GEORGE WESTON LIMITED ANNUAL REPORT 1987

weston

GEORGE WESTON LIMITED

George Weston Limited, a broadly based Canadian company, conducts food processing, food distribution and resource operations in North America. With diverse business operations throughout Canada and the United States, Weston has a significant investment in the North American economy. Weston, originally started in Toronto in 1882, now generates approximately 65% of sales in Canada and 35% in the United States and is committed to providing the best quality, service and value to our customers.

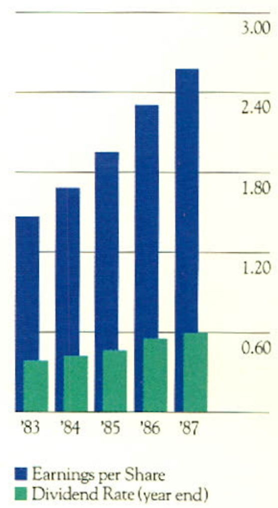
Highlights for 1987 are: ◆ significant sales growth of 10% ◆ expansion of the business by capital investment of over $475 million ◆ acquisition of major brands ◆ return on capital employed exceeding 15% for fourth consecutive year ◆ strong earnings growth as earnings per share increase 12% to $2.58 ◆ total assets of $3.5 billion.


ESIDENT'S
CHOICE
ean-style fresh-
d cultured butter
president's
blend
gourmet cof
regular/all purpose g
a gourmet selection of the wor
taste and aroma
369 g
CLOVER
LEAF
Chunk Crabmeat
BRUNSWICK
CANADIAN
SARDINES
CANADIENNES
IN SPRING WATER
DANS EAU DE SOURCE
NET WT. 3.53 oz 100 g
POIDS NET
INGREDIENTS: SARDINES, SPRING WATER, SALT
EUSE DEPUIS 1893
ehmann

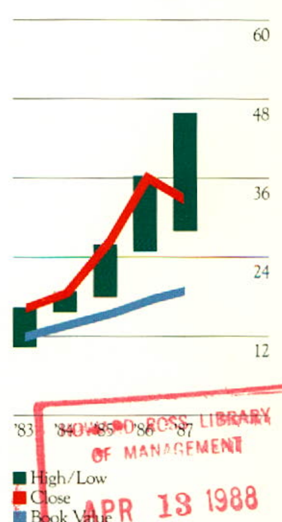
CONTENTS

(in millions of dollars, except per share data)	1987	1986	1985	Change 1987/6
Sales and earnings				
Sales	**$11,034.8**	$10,026.1	$8,879.8	*10.1%*
Operating income				
First quarter	**59.7**	44.8	42.8	*33.3*
Second quarter	**82.5**	66.0	58.6	*25.0*
Third quarter	**101.4**	94.9	79.0	*6.8*
Fourth quarter	**113.6**	104.9	87.8	*8.3*
Total	**357.2**	310.6	268.2	*15.0*
Interest expense	**91.1**	74.7	71.5	*22.0*
Net earnings	**134.1**	118.6	100.9	*13.1*
Earnings per share				
First quarter	**.30**	.25	.23	*20.0*
Second quarter	**.55**	.46	.38	*19.6*
Third quarter	**.80**	.74	.61	*8.1*
Fourth quarter	**.93**	.86	.74	*8.1*
Total	**2.58**	2.31	1.96	*11.7*
Year end dividend rate	**0.60**	0.56	0.47	*7.1*
Cash flow				
Cash flow from operations	**318.3**	300.2	261.6	*6.0*
Capital expenditures	**331.5**	389.7	247.0	*(14.9)*
Net long term debt issued	**47.9**	91.5	33.9	*(47.7)*
Increase (decrease) in cash position	**(208.2)**	90.4	(56.5)	*(100+)*
Financial position				
Long term debt	**620.3**	571.5	463.3	*8.5*
Shareholders' equity	**1,023.0**	1,024.6	830.0	*(.2)*
Total assets	**3,546.1**	3,173.5	2,616.4	*11.7*
Ratios and returns				
Return on capital employed	**15%**	15%	16%	
Return on common equity	**15%**	15%	14%	
Current ratio	**1.20 to 1**	1.42 to 1	1.32 to 1	
Debt to equity ratio	**.96 to 1**	.74 to 1	.80 to 1	

Earnings Per Share and Dividend Rate
(dollars)



Market Value Per Share
(dollars)



CHAIRMAN'S MESSAGE

The year 1987 was another very successful one for George Weston Limited. Sales exceeded $11 billion and earnings per share were up 12%. The Company again invested heavily pushing for growth and increased productivity within existing markets. Common dividends were increased 7%.

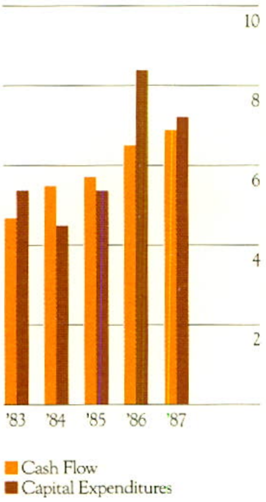
Operating Highlights
All groups showed improvements in operating income which was up 15% to $357 million. In Weston Foods, operating income increased 16% to $60 million. The Baking and Milling segment provided very positive results in both Canada and the United States. In Weston Resources, operating income was up 13% to $110 million from a most satisfactory 1986 base. Our Loblaw group of companies was up 16% in operating income to $187 million, the highest in its history in spite of significantly increased depreciation charges.

Capital Expenditures, Acquisitions and Divestitures
Capital expenditures and acquisitions at $477 million were similar to last year's $471 million, but the rate of spending tapered off toward year end. Approximately half of these expenditures related to new acquisitions such as Cadbury, the Port Huron paper mill, Mr. Grocer, Port Clyde seafoods and seven new superstores — the balance went to upgrades in existing businesses. These significant dollars were spent after a great deal of thought and analysis and across a very wide spectrum of our business units. Weston Foods spent $96 million, while $114 million was spent by Weston Resources and $267 million by Loblaw Companies.

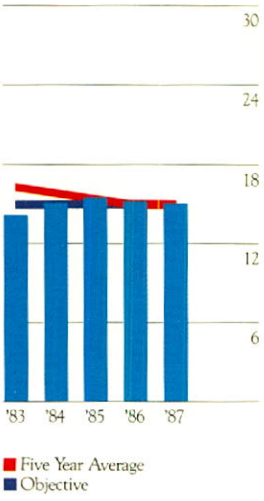
As is normally the case, a number of facilities were sold during the year either because new stores or plants were replacing them or because the product line or facility was worth a great deal more to someone else. The two most obvious examples of the latter were the sale of the Z & W Foods meat facility by Loblaw, and the InterBake sale by Weston Foods which took place subsequent to year end.

After several years of heavy fixed asset renewal your Company has some of the most modern and efficient facilities in North America. Store and factory conditions reflect this. Productivity rates are increasing strongly and increased marketing emphasis may now be logically applied in support of leading branded products.

Cash Flow and Capital Expenditures Per Share
(dollars)



Return on Capital Employed
(percent)



Financial Performance

Our financial strength as indicated in the graphic analysis included in this Annual Report continues to be excellent in terms of cash flow, debt and liquidity ratios. While our debt to equity ratio is at the higher end of the targeted range, the activities subsequent to year end and the positive impact anticipated from our capital expenditure program will result in improvement over time. We remain committed to maintaining a strong 'A' credit rating and positive real growth in terms of earnings per share. Return on equity in 1987 was 15%.

Outlook

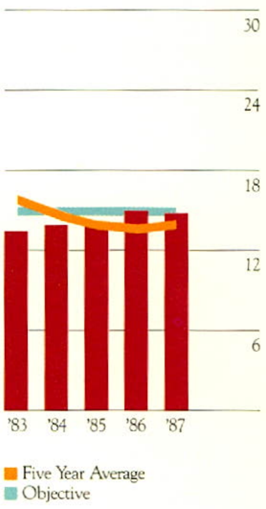
While the emphasis of your Company's management is now focused clearly on profit improvement rather than asset or sales growth we are set as always to reach out and take the appropriate leap forward when the right opportunity presents itself.

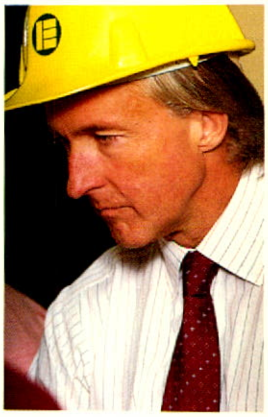
We are strong in our commitment to diversification and have good momentum in profit improvement in a number of areas. I am confident therefore that, in spite of competitive activity, your Company will continue to grow at present levels and remains an excellent holding for investors. It is with gratitude and appreciation that I thank our customers, executives, employees and shareholders as well as all those with whom we do business, for their continued support.

W. Galen Weston

W. Galen Weston
Chairman and President

Return on Common Equity
(percent)

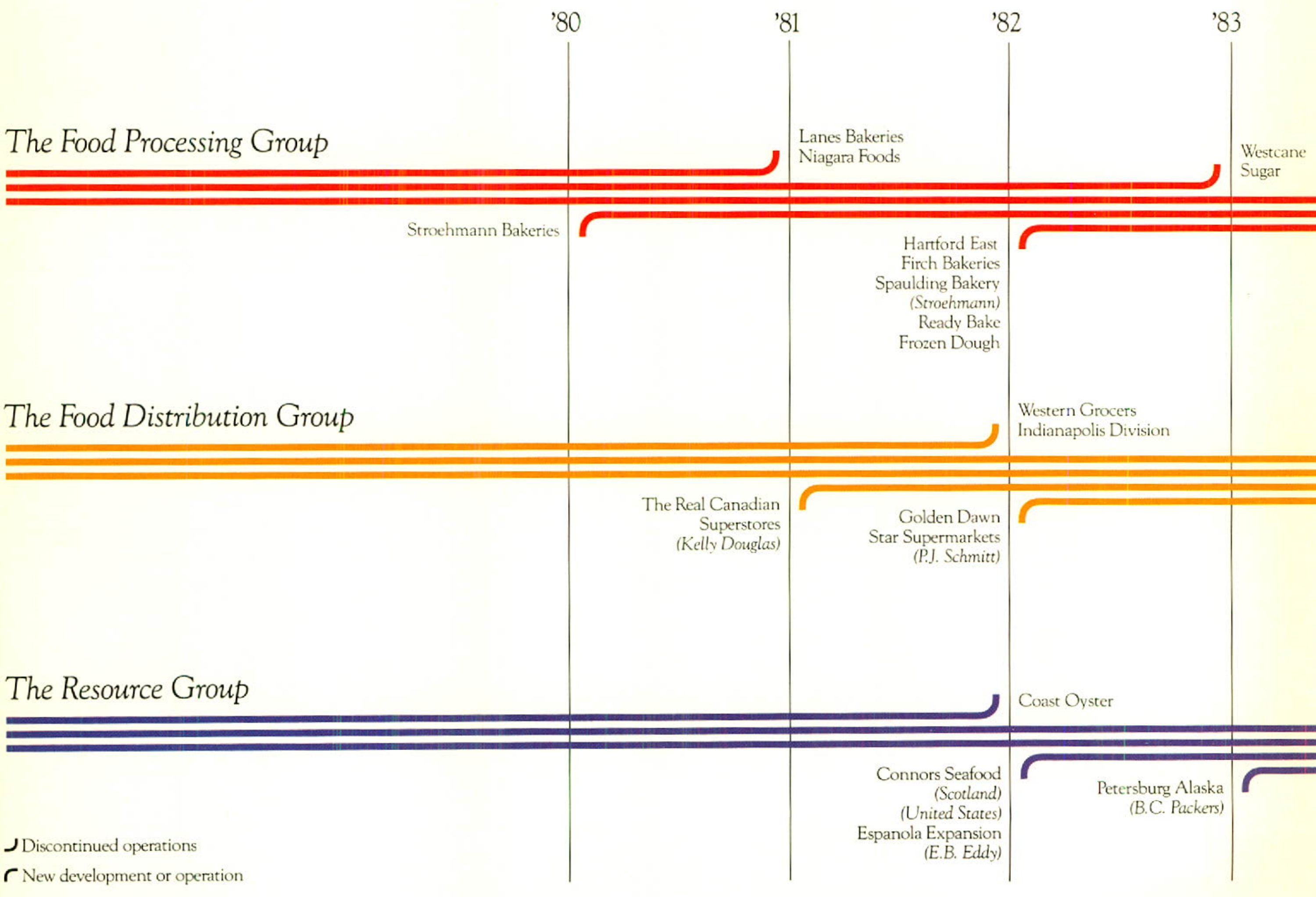




WESTON PROFILE

As we approach the year 2000 many new challenges for business are emerging. We face a variety of changing external developments of a political, social and regulatory nature. These have occurred as a result of dramatic changes in social values and technology. An essential characteristic of a successful business today therefore is its ability to assess and adapt rapidly and economically to change. These changes must be understood and responded to, no matter whether they are in the form of customer attitudes, government requirements or social needs. We believe that Weston companies have a proven ability to respond quickly and effectively.

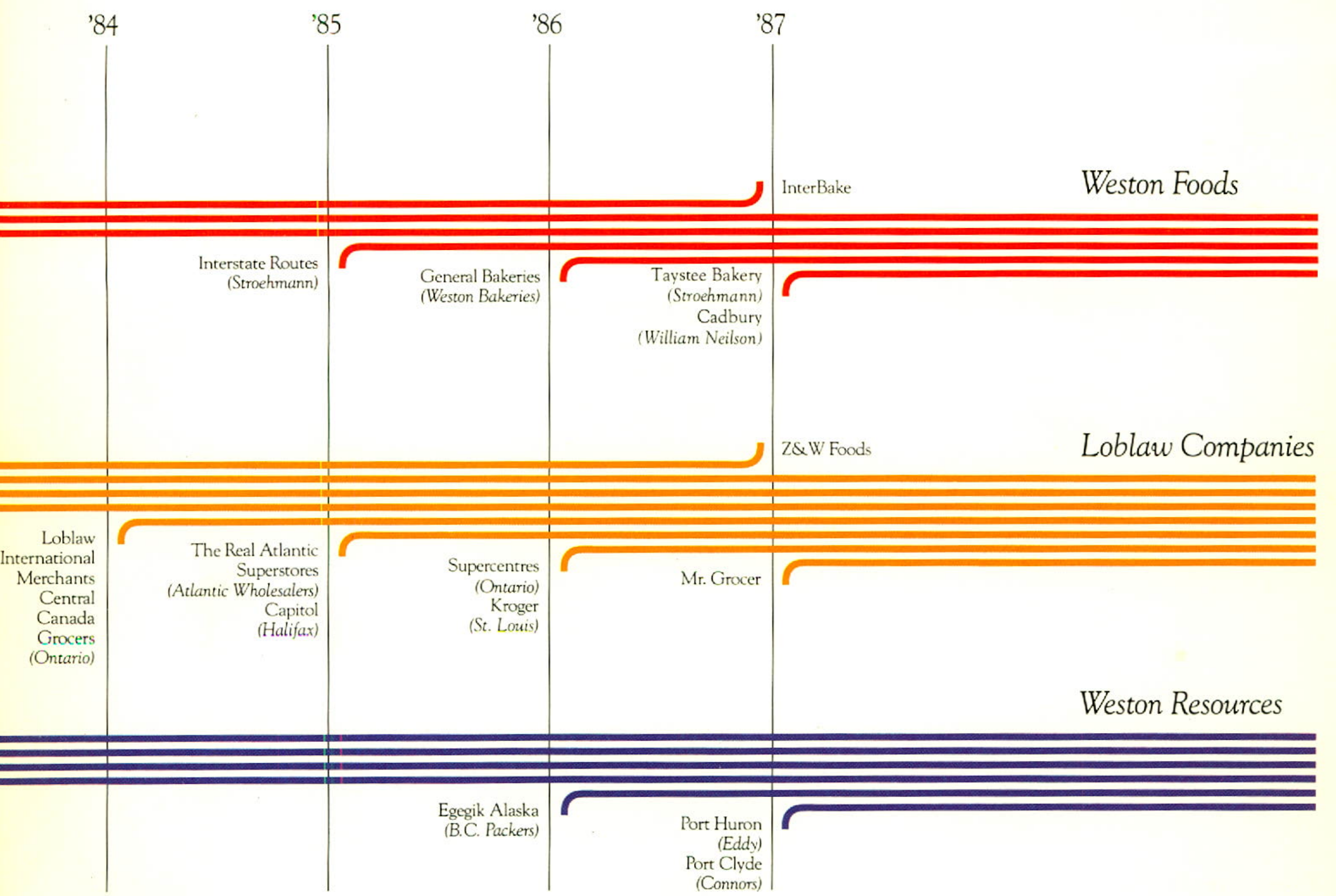
In 1980 Weston set out its management philosophies and business principles in the Annual Report. These principles were referred to as: Quality Products, Market Leadership, Management Excellence, and Independent low cost Operations.



With reference to opportunity, it was stated that: "*Weston has historically sought out opportunities for growth and development in related industries through both internal expansion and acquisition*".

As the pace of change has accelerated, these philosophies and principles have been tested strenuously. They have stood the test and today are as fundamental to this Company's operations as ever.

Depicted below is an approximate "time line" showing some of the significant structural and operating changes that have occurred since 1980. Many of these changes have been reported on in previous annual reports, but when reviewed over a number of years the true evolution of the Company's progress can be seen more clearly. While not all events are shown below, the thrust of our expansion and the resulting profitable growth of all three major divisions can be seen quite clearly.



Weston Foods generated substantial growth in 1987 and achieved record sales of $1.5 billion and operating income of $60 million. Sales increased 5% over the previous year while operating income grew even faster – improving 16%. All segments of the Baking and Milling division and Neilson's confectionery operations performed strongly. Operating income was weaker in the Biscuit division, Food Specialties and Neilson's dairy operations.

Return on capital employed for Weston Foods in 1987 was 16%, consistent with 1986, while capital employed rose by 34%.

These operating improvements are especially gratifying as they occurred in a year in which significant progress toward restructuring the Group was accomplished.

Weston Foods has three main business segments: Baking and Milling; Biscuit; and Chocolate, Dairy and Specialties.

	Net Sales			Total Assets		
($ millions)	1987	1986	1985	1987	1986	1985
Baking & Milling	$ 681	$ 686	$ 602	$ 199	$ 186	$ 186
Biscuit	303	293	265	93	90	86
Chocolate, Dairy & Specialties	518	454	449	245	151	144
	$1,502	$1,433	$1,316	$ 537	$ 427	$ 416

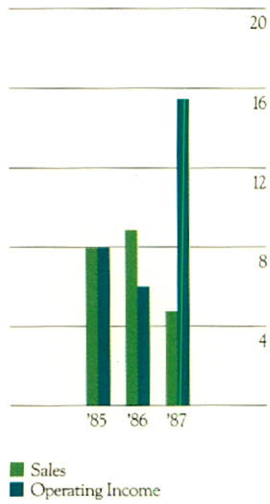
Strategic Review

Weston Foods' objective is to manage a group of food processing companies that are the best in the areas in which they compete. A great deal of activity – some of which will not be complete until 1988 – moved the company toward that objective.

Early in the year the acquisition of Cadbury's Canadian confectionery assets created Neilson/Cadbury, the leading chocolate confectionery company in Canada. During the year new plants were being built for Ready Bake – a leading player in the rapidly growing frozen dough business – and Instant Products of America – a company that will use the most current technology to produce dry mix products such as instant hot chocolate. Instant Products is a joint venture with Krueger GmbH & Co., a leading European producer of a variety of consumer products.

Late in the year the routes of Dreikorn Bakery of Massachusetts were acquired. As well, early in 1988 the New York Taystee Baking operations of American Bakeries were acquired. Both these acquisitions

Weston Foods Sales and Operating Income
(percent change over previous year)




WONDER
NEW!
Stroehmann
HEARTH STYLE
ITALIAN
BREAD
NEW!
Stroehmann
HEARTH STYLE
ITALIAN

strengthen Stroehmann Bakeries' leading position in the Northeast U.S. commercial baking industry. Finally, the Canadian biscuit operations were sold to Culinar and Nabisco Brands early in 1988. The proceeds from the sale will provide the financial flexibility for Weston Foods to continue its commitment to invest in operations with stronger market positions.

Baking and Milling

Sales in the Baking and Milling division decreased marginally during 1987 while operating income doubled. This significant earnings improvement reflected continuing growth in U.S. operations plus an excellent rebound in results of the Canadian baking operations.

At Weston Bakeries, action programs implemented in 1986 by the revitalized management team have returned the company to a solid base of profitability. Better sales mix and the resulting margin improvements plus production and distribution economies all contributed to the improvement during the year. Weston Bakeries extended its "Wonder" bread line with "Wonder" Light, extended its line of "Hostess" snack cakes and has successfully introduced "Wonder" "Milk Bread" to the Canadian market. The 1988 outlook is for continued improvements in the Canadian operations of the Baking and Milling division.

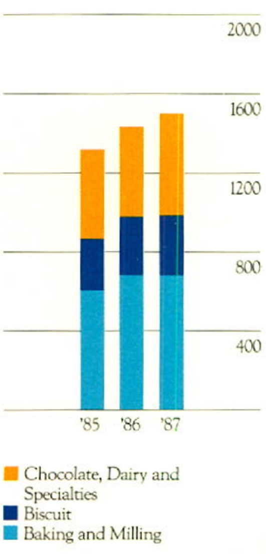
In the United States, Stroehmann Bakeries' operations recorded continuing improvements. The 1987 gains included benefits from the Millbrook acquisition, as well as improved production and distribution costs, enhanced margins from better sales mix and the successful launch of "Hearth Style" Italian breads and new lines of snack cakes. In the latter part of 1987, the routes and trademarks of Dreikorn Bakery in Holyoke, Massachusetts, were acquired. Incremental volume from Dreikorn will improve utilization of production facilities during 1988. The Taystee bakery acquisition concluded in early 1988 for $35 million will provide Stroehmann with a leading share in the New York City/Long Island market, and generate production and distribution efficiencies for existing facilities.

Biscuit

During 1987, the Biscuit division reported sales increases of 3%. Operating income declined by 13%. Income from Canadian operations was consistent with last year while the U.S. segment experienced a decline. Despite lower operating income in 1987, the Biscuit division's level of return is still satisfactory from an historical or industry perspective. In the U.S., Interbake Foods Inc.'s results fell short of last year's performance in spite of some volume gains. The Girl Scout cookie business featured aggressive industry pricing which led to lower earnings. In the contract packaging business the company prepared for substantial volume increases which were slow to come on stream and then required time to reach needed levels of efficiency. The "FFV Famous Foods of Virginia" line of crackers achieved satisfying results.

The 1988 outlook for the U.S. biscuit operation is for solid improvements now that the expansion in the contract packaging segment has been fully integrated.

Sales by Division
($ millions)




Hostess
mini-breaks
Neilson
Crispy Crunch
candy/friandise 50 g
Cadbury's
DAIRYMILK
56g
Chocolat au lait

Chocolate, Dairy and Specialties

1987 was a milestone year for William Neilson. The purchase of the Canadian confectionery assets and trademarks of Cadbury Schweppes Canada was completed in February, making the Neilson/Cadbury confectionery segment the undisputed leader in the confectionery industry with a 35% market share. Since this acquisition, the sales, marketing, distribution and administrative functions have been totally integrated while the manufacturing integration will be completed in early 1988. The integration of Cadbury into the Neilson operation was completed well ahead of plan and, despite the merger complexities, Neilson's confectionery operating income was ahead of plan in 1987. Market share performances for both Neilson and Cadbury brands finished the year on an up-note and the momentum is expected to continue through 1988 supported by strong sales and marketing programs.

In Neilson's dairy segment, financial results were acceptable considering the difficulties encountered. In the first half of the year, severe price competition on fluid milk products depressed operating margins. However, aggressive cost cutting programs and more reasonable industry pricing toward the end of the year enabled management to regain some of the profit shortfall. Ice cream volume in 1987 was even with 1986 levels despite a strategic move by Neilson to reduce its commitment to the high volume/low profit economy segment. The refocused marketing emphasis, together with several cost reduction programs, will produce another year of improvement in 1988.

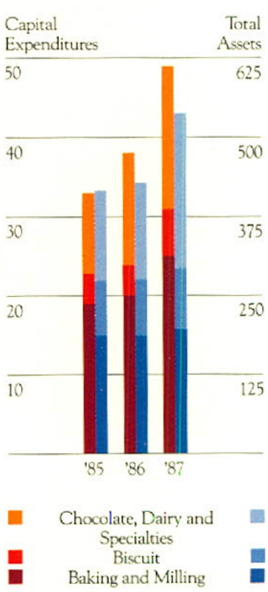
Overall, the synergies of the Neilson/Cadbury merger, restored margins in the Dairy division and a sharp profit focus in ice cream will produce attractive income growth for Wm. Neilson in the future.

The Food Specialties segment experienced a mixed year. While some operations performed very well, the overall results were disappointing. Operating expenses were unusually high this year while a major computer conversion was accomplished. With this program now behind them, Food Specialties looks forward to producing its normal fine results.

Outlook

Weston Foods' financial objectives are consistent with those of George Weston Limited. Returns of at least these levels have been achieved by the world's leading food processing companies. These results will be achieved only if Weston Foods produces quality products and provides outstanding levels of customer service. At the manufacturing level, the Group's commitment is to excellence in quality and productivity. Through the strategic planning process Weston Foods' selective investment focuses on those areas and markets where we have, or can achieve, strong and unique positioning. The benefits of past restructurings have already started to become apparent. During 1988 the strategic changes implemented, selective investments and productivity improvements will generate the returns required to meet Weston Foods' targets.

Capital Expenditures and Total Assets
($ millions)




Neilson
2 litre
ice cream
sweet marie
Famous Foods of Virginia
T.C.Rounds®
Weston
all butter
Finger Shortbread
Bâtonnets sablés
Häagen-Dazs

Loblaw Companies in 1987 achieved all time highs in terms of sales, operating income and earnings before income taxes. Sales were $8.6 billion, an increase of 10% over 1986 and 25% over 1985. Operating income was $187 million, up 16% over 1986.

Loblaw Companies operates in three main regions and in two complementary food distribution businesses.

($ millions)	Net Sales 1987	Net Sales 1986	Net Sales 1985	Operating Income 1987	Operating Income 1986	Operating Income 1985
Eastern Canadian	$3,601	$3,067	$2,780	$ 101	$ 72	$ 71
Western Canadian	2,088	2,031	1,888	50	57	47
United States	2,942	2,741	2,263	36	32	34
	$8,631	$7,839	$6,931	$ 187	$ 161	$ 152
Retail	$4,777	$4,430	$3,940			
Wholesale	3,854	3,409	2,991			
	$8,631	$7,839	$6,931			

Strategic Thrust

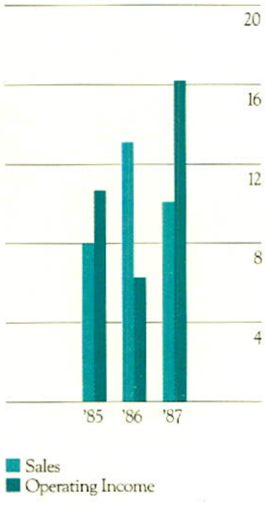
In 1984, an ambitious and extensive capital investment program was begun throughout Loblaw Companies, the basic thrust of which was to overcome, with higher technology and more efficient stores and unique products, declining industry trends, as well as to nullify the cost advantage enjoyed by many of its competitors. In the three years ended in 1987 over $850 million has been spent on capital improvements and acquisitions. The effect of these expenditures has been positive as measured by the increase in trading profits (earnings before interest, taxes. and depreciation) from $205 million in 1984 to $290 million in 1987.

Sales in the last three years have increased by over $2.2 billion or almost 35% in a low growth/low inflation environment. No markets give up this volume easily and as one might expect, competitive reaction to the investment program has been intense.

The major portion of the slowdown in earnings from planned levels was more a function of integrating acquisitions than the cost of new capital programs. The integration of Kroger in St. Louis and the food service business in Buffalo were slower and more costly than originally planned. Further, a 16-week strike was taken in Manitoba, affecting the powerful combination stores in Winnipeg.

As a measure of the continuing fiscal and operating soundness of Loblaw, however, the entire capital and acquisition program of the past three years has been funded essentially within the confines of a 1 to 1 debt equity ratio. At the present time, the market value of the real estate is estimated at $183 million in excess of book value.

Loblaw Companies Sales and Operating Income
(percent change over previous year)




President's Choice
EXTRA RAISIN
RAISIN BRAN CEREA
MORE RAISINS THAN THE LEADING NATIONAL BRA
ideal for use in percolators
president's blend
gourmet coffee
regular/all purpose grind
WHOLEMEAL BRAN BISCUITS
AN EXCEPTIONAL PRODUCT CHOSEN AS OUR
President's Choice
WHIPPED
SALAD DRESSING
TASTE THE MIRACULOUS DIFFERENCE THAT EGG YOLKS MAKE
POULET À LA SUISSE
POITRINE DE POULET PANÉE DÉSOSSÉE AVEC VIANDE DE CÔTE ET AILERON, AVEC JAMBON ET DEUX FROMAGES, PRÉPARÉE À PARTIR D'UNE RECETTE EXCLUSIVE
AN EXCEPTIONAL PRODUCT CHOSEN AS OUR
CHICKEN A LA SUISSE

Marketing

All of Loblaw's stores and franchised independents now use its "no name" and "President's Choice" brands. These brands have been well accepted by the marketplace and have served as alternatives to higher priced national brand products. At present over 1,500 "no name" and 400 "President's Choice" branded products are available.

Identifying customer needs and satisfying them better than the competition does is a fundamental goal. To achieve this goal requires innovation, different products and stores, while remaining sensitive to changing demographics and tastes. "President's Choice" and "no name" brand products provide Loblaw customers with a powerful combination of excellent quality and low price. The company builds different stores to suit different markets. Combination stores offer a wide range of food, pharmacy items and general merchandise products for a convenient one-stop-shop at the lowest possible price. In other areas, conventional supermarkets with a number of specialty departments such as a floral, bakery, delicatessen and fish cater to individual customer needs.

Operations

Eastern Canadian operations expanded in 1987 with the opening of 7 combination stores contributing to the 17% increase in sales. At year end 12 combination units of over 80,000 square feet each were in operation in Brampton, Kitchener, Windsor, Moncton, Dartmouth, Lower Sackville, Toronto, Markham, Pickering, Burlington and Sarnia.

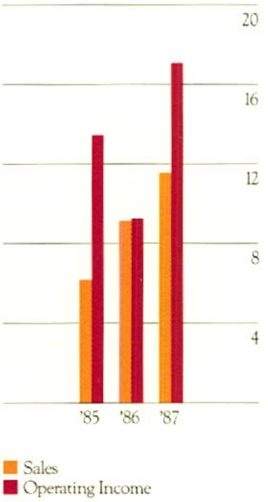
Total sales of Eastern Canadian operations in 1987 were $3.6 billion, an increase of 17% over 1986.

The strength of the Western Canadian operations is its wholesale, franchised and independent operations. "The Real Canadian Superstore" concept has strengthened representation in major urban centres and by improving the throughput of warehouses has improved the service, variety and security available to franchised and independent accounts.

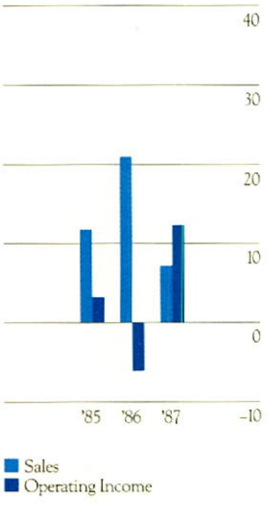
Sales of Western Canadian operations were $2.1 billion in 1987, an increase of 3% over 1986. At year end 52 corporate stores were operated and 12,150 franchised and independent accounts served.

United States' operating results were mixed. 1987 saw a strong sales increase in the Peter J. Schmitt wholesale group, to $1.3 billion up 8% from 1986. This sales growth resulted from internal expansion and the recent acquisitions whose specialized wholesale operations expanded and improved the Peter J. Schmitt category offerings. Sales in the

Canadian Sales and Operating Income
(percent change over previous year)



U.S. Sales and Operating Income
(percent change over previous year)




all purpose cleaner
170g solid air freshener
pine pin
window cleaner
with ammonia
1 litre
nettoyant pour vitres
50´
papier d'aluminium
12 po x 50 pi = 50 pi²
30.5 cm x 15.24 m = 4.63 m²

National Tea retail stores centred in St. Louis and New Orleans were up 17% representing the additional sales from the Kroger acquisition and the superstores in the New Orleans division.

Operating income in 1987 in United States operations was $36 million on sales of $2.9 billion, $1.4 billion in Peter J. Schmitt and $1.5 billion in National Tea. This operating income compares with $32 million in 1986 and $34 million in 1985. Return on capital employed declined to 13% in 1987, caused primarily by the heavy capital investment, but a five year average of 16% was obtained.

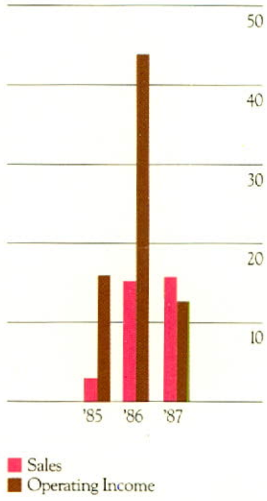
Outlook

1988 is expected to be a year of implementation and consolidation following the development and growth of the past few years. As a result, earnings growth is expected to be modest in 1988. By 1989 the full benefit of the capital investment program should begin to be realized, with steady earnings improvement.

W*eston Resources'* earnings in 1987 demonstrated the balance in its operations. Continued growth in the Forest Products division offset the stabilized results arising from the anticipated reduced salmon returns on the West Coast. Sales increased 16% over the prior year to $1.2 billion while operating income advanced 13% over 1986 to $110 million. Continued price and productivity improvements, together with the targeted shift to higher value added paper products, benefited Forest Products. Fisheries performed reasonably well in the face of disappointing herring roe and pink salmon seasons in British Columbia and Alaska respectively. During the year, Weston Resources achieved a return on capital employed of 19%, a modest improvement over 1986.

	Net Sales			Operating Income		
($ millions)	1987	1986	1985	1987	1986	1985
Fisheries	$ 564	$ 471	$ 397	$ 42	$ 42	$ 31
Forest Products	659	584	526	68	56	36
	$1,223	$1,055	$ 923	$ 110	$ 98	$ 67

Weston Resources Sales and Operating Income
(percent change over previous year)



Operating Review

In E.B. Eddy's forest products operations, the cumulative increases in pulp prices by year end to U.S.$610 per tonne more than offset the negative effect of the weaker U.S. dollar producing record results. Paper prices started firming in the fourth quarter due to rising demand but were unable to recover the pulp price increases. U.S. paper operations including the newly acquired Port Huron, Michigan mill experienced a similar problem. Operating management on both sides


Commercial bathroom tissue
for commercial use
white Swan
Papier hygiénique commercial
pour usage commercial
2 ply épaisseurs
chiffons Swantuf résistants

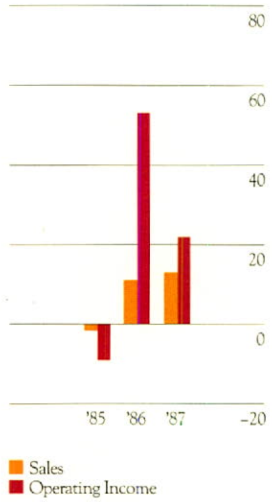
of the border continued to direct attention to sales mix and productivity improvements. Lumber prices were stable as demand remained higher than originally anticipated. The negative impact of the 15% export duty on softwood lumber will increase as the business cycle and demand for lumber slows down. The "White Swan" consumer products group, which introduced a pop-up facial tissue during the year, experienced improvements in productivity and product mix partially offsetting the sharply higher raw material costs.

Capital Investment

Due to the nature of the forest products business, investment decisions require a long term perspective and at times are initiated or brought to completion at low or stable points in the business cycle. Eddy's major pulp mill expansion early in this decade has matured into a profitable, state of the art, environmentally sound asset which will perform well into the twenty-first century. In the last few years Eddy has continued to invest in major energy savings projects to make it more self reliant in terms of its energy requirements. Modifications and speed-ups are being made to existing machines to enhance productivity and facilitate production of higher value added specialty papers. The thrust of Eddy's capital and management direction over the last five years has been to decrease its exposure in commodity paper grades by emphasizing niche markets for specialty paper grades.

Consistent with this strategy our Forest Products division acquired a paper mill in Port Huron, Michigan in 1987. This mill is capable of producing 75,000 tons of fine and lightweight specialty papers annually, complementing the production targeted in our Canadian mills and provides significant additional exposure to the U.S. midwest markets.

Forest Products Sales and Operating Income
(percent change over previous year)

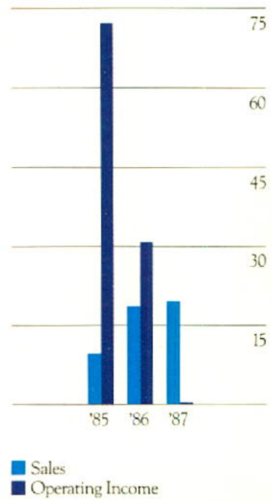


Fisheries

Our East Coast fishery operation, Connors Bros., continued to improve gaining additional market share in the United States with its "Brunswick" brand sardines and kippered snacks. Connors acquired the operations and markets of Port Clyde Foods, a Maine company, and now commands the top position in canned sardine and herring products in the U.S. Growing consumption of fish products in that country encouraged buoyant market prices for groundfish which also provided a boost to operating income. Connors' goal is to take its products up-market by stressing a quality image. In that regard it is establishing an aquaculture operation capable of bringing 100,000 Atlantic salmon averaging nine to ten pounds each to market annually.

On the West Coast, B.C. Packers demonstrated strength in adversity. An above average carryover of the canned salmon pack from 1986, continued strength in the tuna segment and late season improvements in prices for canned and frozen salmon offset the unexpected negative results of the herring roe fishery and poor returns of pink salmon to its

Fisheries Sales and Operating Income
(percent change over previous year)




NEW!
CLOVER LEAF
Two Servings
Deux portions
Filets de saumon sans arêtes avec des champignons et du beurre aux herbes, enrobés de pâte feuilletée.
SAUMON WELLINGTON
NOUVEAU!
300 g
BRUNSWICK
SARDINES
BRUNSWICK

Petersburg, Alaska operation. The timing of the herring catch was so concentrated that there was simply not enough adequate freezing capacity available which led to grading reductions and lower prices from the highly selective Japanese consumer. Investment which will benefit future bumper harvest seasons of herring, salmon and groundfish operations has already been undertaken. The low returns of pink salmon to the Alaskan operation underlined how capricious and unpredictable nature can be and the business risk faced each season. In Canada, our salmon production was halved to approximately 500,000 cases by the anticipated reduction in salmon returns following two exceptional years.

However, the balance that operating management has striven to achieve, both geographically and in its business segments, provided adequate insurance this year and resulted in a slightly improved operating income compared to 1986.

Outlook

We approach 1988 with a sense of optimism. Prices in the Forest Products division are increasing in major product lines and lumber demand has not fallen off as much as expected since the North American economy continues to show a measure of resilience. This should more than offset another low salmon cycle year on the West Coast. The continued strength of offshore currencies provides alternative markets for many of the fishing and forest products companies in this country and the opportunity to secure more global marketing access will be of benefit to the Company and the country.

Free trade will provide greater market access for certain companies and industries but success is premised on the ability to compete effectively. The cost of raw materials and labour will be very important determinants. In addition, controlled capital spending within well defined strategic parameters will be a prerequisite to success. Weston Resources is well positioned to compete successfully in this environment.

FINANCIAL DISCUSSION

Weston's 1987 financial results were very positive as the Company continued to position itself for the future with significant fixed asset investment and sales growth. Earnings per share increased 12% to $2.58 from $2.31 and $1.96 in 1986 and 1985 respectively.

Sales rose 10% to $11 billion from $10 billion in 1986, and $9 billion in 1985. Sales growth was driven by the capital investment in core businesses and acquisitions. Sales growth is difficult to achieve in a competitive and low inflation environment and the rate of sales growth is moderating.

Operating income increased 15% to $357 million as a result of improved margins in most businesses. Operating income as a percentage of sales improved to 3.2% from 3.1% and 3.0% in the prior two years. Weston's operating margin is improving as the total business mix is less impacted by the costs of new facilities.

Weston Foods' $60 million operating income, up 16% compared to $52 million in 1986, continued on an improving trend. Loblaw Companies' operating income was up $26 million to $187 million. This 16% growth is not yet fully reflective of the potential in the asset base as the integration of recent acquisitions continues, although at a slower rate than originally anticipated.

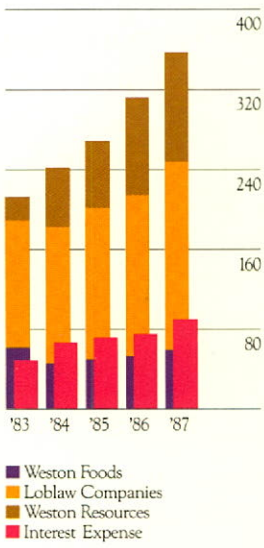
Weston Resources' operating income grew 13% to $110 million. Capacity utilization increased in the Forest Products division and pricing and product mix improved in both Resource divisions.

Weston's sales and operating income growth was achieved in part by the heavy investment, repositioning and acquisition programs. As a result, interest costs increased $16 million and depreciation was up $21 million. Gains on sale of fixed assets of $32 million arose principally on restructuring franchisee capital lease rights and peripheral food processing assets in Loblaw Companies.

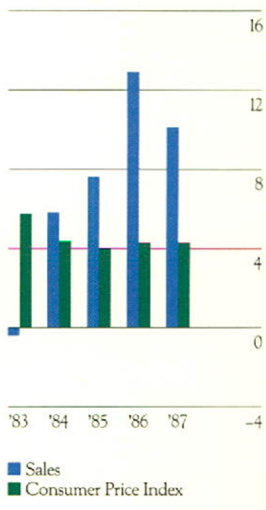
The effective tax rate increased to 40% in 1987. Canadian tax reform is expected to lower the Company's future tax rate.

Net earnings were $134 million, a satisfactory 13% improvement over 1986, and a strong 33% increase over two years ago.

Operating Income and Interest Expense
($ millions)



Sales vs. Consumer Price Index
(percent change over previous year)



Performance Against Financial Objectives

Weston targets a balanced set of objectives in terms of profitability, growth and financial strength. These objectives guide the Company's long term strategy, as well as the implementation of short term business plans. The Company's five year average performance objectives are:

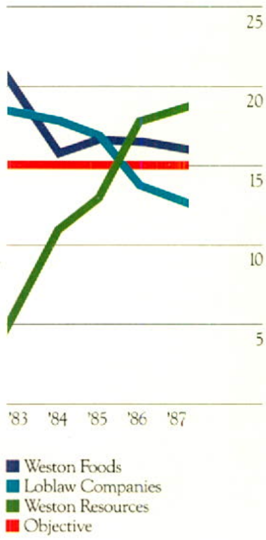
15% return on capital employed
15% return on common equity
15% growth in earnings per share
1 to 1 maximum debt to equity ratio

The Company achieved a 15% return on capital employed in 1987 and for the five year period. Return on equity was 15% in 1987 and 1986, and 14% for the last five years. For the year, growth in earnings per share was 12% while the five year average growth rate was 16%.

To achieve its profitability and growth targets into the 1990's, Weston is committed to expanding the sales base, renewing its plant and equipment and ownership of land where appropriate. This program has limited profitability as measured by return on capital employed, particularly in Loblaw Companies. In addition, these heavy asset investments have resulted in a debt to equity ratio of .96 to 1.

Return on capital employed in Weston Foods was 16%, similar to the last two years and its 17% five year average. Loblaw Companies returned 13% compared to 14% in 1986 and 16% over the last five years. The low returns in Weston Foods and Loblaw Companies resulted in part from the increased level of capital employed in these businesses, up 16% in 1987 and 74% over the last three years. By the end of 1988, the significant investments in plant and stores are expected to provide improved returns on capital employed. Weston Resources' 19% return on capital employed was strongly ahead of the 13% average in the last five year period.

Return on Capital Employed by Group
(percent)

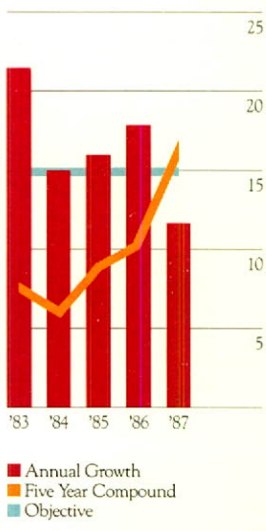


Shareholders' Dividends and Return

The total return to the shareholders from dividends and share appreciation for the last five years has averaged 29%. With the stock market decline in October 1987, shareholders' return for 1987 was minus 8%. Dividends were increased to an annual rate of $0.60 effective January 1, 1988, an increase of 7% from the prior year and a payout of 23% of 1987 earnings. Weston's dividend policy since 1977 has been based on 25% to 30% of prior year's earnings giving consideration to cash flow, capital requirements and financial markets.

In October 1987, the share price of the Company's common stock fell to a level at which the Board of Directors believed that the purchase of the Company's common stock was an appropriate use of the Company's funds and would be a long run benefit to all shareholders. After the initial decline, the Company's share price firmed and only 20,000 shares were purchased. This normal course issuer bid is outstanding until October 29, 1988 and the Company intends to purchase from current cash flow up to a maximum of one million shares if they are available at appropriate levels. These purchases will not significantly affect financial ratios.

Earnings Per Share Growth
(percent)



Balance Sheet Analysis

Weston's 1987 balance sheet reflects its rapid fixed asset renewal and strategic building of sales base. Inventories and receivables grew as a result of acquisitions and in line with the 10% sales growth except at B.C. Packers where the lower salmon catch reduced year end inventory by $27 million. Trade payables grew as inventories increased in the food businesses. Productivity again improved marginally as measured by inventory turnover and percent of inventory financed by trade payables.

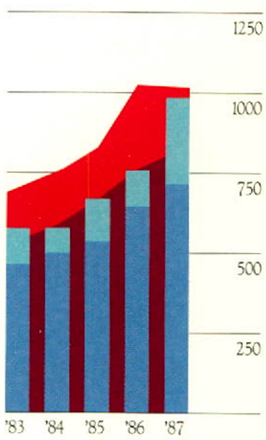
The cash position was high at the beginning of the year as a result of financing done in anticipation of acquisitions. This position was reduced at the end of the year in anticipation of the InterBake Canada divestiture which closed in early 1988. The Company continued to have a strong cash flow in 1987, operations contributed $318 million and only $48 million net long term financing was required. Cash resources were used to purchase $332 million owned fixed assets and $145 million for acquisitions.

Total fixed assets are $1,729 million, up 13% in the year. The renewal rate of fixed assets is rapid compared to the industry and $1.4 billion capital expenditures have been made in the past five years. The $884 million investment in land and buildings continues to grow. The replacement cost of these assets on current cost indexes exceeds book value by more than $300 million. As indicated on the balance sheet, other assets of $61 million rose during 1987 as a result of acquiring goodwill associated with valuable brands and market positions.

As the business expanded, the net investment in working capital was brought down from the high 1986 level of $439 million to $260 million at the end of 1987. During 1987, $82 million long term debt was issued at an average interest rate of 10% and $34 million was retired, as short term loans were used to finance part of the asset expansion. Deferred income taxes increased to $202 million as a result of capital investments in prior years when Canadian income tax legislation encouraged capital investments. In the absence of new government incentive for capital investment, this deferred tax balance will grow moderately during the next few years.

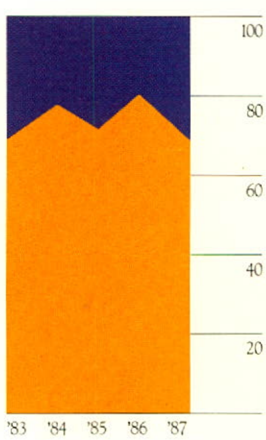
Weston's retained earnings increased $92 million. The interest of preferred and minority shareholders, principally in Loblaw Companies, represented $452 million of Weston's capital structure. The equity contribution of minority and preferred shareholders gives Weston's common shareholders an opportunity to participate in a larger asset and business base with reduced financial risk and improved return. Weston's debt to equity ratio measured on the standard basis of reporting is .96 to 1, but including the equity participation of minority shareholders reduces this average to .76 to 1. The benefit of improved return is demonstrated by the return on Weston's common shareholders' equity of 15%, compared to the 12% return on total equity and minority interest.

Capital Structure
($ millions)



Preferred Equity
Common Equity
Short Term Debt
Long Term Debt

Fixed and Floating Rate Debt Levels
(percent)



Floating Rate
Fixed Rate

Capital Expenditures, Acquisitions and Divestitures

During the past five years, Weston has invested $1.4 billion in fixed assets, 6% in excess of cash flow from operations, to strengthen, diversify and grow. 1987 investment of $332 million in fixed assets and $145 million acquisitions was another record year. Cash flow from operations will increase in the next two years as capital expenditures stabilize and the five year cash flow from operations is then expected to exceed capital expenditures.

In 1987, Weston Foods' fixed asset additions were $49 million, mostly for productivity improvements. Loblaw Companies spent $230 million, mainly on wholesale and conventional stores but including over $100 million for combination stores. Weston Resources spent $53 million directed to production improvements and quality control. Acquisitions in complementary businesses of $145 million included Cadbury (Canada), Mr. Grocer (Ontario), Port Huron Paper Mill (Michigan), and Port Clyde Foods (Maine).

Subsequent to year end, in January, 1988, Weston Foods acquired the Taystee Baking business in Flushing, New York for $35 million. In early 1988, Weston Foods completed the divestiture of the Canadian InterBake biscuit business, generating $120 million cash flow and a significant extraordinary gain for 1988 of approximately $60 million.

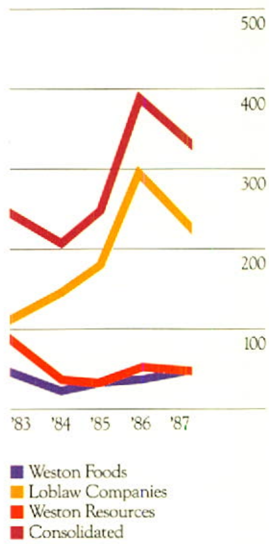
Financial Ratios and Liquidity

Weston's program of strategic repositioning for the future has been built on a solid financial plan of maintaining financial ratios and flexible access to financial markets. Weston's consistently strong cash flow, stability of operations, diversity of business, and growth in shareholders' equity, supports its 'A' bond ratings.

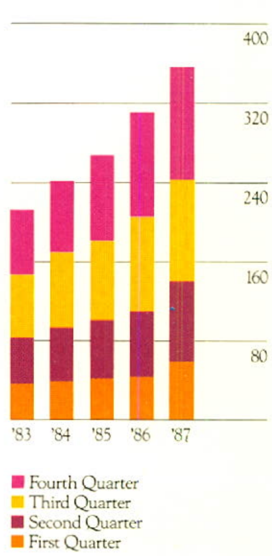
The Company's 1987 cash flow from operations increased to $318 million and available short term bank demand lines were in excess of $675 million. The 1987 interest coverage ratio was 3.9 times, down from 4.2 in 1986 as the debt to equity ratio moved towards 1 to 1, the maximum long term objective. Considering the $35 million Flushing acquisition, and the $120 million InterBake divestiture closing subsequent to year end, the debt to equity ratio would be .8 to 1.

Weston continued in 1987 to manage debt leverage; long term debt maturities were lengthened to 7 years and average interest rate lowered to 10.75%. Fixed rate debt as a percentage of total debt is 69% compared to a 78% average in the last two years. Weston's total exposure to floating rates for each annual percentage point change in interest rates declined from over 3% at the beginning of the decade to 1% of current earnings. Average total debt outstanding during 1987 was $896 million with an average cost of 10.0% down from 10.5% in 1986 and 11.2% in 1985 as lower rates were achieved on both long term debt and short term paper.

Capital Expenditures by Group
($ millions)



Operating Income by Quarter
($ millions)

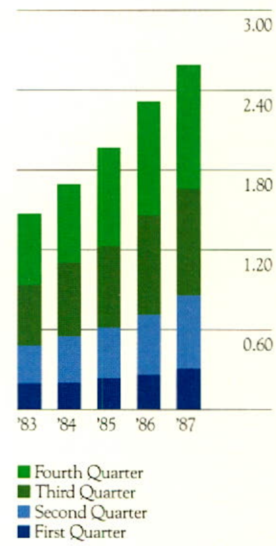


Quarterly Performance

Weston's quarterly performance during 1987 was strong in the first half and moderate in the last two quarters. This pattern resulted from both the upswing in Weston Resources' earnings on a quarterly basis starting in mid 1986, and the significant costs in relation to income of recent capital investments by Loblaw Companies.

Sales growth was strong supported by acquisitions and new store openings. Operating income and earnings per share growth in the latter half of 1987 was slower than sales growth as the contribution from acquisitions and new stores was largely absorbed by the increased depreciation and start-up costs in the initial periods. Also, lower salmon landings in British Columbia moderated Fisheries' contribution in the last half. These trends are expected to continue into 1988 and then see operating income and earnings per share rise more rapidly than sales. This should result as the lagged contributions from capital investment and strategic redirection programs lower operating costs and improve margins.

Earnings Per Share by Quarter
(dollars)



Outlook

The economy was favourable to Weston during 1987. Food price and general cost inflation moved at similar levels. The steady, but slow, expansion of the economy combined with the declining level of North American currencies provided more growth potential for production than measured by the general North American growth rate. Economic trends at the start of 1988 continue to be favourable but any broad economic slow down would be unfavourable.

Weston's ability to achieve the targeted 15% return on equity and growth in earnings per share in 1988 will depend largely on the final six months operating contribution from new stores, equipment and acquisitions completed in 1987. Earnings in the established core businesses are expected to be strong. Weston's continuing commitment to low-cost producer and solid marketing position will deliver superior long term earnings.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

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 Ernst & Whinney, 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

AUDITORS' REPORT

To the Shareholders of George Weston Limited

We have examined the consolidated balance sheet of George Weston Limited as at December 31, 1987 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, 1987 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.

Thorne Ernst & Whinney

Chartered Accountants
Toronto, Canada
March 7, 1988

CONSOLIDATED STATEMENT OF EARNINGS

Year ended December 31, 1987

(in millions of dollars)	1987	1986	1985
Sales	$11,034.8	$10,026.1	$8,879.8
Operating expenses			
Cost of sales, selling and administrative expenses before the following items	10,502.9	9,562.1	8,476.1
Depreciation of owned fixed assets	166.1	143.5	123.6
Depreciation of property under capital leases	8.6	9.9	11.9
	10,677.6	9,715.5	8,611.6
Operating income	357.2	310.6	268.2
Interest on long term debt	67.1	56.4	52.0
Interest on obligations under capital leases	9.4	10.7	11.1
Other interest expense	14.6	7.6	8.4
	91.1	74.7	71.5
Earnings before income taxes	266.1	235.9	196.7
Income taxes	106.1	92.4	75.6
Earnings before minority interest	160.0	143.5	121.1
Minority interest	25.9	24.9	20.2
Net earnings for the year	$ 134.1	$ 118.6	$ 100.9

Net earnings per common share (in dollars)	$ 2.58	$ 2.31	$ 1.96

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1987

(in millions of dollars)	1987	1986	1985
Retained earnings at beginning of year	$ 698.3	$ 614.9	$ 545.4
Net earnings for the year	134.1	118.6	100.9
	832.4	733.5	646.3
Dividends declared			
Preferred shares	15.6	11.9	11.2
Common shares	26.2	23.3	20.2
	41.8	35.2	31.4
Purchase and cancellation of common shares	.6		
Retained earnings at end of year	$ 790.0	$ 698.3	$ 614.9

CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31, 1987

(in millions of dollars)	1987	1986	1985
Operations and Working Capital			
Earnings before minority interest	$ 160.0	$ 143.5	$ 121.1
Depreciation	174.7	153.4	135.5
Income taxes not requiring cash	18.3	28.4	16.2
Gain on sale of fixed assets	(31.5)	(19.8)	(12.1)
Other	(3.2)	(5.3)	.9
Cash flow from operations	318.3	300.2	261.6
Provided from (used for) working capital	21.1	(10.7)	(28.9)
	339.4	289.5	232.7
Investment			
Purchase of owned fixed assets	(331.5)	(389.7)	(247.0)
Acquisition of subsidiary companies	(144.9)	(81.5)	(33.2)
Proceeds from sale of fixed assets	87.0	61.5	40.8
Acquisition of property under capital leases	(16.3)	(1.0)	(1.7)
Net decrease (increase) in investments	(56.7)	1.0	(35.6)
Net decrease (increase) in other assets and sundry	(.1)	.9	1.4
	(462.5)	(408.8)	(275.3)
Financing			
Increase in long term debt	81.9	211.7	122.6
Reduction in long term debt	(34.0)	(120.2)	(88.7)
Proceeds from issue of share capital	1.3	100.8	.8
Proceeds from issue of subsidiary's share capital	3.6	75.4	.8
Reduction in share capital	(82.6)	(.7)	(1.2)
Increase (reduction) in obligations under capital leases	4.7	(13.8)	(9.5)
Purchase of minority interest	(6.4)	(.6)	(1.5)
	(31.5)	252.6	23.3
Dividends			
To shareholders	(41.4)	(34.2)	(30.9)
To minority shareholders in subsidiary companies	(12.2)	(8.7)	(6.3)
	(53.6)	(42.9)	(37.2)
Increase (decrease) in cash position*	$ (208.2)	$ 90.4	$ (56.5)

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

CONSOLIDATED BALANCE SHEET
As at December 31, 1987

George Weston Limited
(Incorporated under
the laws of Canada)

(in millions of dollars)	1987	1986	1985
Assets			
Current assets			
Cash and short term investments	$ 44.5	$ 89.9	$ 7.3
Accounts receivable	464.3	415.4	382.0
Inventories	997.0	925.8	804.7
Properties held for sale	22.4	17.3	7.7
Prepaid expenses and other	40.4	43.3	26.6
	1,568.6	1,491.7	1,228.3
Investments	187.7	116.2	117.2
Fixed assets	1,729.1	1,530.6	1,253.3
Other assets	60.7	35.0	17.6
	$3,546.1	$3,173.5	$2,616.4
Liabilities			
Current liabilities			
Bank advances and notes payable	$ 247.9	$ 85.1	$ 92.9
Accounts payable and accrued liabilities	972.6	877.1	762.6
Taxes payable	60.3	57.9	31.0
Dividends payable	6.9	6.4	5.4
Long term debt payable within one year	15.9	19.0	28.4
Current portion of obligations under capital leases	5.7	7.5	9.4
	1,309.3	1,053.0	929.7
Long term debt	620.3	571.5	463.3
Obligations under capital leases	95.7	72.2	72.4
Other liabilities	26.7	32.7	31.6
Deferred income taxes	202.1	159.2	119.9
Minority interest in subsidiaries	269.0	260.3	169.5
	2,523.1	2,148.9	1,786.4
Shareholders' Equity			
Share capital	213.9	294.6	194.4
Retained earnings	790.0	698.3	614.9
Foreign currency translation adjustment	19.1	31.7	20.7
	1,023.0	1,024.6	830.0
	$3,546.1	$3,173.5	$2,616.4

Approved by the Board

W. Galen Weston

W. Galen Weston, *Director*

Robert H. Kidd

Robert H. Kidd, *Director*

SUMMARY OF ACCOUNTING POLICIES
December 31, 1987

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, 1987 are: Loblaw Companies Limited 77% and Kelly, Douglas & Company, Limited 65%.

The Company's business falls into three classes: Food Processing (Weston Foods Ltd.), Food Distribution (Loblaw Companies Limited) and Resource (Weston Resources Limited) which includes 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.

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 $6.5 million (1986 — $9.5 million, 1985 — $3.0 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.

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

1. Inventories, By Group

	1987	1986	1985
Weston Foods	$112.3	$103.9	$ 98.6
Loblaw Companies	652.4	594.6	520.5
Weston Resources			
Fisheries	147.5	160.6	121.9
Forest Products	84.8	66.7	63.7
	$997.0	$925.8	$804.7

2. Investments

	1987	1986	1985
Properties held for development	$ 24.1	$ 21.9	$ 32.4
Secured loans and advances	38.2	38.8	30.7
Capital lease receivables	31.0		
Investments in franchisees	48.9	18.0	25.7
Long term receivables	30.7	25.1	17.5
Sundry investments	14.8	12.4	10.9
	$187.7	$116.2	$117.2

3. Fixed Assets

	1987	1986	1985
Land	$ 220.1	$ 176.9	$ 141.9
Buildings	663.6	591.9	463.4
Equipment and fixtures	1,648.4	1,504.2	1,313.6
Leasehold improvements	171.6	150.3	124.5
	2,703.7	2,423.3	2,043.4
Accumulated depreciation	1,053.6	955.9	853.9
	1,650.1	1,467.4	1,189.5
Property under capital leases, less accumulated depreciation	79.0	63.2	63.8
	$1,729.1	$1,530.6	$1,253.3

4. Long Term Debt

	1987	1986	1985
George Weston Limited			
Sinking Fund Debentures			
12¾% Series 1 maturing 2000	$ 17.5	$ 18.8	$ 20.0
14⅛% Series 2 maturing 1997	20.0	21.2	22.5
Term loans at a weighted average interest rate of:			
8.2% rate renegotiable in 1988 and 1989 maturing 1990 to 1992 (Swiss Francs 25.5)	23.5	20.5	34.5
13% rate renegotiable in 1988 and 1989 maturing 1993 (includes U.K. £8.3)	27.8	34.5	42.3
12% rate renegotiable in 1988 maturing 1990	25.0	25.0	25.0
Repaid in 1986			9.9
Loblaw Companies Limited and subsidiaries			
Debentures			
12½% Series 1 maturing 1990	35.0	35.0	35.0
12¼% Series 2 maturing 1994	35.0	35.0	35.0
11⅝% Series 3 maturing 1992	50.0	50.0	50.0
11% Series 4 maturing 1995	40.0	40.0	40.0
10% Series 5 maturing 2006, retractable annually commencing 1996	50.0	50.0	
9¾% Series 6 maturing 2001, retractable annually commencing 1993	75.0	75.0	
10% Series 7 maturing 2001, retractable in 1991 and 1996	75.0	75.0	
10% Series 8 maturing 2007	65.5		
Term loans			
London Interbank offered rate plus ⅜% to ¾% maturing 1992 (U.S. $13.0)	17.3	18.1	17.3
Repaid in 1986			15.0
Mortgages at a weighted average interest rate of 9.9% maturing 1988 to 2004 (including U.S. $5.0)	20.7	25.5	28.5
Other long term debt			
Term loans			
At a weighted average interest rate of 11.5%, maturing 1988 to 1991 (U.S. $8.5)	11.3	11.8	38.2
Repaid in 1986			15.0
Individually not exceeding $7.0 at a weighted average rate of 8.9% (including U.S. $21.4)	47.6	55.1	63.5
	636.2	590.5	491.7
Less payable within one year	15.9	19.0	28.4
Long term debt	$620.3	$571.5	$463.3

Principal payable in the next five years is as follows:
1988 – $15.9; 1989 – $9.9; 1990 – $77.0;
1991 – $10.3; 1992 – $91.3

5. Leases

The Company and its subsidiaries have obligations under long term leases for retail outlets, warehouse facilities and equipment. Property under capital leases is as follows:

	1987	1986	1985
Buildings	**$90.8**	$75.0	$66.6
Equipment	**32.3**	37.6	49.8
	123.1	112.6	116.4
Accumulated depreciation	**44.1**	49.4	52.6
	$79.0	$63.2	$63.8

Minimum lease commitments together with the present value of the obligations under capital leases are:

		Other leases		
For the year	Capital leases	Gross liability	Expected sublease income	Expected net liability
1988	$ 17.4	$ 93.7	$ 25.2	$ 68.5
1989	15.6	86.2	22.3	63.9
1990	24.4	76.9	20.1	56.8
1991	13.4	67.4	17.4	50.0
1992	13.9	57.8	14.9	42.9
Thereafter to 2054	139.6	277.7	60.0	217.7
Total minimum lease payments	224.3	$659.7	$159.9	$499.8
Less interest at a weighted average rate of 10.4%	122.9			
Balance of obligations	101.4			
Less current portion	5.7			
Long term obligations	$ 95.7			

6. Share Capital

	Number of shares issued			Amount (in millions of dollars)		
	1987	1986	1985	**1987**	1986	1985
Senior preferred shares						
First series		54,385	56,565	**$**	$ 5.4	$ 5.6
Second series	**54,754**	56,039	57,014	**5.5**	5.6	5.7
	54,754	110,424	113,579			
Preferred shares						
Series A	**4,000,000**	4,000,000		**100.0**	100.0	
Series X		750,000	750,000		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
	4,750,000	5,500,000	1,500,000			
Junior preferred shares						
Series A			2,375			.2
Series C	**1,500**	2,600	2,600	**.1**	.3	.3
Series D	**6,000**	14,160	14,160	**.6**	1.4	1.4
Series E	**14,720**	19,050	20,050	**1.5**	1.9	2.0
	22,220	35,810	39,185			
				182.7	264.6	165.2
Common shares	**46,096,708**	45,998,034	45,898,716	**31.2**	30.0	29.2
				$213.9	$294.6	$194.4

Share Information (in dollars):

Senior preferred shares (authorized 109,279)
Second series – $6.00 cumulative dividend redeemable at $105.

Preferred shares – cumulative dividend
Series A – redeemable on December 1, 1991 at $26 per share, declining by $0.20 annually until November 30, 1996, and thereafter at $25, retractable at $25 at five year intervals commencing December 1, 1996, annual dividend rate is 7¾% to December 1, 1996 and 71% of average bank prime rate thereafter.
Series Y – redeemable and retractable on December 1, 1990 at $100, annual effective dividend rate is 6.2%.
Series Z – redeemable and retractable on December 1, 1991 at $100, annual effective dividend rate is 6.6%.

The effective dividend rate on the Series Y and Z preferred shares are as a result of agreements entered into by the Company effectively converting, on an after tax basis, the floating rate dividends on the Series Y (one half average bank prime rate plus ⅞%) and Series Z (one half average bank prime rate plus 1¼%) preferred shares to fixed rates until maturity.

Junior preferred shares
Series C – $9.00 cumulative dividend, redeemable after June 6, 1990 at $100, 1,500 convertible into 25,000 common shares.
Series D – $10.00 cumulative dividend, redeemable after October 2, 1991 at $100, 6,000 convertible into 74,414 common shares.
Series E – cumulative dividend with annual rate at two thirds average bank prime plus ¾%, 7,100 redeemable after August 27, 1992 and 7,620 after May 16, 1993, at $100, 14,720 convertible into 142,108 common shares.

During the year, senior preferred shares were redeemed or purchased for cancellation as follows:
First series – 54,385 shares (1986 – 2,180) at a cost of $5.6 million (1986 – $.1 million).
Second series – 1,285 shares (1986 – 975) at a cost of $.1 million (1986 – $.1 million).

In 1987, 750,000 Series X preferred shares were redeemed for $75 million.

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

During the year, the Company's Board of Directors authorized the purchase for up to one million of its common shares. The price to be paid will be the market price at any time during a 12 month term which is from October 30, 1987 until October 29, 1988. In 1987, 20,000 shares were purchased for cancellation under this arrangement for $626,250.

In 1987, the Company issued 80,611 (1986 – 71,418) common shares for $703,000 (1986 – $338,000) on conversion of junior preferred shares and issued 38,063 (1986 – 27,900) common shares for cash of $570,000 (1986 – $441,000) on exercise of employee stock options. After giving effect to the foregoing, the Company has reserved 256,159 common shares for potential conversion of the preferred shares. As at December 31, 1987, 1,841,377 common shares have been set aside for issue under terms of an employee stock option plan. As at December 31, 1987, there were outstanding options, which were granted at the market price on the date of the grant, to purchase 907,985 common shares at prices averaging $28.45 and ranging from $6.00 to $40.00. Each option expires no later than 10 years from the date on which it was granted. All options expire on dates ranging from June 6, 1990 to December 9, 1994.

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

7. Income Taxes

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

	1987	1986	1985
Combined basic Canadian federal and provincial rates	**50.1%**	51.7%	50.7%
Effect of selling capital assets	**(1.6)**	(3.4)	(2.1)
Operations in countries with lower tax rates	**(4.2)**	(2.1)	(2.7)
Rate reduction for manufacturing and processing operations	**(3.1)**	(2.6)	(1.8)
Allowance to reduce the impact of inflation on inventory		(.5)	(3.9)
Other	**(1.3)**	(3.9)	(1.8)
Rate reported in financial statements	**39.9%**	39.2%	38.4%

Income tax expense includes deferred taxes of $18.3 (1986 – $28.4, 1985 – $16.2).

8. 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.

9. Pensions

The Company and its subsidiaries maintain defined benefit pension plans and participate in union sponsored multiemployer plans. The Company's portion of the assets and liabilities of the union sponsored multiemployer plans is not determinable. The most recent estimates for the defined benefit plans based on actuarial valuations indicate total pension fund assets of $620, approximating a similar amount of accrued pension benefits.

10. Commitments and Contingent Liabilities

Endorsements and guarantees arising in the normal course of business amount to $178.4. In addition, there are assigned leases of $84.3 which relate to the sale of a U.S. subsidiary of Loblaw Companies. In addition to various claims arising in the normal course of business, there is a class action lawsuit, involving a substantial amount, filed by a former employee of a U.S. division of Loblaw Companies sold in 1982. Although the outcome of this action cannot be predicted with certainty, management believes that it will not have a material effect on the Company's financial position.

11. Acquisitions

Effective February 2, 1987, Loblaw Companies completed the acquisition of the franchise business of Domgroup Ltd. operated under the Mr. Grocer name in Ontario. On February 27, 1987, Weston Foods purchased the Canadian confectionery operations of Cadbury Schweppes Canada. In mid September, 1987, Weston Resources made two separate acquisitions: the Forest Products division acquired a paper mill in Port Huron, Michigan; and the Fisheries division acquired certain assets of Port Clyde Foods in the state of Maine.

The acquisitions have been accounted for using the purchase method with the results of operations included in these financial statements since the dates of acquisition. Details of the acquisitions are as follows:

	Port Huron	Cadbury	Mr. Grocer	Port Clyde	Total
Net assets acquired					
Working capital	$12.0	$19.0	$12.7	$6.0	$ 49.7
Fixed assets	42.9	11.5	18.3	.1	72.8
Property under capital leases		5.9	16.1		22.0
Other assets (including goodwill of $14.5)		13.4	5.5	.1	19.0
Obligations under capital leases		(2.5)	(16.1)		(18.6)
Cash consideration paid	$54.9	$47.3	$36.5	$6.2	$144.9

12. Subsequent Events

On February 15, 1988, Weston Foods sold its Canadian InterBake Foods division for proceeds approximating $120. On January 29, 1988 Weston Foods acquired the Taystee Baking plant in Flushing, New York, for $35.

13. Segmented Information

Canadian sales include export sales approximating $466 (1986 – $400). Inter Group sales include $261 (1986 – $248) from Weston Foods.

	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Sales and earnings										
Sales										
Weston Foods	**$ 1,502**	$ 1,433	$1,316	$1,220	$1,184	$1,134	$1,038	$ 905	$ 630	$ 567
Loblaw Companies	**8,631**	7,839	6,931	6,419	6,091	6,221	5,795	5,375	4,725	4,247
Weston Resources										
– Fisheries	**564**	471	397	362	364	339	395	327	337	308
– Forest Products	**659**	584	526	533	430	378	421	385	354	278
Inter Group	**(321)**	(301)	(290)	(279)	(269)	(242)	(220)	(215)	(179)	(162)
Consolidated	**11,035**	10,026	8,880	8,255	7,800	7,830	7,429	6,777	5,867	5,238
Canada	**7,355**	6,592	6,020	5,669	5,294	4,963	4,730	4,252	3,814	3,489
United States	**3,680**	3,434	2,860	2,586	2,506	2,867	2,699	2,525	2,053	1,749
Operating income										
Weston Foods	**60**	52	49	45	61	64	61	49	30	29
Loblaw Companies	**187**	161	152	137	128	115	114	100	71	59
Weston Resources										
– Fisheries	**42**	42	31	19	16	10	22	6	19	31
– Forest Products	**68**	56	36	40	8	13	33	41	48	22
Consolidated	**357**	311	268	241	213	202	230	196	168	141
Canada	**290**	237	205	189	156	141	170	149	123	109
United States	**67**	74	63	52	57	61	60	47	45	32
Cash flow										
Capital expenditures										
Weston Foods	**49**	39	34	23	47	34	41	34	22	13
Loblaw Companies	**230**	297	179	145	110	65	88	90	98	80
Weston Resources										
– Fisheries	**16**	12	6	3	5	18	13	35	15	11
– Forest Products	**37**	42	28	35	83	100	64	21	22	15
Consolidated	**332**	390	247	206	245	217	206	180	157	119
Depreciation										
Weston Foods	**33**	32	26	27	22	22	20	17	11	11
Loblaw Companies	**93**	77	63	59	53	49	45	43	35	32
Weston Resources										
– Fisheries	**7**	7	8	8	8	8	8	7	6	5
– Forest Products	**33**	28	27	27	15	15	13	12	10	9
Consolidated	**166**	144	124	121	98	94	86	79	62	57
Financial position										
Total assets										
Weston Foods	**537**	427	416	370	372	371	354	343	249	230
Loblaw Companies	**2,215**	1,998	1,540	1,266	1,155	1,115	1,037	963	868	713
Weston Resources										
– Fisheries	**261**	281	224	199	217	243	243	235	200	167
– Forest Products	**533**	467	436	444	424	343	264	217	190	172
Consolidated	**3,546**	3,173	2,616	2,279	2,168	2,072	1,898	1,758	1,507	1,282
Canada	**2,481**	2,164	1,911	1,708	1,624	1,520	1,329	1,238	1,066	930
United States	**1,065**	1,009	705	571	544	552	569	520	441	352

TEN YEAR SUMMARY

(in millions of dollars)	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978
Sales and earnings										
Sales	**$11,035**	$10,026	$8,880	$8,255	$7,800	$7,830	$7,429	$6,777	$5,867	$5,238
Operating income	**357**	311	268	241	213	202	230	196	168	141
Interest expense	**91**	75	72	67	49	51	67	57	39	32
Earnings before extraordinary items	**134**	119	101	89	79	70	79	71	66	51
As a percentage of sales	**1.2%**	1.2%	1.1%	1.1%	1.0%	0.9%	1.1%	1.0%	1.1%	1.0%
Net earnings	**134**	119	101	94	79	69	95	84	76	57
Cash flow										
Cash flow from operations	**318**	300	262	251	214	213	215	174	168	135
Capital expenditures	**332**	390	247	206	245	217	206	180	157	119
Increase (decrease) in cash position	**(208)**	90	(57)	(4)	48	(30)	64	(9)	22	10
Net long term debt issued (retired)	**48**	92	34	36	41	59	25	73	(2)	(18)
Financial position										
Current assets	**1,569**	1,492	1,228	1,055	994	986	952	932	827	732
Current liabilities	**1,309**	1,053	930	729	736	749	678	667	603	530
Working capital	**260**	439	298	326	258	237	274	265	224	202
Fixed assets	**1,729**	1,531	1,253	1,134	1,075	980	854	746	605	480
Long term debt	**620**	572	463	425	383	345	266	249	174	174
Shareholders' equity	**1,023**	1,025	830	755	686	627	591	526	471	391
Average capital employed	**2,369**	2,025	1,722	1,584	1,502	1,388	1,270	1,126	963	852
Ratios										
Return on capital employed (%)	**15.1**	15.3	15.6	15.2	14.2	14.6	18.1	17.4	17.4	16.6
Weston Foods (%)	**16.2**	16.5	16.6	15.8	20.6	22.3	21.5	20.1	15.1	15.6
Loblaw Companies (%)	**13.2**	13.8	16.8	17.8	18.4	17.5	18.2	17.3	14.6	14.3
Weston Resources (%)	**18.8**	17.8	13.0	11.0	4.7	5.2	15.3	15.5	24.4	21.0
Return on common equity (%)	**14.8**	15.0	14.3	14.0	13.6	12.3	16.2	17.3	20.5	20.1
Interest coverage ratio	**3.92:1**	4.16:1	3.75:1	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	**.96:1**	.74:1	.80:1	.76:1	.84:1	.92:1	.77:1	.90:1	.73:1	.80:1
Per common share (in dollars)										
Earnings before extraordinary items	**2.58**	2.31	1.96	1.69	1.47	1.21	1.41	1.28	1.27	1.02
Increase (decrease) %	**12%**	18%	16%	15%	21%	(14%)	10%	1%	25%	73%
Net earnings	**2.58**	2.31	1.96	1.79	1.48	1.17	1.77	1.57	1.50	1.17
Dividends declared	**.57**	.51	.44	.40	.39	.39	.36	.34	.26	.18
Cash flow from operations	**6.91**	6.53	5.71	5.49	4.70	4.72	4.78	3.90	3.80	3.06
Capital expenditures	**7.20**	8.48	5.38	4.51	5.38	4.80	4.59	4.03	3.55	2.70
Book value	**18.23**	16.52	14.49	12.84	11.34	10.12	9.39	7.99	6.78	5.56
Market value – high	**46.50**	36.38	26.00	19.00	16.50	10.75	9.63	7.75	7.00	5.88
– low	**28.00**	25.00	18.00	15.75	10.50	6.75	7.50	5.50	5.25	3.25
– close	**32.00**	35.50	25.50	18.50	15.75	10.50	9.13	7.75	5.63	5.75
Price earnings ratio (year end)	**12.4x**	15.4x	13.0x	11.0x	10.7x	8.8x	6.5x	6.0x	4.4x	5.6x
Market/book ratio (year end)	**1.76:1**	2.15:1	1.76:1	1.45:1	1.38:1	1.04:1	.97:1	.96:1	.83:1	1.03:1

QUARTERLY SUMMARY

(in millions of dollars except per share)

	1987				1986				1985			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales and earnings												
Sales	2,457	2,588	3,289	2,701	2,169	2,290	2,944	2,623	1,952	2,049	2,630	2,249
Operating income	59.7	82.5	101.4	113.6	44.8	66.0	94.9	104.9	42.8	58.6	79.0	87.8
Interest expense	18.8	19.9	26.7	25.7	18.8	16.9	21.2	17.8	17.2	16.7	19.2	18.4
Net earnings	18.5	29.8	39.7	46.1	14.0	23.9	36.9	43.8	13.1	20.4	30.8	36.6
Earnings per share	0.30	0.55	0.80	0.93	0.25	0.46	0.74	0.86	0.23	0.38	0.61	0.74
Dividends per share	.14	.14	.14	.14	.1175	.1175	.1250	.1250	.1075	.1075	.1075	.1075
Market Value Per Share												
High	40.00	42.50	46.50	41.25	34.75	35.75	35.00	36.38	20.50	22.50	23.25	26.00
Low	32.50	36.50	40.50	28.00	25.00	31.50	27.00	29.75	18.38	18.00	20.88	21.25

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Segmented Information												
Sales												
Weston Foods	356	357	382	407	362	356	362	353	312	322	331	351
Loblaw Companies	1,897	2,031	2,670	2,033	1,653	1,753	2,394	2,039	1,508	1,581	2,139	1,703
Weston Resources	273	280	319	351	226	258	264	307	198	221	232	272
Inter Group	(69)	(80)	(82)	(90)	(72)	(77)	(76)	(76)	(66)	(75)	(72)	(77)
	2,457	2,588	3,289	2,701	2,169	2,290	2,944	2,623	1,952	2,049	2,630	2,249
Operating Income												
Weston Foods	6.1	11.1	20.7	21.7	5.4	10.6	19.0	16.6	8.3	12.7	15.7	12.0
Loblaw Companies	33.9	48.5	54.9	50.0	27.8	38.5	48.7	46.2	27.6	38.2	46.5	39.3
Weston Resources	19.7	22.9	25.8	41.9	11.6	16.9	27.2	42.1	6.9	7.7	16.8	36.5
	59.7	82.5	101.4	113.6	44.8	66.0	94.9	104.9	42.8	58.6	79.0	87.8

PRINCIPAL OPERATIONS

Financial ($ millions)		Operating Companies	Principal Facilities	Types of Products and Trademarks
Weston Foods				
Baking and Milling Sales Assets Number of Employees	 $681 $199 7,400	Weston Bakeries Soo Line Mills McCarthy Milling Stroehmann Bakeries	Canada: Vancouver, Calgary, Edmonton, Regina, Winnipeg, Essex, Kitchener, Orillia, Kirkland Lake, Toronto, Kingston, and Longueuil, with flour mills in Winnipeg and Mississauga; United States: Williamsport, Norristown, Altoona, Sayre, Hazelton, Harrisburg and Erie, Pennsylvania; Olean and Flushing, New York and East Hartford, Connecticut	Wide variety of breads, rolls, cakes, flour and other bakery products: *Country Harvest, Fibre Goodness, Wheat 'n Bran, Wonder, Dietrich's, Hostess, Stroehmann, Earth Harvest, Hearth Farms*
Biscuit Sales Assets Number of Employees	 $303 $93 3,100	Interbake	United States: Richmond, Virginia; Battle Creek, Michigan; Tacoma, Washington; and North Sioux City, South Dakota	Sweet biscuits, crackers, ice cream wafers: *FFV Famous Foods of Virginia, TC Rounds, Country Harvest, Double Cheddar*
Chocolate, Dairy and Specialties Sales Assets Number of Employees	 $518 $245 2,600	William Neilson Bowes Instant Products	Canada: Toronto, Ottawa, Halton Hills, Colborne, Montreal and Winnipeg	Chocolate bars, chocolate coatings, cocoa, specialty items, bulk and packaged ice cream, frozen novelties, fluid milk and dairy products: *Neilson Jersey Milk, Crispy Crunch, Cadbury's, Mr. Big, Sweet Marie, Häagen-Dazs, Dole, Danone.* Dried and glazed fruits, nuts, cereal and health foods: *Bowes, Dutch Mill, Bakeshop, McNair*
Loblaw Companies				
Eastern Canada Sales Number of Employees	 $3,601 23,600	Loblaws Supermarkets Combined Merchandisers Zehrmart Atlantic Wholesalers National Grocers	Canada: Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland	Wholesale and retail distribution of food and other products throughout Central and Eastern Canada: *President's Choice, no name, Teddy's Choice*
Western Canada Sales Number of Employees	 $2,088 7,900	Kelly, Douglas Westfair Foods	Canada: British Columbia, Alberta, Saskatchewan, Manitoba, Yukon, Northwest Territories	Wholesale and retail distribution of food and other products throughout Western Canada: *President's Choice, no name, Teddy's Choice*
United States Sales Number of Employees	 $2,942 14,800	National Tea Peter J. Schmitt	United States: New Orleans, Louisiana; St. Louis, Missouri; Buffalo and Rochester, New York; Sharon and Erie, Pennsylvania; Akron and Youngstown, Ohio	Wholesale and retail distribution of food and other products throughout northeastern and southcentral United States: *President's Choice, Kare, Teddy's Choice*
Weston Resources				
Forest Products Sales Assets Number of Employees	 $659 $533 4,900	E. B. Eddy Forest Eastern Fine Paper E. B. Eddy Paper	Canada: Timber limits, FMA's and sawmills in Nairn Centre, Timmins, Ontario, and Davidson, Quebec; Pulp and Paper operations in Espanola and Ottawa, Ontario, Hull, Quebec; United States: Brewer, Maine and Port Huron, Michigan	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: *White Swan, Appleford*
Fisheries Sales Assets Number of Employees	 $564 $261 2,900	British Columbia Packers Nelbro Packing Company Connors Bros. Port Clyde Foods Connors Seafoods	Canada: Richmond and Prince Rupert, British Columbia; Blacks Harbour and Shippegan, New Brunswick; Clark's Harbour and Weymouth, Nova Scotia; and Isle Aux Morts, Newfoundland; United States: Westwood, Massachusetts; Rockland, Maine; Naknek and Petersburg, Alaska; and Scotland: Aberdeen	Variety of canned, fresh, frozen and processed fish including salmon, tuna, groundfish, herring, sardines, clams, oysters, mussels and crab products: *Brunswick, Connoisseur, Port Clyde, Holmes, Clover Leaf, Rupert Flip 'n' Fry*
Weston Research Centre				
Number of Employees	100	Diversified Research Laboratories	Canada: Toronto Accredited by the Standards Council of Canada	Research and development of new products, quality control testing and quality assurance programs, carried out on behalf of companies within the group, ensure that Weston's commitment to providing its customers the highest quality products and best value is met.

CORPORATE DIRECTORY

Directors

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

David R. Beatty
President
Weston Foods Ltd.

Richard J. Currie
President
Loblaw Companies Limited

Mark Hoffman
Chairman
IFM Trading Limited

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

Hugo Mann*
Managing Director
Deutscher Supermarkt

Honourable Doctor Pauline McGibbon
Corporate Director

Gerald B. Mitchell
Chairman and Chief
Executive Officer
Dana Corporation

Dr. Robert Mitchell*
Corporate Director

David A. Nichol
Executive Vice President
Loblaw Companies Limited

Earl R. Pearce
President
Weston Resources Limited

John C. Scarth
President
Eddy Paper Company and
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

Ivan R. Franklin
Vice President, Taxation

Stewart E. Green
Vice President, Secretary and
General Counsel

Terrence H. Wardrop
Vice President, Financial
Control and Administration

Michael R. Lambert
Controller

John V. Laurie
Treasurer

OPERATING DIRECTORY

Weston Foods Ltd.

D. R. Beatty, President
J. D. Fisher, Executive
Vice President
R. S. Barnes, Senior
Vice President, Finance and
Administration

Weston Bakeries
J. P. Wygant, Chairman
C. E. Scott, President

Stroehmann Bakeries
J. P. Wygant, Chairman
F. W. Coffey, President

Soo Line Mills
N. Humby, President

McCarthy Milling
J. H. Wyncoll, President

Interbake U.S.
D. J. McMullen, Chairman
R. A. Baxter, President

William Neilson
D. H. McMillan, President

Bowes
B. B. Green, Chairman

Loblaw Companies Limited

R. J. Currie, President

Atlantic Wholesalers
A. F. Rose, President

Central Canada Grocers
D. M. Williams, President

- **Combined Merchandisers**
  D. T. Stewart, President
- **Loblaws Supermarkets**
  D. T. Stewart, President
- **National Grocers**
  N. M. Walker, President
- **Zehrmart**
  G. J. Heimpel, President
- **IPCF Properties**
  S. B. Swartzman, President

Kelly, Douglas
R. J. Addington, President

Loblaw International Merchants
D. A. Nichol, President

Intersave
B. Y. Davidson, Chairman
D. N. Lunau, President

National Tea
S. V. Durtsche, President

Peter J. Schmitt
C. B. Barcelona, President

Weston Resources Limited

E. R. Pearce, President
M. J. Mugan, Vice President,
Finance

British Columbia Packers
D. A. McLean, President
J. B. Buchanan, Vice Chairman

Connors Bros.
E. L. D. McLean, President

Eddy Paper Company and E. B. Eddy Forest Products
J. C. Scarth, President
G. A. Neil, Exec. Vice President
E. F. Boswell, Sr. Vice President

- **Eastern Fine Paper**
  B. B. Hamilton, President

Head Office
22 St. Clair Avenue East
Toronto, Ontario M4T 2S7
(416) 922-2500
Fax (416) 922-4395

Stock Listings
Toronto, Montreal and Vancouver Stock Exchanges

Share Symbol
"WN"

Registrar and Transfer Agent
National Trust Company
Toronto, Montreal and Vancouver

Annual Meeting of Shareholders
Wednesday, May 11, 1988 at 11:00 a.m.
Metro Toronto Convention Centre,
Constitution Hall,
Toronto, Ontario

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

Investor Relations
Attention: The Treasurer

General Counsel
Smith, Lyons, Torrance, Stevenson & Mayer

Auditor
Thorne Ernst & Whinney

Common Shares Outstanding
46,096,708

Number of Common Shareholders
2,800

Average Daily Trading Volume TSE
10,000

Dividend Payment Dates
Common Shares: January 1, April 1, July 1, October 1.
Preferred Shares:
Senior Preferred Shares: } March 1, June 1, September 1, December 1

Valuation Day Value of Common Shares
$4.50

Year End
December 31

Design: Arnold Saks Associates
Product Photography: Peggy Barnett
Printed in Canada by: Norgraphics (Canada) Limited