizations in Canada and encouraging employee volunteerism.

The following are a few of the organizations we are proud to have been associated with in 1996:

YMCA-YWCA OF PICTOU COUNTY

Pictou, Nova Scotia

Funds directed to renovation of child care centre.

UNIVERSITY OF NEW BRUNSWICK

Fredericton, New Brunswick

Commitment to UNB's Institute of Biomedical Engineering, an international leader in the development of controls for myoelectric hands and arms for congenital amputees, especially infants and young children.

CENTRE HOSPITALIER PIERRE BOUCHER

Longueuil, Québec

Support to enhance this hospital's cardiovascular disease treatment unit.

CANADIAN CANOE MUSEUM

Peterborough, Ontario

Assistance in establishing this museum to preserve, interpret, and augment a national treasure – the world's premier collection of canoes and kayaks.

SHEENA'S PLACE

Toronto, Ontario

Funding for Canada's first non-residential, multi-service centre for people living with eating disorders.

WILFRID LAURIER UNIVERSITY

Waterloo, Ontario

Establishment of a new scholarship program for outstanding students with financial need in music, business or economics, arts and science.

Calgary Arts Partners in Education Society

Calgary, Alberta

A grant to this innovative initiative that infuses the arts throughout the school curriculum and uses the arts to improve learning outcomes in all subjects.

Vancouver Maritime Museum

Vancouver, British Columbia

Support for the Children's Maritime Discovery Centre Fishing Display, to help educate the community on maritime history.

Trans Canada Trail Foundation

Across Canada

Funding for a recreational trail (for walking, cycling, horseback riding and cross-country skiing) that will span Canada and link every province and territory.

National Mental Health Fund

Across Canada

Financial assistance for the provision of community support services, clinical research, and education about mental illness and mental health.

Canadian Institute for Advanced Research

Across Canada

Support for Early Childhood Development research, as part of this Institute's Population Health and Human Development program.

Peter F. Drucker Canadian Foundation

Across Canada

Commitment to the Drucker Award for Canadian Nonprofit Innovation, aiming to "help the social sector achieve excellence in performance and build responsible citizenship".

The following are some examples of community involvement in 1996 by our local operating divisions:

Connors Bros., Limited

Charlotte County, New Brunswick

Support for Blacks Harbour Development Association for scholarships to university students, and for the Adopt-a-Family program at Christmas.

Interbake Foods

Richmond, Virginia

Commitment to Maymont Foundation for educational, cultural and recreational opportunities at a children's farm, nature and garden center.

National Grocers

Ontario

Participation in the Second Harvest Surplus Prepared and Perishable Food Recovery Program, which helps feed the hungry and homeless in Metro Toronto.

Neilson Dairy

Halton Hills, Ontario

Funding for Camp Trillium – Rainbow Lake, a summer camp for children with cancer.

Weston Bakeries

Kitchener, Ontario

Assistance with the Heart and Stroke Foundation's Ride for Heart event and donation of products.

Ready Bake Foods

Mississauga/Essex, Ontario

Support for Big Brothers Association, Tim Horton's Children's Charity, Variety Village, Bloorview Children's Hospital, Colitis Society, and St. Clair College.

E.B. Eddy Forest Products Ltd.

Espanola, Ontario

Support for Espanola & District Association for Community Living, Brennan House – a youth shelter, Community Support Scholarship Fund – Espanola/Manitoulin Scholarship Fund, and the Espanola Little Theatre – Quonta Festival.

British Columbia Packers Limited

Vancouver, British Columbia

Donation of products to local shelters of the Lower Mainland, Heal Our Spirit of Eagles Lodge Society, and Association of First Nations Women.

The Real Canadian Superstore

Vancouver, British Columbia

Sponsorship of neighbourhood fire hall concerts in Vancouver to raise funds for the B.C. Professional Firefighters Burn Fund.

DIRECTORS

1 Executive Committee
2 Audit Committee
3 Governance and Compensation Committee
4 Pension Committee
5 Environmental, Health and Safety Committee

Lincoln M. Alexander, [3,5] P.C., C.C., O.Ont., Q.C., The Honourable

Chancellor, University of Guelph; Chair, Canadian Race Relations Foundation;

Former Lieutenant-Governor of Ontario (1985-1991); Former Federal Minister of Labour; Former Chairman, Ontario Workers Compensation Board; Companion, Order of Canada; Member, Order of Ontario; BA McMaster University; LLB York University/Osgoode Hall; Director/Governor, Upper Canada College, Massey Hall/Roy Thomson Hall, Doctors Hospital, The Shaw Festival, The Royal Agricultural Winter Fair, Royal LePage Limited

Richard J. Currie

President, George Weston Limited and Loblaw Companies Limited;

Past Chairman, Food Marketing Institute, Washington, D.C.; Past Chairman, Advisory Board, Richard Ivey School of Business Administration, University of Western Ontario; Member, Visiting Committee, Harvard Business School; LLD (Hon.) University of New Brunswick; D. ENG. (Hon.) Technical University of Nova Scotia; MBA Harvard University; B.ENG. (Chemical) Technical University of Nova Scotia; Director, Loblaw Companies Limited, Imperial Oil Limited, BCE Inc.

Robert J. Dart, FCA [2,3]

President, Wittington Investments, Limited;

B.Comm. University of Toronto; Director, Loblaw Companies Limited, CT Financial Services Inc./Canada Trust, Holt Renfrew & Co. Limited, Brown Thomas Group Limited (Ireland)

Anne Fraser [2]

Education Consultant, University of Victoria;

B.Sc. Acadia University; Ll.D University of Calgary; Member of the Board of Governors, The Glenbow Alberta Institute; Chair, Advisory Council, Grace Hospital Women's Health Centre and of Board of Directors of Elderhostel Canada; Former Trustee, Lester B. Pearson College of the Pacific and Greater Victoria School Board

R. Donald Fullerton [2,3]

Chairman, Executive Committee, CIBC;

Former Chairman and Chief Executive Officer, CIBC; BA University of Toronto; Director, of a number of Canadian and Multinational Companies including Honeywell Inc., Hollinger Inc.,Westcoast Energy Inc. and Orange plc.

Anthony R. Graham

Senior Executive Vice President and Managing Director Levesque Beaubien Geoffrion Inc.;

President and Chief Executive Officer, Sumarria Inc.; Director, Graymont Limited, Power Broadcasting Inc., Scott's Restaurants Inc.; Chairman and Governor, Branksome Hall School; Governor, The Shaw Festival (Past Chairman), The Wellesley Hospital Foundation, Art Gallery of Ontario; Trustee, Lester B. Pearson College of the Pacific, Ontario College of Art Foundation

Mark Hoffman

Chairman, Cambridge Research Group Limited, Cambridge Capital Limited, Hamilton Lunn Holdings Limited;

Chairman, International Board, United World Colleges, Harvard Club of London; BA, MBA Harvard University; MA Cambridge University; Director, Millipore Corporation, Advent International Corporation, Guiness Flight Global Asset Management Limited

Dr. Robert I. Mitchell [2,4]

Medical Consultant;

Former Associate Professor, University of Toronto; Chairman of The Eye Research Institute of Canada; Fellow, The Royal Colleges of Surgeons of Canada, Australasia and England; MD University of Sydney; Emeritus Director, The Wellesley Hospital, Toronto

Gerald B. Mitchell [4,5]

Former Chairman and Chief Executive Officer, Dana Corporation; LLD (Hon.) Bowling Green State, Tri-State and Brock Universities; BA University of Western Ontario; Director, Worthington Industries, Eastman Chemical, Westpoint-Stevens

Earl R. Pearce [1]

Former Senior Vice President and Chief Financial Officer, George Weston Limited; Former President Weston Resources Limited; Chartered Accountant

M.D. Wendy Rebanks [4,5]

Treasurer, The W. Garfield Weston Foundation;
BA McGill University; Post Graduate certificates in Education and Retailing; Director, The Reta Lila Howard Foundation; Trustee, The American Museum Trustee Association

John D. Stevenson, QC [1,3]

Counsel, Smith, Lyons;
BA, LLB, University of Toronto; Director, Dana Corporation, Holt Renfrew & Co. Limited, Canada Trust; Honorary Counsel, Canadian Educational Standards Institute

W. Galen Weston, OC [1], The Honourable

Chairman, George Weston Limited, Loblaw Companies Limited, Brown Thomas Group Limited (Ireland), Windsor Club (Florida), Wittington Investments, Limited, Holt Renfrew & Co. Limited; President, W. Garfield Weston Foundation;
Officer, Order of Canada; LLD (Hon.) University of Western Ontario; BA University of Western Ontario; Director, Associated British Foods plc, Canadian Imperial Bank of Commerce (CIBC), United World Colleges, Lester B. Pearson College of the Pacific

Garry H. Weston

Chairman and Chief Executive, Associated British Foods plc; Chairman, George Weston Foods Ltd. (Australia), Fortnum & Mason plc, British Sugar plc;
BA Harvard; Litt.D. (Hon.) University of Reading; Doctor of Economics (Hon.) The American International University, London; Trustee of the Royal Academy of Arts and of Westminster Abbey

Board of Directors' Committees

Audit Committee The members are R. Donald Fullerton (Chairman), Robert J. Dart, Anne Fraser and Dr. Robert I. Mitchell. The mandate of the Committee is to review with management and the external auditors all public financial reports. The Committee meets at least twice annually in addition to holding quarterly meetings prior to the release of quarterly financial statements. The Committee held 6 meetings in 1996.

Environmental, Health and Safety Committee The members are Gerald B. Mitchell (Chairman), Lincoln M. Alexander, and M.D. Wendy Rebanks. The mandate of the Committee is to monitor the systems for the Corporation and its subsidiaries for implementing the Corporation's policy with respect to environmental, health and safety matters; to make employees aware of the Corporation's policy; are encouraged to deal with environmental, health and safety problems expeditiously; to receive periodic reports from management and to report to the Board of Directors in accordance with the Policy. The Committee held 3 meetings in 1996.

Governance and Compensation Committee The members are R. Donald Fullerton (Chairman), Lincoln M. Alexander, Robert J. Dart and John D. Stevenson. The mandate of the Committee is to develop and review the compensation and benefits accorded to senior executive officers; to review processes and policies for establishing compensation and benefit levels and to review granting of and policy setting relating to stock options. The Committee also reviews corporate governance practices and other compensation matters at the request of the Chairman of the Board of Directors. The Committee held 2 meetings in 1996.

Pension Committee The members are Dr. Robert I. Mitchell (Chairman), Gerald B. Mitchell and M.D. Wendy Rebanks. The mandate of the Committee is to oversee the investment of the Pooled Pension Fund and monitor the performance of the investments. The Committee is also responsible for overseeing the administration of the George Weston Limited Pension Plans. The Committee held 4 meetings in 1996.

Operating Group Directories

Corporate

W. Galen Weston
Chairman of the Board

Richard J. Currie
President

David M. Williams
Executive Vice President

Edward F. Boswell
Senior Vice President, Pulp and Paper

Roy R. Conliffe
Senior Vice President, Labour Relations

Andrew J. Faas
Senior Vice President, Human Resources

Donald A. McLean
Senior Vice President, Fisheries

Donald G. Reid
Senior Vice President and Chief Financial Officer

Stewart E. Green
Vice President, Secretary and General Counsel

Richard P. Mavrinac
Vice President, Finance

Stephen A. Smith
Vice President, Controller

Louise M. Lacchin
Treasurer

Glenn D. Leroux
Assistant Vice President, Risk Management

Franca Smith
Corporate Controller

Rolando Sardellitti
Assistant Controller

J. Bradley Holland
Director, Taxation

Walter H. Kraus
Director, Environmental Affairs

Kevin Lengyell
Director, Internal Audit

Robert A. Balcom
Assistant Secretary

Marian M. Burrows
Assistant Secretary

Marjorie E. Kyle
Vice President, Controller, Weston Foods

Michael J. Mugan
Vice President, Finance, Weston Resources

Operating

Weston Resources

Donald A. McLean
President
British Columbia Packers

Terrence McDonnell
Vice Chairman and CEO
Connors Bros.

Edward L.D. McLean
President
Connors Bros.

Edward F. Boswell
President
E.B. Eddy Forest Products

Fred L. LeClair
Chief Operating Officer
E.B. Eddy Forest Products

Weston Foods

Raymond A. Baxter
President
Interbake Foods

Gary J. Prince
President
Stroehmann Bakeries

Erik F. Riswick
President
Ready Bake/Maplehurst U.S.

Ralph A. Robinson
President
Weston Bakeries

Robert D. Burch
President
Neilson Dairy

Jane S. Gertner
President
Chocolate Products

R. Allen Van Patter
President
Weston Bakeries (West)

Loblaw Companies

Richard J. Currie
President

David K. Bragg
Executive Vice President

Serge K. Darkazanli
Executive Vice President

John A. Lederer
Executive Vice President

Donald G. Reid
Executive Vice President

Harold A. Seitz
Executive Vice President

John W. Thompson
Executive Vice President

David M. Williams
Executive Vice President

Roy R. Conliffe
Senior Vice President, Labour Relations

Richard P. Mavrinac
Senior Vice President, Finance

Stephen A. Smith
Senior Vice President, Controller

Shareholder Information

Head Office
22 St. Clair Avenue East
Toronto, Ontario
M4T 2S7
Tel. (416) 922-2500
Fax (416) 922-4395
Internet: www.weston.ca

Stock Listings
Toronto, Montreal and
Vancouver Stock Exchanges

Share Symbol – "WN"

Registrar and Transfer Agent
Montreal Trust Company of Canada
151 Front Street West
Toronto, Ontario
M5J 2N1

Common Shares Outstanding – 45,346,480

Dividend Dates

	Record Date	Payment Date
Common Shares:	Dec. 15	Jan. 1
	Mar. 15	April 1
	June 15	July 1
	Sept. 15	Oct. 1

Valuation Day Price
For capital gains purposes, the Valuation Day (December 22, 1971) cost base for the Corporation, adjusted for the 4 for 1 stock split (effective May 27, 1986) is $4.50 per share. The value on February 22, 1994 was $39.50 per share.

Normal Course Issuer Bid
The Corporation has a Normal Course Issuer Bid on The Toronto Stock Exchange effective from March 17, 1997 to March 16, 1998.

Year End – December 31

Annual and Special Meeting of Shareholders
Wednesday, May 7, 1997 at 11:00 a.m.
Metro Toronto Convention Centre,
Constitution Hall,
Toronto, Ontario, Canada.

Trade Marks
George Weston Limited and its subsidiaries own a number of trade marks. Several subsidiaries are licensees of additional trade marks. These trade marks are the exclusive property of George Weston Limited or the licensor and where used in this report are in italics.

Investor Relations
Shareholders, Security Analysts and Investment Professionals should direct their inquiries or requests for copies of the Corporation's or Loblaw Companies Limited's Annual Information Form to Mr. David M. Williams, Executive Vice President at the Corporation's head office.

This annual report includes selected information on Loblaw Companies Limited, a 71% owned public reporting company with shares trading on the Toronto, Montreal and Vancouver Stock Exchanges.

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Weston

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