

Weston



George Weston
Limited

Annual Report
1984

George Weston Limited, a Canadian based Company, conducts Food Processing, Food Distribution and Resource operations in North America. In 1984 the Company had record earnings of \$6.76 per share, up 15% from the previous year.

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Financial Highlights

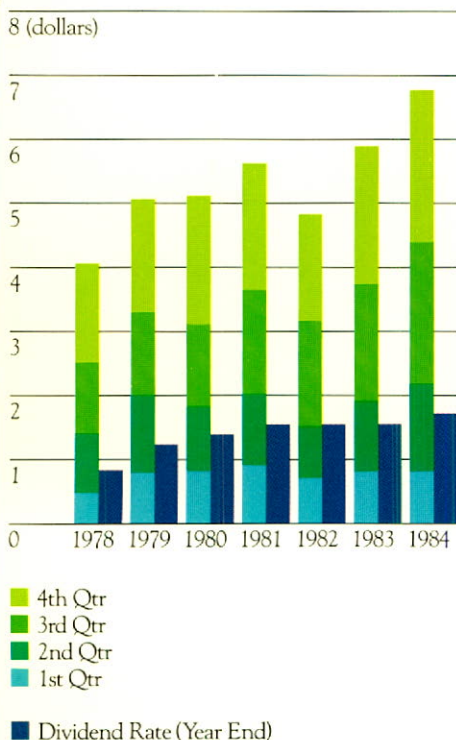
George Weston Limited

(in millions of dollars, except per share data)	1984	1983	1982
Sales and earnings			
Sales	\$8,254.7	\$7,799.6	\$7,830.4
Operating income			
First quarter	39.7	36.6	38.9
Second quarter	54.6	47.1	41.0
Third quarter	75.8	63.1	60.1
Fourth quarter	70.4	66.0	62.4
Total	240.5	212.8	202.4
Interest expense	66.8	48.7	51.1
Earnings before extraordinary items	88.8	78.6	70.4
Earnings per share			
First quarter	.81	.81	.71
Second quarter	1.39	1.11	.84
Third quarter	2.18	1.81	1.59
Fourth quarter	2.38	2.15	1.68
Total	6.76	5.88	4.82
Net earnings	93.5	79.2	68.7
Cash flow			
Cash flow from operations	251.4	213.6	213.4
Capital expenditures	206.4	244.5	217.5
Common dividends	18.3	17.7	17.6
Financial position			
Long term debt	425.3	382.9	345.4
Shareholders' equity	754.5	686.3	626.8
Total assets	2,279.0	2,167.6	2,072.2
Ratios			
Return on average capital employed	15.2%	14.2%	14.6%
Return on average common equity	14.0%	13.6%	12.3%
Current ratio	1.45 to 1	1.35 to 1	1.32 to 1
Debt to equity ratio	.76 to 1	.84 to 1	.92 to 1



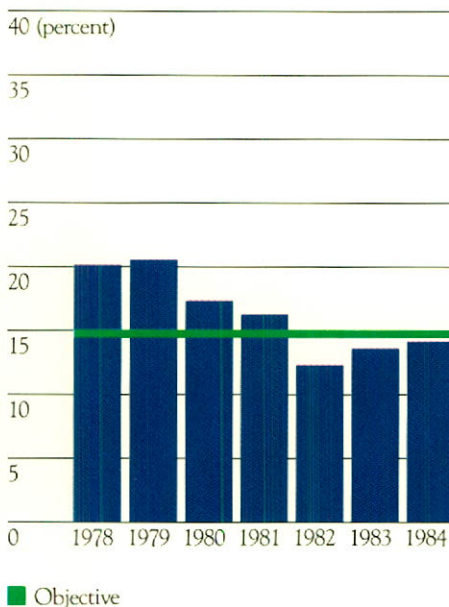
Graphic Review

Earnings per Share and Dividend Rate



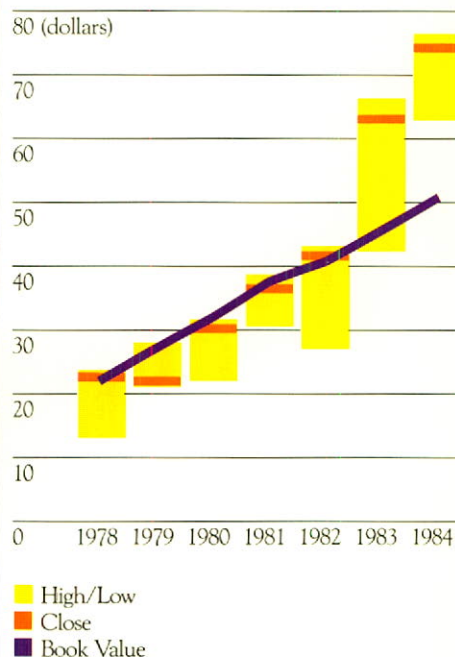
Weston follows a dividend policy which reflects a target payout of 25% to 30% of prior year's earnings. During 1984 Weston's dividend was \$1.56 per share representing 26.5% of 1983 earnings. Dividends were increased in January, 1985 to a rate of \$1.72 per annum which reflects a payout of 25.4% of 1984 earnings of \$6.76 per share.

Return on Average Common Equity



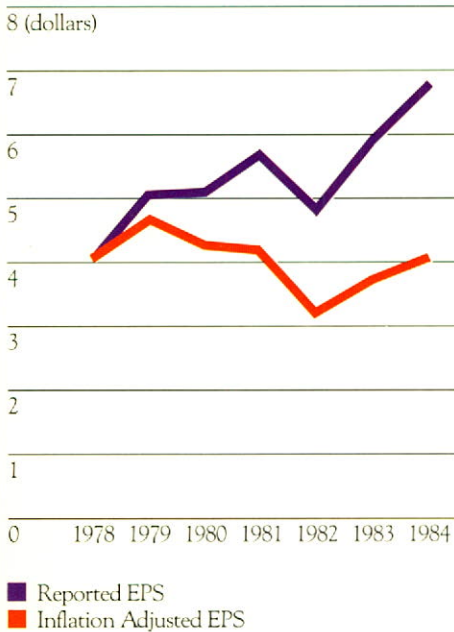
The total return to common shareholders is influenced by a number of factors. Return on common equity, the most important measurement, reflects the earnings per share applicable to common shareholders as a percent of Weston's book value per share. Weston's return on common equity target of 15% is a challenging one and reflects a commitment to providing a real return to shareholders over the long term.

Market Value per Share



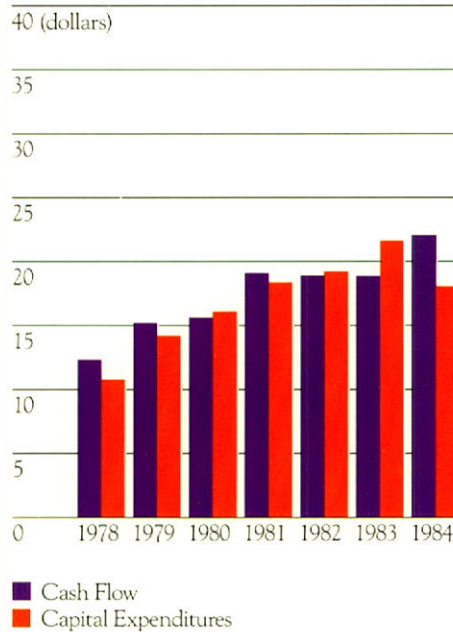
Although the return on common equity is important, Weston also focuses on the total return to common shareholders. This return includes not only an appropriate level of dividends in any given year, but also capital appreciation evidenced by market value. During 1984 Weston's common share value rose 18.3% providing a total return to Weston shareholders of 20.8%, while the TSE 300 Index (including dividends) declined 2.4%.

Real Earnings per Share



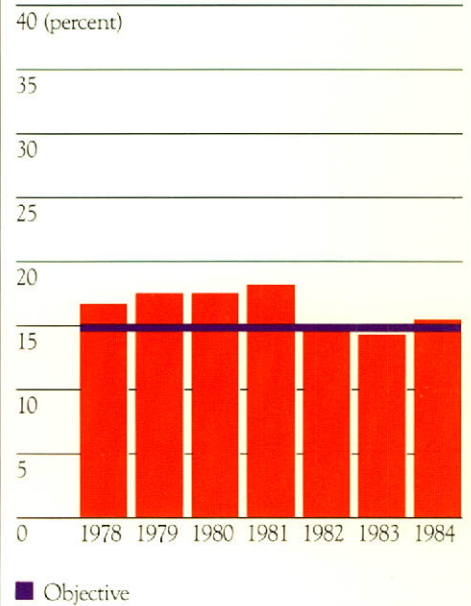
Real earnings per share is a significant concern to investors, in addition to reported earnings per share. To maintain a real return to shareholders in severe inflationary periods is difficult on a year by year basis. Over any reasonable period of time, however, achievement of consistent real earnings per share is reflective of long term returns to shareholders.

Cash Flow and Capital Expenditures per Share



Consistent with the objective of expanding, modernizing and making production facilities more efficient is Weston's goal of cash self sufficiency. Achievement of this goal ensures that assets are modernized and growth is achieved without eroding the Company's solid financial position or financial liquidity. Each of our operations plans on a five-year cycle to fund its capital expenditures and to live within its cash resources.

Return on Average Capital Employed



In assessing the investment of additional capital it is necessary to have minimum objectives for levels of return on capital invested. These hurdle rates assist the Company to ensure that the best alternatives are selected for capital investment. Achieving the targeted return on capital employed over a five-year period is the best indicator that capital is being employed to the benefit of shareholders. If this objective is not achieved the return on common equity will be adversely affected.

Chairman's Letter



W. Galen Weston

In 1984 Weston achieved record operating results. Earnings per share increased 15% to \$6.76 per share, while operating income reached \$241 million. Sales improved 6% to \$8.3 billion. Your Company's ability to generate an increasing return on a modest increase in real sales reflects an improving franchise for its products and higher levels of productivity in its operations.

Operating Highlights

The most significant improvement in 1984 occurred in the Resource Group, where operating income in the Forest Products and Fisheries sectors rebounded from \$24 million to \$59 million. While Food Processing's results were down, I am confident this Group will see recovery in 1985. Operating income gains both in the Baking and Chocolate divisions were particularly gratifying and represent the continuing ability of these operations to provide consistent returns. The Biscuit and Confectionery division, while suffering a decline after several exceptionally good years, continues to deliver positive returns. The continuing strong performance of our merchandising group was achieved in the face of heavy competitive activity in several important divisions. Loblaw's large store development program has made particular progress in both Canada and the United States, as have a number of our new franchise and product development programs. Operating income for Loblaw reached a record \$137 million in 1984.

Financial Performance

In this annual report to shareholders we have presented a graphic analysis indicating the more significant and important performance and financial measurements that shareholders should be aware of in assessing their investment in George Weston. These charts show our progress over the past seven years and, while not all targets have been attained, we have made consistent progress.

Our financial strength in terms of debt ratios and liquidity continues to be excellent. While our return on common equity this year is below target, I am sure that the required results will be forthcoming in the near term. Our strong "A" bond rating remains secure and our share price performance continues to reflect the confidence of the financial community and our shareholders.

It is gratifying at a time of great uncertainty for those holding Canadian dollars or Canadian dollar securities that while this Company remains proudly Canadian, at year end we had 25% of our total assets in the U.S. and 22% of 1984 operating income.

In keeping with 1984 record earnings, dividends were raised at the end of the year to an annual rate of \$1.72 per share, a 10% increase.

Marketing Thrust

In our present low growth environment, traditional product lines often lose their profitability just as long established ways of dealing with the customer have in many instances become too costly and relatively unappealing. Highly decentralized operating structures have positioned your Company to be able to respond quickly to these challenges and we are proud to be the initiators of change in many areas. The broad strategic direction of your Company continues to be focused on the development of exceptional quality products at reasonable prices, both in the manufacturing and merchandising groups.

More research and new product development work is being carried out than ever before and more marketing spending will be put behind new products and our existing brand franchises than ever in the past. At the same time, additional large capital programs will be activated, firstly in support of this new product development and these new merchandising formats, and secondly to introduce further cost reduction measures. The pace of change continues to accelerate and it is the responsibility and commitment of Weston management to anticipate and pursue the new opportunities vigorously.

Capital Commitment

A great deal of capital has been reinvested by your Company over the past seven years. It will be necessary to continue this commitment to efficient

productive assets in order to produce, on a consistent basis, the superior results of 1984.

While our Resource Group has completed the first year of production in our largest single asset renewal project, continued upgrades and rebuilds in its paper making operations will be necessary. In Food Distribution new real estate will be acquired and new stores will be opened. While this will have a temporary adverse impact on net cash flow for this Group in 1985, I am confident that returns on this capital will, in due course, be impressive.

Outlook

As our asset base grows with the introduction of large amounts of capital, much higher levels of productivity are possible. In order to ensure that this is achieved, a great deal of work and attention continues to be given to the human resource and industrial relations area.

Once again it is my pleasure to thank executives and operating people alike for their concerted efforts. While 1985 will not be an easy year in which to attain our financial objectives, I have every confidence that the commitment and resourcefulness of your Company's management will keep us in the forefront of Canadian corporate performance.



W. Galen Weston
Chairman and President



With sales of over \$1.2 billion, operating income at \$45 million and over 11,500 employees, Weston's Food Processing Group represents a significant force in the Canadian food processing industry and plays a major role in the U.S. markets where it participates.

The Food Processing Group follows a business strategy aimed at maintaining both market leadership for its many high quality products and low cost producer status. It continues to pursue solid growth opportunities in the food processing industry.

Results satisfactory in 1984 relative to market performance

In 1984 the Group delivered satisfactory results relative to the performance of its particular markets. Operating income results were mixed and overall the Group was unable to recoup the 21% operating income lost as a result of the sale in 1983 of Westcane Sugar. Group sales excluding Westcane increased 7% over 1983, a satisfactory growth rate considering the low 4.6% general rate of food inflation and the minimal growth and deflation in many product categories. Sales growth in branded lines was achieved principally as a result of reformulation and upgrading of products designed to attract new customers and reinforce brand reputation. Operating income was \$45 million, a 26% decline from 1983's \$61 million. Operating income growth continued in the Baking and

Neilson's improved chocolate bars offer consumers better value.



Packaging Weston Bakeries' english muffins in Kitchener, Ontario.

Stroehmann "Butter Top Wheat" bread, a new successful variety bread.



Milling, and Chocolate and Dairy segments while it declined in the Biscuit and Confectionery and Food Specialties segments.

Baking and Milling, with sales of \$527 million accounting for 43% of total Group sales and 39% of capital employed, achieved improved operating performance in all segments.

Weston Bakeries, which has about 15% of the Canadian bread market, continued to make excellent progress in both product development and operating efficiency. The new "Fibre Goodness" line of white bread launched in 1984, which offers the consumer quality, value and the fibre equivalent of whole wheat bread, continues to exceed its sales targets. Weston's full line of "Ready Bake" frozen dough products continued its rapid volume growth in 1984 and facilities are being expanded for these products.

Stroehmann Bakeries, with 1984 sales of \$282 million, also improved its performance and occupies a strong position in its major markets. Its "Earth Harvest" brand, "Wheat 'n Bran" and "Butter Top Wheat" variety breads have proven very successful. In 1984 Stroehmann benefitted from the 1983 closures of old inefficient bakeries, a reversal of the decline in price realization in 1983, and efficiency improvements in virtually all segments of the business.

Biscuit and Confectionery results produce acceptable returns

Biscuit and Confectionery with sales of \$248 million accounted for 20% of total Group sales and 21% of capital employed. Volumes in 1984 were lower in both Canada and the United States and resulted in lower operating margins. Operating results were still satisfactory however and provided an acceptable level of return on capital employed. The Canadian operation supplies about 13% of the Canadian biscuit and cracker markets and about 40% of the Canadian sugar confectionery market. In the United States, the biscuit operation ranks fifth among U.S. biscuit producers.

The introduction of the soft cookie and the subsequent "cookie wars" as competitors fought for shelf space and the consumer's attention have reduced traditional biscuit tonnage and increased marketing expense. The Biscuit and Confectionery division has chosen not to participate in the soft cookie market at this time because of the high risk of inadequate long term returns on the investment required, instead placing more emphasis on new and re-positioned product lines. Combined with increased direct advertising of branded lines, Weston anticipates that this strategy will offset any long term impact of the soft cookie.



Neilson's "Häagen-Dazs" ice cream, a successful premium quality product.

"FFV" Famous Foods of Virginia a long time supplier of Girl Scout cookies.



Chocolate and Dairy had a strong year

The Chocolate and Dairy division with sales of \$269 million accounted for 22% of total Group sales and 23% of capital employed in 1984. Its performance in 1984 improved in virtually all areas.

In the Chocolate division, where Neilson has about 20% of the Canadian chocolate bar market, performance was very satisfactory. Higher confectionery sales tonnage, a better sales mix, and improved operating efficiency were all important contributors to improved operating results. The strategy of building chocolate bar market share by adding consumer value and aggressively marketing the improved product, has been successful and will continue. In 1984, this approach with the Neilson "Crispy Crunch" chocolate bar produced a 24% increase in its market share.

In the Dairy segment, which represents approximately 20% of the Ontario ice cream and dairy business, operations continued to improve. The new Halton Hills Dairy, in its first full year of production, overcame difficulties with start-up and familiarization with new techniques to generate positive returns. Changes resulting from an examination by management of the minimum economical order size for store-door delivery produced a substantial improvement in distribution

efficiency. The introduction of "Neilson Jersey Milk" chocolate milk has also proven very successful.

Severe price competition in Food Specialties

Food Specialties accounted for 15% of the Group's sales and 17% of capital employed in 1984. The Canadian food ingredient segment while below 1983 still generated a satisfactory return. Severe price competition and a modest decline in physical volume caused operating income to be lower. Operating results were very disappointing in the California Certi-Fresh segment.

Outlook for modest growth

The outlook for the Food Processing Group is one of modest growth in predominantly mature markets, with the probability of continuing stable commodity prices. With limited market and population growth, severe competition for the sales dollar will be ongoing. To achieve our objectives of profitable growth and improved return on capital employed, the Group's strategy is to maintain and improve our low cost producer status and to capitalize on growth opportunities in the food related marketplace.

Neilson's line of cultured products, a highly successful entry into this expanding market.



"Stoned Wheat Thins" a long time favourite with customers.

The "Caramelle" range of cookies introduced during the year had excellent results.





tangy
cheddar
cheese
snack
waferettes

italian type
grated
parmesan
cheese

whole
mandarin
oranges

all purpose
ground
coffee

importée
de
France

made from 100% durum semolina wheat
spaghetti
900g
imported from Italy
made from 100% durum semolina wheat
no additives, preservatives or artificial colours.

Food Distribution operations conducted by Loblaw Companies Limited had record results in 1984. This group of companies with sales of \$6.4 billion and operating income of \$137 million continues to provide excellent results in a very competitive environment.

In Eastern Operations, operating income increased 13% to \$70 million, while sales improved 6%. This region now represents 42% of sales and 51% of the operating income of Loblaw.

In Western Operations, operating income increased 5% to \$38 million on a sales increase of 8% in an extremely competitive and difficult economic environment. This region represents 26% of sales and 27% of operating income of Loblaw.

In United States Operations, sales and operating income improved marginally to \$2.0 billion and \$34 million respectively. This operation now represents 32% of the sales and 25% of Loblaw operating income.

Strategy of productivity improvement and balance of operations

The strong performance and balanced results reflect productivity improvements which are primarily the result of cost reductions relative to sales and the balanced wholesale/retail mix of operations in the Group as a whole.

Loblaw continues to focus on the strategy of improving productivity, while maintaining a financial flexibility that will allow it to respond to consumer needs. This will ultimately provide a

Part of the expanding line of Loblaw quality "no name" products.



Warehouse stores offer a better value to customers.

better value for customers while at the same time ensuring good returns and a sound financial framework for shareholders.

Record capital expenditures

The food distribution industry continues to change rapidly in response to consumer needs and wants as well as changes in economic and competitive conditions. Reduced growth rates, rising costs, store closures and large independent operations have all been factors affecting the industry. This has resulted in a change in the nature of Loblaw operations. Record capital expenditures of \$145 million were made in 1984 up 32% from 1983 and are expected to continue at this level in 1985. During the year 16 new stores and 92 franchise stores were opened in Canada and the United States. The Prairie section of Western Operations, for example, opened two new 104,000 sq. ft. combination food and drug stores in Edmonton. Similar stores were previously opened in Saskatoon and Winnipeg. These stores have established a market presence and have had positive results. While successful, these stores require a significant capital commitment and

support system. Loblaw feels confident that it can continue the success of these developments and is prepared to commit more funds. It will, however, continue to maintain its stringent criteria for balanced expansion and capital expenditures to ensure steady returns.

Franchising and "no name" programs continue

The continuation of the successful "no name" products, franchising and innovative marketing programs was also evident in 1984. These programs will be continued. We will, however, continue to focus on those aspects of the programs which will continue to provide superior returns such as, selective product additions to the "no name" line of products providing value to customers and above all, increased productivity through cost control in all phases of the operations, whether it be marketing, expansion or in operating programs.

In terms of facilities and store formats each of the three divisions within the Group has a balance and mix applicable to the customer and demographics of the geographic area it serves. These will continue to change over time as conditions dictate but currently can be summarized as follows:

"Insider Reports" and "no name" products contribute to success of Food Distribution Group.



Optical scanners offer increased efficiency and service to customers.

The "President's Choice" products were highly successful during the year.



Eastern Operations; Wholesale operations consist of the supply to 6,236 franchised and independent accounts by Atlantic Wholesalers based in Sackville, New Brunswick; and by National Grocers, based in Toronto, Ontario. Retail operations in 1984 consisted of corporate owned retail stores (18 Save Easy and 15 “no frills” at year end) of Atlantic Wholesalers; retail stores of Loblaw’s (71 Loblaw’s, 17 Loblaw’s Warehouse Superstores, 29 “no frills” and 1 Ziggy Gourmet Shop) based in Toronto, Ontario; corporate owned stores (9 Super Save) of National Grocers and the retail stores of Zehrmart (38 Zehrs, 14 Gordons) based in Cambridge, Ontario.

Western Operations; Kelly, Douglas operates 13 wholesale warehouses which supply 4,052 franchised and independent accounts throughout British Columbia, the Northwest Territories and the Yukon Territory. Only two corporate stores are operated, one in Whitehorse, Yukon and the other in Pine Point, Northwest Territories. The Prairie division operates 50 corporate stores and supplies 3,027 franchised and independent accounts through its 17 wholesale branches and 10 cash and carry warehouses. In 1984, three corporate stores were opened and one corporate store expansion took place.

U.S. Operations; Peter J. Schmitt Co., Inc.’s operations are concentrated in a 75 mile radius from its two major warehouses in Buffalo, New York and in Sharon, Pennsylvania. At year end, 21 corporate stores were operated. Total franchised stores at year end were 150 with 700 independent accounts also being served. National Tea Co. at year end operated 47 stores within a 75 mile radius of St. Louis, Missouri and 49 stores within a 150 mile radius of New Orleans, Louisiana.

Outlook

Until the present industry trends of closure of uneconomic stores, business consolidations and new store formats have stabilized, a return to more normal pricing levels in many markets is not expected to occur. Loblaw’s success in withstanding this competitive pricing is primarily dependent on its ability to reduce or maintain its costs relative to sales as well as its balanced operations.

The longer term results of the Group’s present business strategies of increased productivity, asset renewal through new formats and marketing innovation, will be continued superior performance.



Combination stores reflect the response to consumer needs.



“President’s Choice” special products have received wide consumer acceptance.



Traditional departments offering superior quality products.



Sales and operating income for the Group were \$895 million and \$59 million respectively. These results were achieved largely as a result of expanded pulp production and improved pricing and product mix in our fine paper division along with improved fishery operations. Capital additions for the Group were \$38 million in 1984, down substantially from the previous year primarily as a result of the completion of the Espanola project.

The Resource Group enjoyed a significant recovery in 1984 improving its return on average capital employed from 5% in 1983 to 11% in 1984. All three companies in the Group, Connors Bros., British Columbia Packers and E.B. Eddy Forest Products continue to emphasize the targeting of high value added products to specific markets and to concentrate on brand name and specialty products to reduce exposure to commodity based products.

The fishery operations improved return on capital from 8% in 1983 to 11% in 1984 with operations on both coasts contributing to the improvement. Operating income increased 19% to \$19 million.

West coast fish processing results improve
In 1984 B.C. salmon landings were exceptionally low, approximately 30% below the ten year average, although 1985 is expected to return to a more normal run. The achievement of improved earnings despite the low 1984 salmon run confirms the successful restructuring of this business over recent years, a strategy which reduced both costs and capital employed.

A renewed emphasis will be placed on the development of "Clover Leaf" brand products along with new value added products. The "Clover

"White Swan" part of the Resource Group's branded products.



Pulp and lumber operations complement Eddy's fine paper operations.

Leaf" brand name is a highly regarded symbol of quality and in addition to canned salmon, products such as tuna, clams and oysters are marketed under this label.

East coast fishery operations face difficult environment

On the east coast, Connors' operating income improved slightly while capital employed was reduced. The exposure to the difficulties in the groundfish sector has been reduced through closure of one groundfish plant, rescheduling the operation of another to seasonal production and increased emphasis on cost controls and inventory levels. The commodity products in the groundfish sector are still facing high inventories and poor price realization with little short term prospect of improvement.

Our objective in 1985 is to further reduce our exposure to commodity frozen groundfish through value added prepared frozen fish dinners and improved fresh fish marketing.

The sardine catch in 1984 was very low although Connors was able to increase total canning production by processing increased amounts of larger herring for export.

The "Brunswick" brand name for sardines and related herring products continues to be well accepted in the Canadian, U.S. and other world markets. Increased marketing efforts will be aimed at further enhancing these branded products along with the addition of new canned products.

Forest Products shows excellent results

1984 was a gratifying year for the Forest Products division with the successful start-up of the Espanola pulp mill which performed above expectations in both quantity and quality. Forest Products' return on capital employed improved from 3% in 1983 to 11% in 1984 while operating income reached \$40 million, up from 1983's level of \$8 million.

The industry strike on the west coast early in 1984 reduced the surplus pulp inventory and prices moved up to U.S. \$540 per metric tonne during the second quarter. Price erosion in the fourth quarter saw the list price reduced to U.S. \$500 per metric tonne. Pulp prices, on average, showed a significant improvement over the two previous years, but did not recover to the 1981 average level of U.S. \$530 per tonne. The dramatic changes in exchange rates between Canada and Scandinavia, the two major producing areas, have given the latter a marked



A new grade of linen writing paper has been successfully introduced.



Modern tissue packaging line in operation at Eddy's Ottawa mill.



"Brunswick" brand seafood products, here shown in new packaging, are world famous.

advantage in all markets in recent years. No change in recent patterns is expected in the short term.

The improved pulp quality from our Espanola mill is now competitive with leading market pulp producers which allows Eddy to supply its internal needs for specialized pulp in its paper operations. The expanded sawmill, an integral part of the pulp mill expansion, achieved design capacity in the last quarter of the year. Lumber markets remain extremely soft, however, with no short term improvement expected.

“White Swan” brand name strong

The “White Swan” brand name in the consumer tissue sector continued to achieve wide acceptance which helped increase overall volume by 6%. Products provided under this label include facial tissues, paper towels, serviettes and bathroom tissues. Increased raw material costs, however, offset productivity improvements while additional industry capacity exerted intensive competitive pricing resulting in a slight decline in operating income in this sector.

In the Fine and Specialty paper division sales volume and prices were strong in the third quarter resulting in an improved operating income over 1983. Another stage in the ongoing modernization

of our Fine and Specialty operations was achieved with the rebuilding of the #11 paper machine in Ottawa to make lightweight specialty papers. The machine was shut down for seven weeks in April and May for this major project which cost \$12.5 million. The start-up was on schedule and the machine was achieving the production targets in the fourth quarter providing new market opportunities.

Outlook

1985 is expected to be a very challenging year for both Resource divisions, however, improvement is anticipated in 1986. The currencies of the major offshore markets of the Fish Processing division have declined significantly against the U.S. and Canadian dollars thereby raising market prices to the consumer while providing little or no incremental benefit to the primary producers.

Our Forest Products division is well positioned with its fibre supply and modern facilities to be cost competitive in the longer term. However, the current surplus capacity in market pulp and fine papers along with the strong North American currencies portend reduced operating income in the near future.

“Clover Leaf” a premium brand for tuna and salmon.



Fresh fish constitutes a significant portion of the Group's fish sales.

Connors' expanded line of snack products and premium sardines.



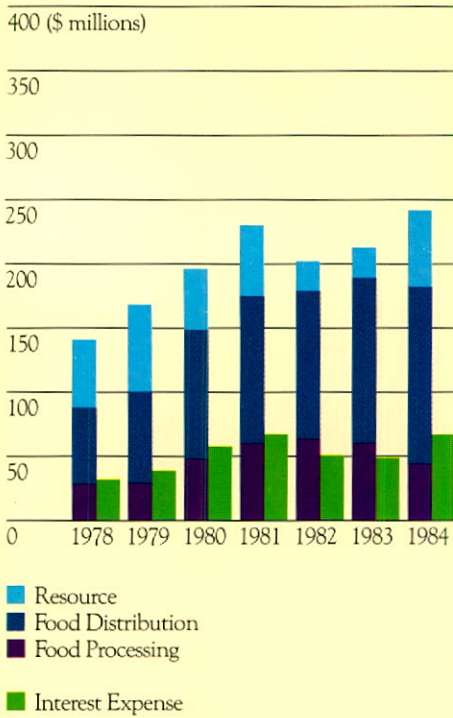


IMPORTED FROM ITALY
sparkling
grape juice
unsweetened
1 litre

spaghetti
sauce
796 ml

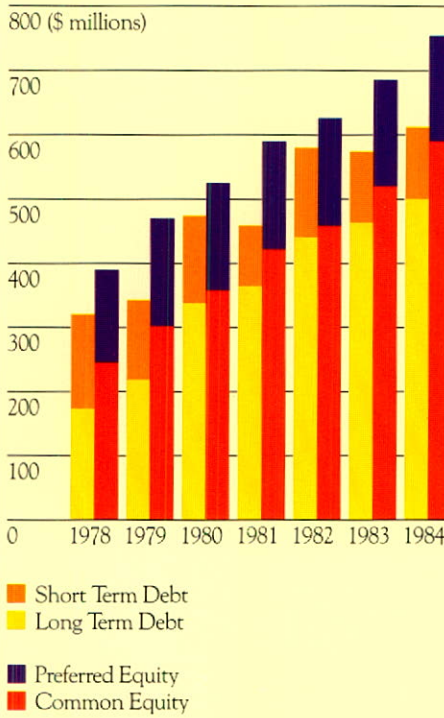
CLOVER
LEAF
RED PACIFIC
SOCKEYE SALMON

Operating Income and Interest Expense



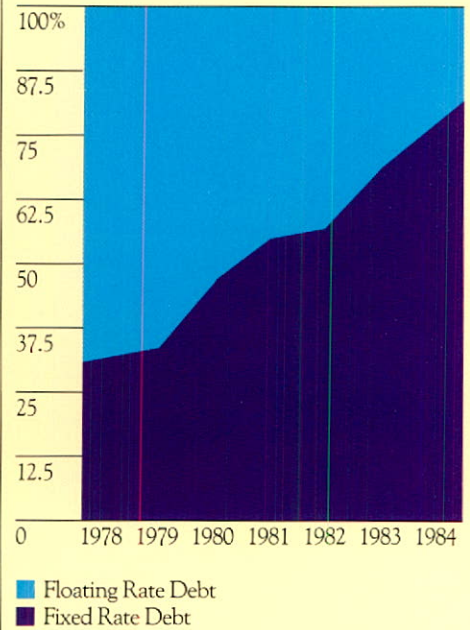
A relevant financial ratio in assessing financial stability is interest coverage (i.e. operating income compared to interest expense). To ensure long term stability, the leverage impact must be considered. In Weston's case interest coverage has been consistently at least 3.4 times despite heavy capital expenditures and extremely high and unpredictable interest rates.

Capital Structure



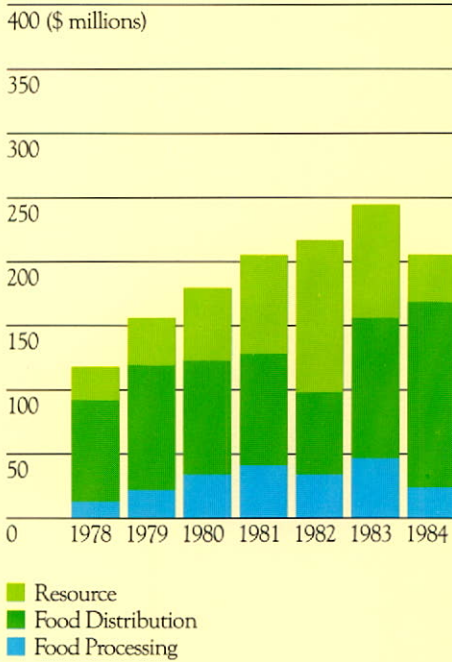
The capital structure of any corporation reflects the combination of its funding from both external and internal sources. External funding affects the leverage factor leading to increased exposure to variable financing costs. Controlled expansion plans and sufficient retention of earnings are critical to ensuring that a corporation controls external funding. Retained earnings continues to be the largest source of capital for your Company.

Fixed and Floating Rate Debt Levels



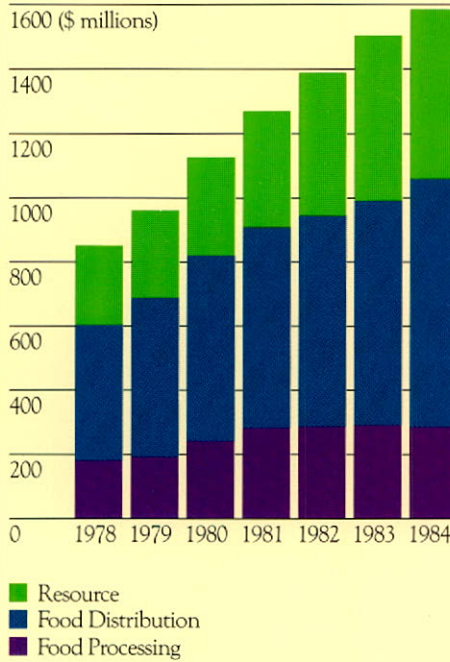
Weston follows a policy of issuing fixed rate debt when financial conditions are appropriate in order to bring interest rate sensitivity within conservative ranges. As a consequence, Weston's proportion of fixed rate debt has been substantially increased during favourable interest rate periods. At present 78% of total debt is at fixed rates, up from 32% in 1978. When capital leases and preferred equity are included, the 1984 fixed rate proportion is 66%, up from 27% in 1978.

Capital Expenditures by Group



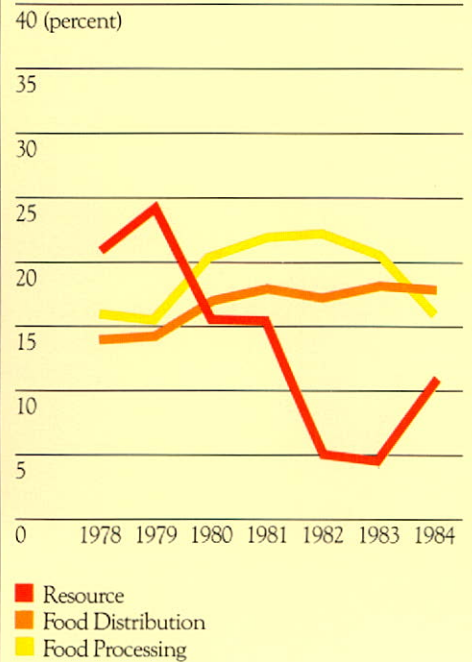
In following a policy of asset renewal to ensure efficient and productive facilities, large capital expenditures have been incurred in each Group. Weston believes that this asset renewal policy will ensure continuing positive returns. Over the past five years the total capital spending of Weston has been allocated 17% Food Processing; 47% Food Distribution; 36% Resource.

Average Capital Employed by Group



The increases in Weston's capital employed relate primarily to improvements in production efficiency and fixed asset expansions. Asset renewal has been a focus of attention. Management believes a significant part of the success of the operating Groups has been the ability to upgrade and expand the asset base, while continuing to generate a long term real return on capital employed.

Return on Average Capital Employed by Group



As a result of the size of Weston's operations any particular Group can have a significant effect on total return on capital employed. Accordingly each Group has financial targets for its various profit centres consistent with overall targets. Individual returns on capital within the Groups may vary from time to time but overall are maintained to ensure that, in the long run, Weston achieves its return on capital employed objective.

Financial Discussion

Highlights of 1984 were:

- ◆ Sales increased 6% to \$8.3 billion
- ◆ Operating income increased 13% to \$241 million
- ◆ Earnings per share increased 15% to \$6.76
- ◆ Dividends were increased 10% at year end to \$1.72 per share

Objectives

Weston's financial objectives are to provide its shareholders with real long term earnings growth and a solid return on common equity. To achieve these objectives Weston invests strategically in new assets while following a plan of maintaining a sound financial structure consistent with its business mix and capital investment requirements. Current minimum target levels of a 15% return on capital employed, return on common equity and earnings growth have been established. These targets are set within the policy of a debt to equity ratio of less than 1:1. While it may be difficult to achieve all of these targets each year, Weston believes that over the longer term it can consistently meet or exceed them.

Operating Results

Sales in 1984 of \$8.3 billion increased 6% while operating income reached a record high of \$241 million, a 13% increase over 1983. Most of the gain in operating income was a result of improvement in product mix and productivity gains in the three operating groups. The Food Distribution Group operating income of \$137 million which has grown at an 8% compound rate since 1980, continued to benefit from productivity gains attributable to operating efficiencies and the impact of its new store formats. The improved volume and product mix from these stores reflects the continuing adaptation of Loblaw to the dynamics of the food distribution industry.

Contributing significantly to higher Weston earnings was the \$35 million improvement in operating income by the Resource Group to \$59 million.

Food Processing's operating income at \$45 million was \$3 million lower than 1983, exclusive of the 1983 contribution of Westcane Sugar. While Baking and Milling, Chocolate and Dairy, and Canadian Food Specialties exceeded their operating targets for the year, the Biscuit and Confectionery segment's operating income in both Canada and the United States declined as a result of the new industry entrants and the strong competitive activity that resulted. Unsatisfactory results in the California Certi-Fresh operation brought 1984 results below the comparable 1983 level.

1984 saw significant fluctuations in the value of the Canadian dollar against international currencies. Changes in the value of these currencies impact Weston principally through the results of our Resource operations where our international competitiveness is influenced as much by the movement of the Canadian dollar against European currencies as the movement of the Canadian dollar against the United States dollar. In 1984 with European currencies declining relatively more against the United States dollar than did the Canadian dollar, the net impact increased competitive activity and lowered operating margins in our Resource Group. While the economic impact of currency fluctuations is complex, with the existing United States/Canadian balance of our businesses and capital structure, the strength of the United States dollar does not materially affect our financing costs.

Returns

Return on average capital employed for 1984 improved to 15% which equals the targeted five year average return. The average return achieved over the most recent five year period was 16%. The return on average capital employed did not improve sufficiently to bring return on common shareholders' equity to the targeted return of 15%. In 1984 return on average common shareholders' equity was 14% and the most recent five year average was 15%. The improved returns on capital employed and common equity in 1984 were anticipated last year when it was also noted that the significant impact of major capital expenditures in prior years was not expected to be fully realized until 1985. The operating efficiencies anticipated from these capital expenditures are now being achieved.

Dividend Policy

Weston continues to follow a dividend payout policy of between 25% to 30% of prior year's earnings giving consideration to cash flow and financial markets. During the year Weston's common dividend was maintained at an annual rate of \$1.56 per share or 26.5% of 1983 earnings. In the fourth quarter of 1984, based on anticipated 1984 earnings, Weston's common dividend was increased by 10% on an annual basis to \$1.72 per share representing a payout of 25.4% of 1984 earnings.

Capital Expenditures

Weston's capital expenditures over the past three-year period totalled \$668 million comprising 16% by Food Processing, 48% by Food Distribution and 36% by Resource. Capital expenditures in 1985 are expected to increase to \$250 million as Weston continues its commitment of maintaining a strong and efficient asset base by investing in those areas of the business which are most productive and offer the best long term returns.

During 1984 total capital expenditures decreased 16% to \$206 million from the 1983 record level of \$245 million. The Food Processing Group had expenditures of \$23 million, a significant reduction from 1983 as no major projects were undertaken. The majority of this spending related to the ongoing upgrading and modernization of existing facilities.

The Food Distribution Group's capital expenditures were \$145 million and represented 70% of 1984 total capital spending. This was an increase of \$35 million or 32% over the 1983 level. Loblaw's capital expenditures were directed principally to productivity improvement and the construction of new facilities such as the new "combo" stores in the Prairie provinces.

The Resource Group capital expenditures which have been largely related to the Espanola project in recent years were down to \$38 million in 1984 and allocated mainly to upgrading machines and energy conservation programs. This level is anticipated to be maintained in the near term.

Liquidity and Capital Resources

During the year the debt to equity ratio strengthened to .76:1 compared to .84:1 in 1983 and .92:1 in 1982. Interest coverage in 1984 was 3.6 which compares to 4.4 in 1983 and 4.0 in 1982.

Annual interest expense in 1984 was \$67 million reflecting moderately higher interest rates and the debt put in place as a result of the 1980-1983 major capital expenditure program at Eddy. Interest expense levels are anticipated to remain steady over the next three years as capital spending continues strong.

During 1984 \$85 million of new long term debt was issued and \$48 million of debt was retired. These changes in long term debt together with changes in short term debt increased Weston's total debt by \$7 million. In keeping with the Company's practice of issuing fixed rate debt when markets are attractive, Weston's fixed rate debt rose to 78% of total debt at the end of 1984. This compares to 69% and 57% respectively at the end of 1983 and 1982.

Weston's exposure to floating rates is equivalent to 13¢ per share for each annual percentage point change in interest rates or about 2% of current earnings levels.

The change in cash position (cash and short term investments net of bank advances and notes payable) in 1984 reflected a small \$4 million outflow which can be attributed to increased inventory levels in Food Distribution as a result of larger stores and the restructuring of operations. Weston's seasonal cash requirements are financed largely by commercial paper and the Company has bank lines of credit significantly in excess of such seasonal requirements. Weston's debentures and commercial paper are "A" rated or equivalent by Canada's two principal credit rating services.

Responding to recent accounting profession proposals, this year's financial statements include a cash flow statement highlighting changes in Weston's net cash position rather than changes in working capital. This disclosure is consistent with the Company's financial planning which focuses on the relationships between cash flow from operations and capital expenditures, cash flow to total debt, debt to equity and interest coverage. Cash flow from operations was positive in all Groups and exceeded capital expenditures in total. While this will be achieved over the long term, it will not exist in all Groups each year. Working capital has grown during the last three years as the result of improved volume. During the last three years the Company has controlled its required investment in inventories and receivables although 1984 saw a larger than usual increase as outlined above. Weston's net cash position fluctuates from year to year and, with the seasonal nature of our operations, will be seen to fluctuate even more significantly on a quarter to quarter basis because of the nature and mix of our businesses and their seasonal attributes.

Highlights of cash flow and financial position are as follows:

(\$ millions)	1984	1983	1982
Cash Flow from Operations	251	214	213
Net Investment Activity	173	164	230
Net Financing Activity	22	40	43
Change in Cash Position	(4)	48	(30)
Working Capital (year end)	326	258	237

Quarterly Performance

The pattern of Weston's quarterly results, with approximately one-third of the total year's earnings recorded in the first half, was consistent with prior years. Sales growth improved modestly throughout the year.

The results of the Food Processing Group, excluding the Westcane Sugar operation, although relatively flat compared with 1983 reflected a significant improvement in the last part of 1984 compared to the quarterly trend in 1983. This pattern is expected to continue in 1985. Food Distribution had consistent improvement in operating income over 1983.

Higher pulp and paper prices in mid 1984 pushed third and fourth quarter Resource Group results significantly higher. However, the market price of pulp and certain fine paper products has since weakened and, as fish prices remain depressed in a highly competitive market, the Group's quarterly earnings for the first half of 1985 are expected to soften.

1984 Quarterly Information

(\$ millions)	Food Processing	Food Distribution	Resource
Sales			
1st Quarter	298	1,374	206
2nd Quarter	299	1,468	234
3rd Quarter	309	1,995	227
4th Quarter	314	1,582	228
Operating Income			
1st Quarter	9	24	7
2nd Quarter	12	31	12
3rd Quarter	13	44	19
4th Quarter	11	38	21

Outlook

In 1985, we expect modest growth in sales as the economy and our markets slowly recover. Operating income will benefit from continued improvements in productivity and our improved competitive position. We intend to continue to commit cash flow to capital expenditures offering long term returns and market share improvement. These will remain a high priority as cash flows from the significant capital expenditures at the outset of the 1980's contribute to our expanding financial resources.

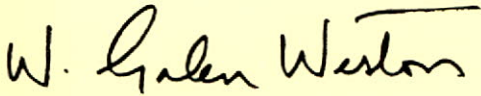
Management's Statement of Responsibility

Auditors' Report


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

To assure the integrity and objectivity of the financial statements management has established systems of internal control which provide reliable accounting records and properly safeguard Company assets. The financial statements have been audited by our independent auditors, Thorne Riddell, whose report outlines the scope of their examination and their opinion on the financial statements.

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 independent auditors to satisfy itself on the adequacy of internal controls and to review the financial statements and the independent auditors' report. The audit committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.



W. Galen Weston
Chairman and President



Robert H. Kidd
*Senior Vice President and
Chief Financial Officer*

To the Shareholders of George Weston Limited

We have examined the consolidated balance sheet of George Weston Limited as at December 31, 1984 and the consolidated statements of earnings, retained earnings and cash flow for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1984 and the results of its operations and cash flow for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants
Toronto, Canada
March 6, 1985

Consolidated Statement of Earnings

George Weston Limited

Year ended December 31, 1984

(in millions of dollars)	1984	1983	1982
Sales and other income			
Sales	\$8,254.7	\$7,799.6	\$7,830.4
Investment income	8.0	8.6	9.3
	<u>8,262.7</u>	<u>7,808.2</u>	<u>7,839.7</u>
Operating expenses			
Cost of sales, selling and administrative expenses before the following items	7,840.6	7,433.6	7,470.6
Net long term lease expense	50.4	52.5	62.4
Depreciation of owned fixed assets	120.8	98.4	93.5
Depreciation of property under capital leases	10.4	10.9	10.8
	<u>8,022.2</u>	<u>7,595.4</u>	<u>7,637.3</u>
Operating income	<u>240.5</u>	<u>212.8</u>	<u>202.4</u>
Interest on long term debt	47.1	33.8	34.4
Interest on obligations under capital leases	11.4	12.5	12.5
Other interest expense	8.3	2.4	4.2
	<u>66.8</u>	<u>48.7</u>	<u>51.1</u>
Earnings before income taxes	173.7	164.1	151.3
Income taxes	66.4	69.5	68.3
Earnings before minority interest	107.3	94.6	83.0
Minority interest	18.5	16.0	12.6
Earnings before extraordinary items	<u>88.8</u>	<u>78.6</u>	<u>70.4</u>
Extraordinary items	4.7	.6	(1.7)
Net earnings for the year	<u>\$ 93.5</u>	<u>\$ 79.2</u>	<u>\$ 68.7</u>
Per common share			
Earnings before extraordinary items	\$ 6.76	\$ 5.88	\$ 4.82
Extraordinary items	\$.40	\$.05	\$ (.15)
Net earnings for the year	<u>\$ 7.16</u>	<u>\$ 5.93</u>	<u>\$ 4.67</u>

Consolidated Cash Flow Statement

George Weston Limited

Year ended December 31, 1984

(in millions of dollars)	1984	1983	1982
Operations and Working Capital			
Earnings before minority interest	\$ 107.3	\$ 94.6	\$ 83.0
Depreciation	131.2	109.3	104.3
Income taxes not requiring cash	17.2	21.5	35.9
Gain on sale of fixed assets	(3.8)	(10.5)	(9.1)
Other	(.5)	(1.3)	(.7)
Cash flow from operations	251.4	213.6	213.4
Provided from (used for) working capital	(69.0)	(6.8)	(17.5)
	182.4	206.8	195.9
Investment			
Purchase of owned fixed assets	(206.4)	(244.5)	(217.5)
Proceeds from sale of fixed assets	30.6	41.5	35.4
Acquisition of subsidiary companies			(56.5)
Proceeds from the sale of subsidiaries		61.2	53.1
Acquisition of property under capital leases	(2.8)	(6.6)	(5.5)
Net decrease (increase) in investments and sundry items	5.5	(15.3)	(38.9)
	(173.1)	(163.7)	(229.9)
Financing			
Increase in long term debt	84.5	108.9	130.1
Reduction in long term debt	(48.4)	(68.2)	(71.0)
Increase in obligations under capital leases	2.8	6.6	5.5
Reduction in obligations under capital leases	(9.1)	(9.7)	(8.7)
Purchase of minority interest	(8.1)	(2.1)	(17.3)
Proceeds from issue of share capital	.3	3.1	2.4
Proceeds from issue of subsidiary's share capital	.2	1.4	2.3
	22.2	40.0	43.3
Dividends			
To shareholders	(29.2)	(29.6)	(33.9)
To minority shareholders in subsidiary companies	(6.1)	(5.3)	(4.9)
	(35.3)	(34.9)	(38.8)
Increase (decrease) in cash position*	\$ (3.8)	\$ 48.2	\$ (29.5)

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

Consolidated Statement of Retained Earnings

George Weston Limited

Year ended December 31, 1984

(in millions of dollars)	1984	1983	1982
Retained earnings at beginning of year	\$ 481.6	\$ 432.1	\$ 397.3
Net earnings for the year	93.5	79.2	68.7
	<u>575.1</u>	<u>511.3</u>	<u>466.0</u>
Dividends declared			
Preferred shares	11.4	12.0	16.3
Common shares	18.3	17.7	17.6
	<u>29.7</u>	<u>29.7</u>	<u>33.9</u>
Retained earnings at end of year	<u>\$ 545.4</u>	<u>\$ 481.6</u>	<u>\$ 432.1</u>

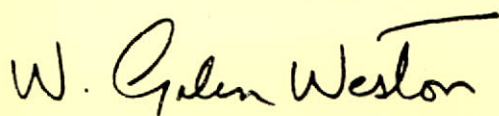
Consolidated Balance Sheet

George Weston Limited
(Incorporated under
the laws of Canada)

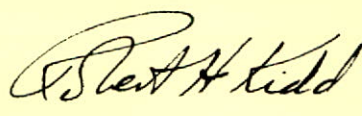
As at December 31, 1984

(in millions of dollars)	1984	1983	1982
Assets			
Current assets			
Cash and short term investments	\$ 23.5	\$ 58.4	\$ 34.8
Accounts receivable	311.6	297.4	268.3
Inventories	687.7	609.8	647.1
Properties held for sale	8.2	5.5	15.3
Prepaid expenses	23.8	23.0	20.6
	<u>1,054.8</u>	<u>994.1</u>	<u>986.1</u>
Investments	81.6	90.0	97.8
Fixed assets	1,134.0	1,074.5	980.0
Other assets	8.6	9.0	8.3
	<u>\$2,279.0</u>	<u>\$2,167.6</u>	<u>\$2,072.2</u>
Liabilities			
Current liabilities			
Bank advances and notes payable	\$ 52.7	\$ 83.8	\$ 108.4
Accounts payable and accrued liabilities	622.3	572.8	562.6
Taxes payable	25.6	48.5	43.5
Dividends payable	4.9	4.5	4.4
Long term debt payable within one year	14.4	19.0	21.8
Current portion of obligations under capital leases	9.0	7.9	8.0
	<u>728.9</u>	<u>736.5</u>	<u>748.7</u>
Long term debt	425.3	382.9	345.4
Obligations under capital leases	74.7	80.4	95.2
Other liabilities	38.2	29.9	21.4
Deferred income taxes	100.4	100.0	93.0
Minority interest in subsidiaries	157.0	151.6	141.7
	<u>1,524.5</u>	<u>1,481.3</u>	<u>1,445.4</u>
Shareholders' Equity			
Share capital	194.9	195.5	194.7
Retained earnings	545.4	481.6	432.1
Foreign currency translation adjustment	14.2	9.2	
	<u>754.5</u>	<u>686.3</u>	<u>626.8</u>
	<u>\$2,279.0</u>	<u>\$2,167.6</u>	<u>\$2,072.2</u>

Approved by the Board



W. Galen Weston, Director



Robert H. Kidd, Director

Summary of Accounting Policies

George Weston Limited

December 31, 1984

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 equity share capital of principal subsidiaries which are not substantially 100% owned at December 31, 1984 are: Loblaw Companies Limited 78% and Kelly, Douglas & Company, Limited 67%.

The directors have determined the Company's classes of business at a meeting of directors to be as follows and have recorded them in the minutes of the meeting: Food Processing, Food Distribution, and Resource to include Fisheries and Forest Products.

Inventories and properties held for sale

Retail store inventories are stated at the lower of cost and net realizable value less normal profit margin. Other inventories and properties held for sale are stated principally at the lower of cost and net realizable value.

Leases

Leases entered into after December 31, 1978 which transfer substantially all of the benefits and risks incident to ownership of property are recorded as the acquisition of an asset and the incurrence of an obligation. The asset is amortized on a straight line basis and the obligation, including interest thereon, is liquidated over the life of the lease. Rents on non capital leases and on all leases entered into before January 1, 1979 are expensed as incurred.

A retroactive application of this policy would increase assets by \$67.9 million (1983 — \$85.8 million, 1982 — \$109.6 million), and obligations by \$97.8 million (1983 — \$119.5 million, 1982 — \$146.6 million).

Translation of foreign currencies

Foreign currency balances are translated at a rate approximating the current rate or hedged rate at each year end. The foreign currency translation adjustment resulting from the translation of the financial statements of United States subsidiaries and the debt which acts as a hedge against these investments is included in shareholders' equity to be recognized in earnings in proportion to any reduction of the net investment. The deferral resulting from the translation of other foreign currency balances is included in other assets or liabilities as appropriate and amortized over the life of the item.

Fixed assets

Fixed assets are stated at cost including interest capitalized during the year of \$3.0 million (1983 — \$18.8 million, 1982 — \$15.6 million) associated with construction. Depreciation is recorded principally on a straight line basis and units of production basis to amortize the cost of these assets over their estimated useful lives, up to a maximum of forty years for buildings, of twenty years for equipment and fixtures and of seven years for automotive equipment. Leasehold improvements are depreciated over the lesser of useful life and term of lease.

Notes to Consolidated Financial Statements

George Weston Limited

December 31, 1984

(Narrative and Tabular amounts in millions
of dollars except Share Capital note)

1. Income Taxes

The Company provides for income taxes based on financial statement earnings. This provision differs from income taxes currently payable because certain items of income and expense are reported in the statement of earnings in years different from those in which they are reported on income tax returns. The tax effect of these differences in timing is referred to in the balance sheet as deferred income taxes. Income tax expense includes deferred taxes of \$14.9 (1983 – \$21.7, 1982 – \$31.9).

Losses of prior years for which potential tax benefits had not been recorded in the accounts at the end of 1983 have now been substantially eliminated as a result of recognition of tax reductions in extraordinary items and, in one subsidiary, a reduction due to assessment of additional income for tax purposes of prior years.

The income tax rate reported in the financial statements is lower than the combined basic Canadian tax rates due to the following factors:

	1984	1983	1982
Combined basic Canadian federal and provincial rates	49.9%	50.0%	51.1%
Allowance to reduce the impact of inflation on inventory	(3.7)	(4.2)	(4.4)
Effect of selling capital assets	(1.9)	(2.1)	(2.0)
Operations in countries with lower tax rates	(3.7)	(2.3)	(2.7)
Losses and provisions which have not been deducted for tax purposes	.5	1.5	4.3
Rate reduction for manufacturing and processing operations	(2.0)	(1.3)	(1.6)
Other	(.9)	.7	.4
Rate reported in financial statements	38.2%	42.3%	45.1%

2. Extraordinary Items

	1984	1983	1982
Income tax reductions realized on application of prior years' losses	\$ 7.3	\$ 3.1	\$ 3.7
Closing costs on the sale of subsidiary operations (net of income tax recoveries of \$2.9 in 1984, \$2.6 in 1983 and \$5.2 in 1982)	(2.6)	(2.5)	(5.4)
	\$ 4.7	\$.6	\$(1.7)

Notes to Consolidated Financial Statements

December 31, 1984

3. Inventories, By Group

	1984		1983	1982
	Raw materials and supplies	Finished goods	Total	Total
Food Processing	\$ 33.8	\$ 56.2	\$ 90.0	\$ 83.9
Food Distribution	4.7	436.6	441.3	377.8
Resource				
Fisheries	14.5	73.9	88.4	93.9
Forest Products	26.8	41.2	68.0	54.2
	\$ 79.8	\$607.9	\$687.7	\$609.8
				\$647.1

4. Investments

	1984	1983	1982
Properties held for development or sale, at cost	\$22.5	\$23.8	\$43.0
Secured loans and advances	22.6	20.8	22.4
Long term receivables	17.5	24.1	11.4
Sundry investments	19.0	21.3	21.0
	\$81.6	\$90.0	\$97.8

Secured loans and advances include \$1.6 (1983 – \$1.8) owing by directors and officers of the Company and its subsidiaries arising out of the purchase of preferred shares of the Company through a trustee as part of the Company's incentive plan. These advances are secured by the shares purchased.

5. Fixed Assets

	1984	1983	1982
Land	\$ 118.3	\$ 91.5	\$ 68.3
Buildings	375.9	335.0	299.0
Equipment and fixtures	1,212.6	1,131.3	1,027.9
Leasehold improvements	126.9	120.5	130.9
	1,833.7	1,678.3	1,526.1
Accumulated depreciation	766.3	676.8	636.5
	1,067.4	1,001.5	889.6
Property under capital leases, less accumulated depreciation	66.6	73.0	90.4
	\$1,134.0	\$1,074.5	\$ 980.0

6. Long Term Debt	1984	1983	1982
George Weston Limited			
Sinking Fund Debentures			
6¾% Series E and F maturing 1986 and 1987	\$ 11.3	\$ 13.6	\$14.2
12.75% Series 1 maturing 2000	21.3	22.5	23.8
14⅞% Series 2 maturing 1997	23.7	25.0	25.0
13½% Notes maturing 1987 (U.S. \$24.8)	31.7	30.2	30.2
Term loans at a weighted average interest rate of:			
8.3% maturing 1986 to 1992 (Swiss Francs 50.5)	29.8	29.8	32.8
14.7% rate renegotiable in 1986 and 1987 maturing 1990 (U.S. \$10.0)	12.8	12.2	12.2
13.5% rate renegotiable in 1985 to 1989 maturing 1993 (includes U.K. £8.3)	43.0	45.0	21.2
12% maturing 1988	25.0	25.0	
Loblaw Companies Limited and subsidiaries			
8⅜% Sinking Fund Debentures maturing 1993	7.4	12.8	13.7
Debentures			
12½% Series 1 maturing 1990	35.0	35.0	
12¼% Series 2 maturing 1994	35.0		
Term loans			
At bank's prime rate maturing 1986	15.0	15.0	20.0
12½% maturing 1986 (U.S. \$12.0)	15.4	14.6	14.6
London Interbank offered rate plus ⅜% to ¾% maturing 1992 (U.S. \$13.0)	16.7	15.9	15.9
Repaid in 1984 and 1983		4.6	29.7
Mortgages at a weighted average interest rate of 10.8% maturing 1985 to 2004 (including U.S. \$3.0)	22.2	18.5	21.2
Other long term debt			
Term loans			
At a weighted average interest rate of 13.6%, rate renegotiable in 1985 to 1988, \$12.0 maturing 1988, \$15.3 maturing 1990 (including U.S. \$10.0)	27.3	28.2	29.7
At bank prime rate to a maximum of 12.95%, rate renegotiable in 1987 maturing 1990	15.0		
Individually not exceeding \$7.0 at a weighted average rate of 9.1% (including U.S. \$25.4)	52.0	54.0	63.0
	439.6	401.9	367.2
Less payable within one year	14.4	19.0	21.8
Long term debt	\$425.2	\$382.9	\$345.4
Principal payable in the next five years is as follows:			
1985 – \$14.4; 1986 – \$58.4;			
1987 – \$49.1; 1988 – \$45.6; 1989 – \$14.4.			

Notes to Consolidated Financial Statements

December 31, 1984

7. Share Capital

	Number of shares issued			Amount (in millions of dollars)		
	1984	1983	1982	1984	1983	1982
Senior preferred shares						
First series	61,190	67,290	72,210	\$ 6.1	\$ 6.7	\$ 7.2
Second series	60,704	62,159	66,024	6.1	6.2	6.6
	<u>121,894</u>	<u>129,449</u>	<u>138,234</u>			
Preferred shares						
Series X	750,000	750,000	750,000	75.0	75.0	75.0
Series Y	500,000	500,000	500,000	50.0	50.0	50.0
Series Z	250,000	250,000	250,000	25.0	25.0	25.0
	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>			
Junior preferred shares						
Series A	2,375	3,375	16,725	.2	.3	1.7
Series C	3,700	4,500	4,900	.4	.5	.5
Series D	14,800	14,800	14,800	1.5	1.5	1.5
Series E	22,250	22,250	10,000	2.2	2.2	1.0
	<u>43,125</u>	<u>44,925</u>	<u>46,425</u>			
				<u>166.5</u>	<u>167.4</u>	<u>168.5</u>
Common shares	<u>11,453,167</u>	<u>11,438,851</u>	<u>11,327,936</u>	<u>28.4</u>	<u>28.1</u>	<u>26.2</u>
				<u>\$194.9</u>	<u>\$195.5</u>	<u>\$194.7</u>

Share Information (in dollars):**Senior preferred shares** (authorized 176,419)

First series — \$4.50 cumulative dividend redeemable at \$104.

Second series — \$6.00 cumulative dividend redeemable at \$105.

Preferred shares — cumulative dividend

Series X — redeemable and retractable on December 1, 1987 at \$100, annual dividend rate is one half average bank prime rate plus 1¼%.

Series Y — redeemable and retractable on December 1, 1990 at \$100, annual dividend rate is one half average bank prime rate plus ¾% to November 30, 1985 and ⅞% thereafter.

Series Z — redeemable and retractable on December 1, 1991 at \$100, annual dividend rate is one half average bank prime rate plus 1¼%.

Junior preferred shares

Series A — \$8.00 cumulative dividend, redeemable after March 16, 1988 at \$100, convertible into 14,729 common shares.

Series C — \$9.00 cumulative dividend, redeemable after June 6, 1990 at \$100, 3,100 convertible into 12,917 common shares.

Series D — \$10.00 cumulative dividend, redeemable after October 2, 1991 at \$100, 10,800 convertible into 33,488 common shares.

Series E — cumulative dividend with annual rate at two thirds average bank prime plus ¾%, 10,000 redeemable after August 27, 1992 and 12,250 after May 16, 1993, at \$100, convertible into 52,694 common shares.

During the year 7,555 senior preferred shares (1983 — 8,785) were purchased for cancellation at a cost of \$425,000 (1983 — \$484,000).

The preferred shares Series X, Y and Z are retractable at \$100 each earlier than 1987, 1990 and 1991 respectively, only in the event of adverse change in the tax status of the dividends received. In the event of early retraction of Series X and Y shares, the original holder will loan the Company funds sufficient to complete the retraction.

In 1984 the Company issued 9,533 (1983 — 84,455) common shares for \$180,000 (1983 — \$1,375,000) on conversion of junior preferred shares and issued 4,783 (1983 — 26,460) common shares for cash of \$175,000 (1983 — \$484,000) on exercise of employee stock options. After giving effect to the foregoing, the Company has reserved 113,838 common shares for potential conversion of the preferred shares. As at December 31, 1984, 83,581 common shares have been set aside for issue under terms of an employee stock option plan. The following options, which have been granted at the market price on the date of the grant, are outstanding at December 31, 1984.

Number of employees	Number of common shares	Exercise price per share	Option expiry date
9	9,092	\$24.00	June 6, 1990
4	8,370	32.25	October 2, 1991
20	28,050	57.125	May 16, 1993

The exercise of the conversion privileges and the stock options would not have a material effect on earnings per share.

Notes to Consolidated Financial Statements

December 31, 1984

8. Leases

The Company and its subsidiaries have obligations under long term leases for retail outlets, warehouse facilities and equipment. Property under capital leases entered into after December 31, 1978 is:

	1984	1983	1982
Buildings	\$ 60.5	\$ 58.8	\$ 52.8
Equipment	52.5	50.7	66.7
	113.0	109.5	119.5
Accumulated depreciation	46.4	36.5	29.1
	<u>\$ 66.6</u>	<u>\$ 73.0</u>	<u>\$ 90.4</u>

Minimum lease commitments together with the present value of the obligations under capital leases entered into after December 31, 1978 are:

	Capital leases entered into after December 31, 1978	Other leases		
		Gross liability	Expected sublease income	Expected net liability
For the year				
1985	\$ 20.0	\$ 73.6	\$ 20.0	\$ 53.6
1986	20.0	68.7	16.6	52.1
1987	17.8	62.2	14.4	47.8
1988	13.3	57.0	11.8	45.2
1989	9.8	51.6	8.9	42.7
Thereafter to 2023	94.0	336.0	48.3	287.7
Total minimum lease payments	174.9	<u>\$649.1</u>	<u>\$120.0</u>	<u>\$529.1</u>
Less interest at a weighted average rate of 13.6%	91.2			
Balance of obligations	83.7			
Less current portion	9.0			
Long term obligations	<u>\$ 74.7</u>			

9. Other Liabilities	1984	1983	1982
Deferred employee compensation	\$15.2	\$15.7	\$10.6
Provision for future obligations on closed operations	8.2	3.4	4.2
Provision for self insured claims and other	12.4	8.0	3.5
Deferred real estate income	2.4	2.8	3.1
	<u>\$38.2</u>	<u>\$29.9</u>	<u>\$21.4</u>

10. Related Party Transactions

The Company and its subsidiaries lease capital assets from a subsidiary of its controlling shareholder, Wittington Investments, Limited. Net lease expense on these assets for 1984 amounts to \$1.7 (1983 – \$1.8). The Company

has also guaranteed a U.S. \$3.3 (1983 – U.S. \$3.6) mortgage payable by a subsidiary of Wittington Investments, Limited on property leased to the Company.

11. Commitments and Contingent Liabilities

Endorsements and guarantees arising in the normal course of business amount to \$76.2. In addition, there are assigned leases of \$102.0 which relate to the sale of U.S. Food Distribution Group subsidiary operations.

The Company and its subsidiaries have pension plans covering a majority of employees. Pension expense in 1984 was \$43.5 (1983 – \$41.4) and includes the amortization of past service costs over varying periods not exceeding fifteen years. The present value of the unfunded past service pension liability based on current actuarial reports is \$101.0 at December 31, 1984.

In addition to various claims arising in the normal course of business, there are certain class action lawsuits, involving substantial amounts, filed by former employees of a U.S. Food Distribution subsidiary operation sold in 1982. Although the outcome of these actions cannot be predicted with certainty, management believes that their outcome will not have a material effect on the Company's financial position.

12. Segmented Information

Canadian sales include export sales approximating \$300 in 1984 and 1983.

Inter Group sales relate primarily to Food Processing. 1984 includes \$226 (1983 – \$213) from this Group. Segment operating income includes an allocation of the excess of corporate service expense over investment and other income in 1984 of \$7 (1983 – \$5).

Capital expenditures and depreciation details do not include property under capital leases. Acquisition of property under capital leases of \$3 in 1984 (1983 – \$7) and depreciation of \$10 (1983 – \$11) relate primarily to the Food Distribution segment.

Notes to Consolidated Financial Statements

George Weston Limited

December 31, 1984

	1984	1983	1982	1981	1980	1979	1978
12. Segmented Information (cont'd.)							
Sales and earnings							
Sales							
Food Processing	\$1,220	\$1,184	\$1,134	\$1,038	\$ 905	\$ 630	\$ 567
Food Distribution	6,419	6,091	6,221	5,795	5,375	4,725	4,247
Resource — Fisheries	362	364	339	395	327	337	308
— Forest Products	533	430	378	421	385	354	278
Inter Group	(279)	(269)	(242)	(220)	(215)	(179)	(162)
Consolidated	8,255	7,800	7,830	7,429	6,777	5,867	5,238
Canada	5,669	5,294	4,963	4,730	4,252	3,814	3,489
United States	2,586	2,506	2,867	2,699	2,525	2,053	1,749
Operating income							
Food Processing	45	61	64	61	49	30	29
Food Distribution	137	128	115	114	100	71	59
Resource — Fisheries	19	16	10	22	6	19	31
— Forest Products	40	8	13	33	41	48	22
Consolidated	241	213	202	230	196	168	141
Canada	189	156	141	170	149	123	109
United States	52	57	61	60	47	45	32
Cash flow							
Capital expenditures							
Food Processing	23	47	34	41	34	22	13
Food Distribution	145	110	65	88	90	98	80
Resource — Fisheries	3	5	18	13	35	15	11
— Forest Products	35	83	100	64	21	22	15
Consolidated	206	245	217	206	180	157	119
Depreciation							
Food Processing	27	22	22	20	17	11	11
Food Distribution	59	53	49	45	43	35	32
Resource — Fisheries	8	8	8	8	7	6	5
— Forest Products	27	15	15	13	12	10	9
Consolidated	121	98	94	86	79	62	57
Financial position							
Total assets							
Food Processing	370	372	371	354	343	249	230
Food Distribution	1,266	1,155	1,115	1,037	963	868	713
Resource — Fisheries	199	217	243	243	235	200	167
— Forest Products	444	424	343	264	217	190	172
Consolidated	2,279	2,168	2,072	1,898	1,758	1,507	1,282
Canada	1,708	1,624	1,520	1,329	1,238	1,066	930
United States	571	544	552	569	520	441	352

(in millions of dollars)	1984	1983	1982	1981	1980	1979	1978
Sales and earnings							
Sales	\$8,255	\$7,800	\$7,830	\$7,429	\$6,777	\$5,867	\$5,238
Operating income	241	213	202	230	196	168	141
First quarter	40	37	39	41	35	30	21
Second quarter	55	47	41	48	44	40	34
Third quarter	76	63	60	69	53	49	39
Fourth quarter	70	66	62	72	64	49	47
Interest expense	67	49	51	67	57	39	32
Earnings before extraordinary items	89	79	70	79	71	66	51
Net earnings	94	79	69	95	84	76	57
Cash flow							
Cash flow from operations	251	214	213	215	174	168	135
Capital expenditures	206	245	217	206	180	157	119
Financial position							
Current assets	1,055	994	986	952	932	827	732
Current liabilities	729	736	749	678	667	603	530
Working capital	326	258	237	274	265	224	202
Fixed assets	1,134	1,075	980	854	746	605	480
Long term debt	425	383	345	266	249	174	174
Shareholders' equity	755	686	627	591	526	471	391
Average capital employed	1,584	1,502	1,388	1,270	1,126	963	852
Ratios							
Return on average capital employed	15.2%	14.2%	14.6%	18.1%	17.4%	17.4%	16.6%
Food Processing	15.8%	20.6%	22.3%	21.5%	20.1%	15.1%	15.6%
Food Distribution	17.8%	18.4%	17.5%	18.2%	17.3%	14.6%	14.3%
Resource	11.0%	4.7%	5.2%	15.3%	15.5%	24.4%	21.0%
Return on average common equity	14.0%	13.6%	12.3%	16.2%	17.3%	20.5%	20.1%
Interest coverage ratio	3.60:1	4.37:1	3.96:1	3.43:1	3.44:1	4.33:1	4.43:1
Debt to equity ratio	.76:1	.84:1	.92:1	.77:1	.90:1	.73:1	.80:1
Per common share (in dollars)							
Earnings before extraordinary items	6.76	5.88	4.82	5.62	5.11	5.06	4.06
First quarter	.81	.81	.71	.93	.83	.80	.48
Second quarter	1.39	1.11	.84	1.11	1.01	1.21	.95
Third quarter	2.18	1.81	1.59	1.59	1.26	1.28	1.08
Fourth quarter	2.38	2.15	1.68	1.99	2.01	1.77	1.55
Net earnings	7.16	5.93	4.67	7.06	6.28	6.01	4.66
Dividends	1.60	1.56	1.56	1.44	1.36	1.04	.72
Cash flow from operations	21.96	18.81	18.88	19.11	15.60	15.21	12.25
Capital expenditures	18.03	21.53	19.20	18.35	16.11	14.20	10.80
Book value	51.34	45.36	40.46	37.54	31.94	27.11	22.23
Market value — high	76.25	66.00	42.75	38.38	31.25	28.00	23.38
— low	62.75	42.25	27.00	30.25	22.00	21.00	13.13

Supplementary Information Reporting on the Effects of Changing Prices

December 31, 1984
(in millions of dollars)
(Unaudited)

Background

Financial Statements presented in accordance with generally accepted accounting principles are based on historic dollar values. The impact of inflation is reflected in financial statements by increased costs for recent expenditures while assets acquired in earlier years continue to be reflected at their depreciated historical cost, which may be less than current replacement cost. Since management's business plans recognize the effect of inflation, shareholders' evaluation of financial results should also consider the inflationary economic environment. Supplementary information may assist in the shareholders' interpretation of the historical cost financial statements.

Although Weston is providing current cost information to assist shareholders, this supplementary information should be interpreted with caution as it is experimental, based on indices and estimates, and may not represent the costs that would be incurred if the assets were, or were able to be replaced.

Current cost accounting incorporates changing prices by providing for the replacement of inventory and fixed assets. This recognizes that to maintain current operating levels it will be necessary to replace certain assets at higher costs. Current cost accounting requires several adjustments to the historical cost statements. Note that all prior year figures indicated in the commentary below have been restated by the 1984 average increase in the Consumer Price Index (CPI).

Cost of Sales Adjustment

This is the difference between the replacement and historic cost of sales. This adjustment is significantly affected by the rate of inventory turnover. As the food products industry is characterized by rapid inventory turnover, the food related businesses of George Weston Limited do not generate a significant cost of sales adjustment. The minor adjustment reflected in current cost earnings is due entirely to the Resource Group.

Financing Adjustment

Current cost adjustments provide for the replacement of assets based on the assumption that the necessary funds will be generated entirely from earnings. However, if the present current cost debt to equity relationship is maintained, a portion of the funds required for replacement will be provided by debt. Accordingly the financing adjustment reflects the portion of current cost adjustments that do not require provision through earnings.

Asset Valuation

Another aspect of current cost accounting addresses the valuation of fixed assets and inventory as set out in the notes to the attached Statement of Earnings. The increase in the current cost of fixed assets during the year was \$11.0 (\$16.9 in 1983). For inventory, replacement occurs so frequently that the difference between current cost and historic cost is immaterial. If the fixed assets had been restated using the average increase in the CPI the increase would have been \$53.6 (\$65.4 in 1983).

Purchasing Power

Inflation affects the monetary assets and liabilities of a company as monetary items are fixed in value while the prices of non-monetary items are changing. By having a net liability position, the company can pay its liabilities using cheaper dollars and therefore have a purchasing power gain. In 1984, the Company had a gain in general purchasing power of \$38.0 (\$48.6 in 1983) from holding net monetary liabilities during the year.

Interest and Tax

Deferred taxes, income tax expense and interest expense are not adjusted for current costs and remain as shown in the historical cost financial statements.

Consolidated Statement of Earnings Adjusted for the Effects of Changing Prices

George Weston Limited

Year ended December 31, 1984
(Unaudited)

(in millions of dollars, except per share data)	1984		1983	
	Historic Cost	Current Cost	Historic Cost	Current Cost
Sales and other income	\$8,262.7	\$8,262.7	\$7,808.2	\$7,808.2
Operating expenses				
Cost of sales, selling and administrative expenses	7,840.6	7,840.8	7,433.6	7,433.7
Net long term lease expense	50.4	50.4	52.5	52.5
Depreciation (Note 1)	131.2	164.8	109.3	138.9
Disposal adjustment (Note 2)		3.8		10.5
	8,022.2	8,059.8	7,595.4	7,635.6
Operating income	240.5	202.9	212.8	172.6
Interest expense	66.8	66.8	48.7	48.7
Income taxes	66.4	66.4	69.5	69.5
Minority interest	18.5	16.2	16.0	14.1
Financing adjustment		(18.6)		(20.3)
Earnings before extraordinary items	88.8	72.1	78.6	60.6
Preferred dividends	11.4	11.4	12.0	12.0
Adjusted earnings before extraordinary items	\$ 77.4	\$ 60.7	\$ 66.6	\$ 48.6
Per common share				
Earnings before extraordinary items	\$ 6.76	\$ 5.30	\$ 5.88	\$ 4.30
Book value	\$ 51.34	\$ 78.26	\$ 45.36	\$ 74.47
Other supplementary information				
Inventory	\$ 687.7	\$ 687.7	\$ 609.8	\$ 609.8
Fixed assets	1,134.0	1,474.6	1,074.5	1,441.4
Common shareholders' equity	588.0	896.3	518.9	851.9

Notes:

1) Depreciation on a current cost basis is \$33.6 higher than on an historical cost basis (\$29.6 in 1983). Depreciation expense has been calculated consistently with the historical cost basis however it has been based on the current replacement costs of fixed assets. Replacement costs are determined by specific indices and appraisals where appropriate.

2) Fixed asset disposals often give rise to a gain or loss on sale. In most instances the disposal proceeds are an objective indication of replacement value for a comparable asset. Therefore, gains and losses on disposal of fixed assets are eliminated for current cost accounting purposes.

3) For comparative purposes, 1983 figures have been shown as they would originally have been presented at December 31, 1983 current costs. The 1983 current cost comparative figures restated using the 1984 average increase in the CPI would be: sales \$8,144.6, operating expenses \$7,965.6, earnings before extraordinary items and preferred dividends \$63.2, shareholders' equity \$888.7.

Principal Operations

Food Processing



Sales (\$millions)	Operating Companies	Number of Employees
Baking and Milling \$527	Weston Bakeries Soo Line Mills McCarthy Milling Stroehmann Bakeries	6,450
Biscuit and Confectionery \$248	InterBake (Can.) Interbake (U.S.)	3,050
Dairy and Chocolate \$269	William Neilson	1,500
Food Specialties \$176	Bowes Certi-Fresh Foods	975

Food Distribution



Eastern Operations \$2,692	Loblaws Supermarkets Zehrmart Atlantic Wholesalers National Grocers	16,000
Western Operations \$1,702	Kelly, Douglas Westfair	6,500
United States Operations \$2,025	National Tea Peter J. Schmitt	10,500

Resource



Forest Products \$533	E. B. Eddy Forest Products Eastern Fine Paper	4,850
Fish Processing \$362	Connors Bros. British Columbia Packers	3,400 2,400

Principal Facilities	Types of Products	Head Office
Canada: Vancouver, Calgary, Edmonton, Regina, Winnipeg, Essex, Kitchener, Aurora, Kirkland Lake, Toronto, Kingston, and Longueuil, with flour mills in Winnipeg and Mississauga United States: Williamsport, Norristown, Altoona, Sayre, Hazelton, Harrisburg, Erie and Beaver in Pennsylvania; Olean, New York and East Hartford, Connecticut	Wide variety of breads, rolls, cakes, flour and other bakery products	Toronto, Ont Winnipeg, Man Mississauga, Ont Williamsport, Pa
Canada: Winnipeg, London and Longueuil United States: Richmond, Virginia; Battle Creek, Michigan; Tacoma, Washington; and North Sioux City, South Dakota	Sweet biscuits, crackers, ice cream cones, wafers, confection and candies	Toronto, Ont Richmond, Va
Canada: Toronto, Ottawa and Halton Hills	Chocolate bars, chocolate coatings, cocoa, specialty items, bulk and packaged ice cream, frozen novelties, fluid milk and associated dairy products	Toronto, Ont
Canada: Toronto, Colborne, Montreal, Winnipeg United States: Santa Fe Springs, California	Dried and glazed fruits, nuts, cereal, health foods and frozen food entrees	Toronto, Ont Santa Fe Springs, Ca
Canada: Ontario, New Brunswick, Nova Scotia and Prince Edward Island	Wholesale and retail distribution of food and other products throughout central and eastern Canada	Toronto, Ont Cambridge, Ont Sackville, NB Toronto, Ont
Canada: British Columbia, Alberta, Saskatchewan and Manitoba	Wholesale and retail distribution of food and other products throughout western Canada	Vancouver, BC Winnipeg, Man
United States: New Orleans, Louisiana; St. Louis, Missouri; Buffalo and Rochester, New York; Sharon and Erie, Pennsylvania	Wholesale and retail distribution of food and other products throughout northeastern and southcentral United States	Rosemont, Il Buffalo, NY
Canada: Timber limits, FMA's and sawmills in Nairn Centre and Timmins, Ontario and Davidson, Quebec; pulp and paper operations in Espanola and Ottawa, Ontario and Hull, Quebec United States: Paper operations in Brewer, Maine	Spruce and pine lumber, bleached kraft pulp and a wide variety of fine and specialty papers for printing, writing and packaging for household and industrial uses and tissue paper products	Ottawa, Ont Brewer, Me
Canada: Richmond and Prince Rupert, British Columbia; Black's Harbour and area and Shippegan, New Brunswick; Clark's Harbour, Nova Scotia; and Isle Aux Morts, Newfoundland United States and other: Westwood, Massachusetts; Naknek and Petersburg, Alaska; and Aberdeen, Scotland	Variety of canned fresh, frozen and processed fish including salmon, tuna, groundfish, herring, sardines, clams, oysters, mussels and crab products	Black's Harbour, NB Richmond, BC

Directors

W. Galen Weston
Chairman and President
George Weston Limited,
Chairman of the Board
Loblaw Companies Limited

Richard J. Currie
President
Loblaw Companies Limited

Robert H. Kidd
Senior Vice President and
Chief Financial Officer
George Weston Limited

David A. Nichol
Executive Vice President
Loblaw Companies Limited

Mark Hoffman
Chairman
IFM Trading Limited

Hugo Mann*
Managing Director
Deutscher Supermarkt

**Honourable Doctor
Pauline McGibbon**
Corporate Director

S. Simon Reisman*
Chairman
Reisman & Grandy Ltd.

John C. Scarth
President
E.B. Eddy Forest
Products Ltd.

John D. Stevenson, Q.C.*
Partner
Smith, Lyons, Torrance,
Stevenson & Mayer

Garry H. Weston
Chairman
Associated British Foods plc

*Audit Committee

Corporate Officers

Robert H. Kidd
Senior Vice President and
Chief Financial Officer

William A. Sloan
Vice President, Finance

Ralph S. Barnes
Vice President, Treasurer

Ivan R. Franklin
Vice President

Stewart E. Green
Vice President, General Counsel

Terrence H. Wardrop
Vice President, Controller

Dr. G. Ross Lawford
General Manager
Weston Research Centre

Food Processing Group

Douglas J. McMullen
Chairman
InterBake Foods (Canada),
Interbake Foods (U.S.)

Bremner B. Green
Chairman
Bowes

Sol Kanee
Chairman
Soo Line Mills,
McCarthy Milling

J. Peter Wygant
Chairman
Weston Bakeries,
Stroehmann Bakeries

Frank W. Coffey
President
Stroehmann Bakeries

Gerald S. Hurlow
President
Weston Bakeries

Charles J. Maurer Jr.
President
Interbake Foods (U.S.)

David H. McMillan
President
William Neilson

Angus W. Young
President
InterBake Foods (Canada)

Food Distribution Group

Richard J. Currie
President
Loblaw Companies Limited

Raymond J. Addington
Executive Vice President
Loblaw Companies Limited,
President
Kelly, Douglas

David A. Nichol
Executive Vice President
Loblaw Companies Limited,
President
Loblaw International Merchants

David M. Williams
Executive Vice President
Loblaw Companies Limited,
President
Central Canada Grocers

Charles B. Barcelona
President
Peter J. Schmitt

Sheldon V. Durtsche
President
National Tea

Grant J. Heimpel
President
Zehrmart

Albert F. Rose
President
Atlantic Wholesalers

David T. Stewart
President
Loblaws Supermarkets

Neil M. Walker
President
National Grocers

Resource Group

Earl R. Pearce
Senior Vice President
Resource Group

Donald A. McLean
President
British Columbia Packers,
Connors Bros.

J. Bruce Buchanan
Vice Chairman
British Columbia Packers

Edward L.D. McLean
Executive Vice President
Connors Bros.

John C. Scarth
President
E.B. Eddy Forest Products

George A. Neil
Executive Vice President
E.B. Eddy Forest Products

Edward F. Boswell
Senior Vice President
Pulp, Forestry and Wood
Products
E.B. Eddy Forest Products

Head Office

22 St. Clair Avenue East
Toronto, Ontario M4T 2S7
(416) 922-2500

Stock Listings

Toronto, Montreal and Vancouver Stock Exchanges

Share Symbol

"WN"

Registrar and Transfer Agent

The National Victoria & Grey Trust Company
Toronto, Montreal and Vancouver

Shares Held in Nominee Name

George Weston Limited maintains a direct mailing list to ensure that shareholders whose shares are not held in their name receive all Company reports and releases on a timely basis. If you would like your name added to this list, please send your request to the Company's Head Office,
Attention: The Secretary

General Counsel

Smith, Lyons, Torrance, Stevenson & Mayer

Auditor

Thorne Riddell

Number of Common Shareholders

3,200

Common Dividend Payment Dates

January 1st, April 1st, July 1st, October 1st

Valuation Day Value of Common Shares

\$18.00

Annual Meeting of Shareholders

Monday, May 6, 1985; 10:30 a.m.
Royal York Hotel, Toronto, Ontario

