

Weston

Annual Report

George Weston Limited

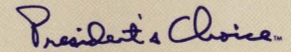


Table of Contents

- 2 Chairman's Letter
- 4 Financial Highlights
- 5 Management Discussion and Analysis

- 25 Financial Report
- 38 Eleven Year Summary
- 40 Contributing to the Community
- 42 Corporate Information



Corporate Profile

George Weston Limited, a broadly based Canadian company founded in 1882, conducts food processing, food distribution, and resource operations in North America. 1995 sales were \$13 billion, similar to 1994.

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

In 1995, George Weston Limited earnings increased to \$190 million. Earnings per share improved to a record \$4.02 and a solid balance sheet further strengthened with shareholders' equity up \$153 million to \$1.6 billion.



Chairman's Letter

Dear Shareholder,

1995 has been an exciting year of progress for your Company.

At a time when the Canadian consumer is under enormous pressure and a number of Canada's largest corporations, particularly in the merchandising area, are reporting disappointing results, our group of companies have achieved record profits. Net earnings increased from \$117 million to \$190 million or by 62% to \$4.02 per share. In response to this we have raised the common dividend rate by 10% to 88 cents per annum effective April 1, 1996.

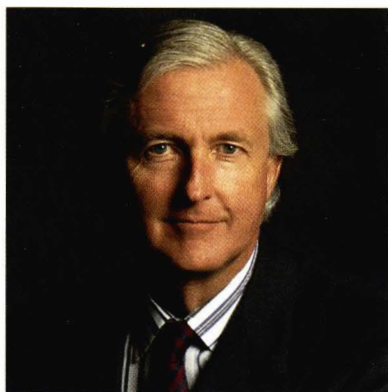
Sales of \$13 billion were comparable to 1994. After adjusting for the dispositions of the U.S. food retailing and the food ingredients businesses, sales from continuing operations grew by 8%. Weston Resources' sales grew by 13%, Weston Foods' sales from continuing operations increased 1% from 1994 and Loblaw Companies' Canadian sales grew by 8%. With the exception of pulp and paper, there was little inflation during the year so our relative market positions remained strong in all areas and increased within the Loblaw group.

Operating income of \$521 million represented a record level for the Company and was well ahead of the \$378 million in 1994.

Weston Resources' forest products operation was an important contributor to this, producing a record \$143 million. This was an excellent result by industry standards and although pulp prices have declined, we remain positive about the strength of our position in this volatile, but growing industry. Our fish processing companies' results were reasonable at \$37 million considering most of our major competitors had a poor year. Restructuring and consolidation continues to take place, while at the same time we are expanding selectively.

Weston Foods' 1995 operating income increased to \$18 million from \$6 million in 1994. Much improved results in the baking businesses were offset by a significant decline in the profitability of the Neilson confectionery business, which was sold for \$225 million, effective January 2, 1996.

Loblaw Companies' operating income was up 20% to \$323 million establishing another record year on top of a 36% increase the prior year. In a period of high unemployment and at a time when many corporations are cutting back on job creation, Loblaw has added 6,000 new unionized jobs in Canada to its existing 43,000-strong workforce. As a result of the sale of our U.S. retail



Galen Weston
Chairman and President

business, interest costs have been further reduced and we are in a solid position to increase our presence in Canada and to maintain adequate margins in the face of new format, non-union operators. Growth in market share has been enhanced by continuing development in *no name*, *Club Pack* and *President's Choice* brands. Our executive is to be complimented on its ability to find and develop new freehold real estate sites, while at the same time containing the costs of doing business.

Once again all divisions were strengthened with substantial fixed asset additions. The E.B. Eddy Company enhanced its lumber and fibre position by acquiring two sawmills for \$55 million. Our fish business acquired distribution facilities in Australia and a strategic foothold in aquaculture in the Chilean market. Ongoing bakery operations have been streamlined with more efficient facilities. The Loblaw group, accounting for 58% of our capital additions, added 1.3 million square

feet of new selling space while closing 0.4 million square feet, consolidating our position as the preeminent food retailer in Canada.

In financial terms, your Company has never been stronger. Our conservative balance sheet, strong cashflow and modern and efficient asset base give us the ability to grow and take advantage of any significant opportunity that might present itself. We continue to work on new product development, state of the art computer systems and logistical support programs. More importantly, we have experienced and capable people dedicated to achieving superior results. Competition remains intense and while it will be difficult to repeat last year's record results, we look forward to the challenges and to the future with confidence. I would once again like to thank our customers, suppliers and employees for their support.

Galen Weston

Financial Highlights

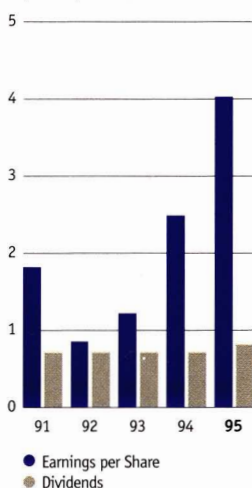
Year ended December 31

In millions of dollars

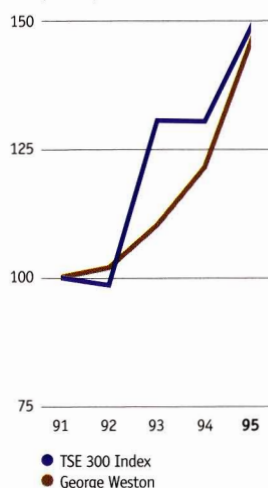
	1995	1994	1993	1992	1991
Sales and Earnings					
Sales	\$12,966	\$13,002	\$11,931	\$11,599	\$10,770
Operating income	521	378	241	207	247
Interest expense	103	105	89	99	115
Net earnings	190	117	57	40	84
Cash Flow					
Cash flow from operations	492	552	400	350	327
Capital expenditures	527	552	418	272	258
Increase (decrease) in cash*	89	80	(24)	(136)	177
Financial Position					
Long term debt and debt equivalents	982	1,029	883	752	895
Shareholders' equity	1,553	1,400	1,285	1,262	1,222
Total assets	5,186	4,839	4,459	3,995	3,829
Ratios					
Return on capital employed (%)	15.1	11.9	8.2	7.6	9.0
Return on common equity (%)	12.8	8.7	4.5	3.2	7.0
Per Common Share In dollars					
Net earnings	4.02	2.48	1.21	.85	1.81
Dividend rate (year end)	.80	.70	.70	.70	.70
Cash flow from operations	10.45	11.76	8.56	7.51	7.05
Capital expenditures	11.20	11.76	8.94	5.84	5.55
Book value	32.99	29.75	27.42	27.08	26.31
Market value (year end)	50.25	42.25	39.00	36.75	36.75

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

Earnings per Share and Dividend Rate
(dollars)

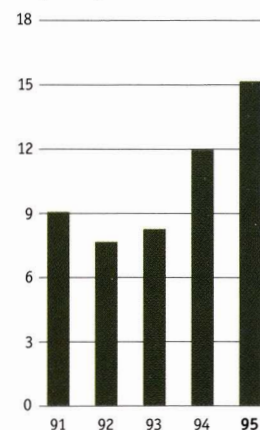


Total Returns on \$100 Investment
(dollars)



Includes dividend reinvestment

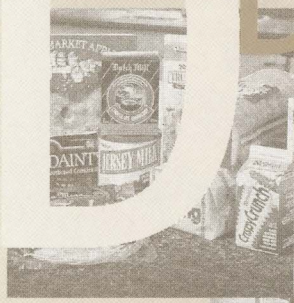
Return on Capital Employed
(percent)



Management Discussion and Analysis



Management Discussion and Analysis



7	Weston
8	Food Processing
11	Food Distribution
15	Resources
20	Liquidity and Capital Resources
23	Risk and Risk Management



Weston

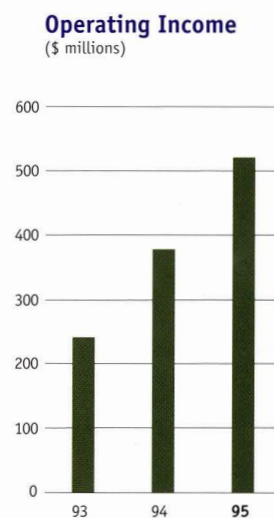
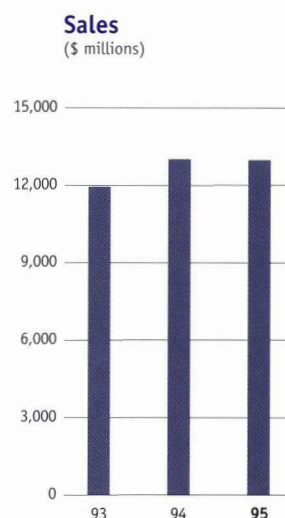
Weston's earnings per share improved 62% to \$4.02 in 1995 from \$2.48 in 1994. Operating income of \$521 million represents a record level for the Company and was well ahead of the \$378 million in 1994. Sales of \$13 billion for the year were comparable to 1994.

Sales from continuing businesses grew 8% in 1995, after adjusting for the second quarter disposition of the U.S. food retailing business and the 1994 sale of the food ingredients business. The sales growth was primarily achieved in the Canadian food retail business and the Forest Products division. Loblaw Companies' sales growth in Eastern and Western Canada were 10% and 5% respectively. The Forest Products division experienced sales growth of 21% in the year, benefiting from increased prices in pulp and paper products. Food Processing's sales from continuing businesses increased 1% over 1994. Sales growth in the frozen dough, biscuit and dairy operations was offset by a decline in sales in the confectionery business.

The increase in operating income resulted from sales growth, cost reductions and higher pulp and paper prices. The Forest Products division and

Loblaw Companies drove the increase in operating income with increases of \$77 million and \$53 million respectively. Within Food Processing, the improved results of the Baking segment were offset by the losses incurred in the confectionery business. The Fisheries division operating results showed a modest increase to \$37 million in 1995 from \$36 million in 1994.

Interest expense, net of interest income, was lower at \$103 million compared to \$105 million in 1994. Net interest expense is expected to decline by 10 to 15% in 1996 as a result of the proceeds of disposition from the sale of the U.S. food retail operations in June 1995 and the sale of the Neilson confectionery business in January 1996. The effective income tax rate increased to 43% in 1995 from 41% in 1994 due to a higher proportion of income earned in Canada, particularly in Loblaw Companies. The 1996 effective tax rate is expected to remain at approximately the same level as that of 1995. Net earnings increased to \$190 million from \$117 million in 1994. The significant growth in net earnings reflects the operating improvements achieved in all business segments.



In millions of dollars	Sales			Operating Income		
	1995	1994	1993	1995	1994	1993
Weston Foods	\$ 1,927	\$ 2,008	\$ 1,830	\$ 18	\$ 6	\$ 22
Loblaw Companies	9,854	10,000	9,356	323	270	198
Weston Resources	1,604	1,418	1,111	180	102	21
Inter Group	(419)	(424)	(366)			
Consolidated	\$12,966	\$ 13,002	\$ 11,931	\$ 521	\$ 378	\$ 241

Food Processing

Food Processing sales declined 4% or \$81 million in 1995. However, after adjusting for the sale of the food ingredients business in December 1994, sales from continuing businesses were ahead by 1%. The 1% growth resulted from a combination of higher sales in Baking being offset by a sales decline in Chocolate, Dairy and Specialties.

Operating income increased from \$6 million in 1994 to \$18 million in 1995. The \$12 million improvement was generated by the Baking operations which experienced a turnaround in 1995 with operating income improving by \$32 million. The gains in Baking were offset by the disappointing year in Chocolate, Dairy and Specialties.

Baking

The Baking segment had improved results in 1995. Sales increased by \$43 million or 3%, while operating income improved by \$32 million to \$23 million from a loss of \$9 million in 1994. All three operations, fresh bread and rolls, frozen bakery products and biscuit contributed to this improvement.

For a number of years the commercial bread industry has faced challenging market conditions including over capacity, increasing raw material costs and the limited ability to raise prices. The accompanying charts highlight the five year trends of wheat costs and the average price of white pan bread in the northeast U.S..

As a result, the fresh bread operation reported a loss for 1995 after absorbing a second year of significant restructuring costs and writedowns. At the same time, operating results improved significantly versus 1994 and laid the foundation for ongoing improvements and a return to more satisfactory profitability in the years ahead.

As an example of the restructuring activities, Stroehmann Bakeries addressed the issue of unprofitable markets, products and customers by substantially reducing its route structure and closing two production lines. Although this contributed to lower overall sales in the division, there was no reasonable prospect of making these



In millions of dollars	Sales			Operating Income		
	1995	1994	1993	1995	1994	1993
Weston Foods						
Baking	\$ 1,431	\$ 1,388	\$ 1,264	\$ 23	\$ (9)	\$ 8
Chocolate, Dairy and Specialties	496	620	566	(5)	15	14
Total	\$ 1,927	\$ 2,008	\$ 1,830	\$ 18	\$ 6	\$ 22

routes profitable. While rationalization to keep reducing cost will continue, an equal emphasis is now being placed on growing sales.

Across Canada, a major initiative during 1995 was to convert sales routes to independent distributors. Most of the routes were purchased by the company's former route sales people thus maintaining valuable continuity and experience. Under the new arrangement, the distributor owns a territory and the equipment to serve it. As a result of having an ownership interest, there has been a notable improvement in sales performance and cost effectiveness. To the end of 1995, over 300 routes have been converted to distributorships. Conversions will continue through 1996.

Another major cost reduction project involves the implementation of new information technology to reduce administrative costs. Hand held and personal computers linked through new software have resulted in significant gains in administrative productivity while improving customer service.

The baking industry enters 1996 facing the challenge of high wheat prices but with the opportunity to offset the high costs through selected price increases.

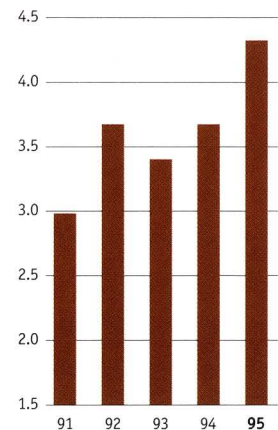
The industry will not solve its problems with high prices. Continued improvement will come from sustained attention to cost efficiency and an expanded focus on new products.

The U.S. biscuit operations of Interbake Foods increased both sales and operating income in 1995. The sales performance was very positive given that the overall cookie and cracker market in the U.S. declined by over 2% in 1995. Interbake's growth primarily stemmed from the contract manufacturing segment of the business where the company manufactures branded products on behalf of consumer packaged goods companies.

The area of growth in 1995 within this segment continued to be in low fat and fat free cookies where Interbake has developed a strong expertise in both research and development, and manufacturing. Interbake's girl scout cookies, ice cream wafers and private label cookie manufacturing businesses continued to contribute in line with expectations.

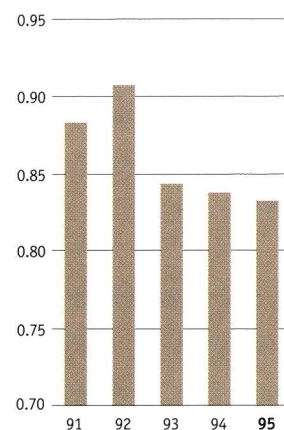
Looking forward to 1996, Interbake, like other manufacturers in the industry, will face a challenging year. The cookie and cracker market faces intense competition from other industries that supply consumers with snack items. In addition to the highly competitive market place,

Minneapolis Average Wheat Price
(U.S. dollar per bushel)



Source: Futuresource National Quotation Service

Average Northeast U.S. White Pan Bread Price
(U.S. dollar per pound)



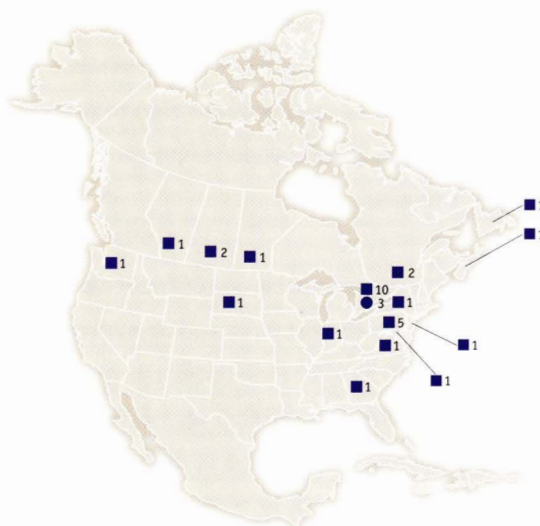
Source: U.S. Bureau of Labor Statistics

consumers will continue to demand new cookie offerings with lower fat and calorie content while still maintaining good texture and taste. Interbake, with its strong customer relationships and flexible manufacturing facilities, is positioned to address these challenges.

Ready Bake Foods, the frozen bakery products division, generated increased sales and operating income in 1995. The Canadian business had a solid year while the most significant area of growth was in the U.S. operations which now represent more than one third of the total Ready Bake business. The U.S. operation of Maplehurst, originally a cake and doughnut supplier, now supplies a full range of frozen dough products in the U.S.. While the division is at present a regional marketer in the U.S., it is well positioned to pursue expansion. New pre-proofed (freezer to oven) products are selling well and the related capacity is being doubled. Other capacity expansion is planned and further improvements in operations are anticipated.

Chocolate, Dairy and Specialties

Neilson Cadbury, the confectionery division, had a disappointing year with decreased sales and an operating loss. The Canadian chocolate bar market was unexpectedly weak and total industry sales decreased by 5%.



Weston Foods

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

Principal Facilities

■ Baking	
<i>Fresh Bakery Plants</i>	
Canada	12
U.S.	6
<i>Frozen Bakery Plants</i>	
Canada	6
U.S.	3
<i>Biscuit Plants</i>	
U.S.	4
● Chocolate, Dairy and Specialties	
Dairy	2
Specialty Plants	1

The confectionery division was sold for \$225 million on January 2, 1996 to Cadbury Schweppes PLC.

Neilson Dairy increased sales in 1995 despite a decline in the overall Ontario fluid milk and cream market. Operating income, although slightly lower than 1994, was still at a satisfactory level. The company continued to focus on becoming the lowest cost processor of fluid milk in Ontario. In addition to working on cost initiatives, the company successfully launched two new product lines including the *TRUFILTRE* line of reduced fat premium taste milk and a line of milkshakes. Competition is expected to be intense throughout 1996 as the industry is burdened with overcapacity. Neilson Dairy's strategy of further cost reduction and volume growth will continue to strengthen its position in the market.

Outlook

In addition to improving operating results in 1995, Weston Foods has consolidated its activities to become a more focused baking company and is positioned to show significant earnings growth in 1996. Improvements are expected in both the fresh and frozen bakery goods companies. These improvements will be only partly offset by a decline in the profitability of the biscuit operation as sales in fat free cookies are anticipated to be lower in 1996.

Food Distribution

Loblaw Companies' sales declined by 1% to \$9.9 billion from the \$10 billion level of 1994, reflecting the impact of the sale of the U.S. retail business. The continuing Canadian business generated a sales increase of 8% in 1995 following an increase of 6% in 1994.

Eastern Canadian retail operations, represent 41% of sales (up from 36% in 1994), and wholesale sales for the East constitute 21% of sales (up from 20% in 1994).

Within the retail business, 14 new stores were added in 1995 (27 in 1994), and 16 stores underwent major renovation or expansion (21 in 1994). This activity often encroaches on the trading area of existing store's and, as was the case in 1995 and 1994, necessitated the closure of less productive units. The net effect on average retail square footage in 1995 (with a slightly lower effect on sales due

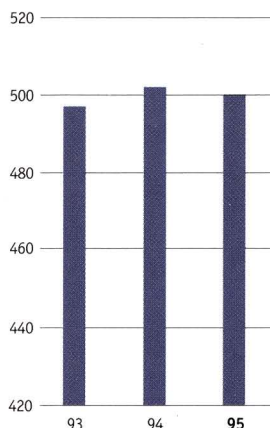
to the initially lower sales per foot generated by new stores versus mature stores) was about a 10% increase as compared to an 8% increase in 1994. Same-store sales growth of 5% in 1995, and 6% in 1994, was a significant factor in retail sales growth in both years. Price inflation contributed about 2% to the 1995 increase and was not significant in 1994.

Sales volumes through franchised independent stores were the primary generators of wholesale sales increases in both years. New store and expansion activity, net of store rationalizations, kept average franchise square footage the same as 1994 levels as compared to a 6% decline in 1994. This same average square footage in 1995 generated an 8% increase in sales while the 1994 decrease in footage had only a minimal negative impact on sales because of the lower sales per square foot of the units closed.



Sales In millions of dollars	1995	1994	1993
Eastern Canada			
Retail	\$ 4,064	\$ 3,646	\$ 3,286
Wholesale	2,091	1,955	1,850
	6,155	5,601	5,136
Western Canada			
Retail	2,464	2,208	2,001
Wholesale	570	671	862
	3,034	2,879	2,863
United States			
Retail	665	1,520	1,357
	665	1,520	1,357
Total Loblaw Companies			
Retail	7,193	7,374	6,644
Wholesale	2,661	2,626	2,712
	\$ 9,854	\$ 10,000	\$ 9,356

**Loblaw Companies
Corporate Store Sales
per Square Foot**
(dollars)



Franchised same-store sales increases of 8% and 6% in 1995 and 1994 respectively, provided all of the 1995 and much of the 1994 wholesale growth. Wholesale sales to independent accounts remained relatively unchanged over the past two years.

Current plans have 28 new corporate and franchised independent stores being opened in 1996, creating a net average increase in square footage of about 4%. This should translate into a corresponding increase in sales and supplement the increases expected from the existing storebase.

Western Canadian retail operations represent 25% of sales (up from 22% in 1994) and wholesale sales for the West have declined to 6% (down from 7% in 1994).

Superstore sales continued to be the engine driving retail growth and total sales growth in the West, although new store openings in the conventional store and *Real Canadian Wholesale Club* segments have made a positive contribution to the retail growth. New store activity in 1995 included 2 superstores, 9 conventional stores and 4 wholesale clubs as compared to 5, 2, and 4 respectively in 1994. This provided an

increase in average square footage of 12% in 1995 adding to the 18% increase in 1994. This does not translate immediately into a corresponding sales increase since there is typically a time lag in sales dollar growth versus square footage growth, as large new stores do not initially produce sales as high as their more mature counterparts. Same-store sales improved by 3% in 1995 after remaining unchanged in 1994.

Wholesale sales declined by 15% in 1995 after a 22% decrease in 1994. The process of account and facilities rationalization continued into 1995 in an effort to increase efficiencies and to improve profitability of the wholesale business. This strategy converted 1 warehouse to a slowmoving facility in 1995 following the net closure of 4 branches in 1994, and wholesale sales declined in both years.

New stores planned for 1996 include 2 superstores, 3 conventional stores and 4 wholesale clubs which will increase average retail square footage by over 3%. Retail sales growth in 1996 is expected to be at a rate in excess of this as new stores opened during 1994 and 1995 mature and provide enhanced growth opportunities. Little change is expected in wholesale sales.

The U.S. retail business, which was sold at the end of the second quarter of 1995, represented 7% of 1995 sales (down from 15% in 1994).

Operating income for Loblaw Companies increased by 20% or \$53 million in 1995. Operating income from the continuing Canadian businesses actually improved by 31% or \$72 million in the year to more than offset the U.S. retail income no longer being generated.

Operating Income In millions of dollars	1995	1994	1993
Loblaw Companies			
Eastern Canada	\$ 164	\$ 119	\$ 91
Western Canada	138	111	94
United States	21	40	13
Total	\$ 323	\$ 270	\$ 198

The operating income contribution of Eastern Canada increased by 38% in 1995 following the 31% improvement in 1994. Operating margin (operating income divided by sales) improved to 2.7% from 2.2% in 1994.

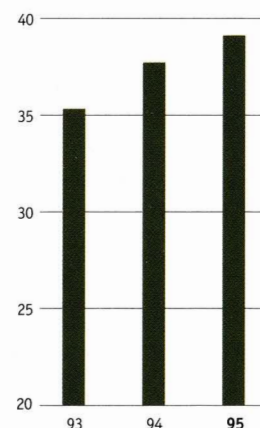
Earnings growth came from both the retail and wholesale segments of the business, driven primarily by good sales increases in all major retail and wholesale store banners. Retail operating income increased by 30% in both

1995 and in 1994. Strengthening gross margins in most Ontario markets leveraged earnings growth in 1995 after a slight overall decline in gross margin in 1994. The highly competitive Atlantic market necessitated some investment in gross margin in 1995 to solidify Loblaw Companies' long term market position in that region. This was more than offset by the earnings growth in Ontario. The focus on operating cost reductions allowed gross margins to decline in 1994 while still realizing strong earnings growth, and benefited

the 1995 earnings as well. Wholesale operating income improved by about 45% in 1995 after increasing by 22% in 1994. Strong sales growth in the franchised independent businesses in Ontario combined with better warehousing and distribution economics provided the improvement.

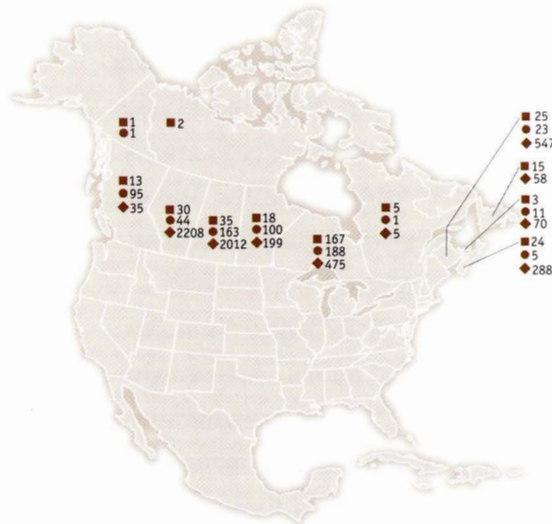
Results in 1996 are expected to trend consistently with 1995 as sales growth, steady gross margins, and improved cost ratios lead to improved operating results in Eastern Canada.

**Loblaw Companies
Average Corporate
Store Size**
(thousands of sq. ft.)



In Western Canada, operating income increased by 24% to \$138 million, following the 18% improvement in 1994. The operating margin improved to 4.5% from 3.9% in 1994. Both the retail and wholesale segments increased operating income substantially in 1995 although driven by different factors. Strong retail sales in the *Real Canadian Superstore*, conventional store and *Real Canadian Wholesale Club* businesses, coupled with improved overall gross margins, provided about 24% retail earnings growth in 1995. This growth was a more modest 8% in 1994, tempered by costs associated with significantly increasing average square footage, including the costs of competitive reaction. Wholesale operating income improvements of over 25% (over 50% in 1994) came mostly from cost efficiencies realized from the strategic rationalization of wholesale independent accounts and distribution facilities in 1995 and 1994. Wholesale operating margins improved dramatically again in 1995 as wholesale sales were lower than the previous year.

Operating income is expected to increase in excess of sales growth again in Western Canada in 1996 as contributions from existing stores increase with the maturity of the stores. New superstores and wholesale clubs being introduced into new markets and expanding existing markets provide for future earnings potential.



Loblaw Companies

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

Principal Facilities

Eastern Canada	
■ Corporate	239
● Franchised	228
◆ Independent	1,443
Western Canada	
■ Corporate	99
● Franchised	403
◆ Independent	4,454

Operating income in the U.S. in 1995 has been reduced due to the sale of the U.S. retail business. It now represents net service fee revenues generated through the sale, by non-affiliated U.S. retailers, of *President's Choice*, *Sam's American Choice* and *Great Value* products, and is 35% higher than the \$11 million earned in 1994.

Net service fee revenues in 1996 are expected to be at about the same level as 1995. Revenue from the increased supply of *President's Choice* products to new customers is expected to largely offset the anticipated decline from the gradual discontinuance of supply of *Sam's American Choice* and *Great Value* products in 1996.

Outlook

In 1996, Loblaw Companies expects Canadian retail sales growth to be positive reflecting the new store activity of 1995 and the planned continued investment in new store square footage and store refurbishments in 1996. Total sales are expected to be only slightly above the 1995 levels due to the U.S. disposal mid year in 1995. Earnings momentum is expected to continue into 1996 as sales growth together with maintained focus on cost control should continue the trend of improved profitability.

Resources

Sales in 1995 increased 13% to a record \$1.6 billion on the strength of strong advances in pulp and paper pricing which continued virtually unabated until the third quarter. The pricing action in its markets combined with prior years' efforts to control operating costs and improve production efficiencies generated operating income of \$180 million, a 76% improvement over 1994.

Forest Products

Eddy Paper Company, Weston's Forest Products operating division, earned operating income of \$143 million on sales of \$920 million. The sales increase of \$160 million over 1994 was attributable to a mix of higher prices (\$174 million); sawmill acquisitions (\$20 million) and reduced shipments (-\$34 million). Paper volumes began to fall in the fourth quarter due to reduced orders which necessitated selective downtime on various paper machines late in the year in order to keep inventories in balance.

Northern bleached softwood kraft pulp experienced price increases to US\$985 per tonne from US\$700 per tonne at the end of 1994 but, began to meet severe price

resistance in October. A combination of weakening paper markets during the summer and the realization that the pulp price had peaked, caused paper makers to begin a pulp de-stocking phase which considerably reduced demand for pulp and caused pulp producers to take market related downtime and sales at discounts from list price. This price action was confirmed with a decrease to US\$860 per tonne at the beginning of 1996 and a further slide to US\$600 per tonne by March.

The very forces that combined to generate record results on Eddy's sales mix – pulp prices up 61%, paper prices up 32% – now present it with significant challenges in 1996 as these prices decline. In Eddy's product group, only lumber prices were off in 1995 after having had an exceptional run during the two previous years. Lumber millnets trailed 1994 by 23%.

Eddy did not reach the earnings peaks of a few of its competitors in 1995 but neither did it experience the lows of that group during the recession of the early 1990s. Eddy's vertical integration and



In millions of dollars	Sales			Operating Income		
	1995	1994	1993	1995	1994	1993
Weston Resources						
Fisheries	\$ 684	\$ 658	\$ 584	\$ 37	\$ 36	\$ 25
Forest Products	920	760	527	143	66	(4)
Total	\$ 1,604	\$ 1,418	\$ 1,111	\$ 180	\$ 102	\$ 21

focus on value added papers tends to narrow the band of its results compared to its competition.

Eddy continues to adapt to several internal and external factors including the following:

- local and international demand/supply cycles
- competitor initiatives in product lines where Eddy has demonstrated strength
- movement in foreign currency relative to the Canadian dollar
- competition for wood fibre in the face of government reductions in allowable cuts

- continuous product development in line with changing market conditions
- seeking the highest and best use for each operating unit and paper machine.

Some of the above factors represent risk to future results. All of them require attention from a proactive management team to ensure that risk is mitigated to the extent possible.

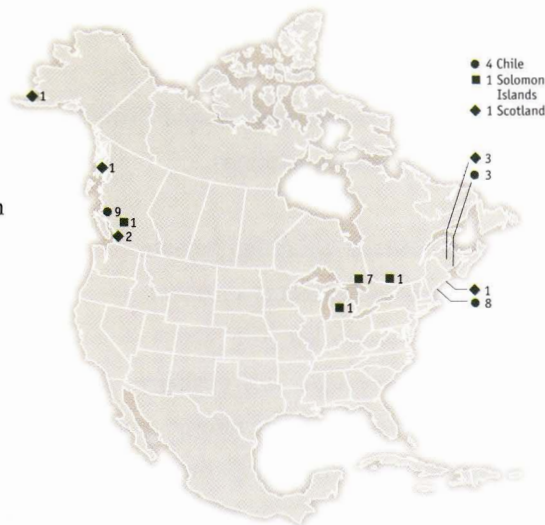
The following table highlights factors which influenced Weston Forest Products' results compared to the two previous years:

	1995	1994	1993
Eddy activity level (%) ⁽¹⁾	97	99	78
North American activity level (%)	95	95	89
Eddy millnet average price change (%)			
Fine and Specialty papers	+32	+3	-2
Coated Freesheet papers	+32	+7	
Pulp	+61	+41	-14
Lumber	-23	+20	+24
Eddy production (000's tonnes)			
Fine and Specialty papers	272	276	232
Coated Freesheet papers	110	102	43
Pulp	324	335	222
Eddy internal pulp usage (%) ⁽¹⁾	88	78	95
U.S. to Cdn. average dollar rate	\$ 0.72	\$ 0.73	\$ 0.78
Impact of 1 cent change (in millions)	\$ 6	\$ 5	\$ 3

⁽¹⁾ Activity level was low and internal pulp utilization high in 1993 due to effect of a strike at Espanola.

In 1995, the North American industry took advantage of surging cash flows to repair weak balance sheets and to make strategic acquisitions rather than build new capacity. However, several European operators announced new paper machines and coater additions which, when complete, will add more than 1.5 million tons of coated freesheet papers to a market that was fairly well in balance. Consequently, while the demand/supply outlook in North America remains fairly stable, it will require an increase in world demand to absorb off shore capacity growth.

Within North America, the relationship between the Canadian and U.S. dollar held reasonably firm compared to 1994. Until the currencies began to strengthen against off shore currencies late in the year, it was difficult for European manufacturers to move product into North America at a profit. The recent strengthening of domestic currencies is likely to encourage imports and this will require a competitive response from Canadian and U.S. operators including Eddy.



Weston Resources

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

Principal Facilities

Forest Products

- E.B. Eddy Forest Products
 - Sawmills 4
 - Paper Mills 5
 - Pulp Mill 1

Fish Processing

- ◆ *British Columbia Packers*
 - Salmon Plants 4
 - Solomon Islands 1
- ◆ *Connors Bros.*
 - Sardine Plants 4
 - Scotland 1

Aquaculture

- *Salmon Farms*
 - British Columbia 7
 - New Brunswick 2
 - Maine 6
 - Chile 3
- *Salmon Hatcheries*
 - British Columbia 2
 - New Brunswick 1
 - Maine 2
 - Chile 1

Outlook

Eddy continues to enhance its product lines and has secured adequate fibre to support current and expanded pulp operations. The recent pulp price decline indicates a significant deterioration in the outlook for forest products in 1996. Stable U.S. dollar conversion rates are expected in 1996, however, the lower pulp price and the extent to which paper prices follow pulp prices down will affect profitability until the pulp and paper de-stocking comes to an end. Several industry forecasts indicate an improving trend in the latter half of the year, however, 1996 will not measure up to the exceptional results of 1995.

Fisheries

Weston Fisheries operations are conducted by Connors Bros. on the East Coast and by B.C. Packers on the West Coast. Their respective brands, *Brunswick* and *Clover Leaf*, command the number one market position in Canada. However, much of their production is sold throughout the world. In 1995, sales increased by 4% or \$26 million to \$684 million. Stronger volumes in Aquaculture, the Scottish value added seafoods business and the

Solomon Islands tuna fishing operations offset weaker volumes and prices in the U.S. frozen seafoods business and British Columbia salmon operations.

Weston Fisheries' operating income of \$37 million represents a modest improvement over last year. The earnings mix changed with stronger offshore and Aquaculture results offsetting weak performance on the Canadian West Coast where disappointing salmon runs resulted in higher production costs. At the same time, strong salmon returns in Alaska contributed record results to B.C. Packers' Alaskan canning operation but provided an effective ceiling on price recovery for Canadian production.

Weston Fisheries' business faces resource risk and competition on a global basis as follows:

- divergent salmon and herring abundance from year to year in Canada and the effect on processing costs
- abundance of Alaskan salmon from year to year and the impact on world pricing
- effect of foreign currency movements relative to the Canadian dollar
- increase in availability of farmed Atlantic salmon on a global basis.

In the main, resource availability is not generally a problem for Weston Fisheries' diverse operations. However, B.C. Packers must contend with wide variances in cyclical returns for Pink and Sockeye salmon in preparing and manning the plants each year. In years when the salmon returns fail to achieve expectations, B.C. Packers tends to be burdened with a high cost, low margin pack. This is especially so when Alaska has an abundant harvest. In 1995, Alaska's salmon catch was high with the result that fish costs and production costs were relatively low compared to the situation in British Columbia. Over the years, B.C. Packers' response to these uncertainties has been to downsize its own plant infrastructure and enter into joint venture plant operations with others. Early in 1996, it announced the closure of several fish acquiring functions to improve the overall cost structure.

Foreign currency relationships particularly with the U.S., Japan and the U.K. can influence annual sales volumes and gross margins. The value of the Japanese Yen plays an important role in pricing and margins for frozen

	1995	1994	1993
Salmon			
World wild catch (000's tonnes)	700	750	850
Weston Fisheries share (%)	5.0	4.1	3.6
World aquaculture harvest	465	430	360
Weston share (%)	1.5	.9	1.5
Weston export canned price change (%)	+1	+26	-29
Sardines and Herring			
Weston canned sales volume (%)	+6	+1	-2

Sockeye salmon, Herring roe and more recently production from a Chilean Aquaculture operation acquired for \$11 million in September 1995.

The production of B.C. and Alaskan canned salmon exceeds North American consumption. Consequently, B.C. production must compete against world suppliers including Alaska in supplying markets in the U.K, Australia and other markets around the world. When B.C. acquiring and processing costs move out of line with world competitors then B.C. companies face reduced sales and margin erosion. This is difficult to manage after a season commences and is the reason that B.C. Packers has been involved in its long term goal of reducing exposure to fixed costs in its B.C. operations.

Connors Bros., being the primary North American supplier of high quality canned sardine and herring products, is largely insulated from the risks facing B.C. Packers in terms of resource supply. It faces less competition in the U.S. market due to fewer U.S. processors.

Outlook

The high cost pack of B.C. canned salmon is expected to affect profitability during 1996. The Alaskan operations, profitable outlook in the Solomon Islands tuna fishing operation and continuing progress in Connors are expected to offset the West Coast weakness with the result that Weston Fisheries' operating income should be similar to 1995.

Liquidity and Capital Resources

Internal Sources and Uses

The liquidity of the Company is supplied primarily from its cash flow from operations. In 1995 Weston's cash flow from operations decreased by 11% to \$492 million from \$552 million in 1994. A significant increase of \$78 million in earnings before minority interest was supplemented by \$32 million of deferred taxes. These gains were more than offset by working capital for the operations requiring \$44 million of cash in 1995 compared to generating \$114 million in 1994. The working capital increase in 1995 related primarily to higher pulp and canned salmon inventories due to difficult market conditions in the fourth quarter of 1995. In 1996 management expects cash flow from operations will be sufficient to fund its operational needs and investment plans.

The Company's 1995 cash from operations was supplemented by Loblaw Companies' disposition of its U.S. food retail operations for proceeds of \$368 million. Consequently, the Company's cash position improved by \$89 million after investing \$593 million in fixed assets (including \$66 million on acquisitions of companies) while reducing third party financing by \$136 million. As reflected in the accompanying graph, the Company's sources of cash have exceeded its uses over the past two years.

Fixed assets rose by a modest \$22 million as a capital investment program totalling

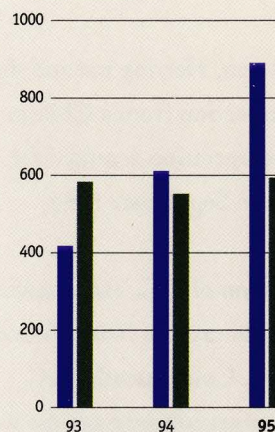
\$593 million was only partially offset by the sale of the U.S. retail business and depreciation of \$255 million. The capital investment program was again focused on the food distribution operations as \$307 million was invested in 1995. In addition, \$107 million and \$96 million was invested in the food processing and forest products operations. The investment in fish processing was \$17 million.

Food Processing's largest investment was related to growth in its U.S. contract biscuit business to increase capacity and lower energy costs. More modest amounts were invested primarily in a large number of productivity related projects in the wholesale bakeries and frozen dough operations. A minor amount was also invested in Neilson Dairy to increase its fluid milk capacity and to produce its new *TRUFILTRE* milk.

Loblaw Companies is in the middle of a major multi-year capital investment program, adding substantially to its store base and its available retail square footage, as well as expanding and modernizing its existing stores. In Eastern Canada 14 stores were opened while an additional 15 stores opened in Western Canada.

During 1995, Eddy acquired two sawmill operations at a cost of \$55 million securing 390,000 cubic metres of additional fibre for its Espanola pulp mill. These operations

Internal Sources and Uses of Funds
(\$ millions)



● Sources⁽¹⁾
● Uses⁽²⁾

1. Includes cash flow from operations and proceeds from disposition of fixed assets and subsidiary companies.

2. Includes purchase of fixed assets and acquisitions of subsidiary companies.

have the capacity to produce 93 million f.b.m. of softwood and hardwood lumber and 45 million square feet of veneer.

Eddy invested \$15 million to complete the rebuild of its Ottawa #14 paper machine to produce film and matte coated papers used in textbooks. In addition, Eddy completed the \$15 million conversion of its Espanola pulp mill to produce elemental chlorine free (ECF) pulp which allows it to satisfy market demand for this pulp. The non-recourse joint venture, in which Eddy has invested \$7 million, commenced operations of a deinking pulp mill at Port Huron, Michigan. Finally, \$13 million was spent on other environmental related projects.

During 1995, the Fisheries division acquired a Chilean Aquaculture operation for \$11 million. The Chilean operation provides the ability to move value added salmon into the U.S. market on a cost effective basis.

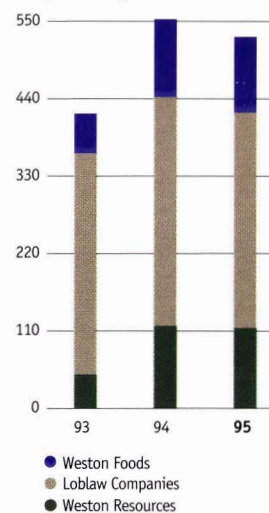
During 1995, Fisheries also invested \$17 million in capital asset renewal and expansion. Much of this spending was directed to expansion of Aquaculture's infrastructure. The Scottish prepared seafoods facility began expansion to accommodate higher demand for its products.

The Company's financing activities used \$136 million of its cash resources to reduce third party financing. In March, 1995, Loblaw Companies redeemed \$60 million of 7.75% Fourth series, second preferred shares. On their maturity Loblaw Companies also repaid \$40 million of Series 4, 11% debentures. Both were replaced by less expensive short term debt.

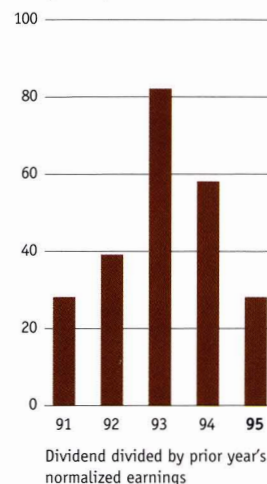
In 1995 the Company paid a dividend of \$0.70 per common share for a total of \$33 million. This dividend was based on the Company's stated dividend policy to pay out 25% to 30% of the prior year's normalized earnings, giving consideration to cash flow requirements and investment opportunities. The annual dividend rate was raised to \$0.80 per share effective January 1, 1996 reflecting the improved 1995 earnings. Subsequent to year end, the annual dividend rate was increased to \$0.88 per share effective April 1, 1996.

At year end, the Company's cash position defined as cash and short term investments, net of bank advances and notes payable, was \$230 million compared to \$141 million in 1994. Loblaw Companies has \$685 million in cash and short term investments held by its non-Canadian subsidiaries. Current intentions are to continue to invest these funds short term in the U.S..

Capital Expenditures by Group
(\$ millions)



Dividend Payout Ratio
(percent)



Subsequent to year end, on January 4, 1996 the Company received an initial \$215 million in respect of its \$225 million sale of its Neilson confectionery business. These funds were used primarily to reduce commercial paper outstanding.

The Company's current cash position in combination with 1996 earnings should be more than adequate to fund working capital requirements, planned capital investment programs and dividend payments.

External Sources

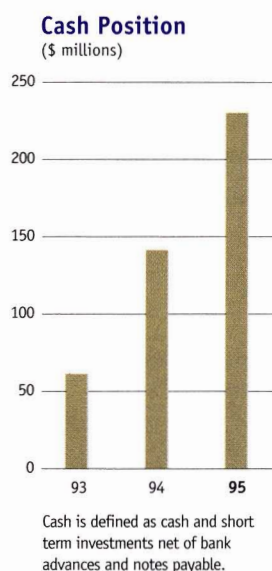
To complement its internal cash resources the Company and its subsidiary Loblaw Companies maintain commercial paper programs. Weston and Loblaw Companies have authorized programs, supported by uncommitted operating bank lines of credit, of \$300 million and \$500 million respectively. These programs are rated A-1 and R-1 (low) by the Canadian Bond Rating Service (CBRS) and Dominion Bond Rating Service (DBRS) respectively. Financial instruments are used from time to time to manage the effective interest rate on the underlying commercial paper and short term investments.

Subsequent to year end, the Company announced that it intends to purchase by way of normal course purchases on the Toronto Stock Exchange up to 2,356,128 of its Common Shares, representing approximately 5% of the Common Shares outstanding. The purchases may

commence on March 13, 1996, and will terminate on March 12, 1997. Purchases will be made by the Company in accordance with the rules and by-laws of the Toronto Stock Exchange and the price which the Company will pay for any such Common Shares will be the market price of such shares at the time of acquisition.

In the second quarter of 1996, Loblaw Companies plans to file a shelf prospectus to issue up to \$300 million Medium Term Notes (MTN). The MTN program enables Loblaw Companies to issue unsecured debt obligations of greater than one year within the ensuing two year period. This debt will be rated the same as other unsecured long term debt obligations of Loblaw Companies.

The long term financial flexibility of the Company and its subsidiary Loblaw Companies is enhanced by their access to capital resources in both the domestic and international capital markets. Weston's long term debt is currently rated AA by CBRS and A by DBRS. Loblaw Companies has a long term debt rating of A(high) with both CBRS and DBRS. The Company does not believe it will need to borrow long term debt in 1996 based on its current internal financial resources and investment plans. The Company is confident should additional investment opportunities arise it would be able to raise the necessary funds in the long term debt markets.



Risk and Risk Management

The Company's primary risk management strategy is diversification. Weston is a broadly based company which carries on business in food processing, food distribution, forest products and fish processing. Each of these businesses has its own risk management strategy.

Food Processing's operations are geographically diverse and primarily focus on stable consumer needs. This group's key strategic focus is on brand development and low cost producer status. Programs are continuously underway to lower costs without jeopardizing the service levels demanded by its customers.

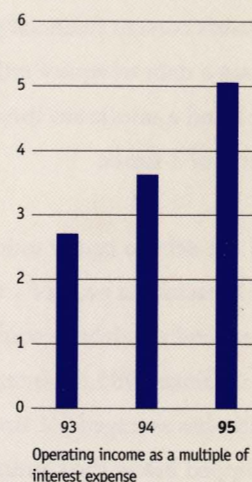
Food Distribution is an aggressive competitor relying on a high level of reinvestment in innovation, economies of scale and a broad geographic base across Canada. Innovative investment includes financing a variety of store formats, unique product development and sophisticated information systems. The combination of these programs helps Loblaw Companies differentiate itself from the competition. Economies of scale provide Loblaw Companies with the opportunity to buy products and services at the lowest possible cost. Operating on a broad geographic base helps minimize exposure to regional economies. Loblaw Companies' strategy of owning its own real estate whenever possible also enhances its operational flexibility.

Forest Products operates in a highly cyclical and capital intensive industry. Many of its competitors are larger providing them with economies of scale advantages. Management has therefore pursued a strategy of low cost producer status in pulp and specialization in paper products in order to mitigate the cyclicity of its industry and its lack of size. As a result, while earnings have been volatile, particularly since 1990, they are less so than the average Canadian forest products company.

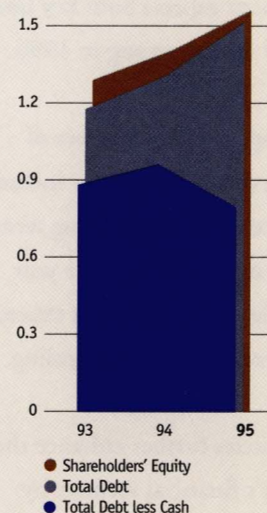
Fisheries reduces its operational risk by geographic and business segmentation. The operations are located primarily on the East and West coasts of Canada. However, it also operates in Scotland, Alaska, the Solomon Islands and, since 1995, Chile. Its businesses include fresh, frozen, canned and farmed salmon as well as herring and tuna. This diversity of business has provided the group with a relatively stable earnings base.

As a result of the various strategies the Company's profitability, as measured by return on capital employed (ROCE), has fluctuated modestly since 1985. ROCE of 15.6% in 1985 declined to 7.6% in 1992 at the bottom of the forest product cycle. However, during the ten years ended in 1995 ROCE averaged 12.3%. In 1995, ROCE rose to 15.1% as operating profits in Forest Products rebounded to historically high levels.

Interest Ratio Coverage



Capital Structure
(\$ billions)



The stability of operational results is supported by a prudent financial risk policy. Weston's current financial policy is to maintain a debt to equity ratio of less than 1:1 and a minimum interest coverage ratio of 3 times.

Since 1985 the debt to equity ratio has averaged 1:1 reaching a peak of 1.6:1 in 1987. At year end the debt to equity ratio was 1:1. Since 1985 the interest coverage ratio has averaged 3.1 times. The ratio dipped below the Company's minimum coverage ratio in 1988 through 1993 reaching a low of 2.1 times in 1992 when the cyclical downturn in Forest Products combined with secular losses in the Company's fresh bread businesses reduced operating results. By 1995 the interest coverage ratio had recovered to a ten year high of 5.1 times. Management expects both key financial ratios will remain strong in 1996.

The Company has a number of secondary financial policies including:

- no more than 25% of long term debt should mature in any one year
- available bank lines must exceed commercial paper outstanding.

These policies further enhance the Company's financial security by reducing its liquidity risk within prudent boundaries.

In 1994 the Company established a formal Board approved policy and control procedures in respect of the

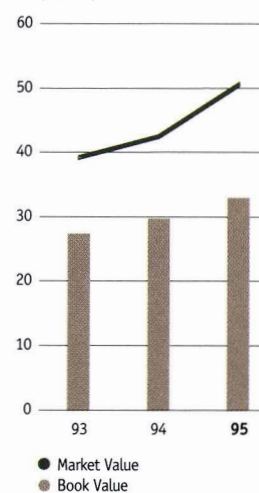
use of financial derivative products to manage the interest rate and foreign currency risks arising in the normal course of operating or financing its businesses. The policy provides that derivatives be used to manage the volatility of operating income and financial costs within specific senior management approved tolerance parameters. For example, swaps, forward rate agreements and options are used to manage the Company's interest rate exposure so that a 1% rise in short term interest rates does not reduce earnings before tax by more than 1%. The derivative policy also established credit guidelines in respect of counterparty risk.

See Financial Statements note 9 for a description of financial instruments.

Outlook

The Company's profitability for 1996 is positive. Primary risk relates to pricing in the Forest Products business. Orders and pricing declined dramatically in the fourth quarter of 1995 and the first quarter of 1996. Management believes this shortfall will be mitigated by improved results in earnings in Food Processing and Food Distribution and lower interest expense. The Company's current cash position and cash flows from operations are sufficient to internally finance anticipated working capital, investment requirements and dividends.

Book and Market Value per Common Share
(dollars)



Management's Statement of Responsibility

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

To assure the integrity and objectivity of the financial statements, management has established systems of internal control which provide relevant and reliable accounting records and properly safeguard Company assets. The financial statements have been audited by the shareholders' independent auditors, KPMG Peat Marwick Thorne, 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 shareholders' independent auditors to satisfy itself on the adequacy of internal controls and to review the financial statements and the shareholders' independent auditors' reports. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements and other information in the Annual Report for issuance to the shareholders.



W. Galen Weston
Chairman and President
Toronto, Canada
March 4, 1996



Earl R. Pearce
Senior Vice President
and Chief Financial Officer

Auditors' Report

To the Shareholders of George Weston Limited:

We have audited the consolidated balance sheets of George Weston Limited as at December 31, 1995 and 1994 and the consolidated statements of earnings, retained earnings and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1995 and 1994 and the results of its operations and cash flow for the years then ended in accordance with generally accepted accounting principles.



Chartered Accountants
Toronto, Canada
March 4, 1996

CONSOLIDATED STATEMENT OF EARNINGS

Year ended December 31 In millions of dollars (note 2)	1995	1994	1993
Sales	\$ 12,966	\$ 13,002	\$ 11,931
Operating Expenses			
Cost of sales, selling and administrative expenses	12,190	12,370	11,465
Depreciation of fixed assets	255	254	225
	12,445	12,624	11,690
Operating Income	521	378	241
Interest Expense			
Long term	98	99	81
Other	5	6	8
	103	105	89
Earnings before income taxes	418	273	152
Income taxes (note 6)	180	113	63
Earnings before minority interest	238	160	89
Minority interest	48	43	32
Net Earnings	\$ 190	\$ 117	\$ 57
Per Common Share In dollars			
Net earnings	\$ 4.02	\$ 2.48	\$ 1.21

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31 In millions of dollars (note 2)	1995	1994	1993
Retained Earnings at Beginning of Year	\$ 1,328	\$ 1,244	\$ 1,220
Net earnings	190	117	57
	1,518	1,361	1,277
Dividends Declared			
Common shares	34	33	33
Retained Earnings at End of Year	\$ 1,484	\$ 1,328	\$ 1,244

CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31 In millions of dollars (<i>note 2</i>)	1995	1994	1993
Operations and Working Capital			
Earnings before minority interest	\$ 238	\$ 160	\$ 89
Depreciation	255	254	225
Income taxes not requiring cash	32	(16)	6
Loss (gain) on sale of fixed assets	(7)	6	
Other	18	34	8
	536	438	328
Provided from (used for) working capital	(44)	114	72
Cash Flow from Operations	492	552	400
Investment			
Purchase of fixed assets	(527)	(552)	(418)
Proceeds from sale of fixed assets	31	60	18
Acquisition of subsidiary companies	(66)		(165)
Disposition of subsidiary company	368		
Net decrease in investments		5	12
Other	(30)	(3)	(72)
	(224)	(490)	(625)
Financing			
Increase in long term debt	7	258	205
Reduction in long term debt	(87)	(98)	(82)
Subsidiary's redemption of preferred shares	(60)	(111)	
Subsidiary's issue of preferred shares			111
Net change in share capital		8	7
Proceeds from issue of subsidiary's share capital	4	6	5
	(136)	63	246
Dividends			
To shareholders	(33)	(33)	(33)
To minority shareholders in subsidiary companies	(10)	(12)	(12)
	(43)	(45)	(45)
Increase (Decrease) in Cash	89	80	(24)
Cash at beginning of the year	141	61	85
Cash at End of the Year	\$ 230	\$ 141	\$ 61

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

CONSOLIDATED BALANCE SHEET

As at December 31

George Weston Limited (Incorporated under the laws of Canada)

In millions of dollars (note 2)

	1995	1994	1993
Assets			
Current Assets			
Cash and short term investments	\$ 726	\$ 346	\$ 296
Accounts receivable	370	385	326
Inventories (note 3)	1,046	1,068	1,027
Prepaid expenses and other	49	50	48
	2,191	1,849	1,697
Investments (note 4)	108	108	113
Fixed Assets (note 5)	2,726	2,704	2,462
Goodwill	76	84	96
Other Assets (note 11)	85	94	91
	\$ 5,186	\$ 4,839	\$ 4,459
Liabilities			
Current Liabilities			
Bank advances and notes payable	\$ 496	\$ 205	\$ 235
Accounts payable and accrued liabilities	1,439	1,500	1,349
Taxes payable	79	69	9
Dividends payable	9	8	8
Long term debt and debt equivalents payable within one year (note 8)	33	66	52
	2,056	1,848	1,653
Long Term Debt and Debt Equivalents (note 8)	982	1,029	883
Other Liabilities	67	28	14
Deferred Income Taxes	143	128	144
Minority Interest	385	406	480
	3,633	3,439	3,174
Shareholders' Equity			
Share Capital (note 7)	57	57	49
Retained Earnings	1,484	1,328	1,244
Foreign Currency Translation Adjustment	12	15	(8)
	1,553	1,400	1,285
	\$ 5,186	\$ 4,839	\$ 4,459

Approved by the Board



W. Galen Weston
Director



Earl R. Pearce
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 1995

Amounts in millions of dollars except Share Capital note

Summary of Significant Accounting Policies

Basis of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries. The effective interest of George Weston Limited in the voting equity share capital of principal subsidiaries is 100%, except for Loblaw Companies Limited, which is 69.7% owned.

The Company's diverse businesses are: Food Processing (Weston Foods), Food Distribution (Loblaw Companies) and Resource (Weston Resources) which includes Fisheries and Forest Products.

Cash Offsetting

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

Inventories

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

Fixed assets

Fixed assets are stated at cost including interest capitalized during the year of \$10 (1994 – \$8) 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 40 years for buildings, 20 years for equipment and fixtures and 7 years for automotive equipment. Leasehold improvements are depreciated over the lesser of useful life and term of lease.

Goodwill

Goodwill is the excess of the cost of investments in subsidiaries over the fair value of net assets acquired. Goodwill is being amortized on a straight line basis determined for each acquisition over the estimated life of the benefit. The value of goodwill is regularly evaluated by reviewing the returns of the related business, taking into account the risk associated with the investment. Any permanent impairment in the value of goodwill is written off against earnings. The weighted average remaining amortization period is 22 (1994 – 25) years. The amount amortized during the year was \$18 (1994 – \$12).

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 U.S. subsidiaries is included in a separate category of shareholders' equity. This adjustment will be recognized in earnings in proportion to any cash reduction of the net investment. In 1995, the balance of this category of shareholders' equity was reduced by \$3 (1994 – increased by \$23) as a result of the change in the U.S. dollar translation rate and the 1995 sale of Loblaw Companies' U.S. retail business.

Derivative Financial Instruments

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

Post Retirement Benefits

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

2 Change in Accounting Presentation

Effective 1995, the Company retroactively changed its disclosure of financial instruments to conform with new CICA requirements mandatory in 1996. Certain preferred shares issued by the Company and certain preferred shares issued by its subsidiary have been reclassified as debt equivalents (see note 8) and their corresponding dividends as interest expense. This has the effect of increasing previously reported interest expense and decreasing previously reported minority interest (1994 – \$1). There is no impact on earnings per common share. Certain other items have been restated in 1994 and 1993 to conform with 1995 presentation.

3 Inventories

Substantially made up of finished products	1995	1994	1993
Weston Foods	\$ 125	\$ 124	\$ 133
Loblaw Companies	606	696	649
Weston Resources – Fisheries	192	174	173
– Forest Products	123	74	72
	<u>\$ 1,046</u>	<u>\$ 1,068</u>	<u>\$ 1,027</u>

4 Investments

Substantially with franchisees and customers	1995	1994	1993
Secured loans and advances	\$ 7	\$ 9	\$ 9
Capital lease receivables	26	29	30
Investments in franchisees	35	27	21
Long term receivables	4	3	4
Sundry investments	36	40	49
	<u>\$ 108</u>	<u>\$ 108</u>	<u>\$ 113</u>

5 Fixed Assets

	1995			1994			1993
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Properties held							
for development	\$ 90	\$	\$ 90	\$ 81	\$	\$ 81	\$ 49
Land	363		363	404		404	372
Buildings	1,319	370	949	1,310	363	947	851
Equipment, fixtures and other	2,673	1,486	1,187	2,593	1,473	1,120	1,058
Leasehold improvements	209	96	113	231	119	112	87
	4,654	1,952	2,702	4,619	1,955	2,664	2,417
Capital leases – buildings and equipment	62	38	24	93	53	40	45
	\$4,716	\$1,990	\$2,726	\$ 4,712	\$ 2,008	\$ 2,704	\$ 2,462

6 Income Taxes

	1995	1994	1993
The income tax rate reported in the earnings statement is lower than the combined basic Canadian tax rates due to the following factors:			
Combined basic Canadian federal and provincial rates	43.5%	44.8%	44.8%
Operations in countries with lower tax rates	(1.0)	(.9)	(5.6)
Rate reduction for manufacturing and processing operations	(3.3)	(2.2)	(.3)
Effect of selling capital assets	(.1)		(.4)
Other (including non-tax benefited provisions)	4.0	(.3)	2.9
Rate reported in the earnings statement	43.1%	41.4%	41.4%
Deferred income taxes in the balance sheet are at rates approximate to the current applicable tax rates			

7 Share Capital

	1995	1994	1993
Common shares issued	47,079,900	47,060,650	46,856,114
Amount In millions of dollars			
Common share capital	\$ 57	\$ 57	\$ 49

Share Information

In dollars

In 1995 the Company issued 19,250 (1994 – 204,536) common shares for cash of less than \$1 million (1994 – \$8 million) on exercise of employee stock options. As at December 31, 1995, 990,006 (1994 – 1,009,256) common shares have been set aside for issue under terms of

an employee stock option plan. As at December 31, 1995 there were outstanding options which were granted at the market price on the date of grant, to purchase 793,527 (1994 – 773,027) common shares at prices averaging \$39.34 (1994 – \$38.80) and ranging from \$36.00 to \$45.88. All options expire on dates ranging from May 10, 1997 to June 19, 2002. The exercise of stock options would not have a material dilutive effect on earnings per share.

Long Term Debt and Debt Equivalents

	1995	1994	1993
George Weston Limited			
7.45% debentures, Series A maturing 2004	\$ 200	\$ 200	\$
12.7% notes maturing 2030	85	93	99
16.76% notes matured in 1994 (Aus. \$80)			43
Loblaw Companies Limited and Subsidiaries			
Debentures:			
12.25% Series 2 matured in 1994			31
11% Series 4 matured in 1995		40	40
10% Series 5 maturing 2006, retractable annually commencing 1996	50	50	50
9.75% Series 6 maturing 2001, retractable annually commencing 1993	75	75	75
9% Series 7 maturing 2001, redeemable and retractable in 1996	14	14	14
10% Series 8 maturing 2007, redeemable in 2002	61	61	61
11.4% notes maturing 2031	175	178	180
8.75% notes maturing 2033	200	200	200
Mortgages and other long term debt at a weighted average interest rate of 9.7% maturing 1996 to 2009	34	40	40
Capital lease obligations at a weighted average interest rate of 13% due 1996 – 2017	43	66	70
Other			
8% Bonds maturing 2012, redeemable annually commencing in 1999 (US\$38)	52	52	
Other long term debt	5	5	10
Total long term debt	994	1,074	913
Total debt equivalents	21	21	22
	1,015	1,095	935
Less: Payable within 1 year	33	66	52
Long term debt and debt equivalents	\$ 982	\$ 1,029	\$ 883

Principal payable in the next 5 years is as follows:
1996 – \$33; 1997 – \$17; 1998 – \$19; 1999 – \$24; 2000 – \$21.

Debt Equivalents

The Company has authorized 109,279 senior preferred shares, second series of which 39,264 shares are issued and outstanding (1994 – 40,935) in the amount of \$4 (1994 – \$4). These second series preferred shares have a \$6.00 cumulative dividend and are redeemable at \$105. During the year, 1,671 (1994 – 500) senior preferred shares second series were purchased for cancellation at a cost of \$0.2 million (1994 – \$0.1 million).

The Company's subsidiary, Loblaw Companies has authorized 1,000,000 first preferred shares, second series of which 266,429 shares are issued and outstanding (1994 – 273,294) in the amount of \$17 (1994 – \$17). Subject to certain exceptions, in each fiscal year, Loblaw Companies is obligated to apply \$0.4 million to the retirement of these shares.

9 Financial Instruments

Currency

The Company seeks to manage the risks arising from movements in exchange rates, principally on U.S. denominated revenues by a combination of forward foreign exchange contracts and option contracts covering periods of up to 8 years.

At December 31, 1995, the amount of outstanding foreign exchange contracts sold forward was US\$61 (1994 – US\$76). The amount of option contracts purchased and outstanding was US\$547 (1994 – US\$302), while the amount of option contracts sold and outstanding was US\$394 (1994 – US\$106).

The market value of outstanding forward foreign exchange contracts related to hedges of revenues at December 31, 1995 would require a payment of \$3 (to pay \$5 in 1994). Based on prevailing market prices, if the currency option contracts had been closed out on December 31, 1995, the financial impact would have been to receive \$7 (to receive \$3 in 1994).

Cross Currency Swaps

The Company's subsidiary Loblaw Companies has entered into cross currency swaps to exchange an amount of \$661 Canadian debt for U. S. dollar debt. The swaps provide a hedge against exchange rate fluctuations on U.S. net assets, principally cash. The swaps mature as follows: 2000 – \$107; and thereafter to 2005 – \$554. Currency adjustments receivable or payable arising from the swaps must be settled in cash on maturity. As at December 31, 1995, a currency adjustment of \$8 (1994 – \$11) has been included in other liabilities. Long term interest expense has been decreased by the positive spread between Canadian floating rates, based on bankers acceptances and U.S. floating rates, based on LIBOR, applied to the amount exchanged.

Interest Rates

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

In 1995, \$105 (1994 – \$130) of 8% fixed long term debt is floating at year end by way of interest rate swap agreements with an average remaining term of 7 years (1994 – 8 years). In addition, \$160 (1994 – \$160) of debt is fixed at a rate of 7% with an average remaining term of 2 years (1994 – 2 years). The Company, at year end, had outstanding various interest rate option contracts with a notional value of \$225.

Loblaw Companies has entered into interest rate swap agreements converting a net notional \$278 of 7% fixed rate debt into floating rate debt. The net maturities are as follows:
1997 – \$148; 1998 – \$96 and thereafter to 2002 – \$34.

If all interest rate derivative financial contracts had been closed out on December 31, 1995, the financial impact would require a payment of \$2 (to pay \$12 in 1994), based on prevailing interest rates.

Counterparty Risk

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

Fair Value of Long Term Debt

On December 31, 1995, the carrying amount of the Company's long term debt was \$1,015. The fair value of the debt was \$1,137, calculated based on discounted cash flows using market prices for the Company's fixed rate securities.

10

Commitments and Contingent Liabilities

Endorsements and guarantees arising in the normal course of business amount to \$54.

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

Gross rentals under leases assigned at the time of sale of U.S. divisions for which Loblaw Companies is contingently liable, amount to \$40.

Commitments for net operating lease payments total \$814 (\$921 gross, net of \$107 of expected sublease income). Net payments for each of the next five years and thereafter are as follows: 1996 – \$128; 1997 – \$130; 1998 – \$112; 1999 – \$88; 2000 – \$60; thereafter to 2056 – \$296.

11 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 \$903 (1994 – \$871) and accrued pension benefits of \$945 (1994 – \$914). As at December 31, 1995, prepaid pension costs of \$62 (1994 – \$78) are included in other assets.

12 Related Party Transactions

The Company's majority shareholder, Wittington Investments, Limited and its subsidiaries are related parties. There are no material related party transactions. It is the Company's policy to conduct all transactions with related parties on normal trade terms.

13 Acquisitions and Dispositions

In 1995, Weston Resources acquired two sawmills in Ontario and an aquaculture operation in Chile. Net assets acquired were working capital of \$7, fixed assets of \$53 and goodwill of \$6 in exchange for cash consideration of \$66. The acquisitions were accounted for using the purchase method with the results of operations included in these financial statements since the dates of acquisition.

Loblaw Companies sold substantially all of the assets of the U.S. retail business during the year for cash proceeds of \$368. The transaction resulted in a gain of \$5 included in operating income.

14 Subsequent Event

The Company sold the net assets of its Neilson confectionery business on January 2, 1996 for cash of \$225.

15

Segmented Information

	1995	1994	1993	1992	1991
Sales and Earnings					
Sales					
Weston Foods	\$ 1,927	\$ 2,008	\$ 1,830	\$ 1,685	\$ 1,541
Loblaw Companies	9,854	10,000	9,356	9,262	8,533
Weston Resources	1,604	1,418	1,111	974	975
Fisheries	684	658	584	542	547
Forest Products	920	760	527	432	428
Inter Group	(419)	(424)	(366)	(322)	(279)
Consolidated	12,966	13,002	11,931	11,599	10,770
Canada	10,883	10,147	9,391	9,166	8,579
United States	2,083	2,855	2,540	2,433	2,191
Operating Income					
Weston Foods	18	6	22	12	56
Loblaw Companies	323	270	198	181	218
Weston Resources	180	102	21	14	(27)
Fisheries	37	36	25	28	4
Forest Products	143	66	(4)	(14)	(31)
Consolidated	521	378	241	207	247
Canada	492	357	227	153	175
United States	29	21	14	54	72
Cash Flow					
Capital Expenditures					
Weston Foods	107	110	56	63	61
Loblaw Companies	307	326	315	169	159
Weston Resources	113	116	47	40	38
Fisheries	17	16	16	7	14
Forest Products	96	100	31	33	24
Consolidated	527	552	418	272	258
Depreciation					
Weston Foods	60	48	48	45	38
Loblaw Companies	126	135	122	116	105
Weston Resources	69	71	55	54	58
Fisheries	13	16	12	13	12
Forest Products	56	55	43	41	46
Consolidated	255	254	225	215	201
Financial Position					
Total Assets					
Weston Foods	792	728	794	738	705
Loblaw Companies	3,210	3,044	2,726	2,507	2,325
Weston Resources	1,184	1,067	939	750	799
Fisheries	387	373	348	343	373
Forest Products	797	694	591	407	426
Consolidated	5,186	4,839	4,459	3,995	3,829
Canada	3,844	3,433	3,241	2,849	3,049
United States	1,342	1,406	1,218	1,146	780

Canadian sales include export sales approximating \$715 (1994 - \$579).
Inter Group sales include \$380 (1994 - \$387) from Weston Foods.

1990	1989	1988	1987	1986	1985
\$ 1,633	\$ 1,605	\$ 1,468	\$ 1,502	\$ 1,433	\$ 1,316
8,417	7,934	8,308	8,631	7,839	6,931
1,119	1,215	1,361	1,223	1,055	923
591	581	573	564	471	397
528	634	788	659	584	526
(313)	(295)	(306)	(321)	(301)	(290)
10,856	10,459	10,831	11,035	10,026	8,880
8,626	8,275	7,738	7,355	6,592	6,020
2,230	2,184	3,093	3,680	3,434	2,860
68	75	69	60	52	49
212	190	137	187	161	152
66	119	142	110	98	67
36	32	49	42	42	31
30	87	93	68	56	36
346	384	348	357	311	268
286	342	293	290	237	205
60	42	55	67	74	63
85	105	57	49	39	35
176	154	177	249	289	193
61	82	91	53	54	34
10	19	19	16	12	6
51	63	72	37	42	28
322	341	325	351	382	262
42	43	37	35	32	28
106	100	98	100	86	73
54	48	47	40	35	35
10	9	8	7	7	8
44	39	39	33	28	27
202	191	182	175	153	136
698	679	567	537	427	416
2,260	2,183	2,137	2,215	1,998	1,540
914	846	908	794	748	660
412	351	336	261	281	224
502	495	572	533	467	436
3,872	3,708	3,612	3,546	3,173	2,616
2,809	2,668	2,628	2,481	2,164	1,911
1,063	1,040	984	1,065	1,009	705

ELEVEN YEAR SUMMARY

In millions of dollars	1995	1994	1993	1992	1991
Sales and Earnings					
Sales	\$ 12,966	\$ 13,002	\$ 11,931	\$ 11,599	\$ 10,770
Operating income	521	378	241	207	247
As a percentage of sales (%)	4.0	2.9	2.0	1.8	2.3
Interest expense	103	105	89	99	115
Earnings before extraordinary items	190	117	57	40	84
As a percentage of sales (%)	1.47	.90	.48	.34	.78
Net earnings	190	117	57	40	84
Cash Flow					
Cash flow from operations	492	552	400	350	327
Disposition of subsidiary companies	368				
Capital expenditures	527	552	418	272	258
Acquisition of subsidiary companies	66		165	68	
Increase (decrease) in cash position	89	80	(24)	(136)	177
Financial Position					
Current assets	2,191	1,849	1,697	1,594	1,553
Current liabilities	2,056	1,848	1,653	1,456	1,215
Working capital	135	1	44	138	338
Fixed assets	2,726	2,704	2,462	2,129	1,996
Long term debt and debt equivalents	982	1,029	883	752	895
Shareholders' equity	1,553	1,400	1,285	1,262	1,222
Average capital employed	3,460	3,177	2,920	2,732	2,735
Ratios					
Return on capital employed (%)	15.1	11.9	8.2	7.6	9.0
Weston Foods (%)	3.4	1.2	3.8	2.2	10.1
Loblaw Companies (%)	15.2	14.1	11.5	11.3	14.1
Weston Resources (%)	22.2	14.1	3.4	2.5	(4.1)
Return on common equity (%)	12.8	8.7	4.5	3.2	7.0
Interest coverage	5.06	3.60	2.71	2.09	2.15
Debt to equity	.97:1	.93:1	.91:1	.77:1	.82:1
Debt to equity (cash offset)*	.51:1	.68:1	.68:1	.58:1	.59:1
Per Common Share In dollars					
Earnings before extraordinary items	4.02	2.48	1.21	.85	1.81
Increase (decrease) (%)	62	105	42	(53)	(28)
Net earnings	4.02	2.48	1.21	.85	1.81
Cash flow from operations	10.45	11.76	8.56	7.51	7.05
Dividends declared	.73	.70	.70	.70	.70
Capital expenditures	11.20	11.76	8.94	5.84	5.55
Book value	32.99	29.75	27.42	27.08	26.31
Market value (year end)	50.25	42.25	39.00	36.75	36.75
Price earnings ratio (year end)	12.5x	17.0x	32.2x	43.2x	20.3x
Market/book ratio (year end)	1.52:1	1.42:1	1.42:1	1.36:1	1.40:1

* Total debt less cash and short term investments/total shareholders equity
 Certain comparative figures have been restated to conform with current presentation.

1990	1989	1988	1987	1986	1985
\$ 10,856	\$ 10,459	\$ 10,831	\$ 11,035	\$ 10,026	\$ 8,880
346	384	348	357	311	268
3.2	3.7	3.2	3.2	3.1	3.0
118	132	124	113	89	84
117	139	124	119	108	90
1.1	1.3	1.1	1.1	1.1	1.0
117	176	177	119	108	90
378	369	321	317	275	221
	122	258			
322	341	325	351	382	262
21	74	77	145	82	33
61	66	120	(208)	90	(57)
1,602	1,513	1,556	1,569	1,492	1,228
1,358	1,323	1,305	1,309	1,053	930
244	190	251	260	439	298
1,968	1,882	1,804	1,753	1,553	1,286
923	871	994	1,047	1,055	773
1,173	1,086	951	842	764	669
2,717	2,664	2,577	2,369	2,025	1,722
12.7	14.4	13.5	15.1	15.3	15.6
12.7	15.2	16.2	16.2	16.5	16.6
14.0	12.4	9.0	13.2	13.8	16.8
10.3	18.4	22.4	18.8	17.8	13.0
10.4	13.6	13.9	14.8	15.0	14.3
2.93	2.91	2.81	3.16	3.49	3.19
.99:1	1.07:1	1.40:1	1.56:1	1.53:1	1.35:1
.78:1	.87:1	1.15:1	1.51:1	1.41:1	1.34:1
2.52	3.00	2.70	2.58	2.31	1.96
(16)	11	5	12	18	16
2.52	3.81	3.85	2.58	2.31	1.96
8.18	8.00	6.96	6.88	5.99	4.82
.70	.66	.61	.57	.51	.44
6.97	7.40	7.06	7.61	8.30	5.71
25.37	23.47	20.59	18.23	16.52	14.49
41.75	43.25	35.00	32.00	35.50	25.50
16.6x	14.4x	13.0x	12.4x	15.4x	13.0x
1.65:1	1.84:1	1.70:1	1.76:1	2.15:1	1.76:1

CONTRIBUTING TO THE COMMUNITY

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

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

Our support is shared across Canada and is directed mainly toward medical research, education, conservation, and community projects. George Weston Limited is one of a group of Canadian corporations that recognize and support the goals of the "IMAGINE" campaign.



The following organizations were some of the recipients of contributions in 1995:

Girl Guides of Canada – Newfoundland and Labrador Council

St. John's, Newfoundland

Funds for preparation and equipment of campsites to enable more girls and young women to participate in camping activities.

Discovery Centre

Halifax, Nova Scotia

Commitment to Education Program for children at this hands-on science centre in downtown Halifax.

Musée des Arts Décoratifs de Montréal

Montréal, Québec

Funding for children's education component of a travelling exhibition from this decorative arts museum.

Ottawa General Hospital

Ottawa, Ontario

Support for the creation of a stroke treatment research laboratory.

Canadian Forces Communications and Electronics Museum

Kingston, Ontario

Support for the launching of a museum covering the proud history of Canadian military communications.

C.M. Hincks Institute

Toronto, Ontario

Funding for advanced training and research in children's mental health.

YMCA of Calgary

Calgary, Alberta

Funds directed to renovation of child care area in downtown centre.

University of Victoria

Victoria, British Columbia

Endowment of scholarship in hotel and restaurant management.

World Wildlife Fund Canada

Across Canada

Funding for a National Pesticide Reduction Project, as part of the World Wildlife Fund's Wildlife Toxicology Program.

Royal Conservatory of Music

Across Canada

Commitment to Pedagogy Institute to assist and develop music and arts education programs in the school system.

Examples of Community Involvement by our Local Operating Divisions:**Sarsfield Foods**

Kentville, Nova Scotia

Support for Acadia University's "Smile" Program, where student volunteers provide physical activity instruction to children with special needs.

Neilson Dairy

Ottawa and Halton Hills, Ontario

Product donations to the Salvation Army and local food banks.

George Weston North American Bakeries

Toronto, Ontario

Funds to help The Nature Conservatory of Canada preserve a genetically diverse grasslands complex in southwestern Ontario.

Zehrs Markets

Kitchener/Waterloo, Ontario

Product donations to local food banks.

The Real Canadian Superstore

Winnipeg, Manitoba

Sponsorship of the MS 150 Bike Tour from Winnipeg to Portage La Prairie and return, in support of multiple sclerosis research.

Loblaws Supermarkets/National Grocers

Across Canada

Programs to integrate people into the office environment who have physical disabilities but whose intellectual capacity can be fully utilized.

DIRECTORS

W. Galen Weston, OC¹

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

Lincoln M. Alexander, P.C., C.C., O.Ont., Q.C., The Honourable^{3,5}

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

Richard J. Currie

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

Robert J. Dart, FCA^{2,3}

President, Wittington Investments, Limited;
B.Comm. University of Toronto; Director, Holt Renfrew & Co. Limited; Brown Thomas Group Limited

Anne Fraser

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

R. Donald Fullerton^{2,3}

Chairman, Executive Committee, CIBC;
Former Chairman and Chief Executive Officer of CIBC; BA University of Toronto;
Director, Amoco Canada Petroleum Co. Ltd, Coca-Cola Beverages Ltd., Hollinger Inc., Honeywell Inc.,
Wellesley Hospital Research Foundation, CIBC, Westcoast Energy Inc., Ontario Hydro, Orange plc.
Member of the Advisory Board of Directors, IBM Canada Ltd.,

Mark Hoffman

Chairman, Cambridge Research Group Limited, Cambridge Capital Limited, Hamilton Lunn Holdings Limited,
Chairman, International Board, United World Colleges, Harvard Club of London; BA, MBA Harvard University;
MA Cambridge University; Director, Millipore Corporation, Advent International Corporation,
Guinness Flight Global Asset Management Limited

Hugo Mann²

International Retail Consultant;
Former Managing Director Deutscher Supermarkt; Member, Order of Germany; Goldener Zuckerhut Award 1982
(German Food Industry Business Man of the Year)

Gerald B. Mitchell^{4,5}

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

Dr. Robert I. Mitchell^{2,4,5}

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

R. Gordon McGovern

Former President and Chief Executive Officer of Campbell Soup Company (U.S.); AB Brown University; MBA Harvard University; Director, Mellow Machine Company; Trustee, The Wooster School in Connecticut

Earl R. Pearce ¹

President, Weston Resources Limited; Chairman, British Columbia Packers Limited;
Chartered Accountant; Member of the Advisory Board, Allendale Mutual Insurance Canadian Operations

M.D. Wendy Rebanks ^{4,5}

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

John D. Stevenson, QC ^{1,3}

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

Garry H. Weston

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

¹ Executive Committee

² Audit Committee

³ Corporate Governance, Nominating and Compensation Committee

⁴ Pension Committee

⁵ Environmental, Health and Safety Policy Committee

Board of Directors' Committees

Audit Committee

The members are R. Donald Fullerton (Chairman), Robert J. Dart, Hugo Mann and Dr. Robert I. Mitchell. The mandate of the Committee is to review with management and the external auditors all public financial reports. The Committee meets at least twice annually in addition to holding quarterly meetings prior to the release of quarterly financial statements. The Committee held 5 meetings in 1995.

Environmental, Health and Safety Committee

The members are Gerald B. Mitchell (Chairman), Lincoln M. Alexander, Dr. Robert I. Mitchell and M.D. Wendy Rebanks. The mandate of the Committee is to monitor the systems for the Corporation and its subsidiaries for implementing the Corporation's policy with respect to environmental, health and safety matters; to make employees aware of the Corporation's policy and are encouraged to deal with environmental, health and safety problems expeditiously; to receive periodic reports from management and to report to the Board of Directors in accordance with the Policy. The Committee held 2 meetings in 1995.

Corporate Governance, Nominating and Compensation Committee

The members are R. Donald Fullerton (Chairman), Lincoln M. Alexander, Robert J. Dart and John D. Stevenson. The mandate of the Committee is to develop and review the compensation and benefits accorded to senior executive officers; to review processes and policies for establishing compensation and benefit levels and to review granting of and policy setting relating to stock options. The Committee also reviews corporate governance practices and other compensation matters at the request of the Chairman of the Board of Directors. The Committee held 5 meetings in 1995.

Pension Committee

The members are Dr. Robert I. Mitchell (Chairman), Gerald B. Mitchell and M.D. Wendy Rebanks. The mandate of the Committee is to oversee the investment of the Pooled Pension Fund and monitor the performance of the investments. The Committee is also responsible for overseeing the administration of the George Weston Limited Pension Plans. The Committee held 3 meetings in 1995.

OPERATING GROUPS

Weston Foods

James D. Fisher
President
George Weston
North American Bakeries

Ralph A. Robinson
President
Weston Bakeries (Ontario)

Pierre Brodeur
President
Boulangeries Weston
(Québec)

R. Allen van Patter
President
Weston Bakeries (West)

Gary J. Prince
President
Stroehmann Bakeries

Erik F. Riswick
President
Ready Bake/ Maplehurst

Raymond A. Baxter
President
Interbake Foods

Ralph A. Robinson
President
Neilson Dairy

Jane S. Gertner
President
Chocolate Products

Loblaw Companies

Richard J. Currie
President

David K. Bragg
Executive Vice President

Serge K. Darkazanli
Executive Vice President

Harold A. Seitz
Executive Vice President

John W. Thompson
Executive Vice President

David M. Williams
Executive Vice President

Roy R. Conliffe
Senior Vice President,
Labour Relations

Donald G. Reid
Senior Vice President, Finance

Stephen A. Smith
Senior Vice President,
Controller

Weston Resources

Earl R. Pearce
President

Michael J. Muga
Vice President, Finance

Donald A. McLean
President
British Columbia Packers

Terrence McDonnell
Vice Chairman and CEO
Connors Bros.

Edward L.D. McLean
President
Connors Bros.

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

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

Corporate Officers

Earl R. Pearce
Senior Vice President and
Chief Financial Officer

Bruno L. Del Bel
Vice President,
Financial Reporting

Stewart E. Green
Vice President, Secretary
and General Counsel

John V. Laurie
Vice President, Pensions
and Treasurer

Terrence H. Wardrop
Vice President, Financial
Control and Administration

Marjorie E. Kyle
Controller, Weston Foods

Dr. Paul B. Tepperman
Corporate Medical Officer

SHAREHOLDER INFORMATION

Head Office

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

Stock Listings

Toronto, Montreal and
Vancouver Stock Exchanges

Share Symbol – “WN”

Registrar and Transfer Agent

Montreal Trust Company of Canada
151 Front Street West
Toronto, Ontario
M5J 2N1

Common Shares Outstanding – 47,079,900

Dividend Dates

	Record Date	Payment Date
Common Shares:	Dec. 15	Jan. 1
	Mar. 15	April 1
	June 15	July 1
	Sept. 15	Oct. 1
Senior Preferred Shares:	Feb. 15	Mar. 1
	May 15	June 1
	Aug. 15	Sept. 1
	Nov. 15	Dec. 1

Valuation Day Price

For capital gains purposes, the Valuation Day (December 22, 1971) cost base for the Corporation, adjusted for the stock split (effective May 27, 1986 4 for 1) is \$4.50 per share.

Normal Course Issuer Bid

The Company has a Normal Course Issuer Bid on The Toronto Stock Exchange effective from March 13, 1996 to March 12, 1997.

Year End – December 31

Annual Meeting of Shareholders

Wednesday, May 8, 1996 at 11:00 a.m.
Metro Toronto Convention Centre,
Constitution Hall,
Toronto, Ontario, Canada.

Trade Marks

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

Investor Relations

Shareholders, Security Analysts and Investment Professionals should direct their inquiries or requests for copies of the Company's Annual Information Form to Mr. John Laurie, Vice President, Pensions and Treasurer at the Company's head office.

This annual report includes selected information on Loblaw Companies Limited, a 70% owned public reporting company with shares trading on the Toronto, Montreal and Vancouver Stock Exchanges. Loblaw Companies Limited's Annual Report and Annual Information Form can be obtained from Loblaw upon request to Mr. Donald Reid, Senior Vice President, Finance.

Cover: *Bravo* gloss cover weight – 100lbs
Body: *Bravo* gloss and dull text weight – 100lbs
Island Paper Mills, a division of
E.B. Eddy Forest Products Ltd.



on