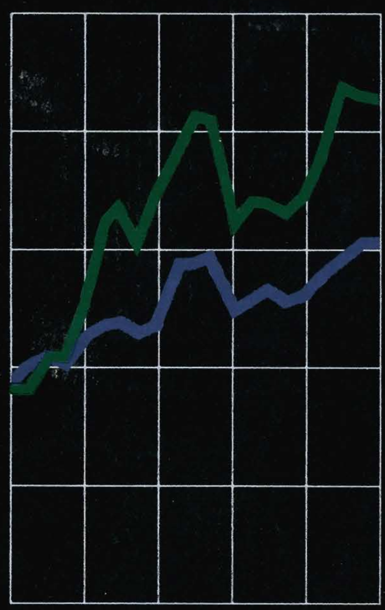
Weston



GEORGE WESTON LIMITED ANNUAL REPORT FOR 1989

George Weston Limited, a broadly based Canadian company, conducts food processing, food distribution and resource operations in North America. With diverse business operations throughout Canada and the United States, Weston has a significant investment in the North American economy. Weston, originally started in Toronto in 1882, now generates approximately 80% of sales in Canada and 20% in the United States and is committed to providing the best quality, service and value to its customers.

Highlights for 1989 are: • Earnings per share up 11% to $3.00. • Financial position strengthened with debt to equity ratio at .7 to 1. • Cash flow and divestitures funded $400 million capital additions • Dividend increased to 70 cents • Weston five year share price growth exceeded 130%.

FINANCIAL HIGHLIGHTS

(in millions of dollars)	1989	1988	1987	Percent Change 1989/8
Sales and earnings				
Sales	**$10,459.0**	$10,831.2	$11,034.8	(3%)
Operating income	**383.5**	348.2	357.2	10
Interest expense	**113.7**	103.9	91.1	9
Earnings before extraordinary items	**149.9**	137.4	134.1	9
Extraordinary items	**37.4**	53.1		(30)
Net earnings	**187.3**	190.5	134.1	(2)
Per common share (in dollars)				
Earnings before extraordinary items	**3.00**	2.70	2.58	11
Extraordinary items	**.81**	1.15		(30)
Net earnings	**3.81**	3.85	2.58	(1)
Year end dividend rate	**0.70**	0.64	0.60	9
Cash flow				
Cash flow from operations	**367.7**	349.0	318.3	5
Disposition of subsidiary companies	**121.5**	257.9		(53)
Capital expenditures	**341.5**	325.3	350.9	5
Acquisition of subsidiary companies	**73.7**	77.0	144.9	(4)
Financial position				
Long term debt	**672.0**	662.8	716.0	1
Shareholders' equity	**1,191.1**	1,131.6	1,023.0	5
Total assets	**3,550.8**	3,475.7	3,546.1	2
Ratios and returns				
Return on capital employed	**15%**	14%	15%	
Return on common equity	**14%**	14%	15%	
Debt to equity ratio	**.68 to 1**	.77 to 1	.96 to 1	
Earnings per share growth	**11%**	5%	12%	

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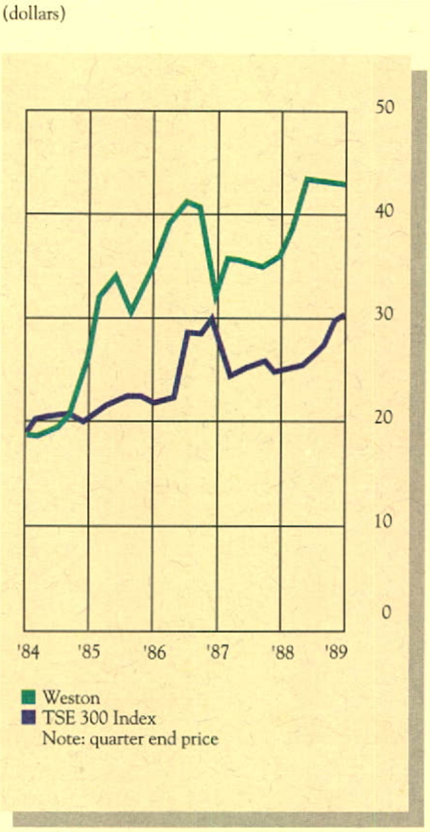
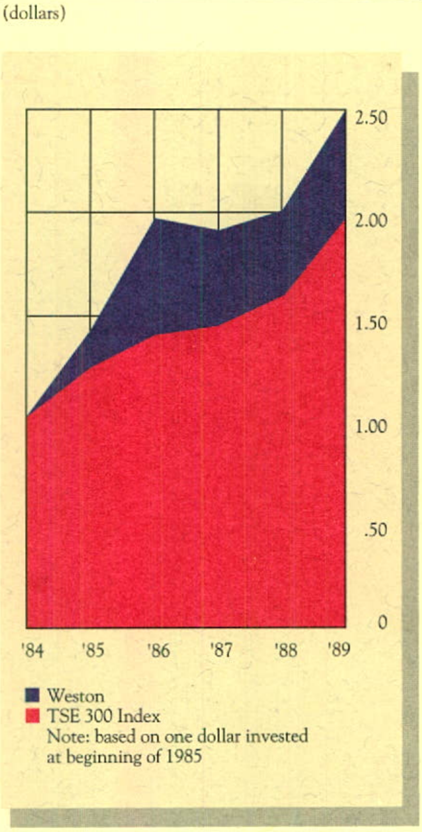
Market Value per Share



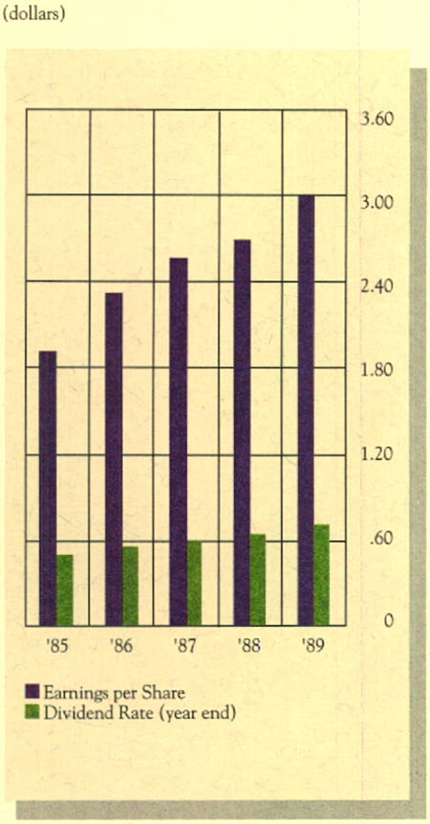
Share price appreciation is the primary way companies create wealth for their shareholders. The most popular way investors value a corporation's shares is to apply a price earnings (p/e) multiple to its current or expected earnings. A high multiple for a company with stable earnings reflects the market's expectation that the company's earnings will grow. Since 1985 Weston's year end p/e multiple of between 12.4X and 15.4X has reflected the market's confidence in Weston's management to grow its businesses. Based on 1989 earnings per share, Weston p/e multiple was 14.4X at December 31, 1989.

Total Annual Return versus TSE 300



The most important measure of a company's performance is total return to common shareholders. This return is the sum of dividends received and more importantly the capital appreciation of the share price in the stock market. Since the beginning of 1985 Weston's common shares have provided shareholders a total return of 150% or a compound annual return of 20%. This compares favourably with the 95% total return or 14% compound annual return on the TSE 300 Index.

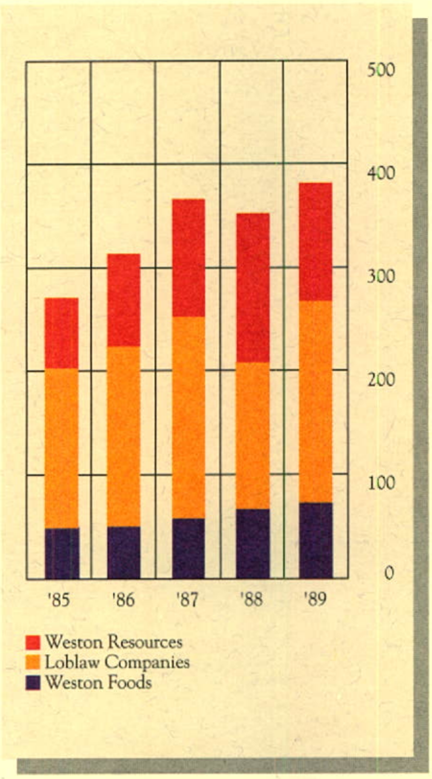
Earnings per Share and Dividend Rate



Weston shareholders have also received a secure and steadily increasing dividend this decade. Weston's dividend policy, established in 1977, targets a 25% to 30% payout of prior year's earnings, giving consideration to cash flow requirements and capital expenditure programs. Since 1985 Weston's common dividend has increased 63% which equates to a compound annual growth rate of 10%. On January 1, 1990 dividends were increased for the seventh consecutive year to 70 cents per share.

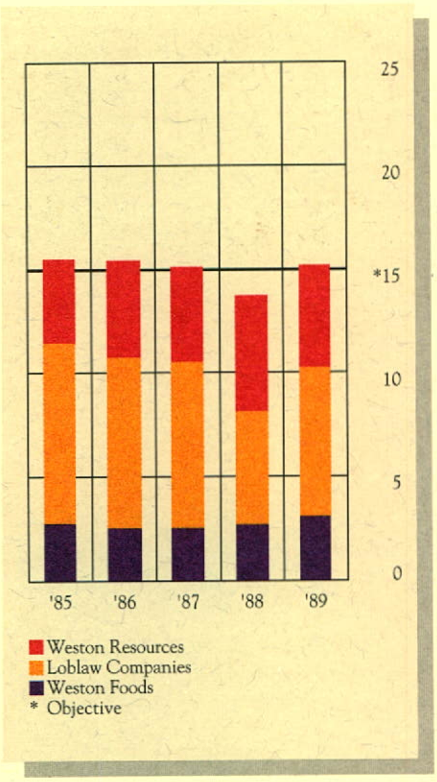
Operating Income by Group

($ millions)



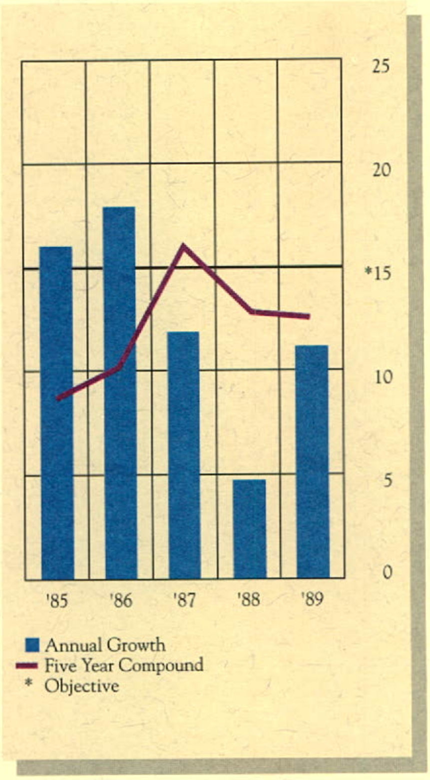
Return on Capital Employed
(Group Contribution)

(percent)



Earnings per Share Growth

(percent)



Weston's broadly based operations have helped contribute to its stable earnings growth record and the increased value of the Company's shares. Results of the individual groups fluctuate from year to year often reflecting prevailing industry specific conditions but Weston's consolidated operating performance has shown steady improvement. Consolidated operating income increased 43% from $268 million in 1985 to $384 million in 1989, a compound growth rate of 9%.

To maximize shareholder value new capital investments must add to the growth of the Company. Weston allocates funds only to projects whose long term returns meet or exceed certain risk adjusted hurdle rates. The return on capital employed contributed by each group varies annually as a result of assets recently acquired not as yet producing mature returns. On a blended basis Weston targets a long term 15% rate of return on capital which was achieved in 1989.

Share appreciation reflects long term earnings per share growth and Weston has established a 15% growth objective to provide shareholders with a superior rate of return. Since the beginning of 1985 Weston's earnings have grown 78% or at a compound rate of 12%. This shortfall from the 15% objective was primarily the result of current earnings being sacrificed for longer term investment opportunities. Earnings growth, due to a softening in the economy, is expected to be modest in 1990.

CHAIRMAN'S MESSAGE

George Weston Limited 1989 earnings before extraordinary items increased 11% to $3.00 per share. Higher operating income in our food manufacturing and merchandising businesses more than offset lower results in our resource operations. Effective January 1, 1990, the common dividend was increased 9% to an annual rate of 70 cents per share.

Operating Highlights
Sales in 1989 were $10.5 billion, down 3% from 1988, although when adjusted to exclude the impact of divested operations, increased 9%. Operating cash flow continued at record levels which, when combined with disposals, exceeded total capital expenditures and acquisitions.

An overview by each Group President makes up the body of this Annual Report and these are followed by detailed comments on the financial affairs of the Company. This year's report also sets out a graphic analysis of the component elements of return on common equity, which, at 14% was marginally below our long term objective.

Corporate Responsibilities
In concert with our belief that large corporations have an obligation to society over and above that of maximizing shareholder value, a number of significant events of a non-financial nature took place in 1989 which deserve comment.

Firstly, your Board of Directors formalized a Resource, Environmental and Waste Management policy. This was then reviewed with the divisional Presidents to help them balance operating priorities. Meanwhile, during the year our Forest Products division, consistent with practices of recent years, planted over nine million trees, more than twice the amount processed. Effluent levels were again improved at the Espanola pulp mill and sports fishermen are active on the Spanish River.

Secondly, at Loblaw Companies the "G·R·E·E·N" brand of products, running parallel with the highly successful "no name" and "President's Choice" programmes, was launched in June. We are now listing over 100 "environmentally and body friendly" products at most of our retail stores and affiliates across the country. While we realize these efforts are only a beginning in terms of making a real impact with respect to environmental and nutritional concerns, we believe in our slogan that "something can be done".

Finally, we were pleased to be recognized as a member of a group of leading Canadian corporations whose philanthropic activities have been especially significant. Weston continues to be a strong supporter of those organizations involved in medical research and education and of community associations who work with the less advantaged.

Outlook

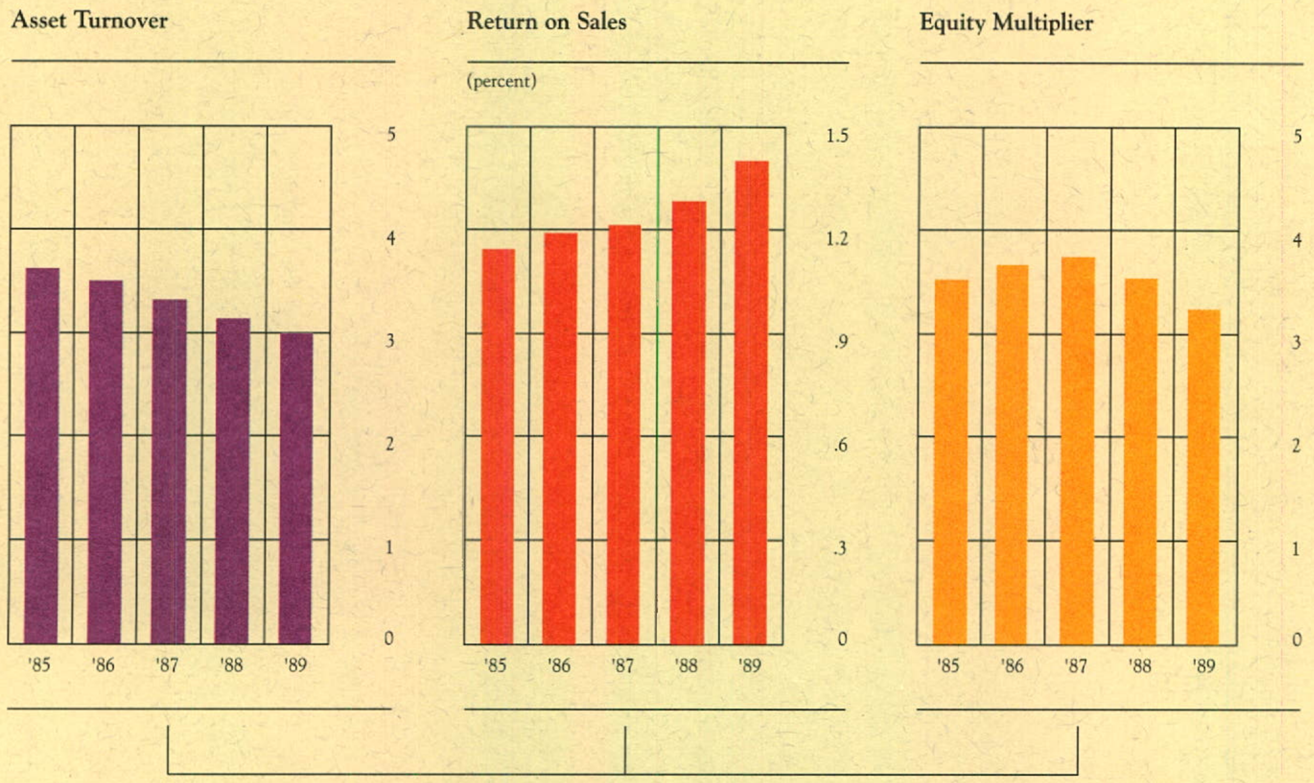
In 1990, improved returns are expected in Weston Foods and Loblaw Companies. Weston Resources results are forecasted to be lower, as a result of the price softening in the Forest Products division. Overall, 1990 earnings are expected to improve modestly. Your Company with its entrepreneurial management teams and good market positions remains a secure growth vehicle for this challenging new decade.

Once again, I would like to thank our customers, employees and shareholders as well as all those with whom we do business, for their continued support.

W. Galen Weston

W. Galen Weston
Chairman and President

WESTON PERFORMANCE

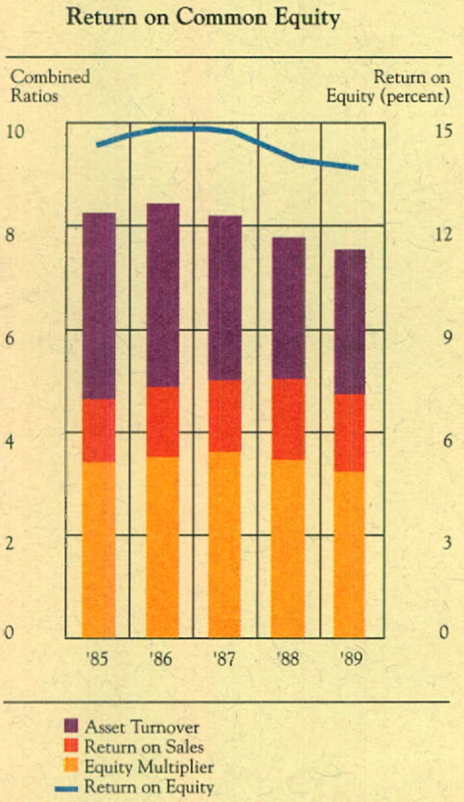


Return on common equity is an effective measure of a company's overall performance and changes in value. It is derived from three basic ratios.

First, the return on sales ratio (profit after tax divided by sales) is a measurement of profitability in terms of margins and therefore marketing/ sales effectiveness. It is a measure of operating performance.

Second, the asset turnover ratio (sales divided by total assets) represents the ability to get the most from a given asset base. The more sales from a given asset base, the more efficient management is in utilizing its assets.

Return on Common Equity



Third, the equity multiplier (total assets supported by common equity) reflects a company's ability to own income producing assets financed with external capital. However, the rewards to equity owners of a high multiplier must be tempered with the necessity of maintaining financial strength and flexibility.

The product of multiplying these ratios is the return on common equity.

The graphs on this page demonstrate the story behind Weston's activities over the past five years in these areas and the resultant return on common equity. The short term decline in asset turnover is consistent with our major capital program, while the improving margins and stable equity multiplier indicate the outlook for continued future improvement and growth in return on common equity and shareholder value.


N FLAKES CEREAL
GH SOURCE OF DIETARY FIBRE
BRUNSWICK
CANADIAN
SARDINES
CANADIENNES
IN SOYA OIL
À L'HUILE DE SOYA
NET WT. 3.53 OZ 100 g
POIDS NET
CLOVER LEAF
net wt. 184 g 6.5 oz
drained wt. 133 g 4.7 oz
IN WATER
CHUNK SOCKEYE SALMON
fibre
goodness
DANONE
Strawberry Bottom
yogurt
175g
avec
Arachides

Weston Foods recognizes that it is an exciting time to be in the food industry. The basic nature of the market is changing as consumer preferences splinter in every possible direction; diet and indulgence; nutrition and taste; convenience and variety; family size and single portion; easy to use and environmentally friendly. The consumer doesn't mind that these demands are often contradictory. Our response has been to double and re-double our new product development efforts and to seek increasing flexibility in our production and distribution system.

The Free Trade Agreement between Canada and the U.S. will have some impact on Weston Foods businesses although many of the impediments to freer North-South trade in our products were left intact. Farm products on both sides of the border continue to be subject to regulatory and Marketing Board rules. For example, the Canadian Wheat Board has a permit system to regulate the northward flow of wheat based products into Canada. American sugar quotas regulate the southward flow of products containing sugar.

Of greater impact to the Canadian food industry are the world level talks in the Uruguay Round of GATT. The U.S. has challenged Canada's right to restrict U.S. manufactured ice cream and yogurt from entering Canada. This dispute will likely be settled in Geneva rather than in Ottawa or Washington.

At the same time that the competitive environment has become truly global we face increasing cost pressures from the action of state and provincial governments. From health insurance premiums in Ontario to worker's compensation regulations in the U.S., corporations are being forced to absorb higher and higher payroll costs. There is a contradiction between our corporate need for global levels of efficiency to meet international competitors and the desires of local governments to meet their political needs by making employee costs even more expensive. As a result, we at Weston Foods are paying even greater attention to plant location decisions; in the long term we cannot afford to produce our non-perishable products in jurisdictions that are not globally competitive.

Weston Foods has accepted the challenge to improve our environment and has provided a guiding policy on environmental waste management to all employees. Managers have accepted this challenge. Each of our operations has surveyed its environmental practices. All have begun programs to reduce their environmental impact far below the levels contemplated by legislation. We can "leave a lighter footprint on planet Earth" and we will.

Operations

1989 was a year of many significant accomplishments. Weston Foods achieved record levels of sales and operating income, while committing to record levels of capital expenditures.

The year began with the acquisition of the commercial products division of General Biscuit in Elizabeth, New Jersey. During the year, we broke ground in Montreal for our new state of the art bakery, and concluded the year with Neilson "Crispy Crunch" candy bar as the number one selling chocolate bar in Canada.

In 1989 operating income reached a record $75 million, an 8% increase over 1988. Sales at $1.6 billion, were 9% ahead of last year reflecting the acquisition of the Elizabeth operation early in the year. The further strengthening of the Canadian dollar eroded approximately 2% from the Canadian dollar value of the sales and earnings of our U.S. operations.

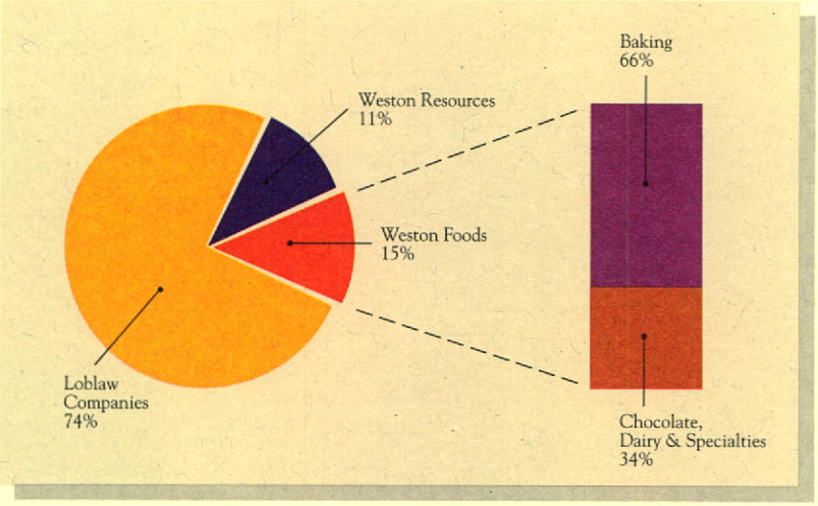
Our program of continued investment in attractive plants and facilities increased average capital employed by 15% thereby reducing the return on capital employed to 15%.

The Baking segment had sales growth of 13% in 1989, due to both acquisitions and real volume growth. At the operating income level, 1989 was 4% below 1988, due to one time integration costs that were absorbed by Interbake. The integration of the General Biscuit operation within Interbake has been completed, ahead of plan, however, closure costs for the Battle Creek, Michigan facility lowered 1989 earnings. Looking ahead, 1990 promises to be a good year for Interbake, as the one time costs disappear and the synergies anticipated from the General Biscuit acquisition generate positive returns.

Weston Bakeries had an active year, coming off a very strong performance in 1988, continuing to expand its markets and product lines. During the year two regional bakeries were acquired in Hamilton and Sudbury while the Calgary bakery was replaced by another facility more suitable to the long term needs of the market. In addition to these acquisitions, Weston Bakeries continued its program of investing for the future with outlays to modernize existing plants. Most significantly construction began on the new bakery in Montreal, which will incorporate the latest in baking technology.

Ready Bake, the division of Weston Bakeries which competes in the frozen dough market, had another solid year of gains in all its markets. The frozen dough market has experienced tremendous growth and is expected to continue to grow at attractive, although lower rates. Ready Bake with its

Weston Foods Sales by Segment



commitment to customer service has capitalized on this growth opportunity and made exceptional progress.

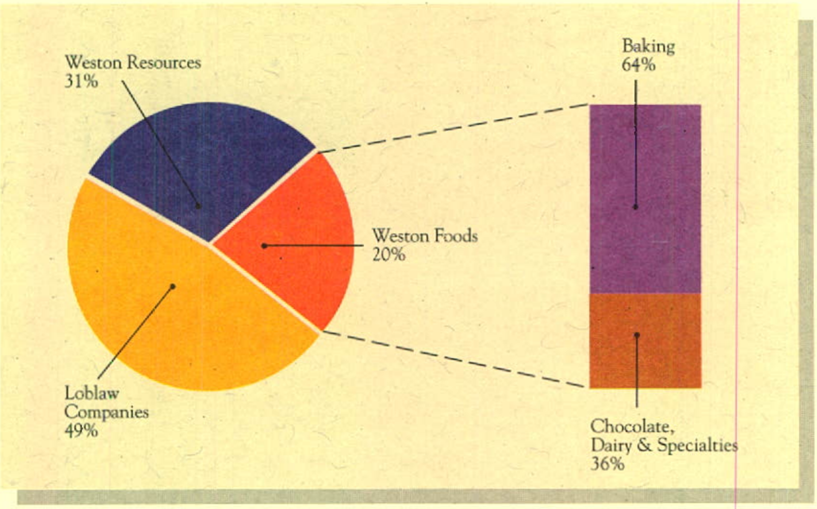
Stroehmann Bakeries had a very challenging year in 1989. Their ongoing business is still very strong, while the new Taystee Baking operation in New York required considerable attention. An extensive program of capital refurbishment and depot consolidation is now complete and the bakery is beginning to operate well. At the same time the level of competition in the New York market is very intense and progress in the market will continue to take considerable time and effort.

The two flour milling companies, Soo Line Mills and McCarthy Milling continue their outstanding performance.

The Chocolate, Dairy and Specialties segment had a very strong year. Sales increased by only 2%, but operating income rose 42%. The 1987 acquisition of the Cadbury confectionery business paid off with a record year in both sales and operating income. In 1988, the "Caramilk" brand chocolate bar became the number one overall brand in the chocolate confectionery market. In 1989, "Crispy Crunch" brand became number one in the regular bar category. Neilson Cadbury is the number one company in overall share position in the Canadian confectionery industry. 1990 will continue to reflect the strong branded positions, supported by an aggressive advertising campaign to further strengthen and defend these brands against continuing strong competition.

The Dairy division had a solid year in 1989. Cost reduction programs that commenced in 1988 were maintained in 1989 and produced favourable returns. On the fluid milk side of the business, increased volumes were experienced at both our plants in Halton Hills and Ottawa. "Danone" brand yogurt, Neilson's 1988 entrant in the high quality end of the yogurt market, achieved solid progress in 1989 with growing distribution and increased product listings. Ice cream results in 1989 were much improved.

Weston Foods
Operating Income by Segment

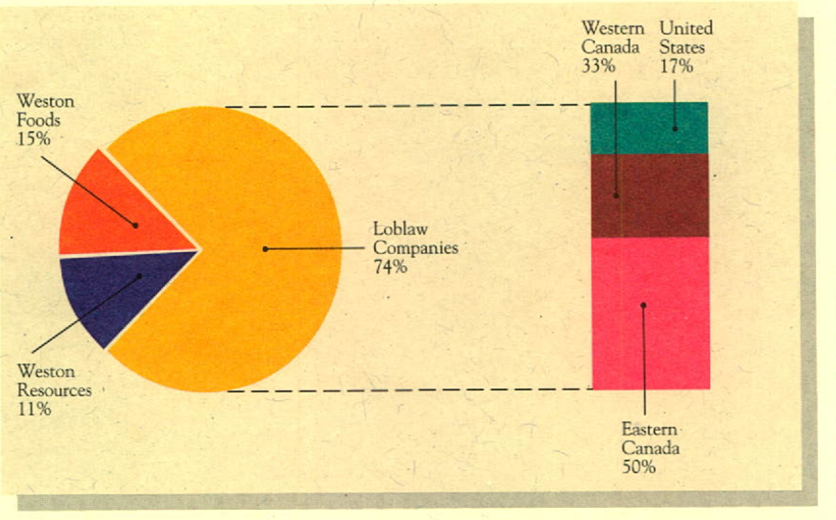


The Food Specialties business continues to operate in very competitive markets. Early in 1990, production at the McNair plant in Toronto was consolidated into the Watt & Scott plant in Montreal. This will help the group continue to improve efficiencies and hold its leadership position in the bakery ingredients markets in Canada.

Loblaw Companies, Canada's largest food distributor, had a much better year in 1989 in which earnings increased 39% over 1988 to $190 million. Fixed asset additions amounted to $154 million. The new large stores put in place over the last few years began to perform profitably in most instances and the major capital expenditure program is substantially finished with cash flow beginning to exceed cash needs. The company now has in operation 40 stores in excess of 60,000 square feet, operates approximately 334 stores in Canada and the U.S. and throughout its wholesale operations services over 12,000 independent accounts from over 50 warehouses.

The strategic repositioning of the company which commenced in late 1984 was essentially completed with the entry of three "Real Canadian Superstores" in Vancouver and two in Calgary in the 12 month period ending in November 1989. Programs such as "no name", "President's Choice" and "G·R·E·E·N" are proving to be successful as the contribution of the controlled label program to the strategic repositioning continues to increase. There are currently over 2,300 "no name", "President's Choice" and "G·R·E·E·N" controlled label products. Improvements in operating performance have occurred in all trading areas and trading profit for the year 1989 was a record level of $290 million.

Loblaw Companies
Sales by Segment



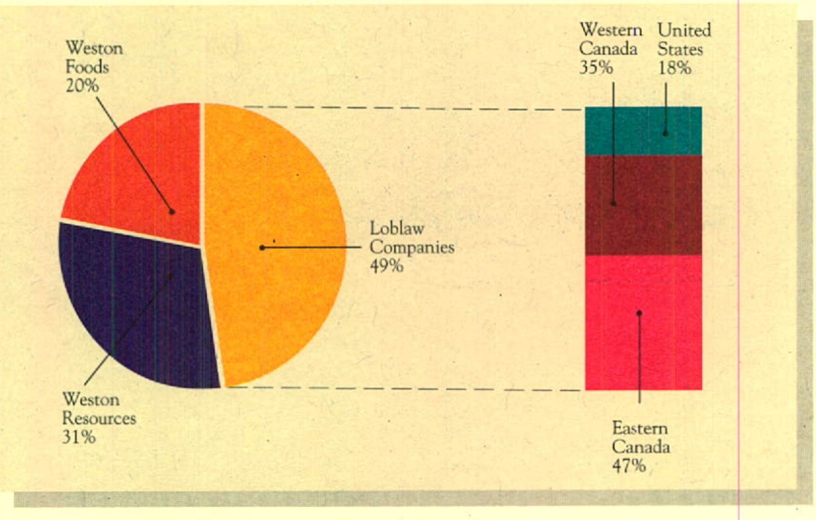
Over the past five years the core marketing areas of the Prairies, Ontario, the Maritimes and St. Louis have been strengthened by the introduction of new stores or the targeted acquisition of corporate supermarkets and franchised units on top of an already solid base business. In addition, a relatively new store asset base and a competitive cost structure has been achieved in the major urban centres of Halifax, Hamilton, Windsor, Calgary and Vancouver, markets in which the presence of Loblaw was inconsequential at the beginning of the program. While remaining Canada's largest food distributor throughout the investment program, the profile of Loblaw has changed and improved. Its retail coverage has now come to the point where no real market voids exist in Canada. The wholesale customer base is now mainly franchised in nature which improves returns and security of earnings. Plant and equipment are modern and efficient and the merchandising and control systems are securely in place, complementing the unique product and promotion programs developed in the business.

Eastern Canadian Operations

In 1989, operating income in Eastern Canada improved

68%. During 1988, less than acceptable results prompted the downsizing and remerchandising of some of the combination stores with a related $22 million charge to income. This situation has now stabilized and these stores contributed materially to the profit improvement in 1989. The acquisition of "Fortino's" and the continuing work to reduce total operating costs have also increased operating income in Eastern Canada. Operating income is expected to increase further in 1990, although at a reduced rate.

Loblaw Companies
Operating Income by Segment



Western Canadian Operations

Western Canadian Operations had a record year in terms of operating profits for 1989. This performance was achieved despite the burden of opening a total of five new "Real Canadian Superstores" in Calgary and Vancouver since November 1988. There are now 16 "Real Canadian Superstores" in operation in Western Canada with two more presently under construction. In addition, warehouse capacity was increased during the year to support this store development with a new warehouse in each of Calgary and Vancouver and an expanded grocery facility in Calgary. The anticipated reaction of competitors in the Vancouver and Calgary areas has had an impact on 1989 operating performance, but the achievements to date have exceeded expectations.

Operating income in Western Canada improved 20% to $67 million. Strengthened performance in recently opened stores should continue to improve operating income in 1990.

U.S. Operations

As a result of the rationalization activities which took place in 1988, operating income from U.S. operations in 1989 improved significantly to $34 million from $28 million in 1988. The 1988 result included income from the wholesaling operation (approximately $1.4 billion in annual sales) which was sold last year, as well as losses from stores in New Orleans which were eliminated as part of last year's reorganization of that business. If the impact of these discontinued operations is removed from 1988, the year over year improvement in the operating income from continuing operations would be 50%. Operating income is expected to show modest improvement in 1990.

Merchandising

During the year, the "G·R·E·E·N" brand of product proved highly successful. This program was initially launched in June through the "Insider's Report" and gained outstanding acceptance. The parameters for this program were that these products must be either friendly to the environment or healthy for the body. Credibility, as with all Loblaw programs, was and is essential. Independent consultants were employed where necessary to ensure that we met this criteria.

While not claiming to be environmental experts, "G·R·E·E·N" brand programming has demonstrated its effectiveness in offering the consumers new options and confirms again the power of the consumer in the marketplace and our commitment to meeting their needs. From our overall perspective our marketing programs have been well received by consumers and demonstrate the importance of a unique range of products in the retail market place.

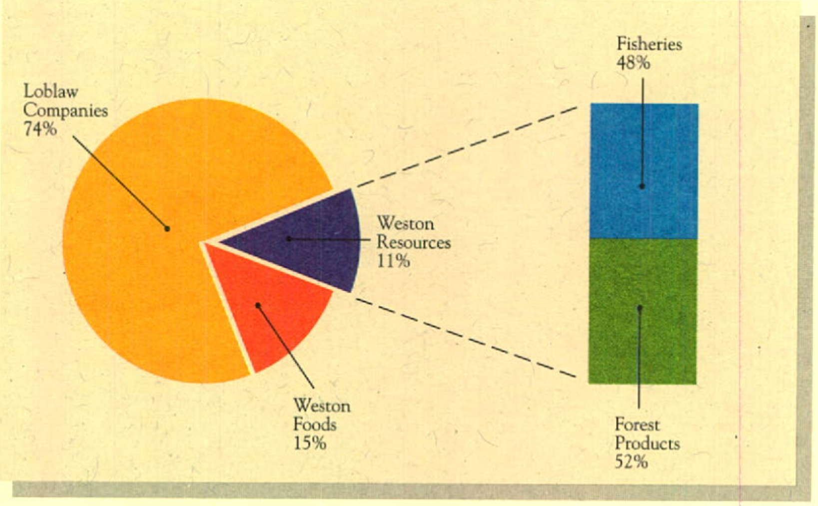
Outlook
Loblaw is continuing to expand its operations although it will be at a decreased physical pace over the next few years. No new markets are expected to be entered and emphasis will be placed on ensuring the success of recent expansions and growth. A detailed analysis of Loblaw is available in the Loblaw annual report.

Weston Resources' 1989 proved to be as challenging as forecast. A changed product mix from frozen to canned salmon in response to market forces and margin squeezes resulting from the higher value of the Canadian dollar combined to reduce operating income by 16% to $119 million on continuing sales of $1.15 billion. Return on capital employed declined to 18% from 22% in 1988 as higher inventories attributable to the changed product mix, continuing capital investment programs and reduced operating income in the fisheries division offset the reduction in capital employed due to asset sales in the forest products division.

Forest Products
Eddy Paper's pulp operation continued to perform well during a year which featured moderating price increases for pulp. At year end, the benchmark price was U.S.$830 per tonne having reached that plateau in April 1989. The end of the year witnessed significantly higher world pulp inventory levels compared to the previous year which suggest that the pulp price has peaked for this business cycle. Having invested heavily during the early part of the 1980's in state of the art operations and environmental safety standards, the mill provides Eddy with a huge advantage over the majority of pulpmills in Canada and the world, many of which will be spending large sums of capital for environmental purposes over the next few years.

Oxygen delignification, biological treatment, and more recently, chlorine dioxide substitution are examples of systems which give Eddy a competitive edge. Eddy continues to invest in projects which improve the environment. For example, Ontario's requirement for fossil fuels was reduced by Eddy's new turbo generator system which reduced the Espanola Mill's requirement for purchased electricity. There are further ongoing activities in the area of chlorine dioxide substitution in the pulp process to reduce dioxins. An independent Environmental Audit was carried out in Espanola during 1989 with the conclusion that its compliance status was excellent. Work will be done in 1990 to investigate the potential for installing biological treatment in the paper mill operations. Eddy has recently embraced the principles of recycling which has led to the development and commercial production of the quality recycled paper on which this Annual Report is printed. Eddy's commitment to a responsible forest renewal program continues with the goal of ensuring a continuous wood supply for our mills — more than 9 million trees were planted in 1989. In the 1990 season Eddy will plant its 50 millionth tree since assuming Forest Management responsibilities in 1980, more than twice as many as we processed.

Weston Resources Sales by Segment



The Canadian and U.S. paper operations were negatively affected by a very competitive operating environment as North American capacity increments began to take effect. The new capacity combined with lower price realization on exports stemming from the strong Canadian dollar and the high pulp price contributed to the negative results. During the year, a significant rebuild of #8 paper machine at Port Huron, Michigan was completed and a period of trials for new paper products commenced. At the same time, trial work on new products including coated paper products was undertaken elsewhere in the company. While these activities have a short term negative effect on operating income, management believes that investment through the earnings statement is a prudent policy and will assist Eddy's competitive position in the lean times which are approaching.

Eddy came to the decision in 1988 to refocus its business operations and accordingly, in the first quarter of 1989, sold its White Swan tissue operations, Eastern Fine Paper in the United States and the Davidson, Quebec white pine sawmill. A gain of $37 million was realized and, with cash proceeds of over $100 million, Eddy is well positioned to act on opportunities as they arise.

During the year, of Eddy's capital expenditures amounting to $63 million, approximately 68% were directed to machine rebuilds and modernization, and 7% to energy savings projects and environmental improvements. Timing delays and slow equipment deliveries were the main reasons that spending did not reach the anticipated levels. However, it is expected that spending will increase in 1990.

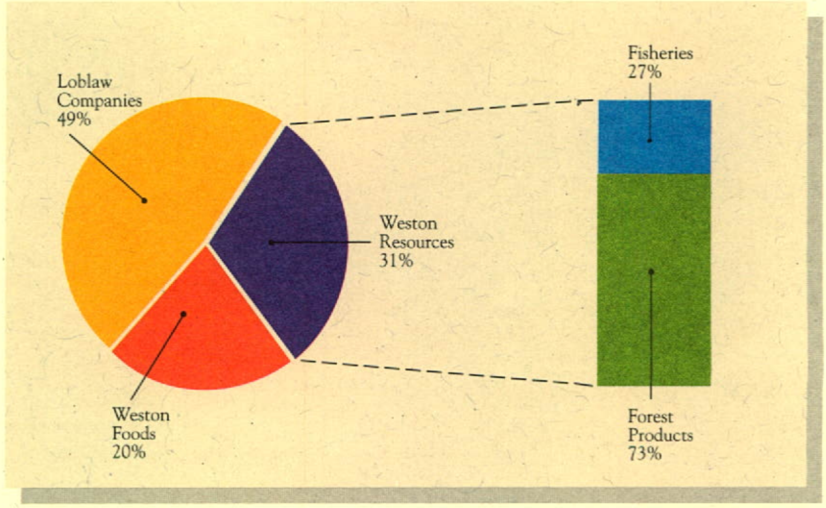
Fisheries

Despite a modest increase in sales in this division, comprised of B.C. Packers and Connors Bros., operating income dropped due in large part to very weak herring roe and frozen fish markets. Some of the factors leading to a 35% decline were alluded to in last year's outlook. Sales of frozen salmon tend to occur by the end of the year in which the fish are caught, whereas canned salmon tends to be sold during the first six months of the ensuing year. The weak frozen market necessitated a higher than expected allocation of salmon into the cannery. B.C. Packers' "Clover Leaf" brand salmon and tuna lines continue to perform well. Its Alaskan operation was stronger than ever in producing record canned packs of sockeye and pink salmon.

Late in the year, B.C. Packers decided to exit the groundfish business in Canada. It has been a drain on operating results for some time and the higher sourcing and processing labour costs in Canada cannot be recovered in the global market.

B.C. Packers continues its strategic move into the salmon aquaculture business. During 1989, the business was marked by major bankruptcies and restructurings as Norwegian farmed salmon, a market source which has been growing exponentially, forced prices much lower than many Canadian enterprises had envisaged. The company believes that factors external to Canada are creating an environment wherein only fully integrated, well financed participants will be able to survive.

Weston Resources
Operating Income by Segment



Connors Bros. recovered from a difficult year in 1988 by mitigating its losses in the groundfish sector and closing down marginal operations. Fish prices on the sourcing side were brought back closer to market reality. However, the market is being hurt by the high value of the Canadian dollar which combined with lower cost alternative products out of the U.S. Northwest has prevented a meaningful rebound in market pricing. The "Brunswick" brand of sardine and herring products experienced better productivity and firm pricing.

Connors' salmon aquaculture operations on the East Coast continue to perform well in an otherwise difficult environment. Their strategy to integrate back to production of fish feed has been a significant factor in their success. This has also provided a significant environmental benefit in that Connors utilizes virtually all of its fish waste in the manufacture of fishmeal and salmon feed.

Capital Investment

Capital spending amounted to $19 million of which 25% was directed to aquaculture and the balance to fishing vessels and productivity. Spending is expected to remain at this level in order to strengthen our competitive position to take advantage of alternative resources and competitive factors.

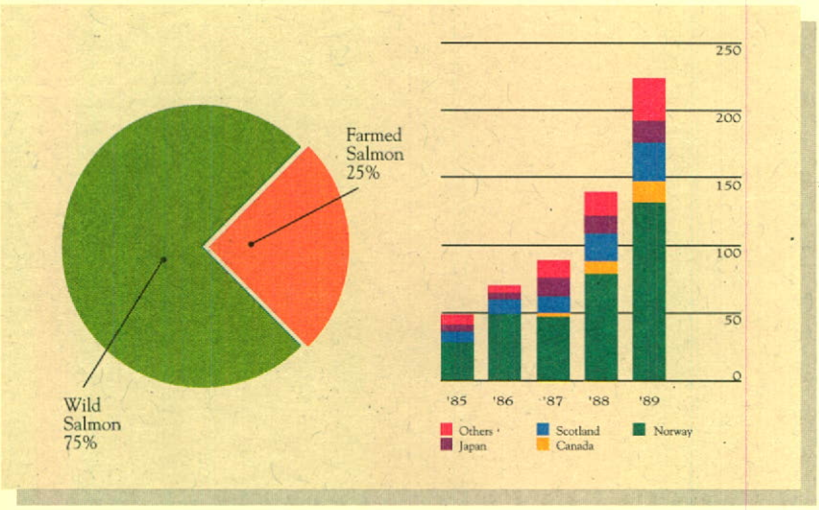
Outlook

In 1990 significant challenges and obstacles will continue to be addressed. High inventory levels being financed at a cost 35% above that in the U.S. must be reduced as quickly as possible without negatively affecting the marketplace. Recent changes in government regulations, which allow Canadian pink and sockeye salmon as well as herring to be processed in the U.S. will put increased pressure on Canada's competitive position against U.S. producers who have lower labour and social infrastructure costs. The ability to evolve as a successful leading competitor after the expected shakeout in the aquaculture business will be an important achievement. On the East Coast, groundfish availability and pricing is a matter which will affect not only Connors but the entire Atlantic region. On the positive side, the basic salmon, tuna and sardine/herring resources business remains strong.

Eddy is faced with markets which appear to have peaked in terms of pricing and in order to grow in 1990 must continue to expand its product lines emphasizing additional value added features. Continued investment can be expected and while this will negatively affect the return on capital employed in the short term, it will make Eddy a stronger company in the long run. Paper will not be faced with the dramatic year over year increases for pulp but it has still not caught up to those past increases.

World Farmed
Salmon Production

Thousands of Metric Tonnes



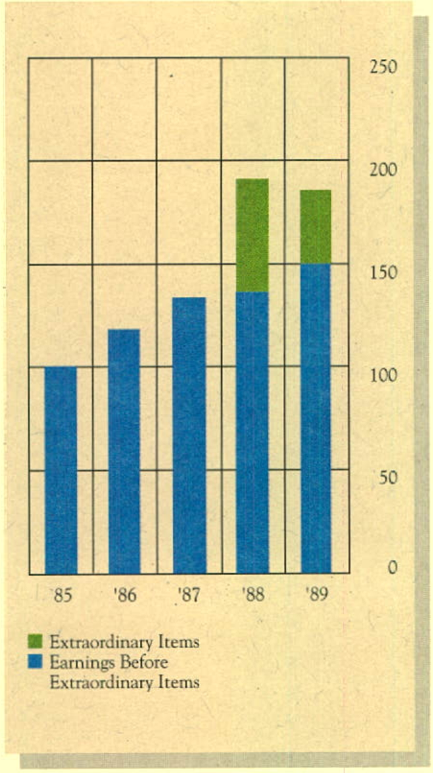
Weston Resources' seasoned management group has demonstrated the patience and foresight to invest wisely when external indicators suggest a more conservative approach. The desire to enhance the productive potential of our world class operations will provide long term benefits to the geographical areas in which the Group operates. The final decade of this century will produce new challenges to which management must respond. It will not be easy and management is prepared to risk some failures in order to achieve the successes which typified the 1980's as Weston Resources rose from an operating income low of $23 million in 1982 to routinely consistent incomes in excess of $100 million over the last 3 years. We have every reason to be optimistic that the decade of the 90's will be even more successful.

FINANCIAL REVIEW

Weston 1989 earnings before extraordinary items were $150 million and net earnings including the gain on the sale of the White Swan division were $187 million. At $3.00 per share, earnings before extraordinary items were 11% ahead of 1988's $2.70. Higher operating margins in Loblaw Companies more than offset lower results in Weston Resources. Weston's financial position strengthened during the year with $415 million invested in expansion of the business and closing shareholders' equity of $1.2 billion.

Net Earnings

($ millions)



Results of Operations

Sales were $10.5 billion down 3% from 1988. Adjusting previous years to exclude the divested operations of White Swan, Eastern Fine Paper, Peter J. Schmitt, New Orleans stores and InterBake Canada, sales increased 9% over 1988.

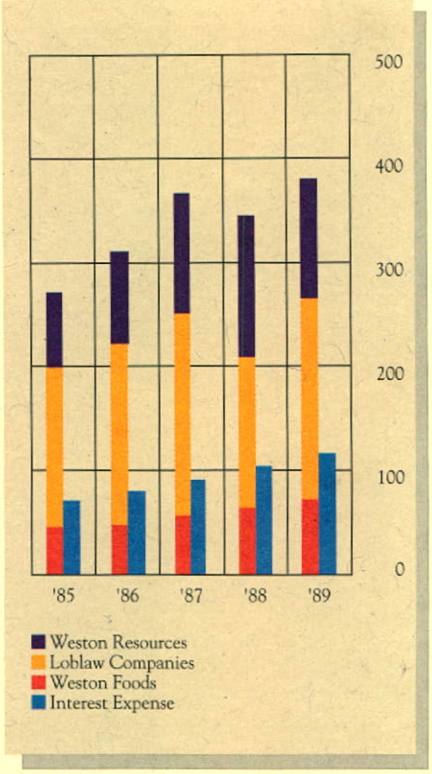
($ millions)	1989	Increase	1988	Increase	1987
Sales	$10,459	(3)%	$10,831	(2)%	$11,035
Sales of divested operations	(65)		(1,260)		(1,938)
Adjusted Sales	$10,394	9%	$ 9,571	5%	$ 9,097
Weston Foods	1,605	10%	1,458	7%	1,366
Loblaw Companies	7,934	9%	7,292	3%	7,050
Weston Resources	1,150	2%	1,127	12%	1,002
Inter Group	(295)		(306)		(321)

Capital investment provided most of the real sales growth in the adjusted sales. Weston Foods' sales and market share grew in Neilson, Weston Bakeries and Stroehmann key branded lines. Biscuit sales increased in 1989 as a result of the General Biscuit acquisition. Weston Resources' volume growth increased sales marginally in 1989 and accounted for half the increase in 1988. Loblaw Companies' expanded retail square footage and new wholesale accounts increased Canadian sales. U.S. sales declined because of divested businesses. The U.S. dollar depreciation against the Canadian dollar reduced U.S. subsidiaries' consolidated sales by less than 1% of total sales in 1989 and approximately 2% in 1988. Sales growth reflects broad based food price inflation of 4% in 1989 and 3% in 1988.

($ millions)	Sales 1989	Sales 1988	Sales 1987	Operating Income 1989	Operating Income 1988	Operating Income 1987
Weston Foods						
Baking	$1,066	$ 941	$ 984	$ 48	$ 50	$ 44
Chocolate, Dairy & Specialties	539	527	518	27	19	16
	$1,605	$1,468	$1,502	$ 75	$ 69	$ 60
Loblaw Companies						
Eastern Canadian	$3,988	$3,704	$3,601	$ 89	$ 53	$105
Western Canadian	2,650	2,340	2,088	67	56	46
United States	1,296	2,264	2,942	34	28	36
	$7,934	$8,308	$8,631	$190	$137	$187
Weston Resources						
Fisheries	$ 581	$ 573	$ 564	$ 32	$ 49	$ 42
Forest Products	634	788	659	87	93	68
	$1,215	$1,361	$1,223	$119	$142	$110

Operating Income and Interest Expense

($ millions)



Operating income of $384 million increased $35 million or 10% over 1988. The operating margin improved to 3.7% from 3.2% in 1988 when Loblaw Companies' operating income was depressed by a $22 million downsizing and remerchandising program and related low margins. Operating income in 1989 and 1988 was not impacted materially by inflation because general cost inflation approximated the rate of food price inflation. The recent operating income contribution of the businesses reported as disposals in 1989 and 1988 was small and did not affect the trend of operating income.

($ millions)	1989	Percent of Sales	1988	Percent of Sales	1987	Percent of Sales
Operating Income	$384	3.7%	$348	3.2%	$357	3.2%
Weston Foods	75	4.7%	69	4.7%	60	4.0%
Loblaw Companies	190	2.4%	137	1.6%	187	2.2%
Weston Resources	119	9.8%	142	10.4%	110	9.0%

Weston Foods improved operating margins in key brands and product lines through higher sales and greater efficiencies. However, in 1989 overall percentage returns did not increase as a result of the costs associated with integrating the recently acquired Taystee and General Biscuit facilities. Weston Foods' operating income is expected to improve in 1990, however, the improvement is at risk to continuing costs related to recent acquisitions and internal expansion.

Loblaw Companies' 1989 operating income reflects the return to historical profit margins in Eastern Canada, softened by the impact of five new store openings in Western Canada. Improved margins on lower sales in the United States benefited in 1989 from the end of price war conditions in St. Louis. With the number of 1987-1989 store openings that will have matured and recent productivity gains, Loblaw's operating margins should improve again in 1990. The risks inherent in this expectation relate to the economy in general, the industry trend to stronger operating margins continuing and maintaining the now indicated success of the Superstore expansion into Vancouver and Calgary.

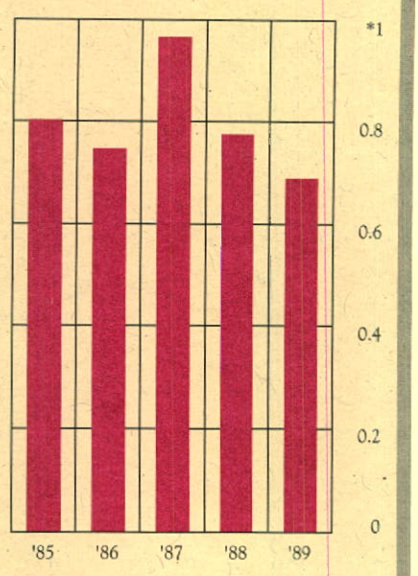
Weston Resources' operating income declined 16% in 1989. Operating income is currently more at risk to prices and margins than to physical volume or supply changes. Lower fine paper margins, West Coast herring roe marketing problems and salmon fishery labour interruptions adversely affected 1989 results after a 1988 year of firmer prices and good margins in both fishing and forest products. Weston Resources' 1990 results are expected to be below 1989 as pulp and fine paper prices are lower in current forecasts.

Interest expense of $114 million increased 10% from $104 million in 1988 and $91 million in 1987. Excluding the 1989 redemptions of Weston preferred shares and the Loblaw purchase of the minority interest in Kelly, Douglas & Company, interest expense would have been similar to 1988. The full year effect of these share purchases and expected higher interest rates will increase interest expense for 1990.

The effective income tax rate of 35% in 1989 is consistent with 1988 and down from 40% in 1987 as a result of lower legislated tax rates in both Canada and the United States. If Canadian accounting for income taxes changes to the accrual method, the tax rate would further decline and a retroactive application of such an accounting change would increase retained earnings. Minority interest in Loblaw Companies' income, subtracted in arriving at Weston's earnings before extraordinary items, increased in 1989 over 1988 despite the purchase of the Kelly Douglas minority interest because of Loblaw's stronger income and its higher preferred share dividends.

Earnings per share before extraordinary items at $3.00 were 11% ahead of 1988 which in turn were 5% ahead of 1987. Improved operating margins were key to these improved earnings in both years. 1989 benefited particularly from improved Loblaw Companies' operating income and 1988 from high Weston Resources operating income. Earnings per share were also higher because of the decline in preferred dividends which were $11 million in 1989 compared to $13 million in 1988 and $16 million in 1987. Net earnings for the year, including a $37 million gain on sale of the White Swan consumer and industrial products division, were $187 million or $3.81 per share. Net earnings in 1988 were $191 million or $3.85 a share including $53 million extraordinary net gains on disposal of businesses.

Debt to Equity Ratio



*Objective not to exceed

Performance Against Financial Objectives

The financial objectives established in 1980 have focused the Company on improving the productivity of sales and capital. The long term orientation of these objectives resulted in capital expenditure and acquisition programs of over $400 million annually 1986 through 1989. As reflected in the charts on page 6, the 1989 return on equity declined as a result of a lower ratio of sales to this increased asset base.

The potential to improve earnings and return on equity as recent capital expenditures mature has been recognized in the stock market resulting in a 14.4 x price earnings multiple and price to book value ratio of 1.84 x at year end. As a result, largely of share price appreciation, total shareholders' return over the last five years has averaged 22%. Weston continues its conservative dividend policy established in 1977 of paying out 25% to 30% of prior year's earnings giving consideration to cash flow requirements and capital expenditure programs. The January 1, 1990 increase of six cents a share, to an annual rate of 70 cents is a payout of 23% of 1989 earnings before extraordinary items.

Assets and Capital Expenditures

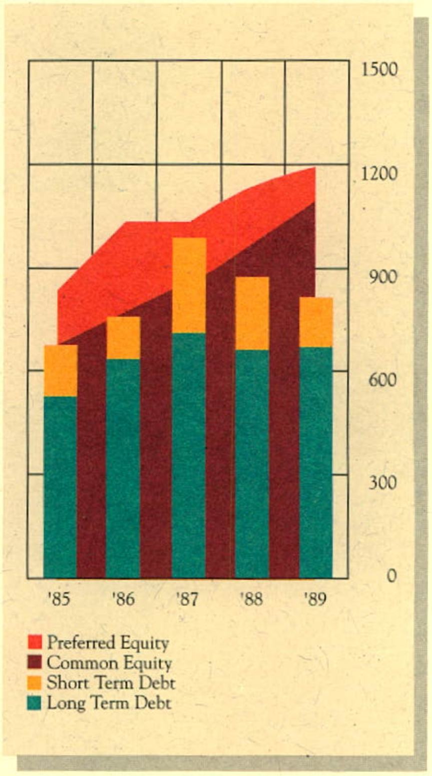
Weston's balance sheet consists principally of receivables, inventories and fixed assets, financed by trade accounts payable, short and long term debt and shareholders' equity. An operating objective in the last five years has been to increase sales while controlling the investment in operational working capital. This objective has resulted in the 1989 working capital investment declining further to $190 million from $251 million at the end of 1988. Operating the business on low working capital while maintaining significant credit lines, provides substantial liquidity while reducing interest and warehouse costs. The 1989 cash component of working capital declined from 1988 when $50 million cash and short term investments at year end had been set aside for a business acquisition closing January 6th, 1989.

Capital expenditures in the last three years have represented a rapid renewal rate when measured by the expenditures as a percentage of the prior year's capital employed.

($ millions)	1989	% Capital Employed	1988	% Capital Employed	1987	% Capital Employed
Capital Expenditures	$342	14%	$325	13%	$351	16%
Weston Foods	106	24%	57	14%	49	16%
Loblaw Companies	154	11%	177	12%	249	19%
Weston Resources	82	12%	91	15%	53	9%

Capital Structure

($ millions)

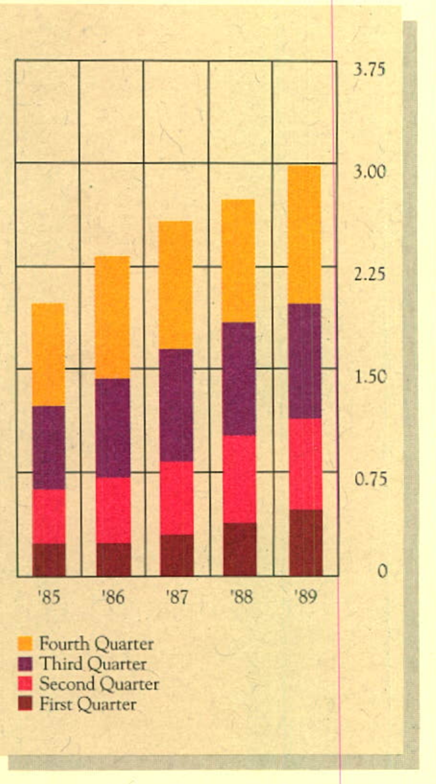


During 1989, $415 million or $9 a share invested in fixed assets and acquisitions was funded by cash flow from operations, divestitures and fixed asset disposals. Capital expenditures were focused on productivity improvement and expansion of existing businesses through geographic step outs. Weston Foods acquired the General Biscuit commercial biscuit business in New Jersey, purchased bread plants in Hamilton, Sudbury and Calgary, continued to modernize the Neilson Cadbury confectionery assets, rolled out the introduction of hand held computer ordering systems in a major Stroehmann division and continued the program of installing automatic bakery product handling systems. Weston Foods began construction of a $50 million Montreal bakery, with completion scheduled for late 1990. Loblaw Companies' fixed asset additions declined in 1989 after five years of heavy expenditures on new stores. Three quarters of Loblaw's additions were for stores including six western Canadian combination stores opened in 1989 or opening in 1990. Weston Resources spent $30 million on its fine paper machines in 1989 and expects to increase this pace of upgrading into 1990. Capital expenditures for 1990 are expected to be similar to 1989 of which one quarter is committed and most of the balance could be increased or decreased as a consequence of future economic conditions.

The investment in goodwill, trademarks and brands grew in 1989 although the balance sheet records only intangible assets from acquisitions such as the "Cadbury's", "Fortino's" and "Taystee" trademarks. The balance sheet under current accounting conventions does not include the much larger value of trademarks such as "Weston's", "Clover Leaf", "Brunswick", "Neilson", "Stroehmann", "President's Choice", "Loblaws" and "Zehrs".

Earnings per Share by Quarter

(dollars)



Capital Resources and Liquidity

Weston is committed to the maintenance of a flexible capital structure to achieve stable and strong shareholders' returns from an expanding business. Weston's key credit ratio is the debt to equity ratio which at year end was .7 to 1, improved from .8 to 1 in 1988. Interest coverage at 3.4 times is the same as 1988. These ratios and the stable earnings record support Weston's A high/A+ long term debt ratings. Weston issues public and private long term debt to maintain year end fixed rate and long term debt at 70% to 80% of total debt. Available bank operating lines in excess of $1 billion are more than adequate to meet 1990 seasonal needs. Additional liquidity is provided by active commercial paper programs with authorized limits of $800 million including Loblaw with a separate authorized limit of $500 million. Weston's short term commercial paper is rated R-1 low/A-1+.

Cash flow from operations in 1989 was $368 million up 5% from $349 million in 1988. Weston's key cash flow measurement is the balance of cash flow from operations and dispositions to capital expenditures and acquisitions. This net cash flow was positive $154 million in 1989 and $260 million in 1988. The Company is well positioned to internally finance its next year's capital expenditure program and additional debt capacity provides flexibility for acquisitions should opportunities arise.

During 1989, $77 million of long term debt and $75 million Weston Series Y and Z preferred shares were repaid. $80 million Australian five year notes, a $50 million two year floating rate term credit and $60 million of Loblaw preferred shares were placed. Fixed rate debt at year end 1989 averaged 11.4% and had an average term to maturity of nine years. Long term debt comprised 80% of total debt and no more than 25% of long term debt matures in any one year.

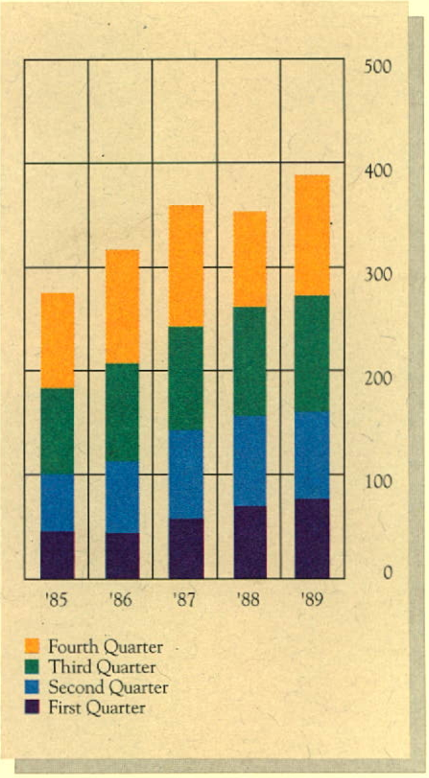
Weston's long term financial policy is to control the potential floating rate impact on debt to less than 1% of operating income for each 1% change in interest rates. Weston has achieved this level in each of the last three years and with current debt levels will continue in 1990. In carrying out this policy, Weston utilizes interest rate and currency hedging instruments. In 1989 the Company hedged the exchange risk on the $80 million Australian notes.

Outlook

Weston enters the 1990's with good market positions having invested heavily in new assets. In the next 12 months Loblaw and Weston Foods are expected to continue their income growth but Weston Resources is facing a slowing economy in mature, highly competitive markets where profits are sensitive to price and margin declines. Accordingly earnings per share growth in the next year is expected to be below the long term target.

Operating Income by Quarter

($ millions)



MANAGEMENT'S STATEMENT OF RESPONSIBILITY

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

To assure the integrity and objectivity of the financial statements management has established systems of internal control which provide reliable accounting records and properly safeguard Company assets. The financial statements have been audited by our independent auditors, 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 independent auditors to satisfy itself on the adequacy of internal controls and to review the financial statements and the independent auditors' report. The audit committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders.

W. Galen Weston

W. Galen Weston
Chairman and President

Robert H. Kidd

Robert H. Kidd
Senior Vice President and
Chief Financial Officer

AUDITORS' REPORT

To the Shareholders of George Weston Limited

We have examined the consolidated balance sheets of George Weston Limited as at December 31, 1989 and 1988 and the consolidated statements of earnings, retained earnings and cash flow for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 31, 1989 and 1988 and the results of its operations and cash flow for the years then ended in accordance with generally accepted accounting principles applied on a consistent basis.

Peat Marwick Thorne

Chartered Accountants
Toronto, Canada
March 7, 1990

CONSOLIDATED STATEMENT OF EARNINGS

Year ended December 31, 1989

(in millions of dollars)	1989	1988	1987
Sales	$10,459.0	$10,831.2	$11,034.8
Operating expenses			
Cost of sales, selling and administrative expenses	9,884.1	10,279.8	10,502.9
Depreciation of fixed assets	191.4	181.7	174.7
Costs of downsizing and remerchandising combination stores in Eastern Canada		21.5	
	10,075.5	10,483.0	10,677.6
Operating income	383.5	348.2	357.2
Interest on long term debt	71.5	78.2	76.5
Other interest expense	42.2	25.7	14.6
	113.7	103.9	91.1
Earnings before income taxes	269.8	244.3	266.1
Income taxes	94.6	86.3	106.1
Earnings before minority interest	175.2	158.0	160.0
Minority interest	25.3	20.6	25.9
Earnings before extraordinary items	149.9	137.4	134.1
Extraordinary items	37.4	53.1	
Net earnings for the year	$ 187.3	$ 190.5	$ 134.1

Per common share (in dollars)			
Earnings before extraordinary items	$ 3.00	$ 2.70	$ 2.58
Extraordinary items	.81	1.15	
Net earnings for the year	$ 3.81	$ 3.85	$ 2.58

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Year ended December 31, 1989

(in millions of dollars)	1989	1988	1987
Retained earnings at beginning of year	$ 935.9	$ 790.0	$ 698.3
Net earnings for the year	187.3	190.5	134.1
	1,123.2	980.5	832.4
Dividends declared			
Preferred shares	11.2	12.9	15.6
Common shares	30.2	28.1	26.2
	41.4	41.0	41.8
Purchase and cancellation of common shares		3.6	.6
Retained earnings at end of year	$1,081.8	$ 935.9	$ 790.0

CONSOLIDATED CASH FLOW STATEMENT

Year ended December 31, 1989

(in millions of dollars)	1989	1988	1987
Operations and Working Capital			
Earnings before minority interest	$ 175.2	$ 158.0	$ 160.0
Depreciation	191.4	181.7	174.7
Income taxes not requiring cash	10.1	15.3	18.3
Gain on sale of fixed assets	(22.8)	(21.4)	(31.5)
Other	13.8	15.4	(3.2)
Cash flow from operations	367.7	349.0	318.3
Provided from (used for) working capital	19.6	(8.3)	21.1
	387.3	340.7	339.4
Investment			
Purchase of fixed assets	(341.5)	(325.3)	(350.9)
Disposition of subsidiary companies	121.5	257.9	
Acquisition of subsidiary companies	(73.7)	(77.0)	(144.9)
Proceeds from sale of fixed assets	80.3	55.2	109.6
Net decrease (increase) in investments	(20.3)	(27.6)	(54.5)
Net decrease (increase) in other assets and sundry	(2.6)	(9.1)	(21.8)
	(236.3)	(125.9)	(462.5)
Financing			
Increase in long term debt	135.1	1.4	86.6
Reduction in long term debt	(77.1)	(33.0)	(34.0)
Proceeds from issue of share capital	1.9	1.2	1.3
Proceeds from issue of subsidiary's share capital	60.0	1.2	3.6
Reduction in share capital	(75.5)	(4.1)	(82.6)
Purchase of minority interest	(76.9)	(9.1)	(6.4)
	(32.5)	(42.4)	(31.5)
Dividends			
To shareholders	(40.7)	(40.0)	(41.4)
To minority shareholders in subsidiary companies	(11.7)	(12.2)	(12.2)
	(52.4)	(52.2)	(53.6)
Increase (decrease) in cash position*	$ 66.1	$ 120.2	$ (208.2)

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

CONSOLIDATED BALANCE SHEET
As at December 31, 1989

George Weston Limited
(Incorporated under
the laws of Canada)

(in millions of dollars)	1989	1988	1987
Assets			
Current assets			
Cash and short term investments	$ 61.6	$ 102.6	$ 44.5
Accounts receivable	329.3	372.2	464.3
Inventories	929.3	911.0	997.0
Prepaid expenses and other	35.4	34.6	62.8
	1,355.6	1,420.4	1,568.6
Investments	164.7	144.4	163.6
Fixed assets	1,881.8	1,804.4	1,753.2
Goodwill	99.4	61.5	21.9
Other assets	49.3	45.0	38.8
	$3,550.8	$3,475.7	$3,546.1
Liabilities			
Current liabilities			
Bank advances and notes payable	$ 78.7	$ 185.8	$ 247.9
Accounts payable and accrued liabilities	985.1	909.2	972.6
Taxes payable	36.0	46.6	60.3
Dividends payable	8.1	7.4	6.9
Long term debt payable within one year	58.5	19.9	21.6
	1,166.4	1,168.9	1,309.3
Long term debt	672.0	662.8	716.0
Other liabilities	39.6	38.1	26.7
Deferred income taxes	189.8	210.9	202.1
Minority interest in subsidiaries	291.9	263.4	269.0
	2,359.7	2,344.1	2,523.1
Shareholders' Equity			
Share capital	140.8	214.5	213.9
Retained earnings	1,081.8	935.9	790.0
Foreign currency translation adjustment	(31.5)	(18.8)	19.1
	1,191.1	1,131.6	1,023.0
	$3,550.8	$3,475.7	$3,546.1

Approved by the Board

W. Galen Weston

W. Galen Weston, *Director*

Robert H. Kidd

Robert H. Kidd, *Director*

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

1. Summary of 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 77% owned. In June 1989, Loblaw Companies acquired the minority shares of Kelly, Douglas & Company Limited bringing their effective ownership from 85 percent in 1988 to 100 percent.

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

Inventories

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.

Cash offsetting

Cash balances for which the Company has a right of offset are used to reduce reported short term borrowings. In addition, $157.1 (1988 – $135.6) of short term investments held by Loblaw Companies' United States subsidiaries is used to offset short term borrowings in Canada. The $12.9 (1988 – $3.6) income from these investments is included as a reduction of interest expense.

Translation of foreign currencies

Foreign currency balances are translated at a rate approximating the current rate or hedged rate at each year end. The foreign currency translation adjustment resulting from the translation of the financial statements of United States subsidiaries and the debt which acts as a hedge against these investments is included in a separate category of shareholders' equity to be recognized in earnings in proportion to any reduction of the net investment. In 1989, the balance in this category of shareholders' equity was adjusted by $12.7 (1988 – $37.9) as a result of the change in the United States dollar translation rate. The deferral resulting from the translation of other foreign currency balances is included in other assets or liabilities as appropriate and amortized over the life of the item.

Fixed assets

Fixed assets are stated at cost including interest capitalized during the year of $4.7 (1988 – $5.2) associated with construction. Depreciation is recorded principally on a straight line basis and units of production basis to amortize the cost of these assets over their estimated useful lives, up to a maximum of forty years for buildings, of twenty years for equipment and fixtures and of seven years for automotive equipment. Leasehold improvements are depreciated over the lesser of useful life and term of lease.

Goodwill

Goodwill is the excess of the cost of investments in subsidiaries over the fair value of underlying net tangible assets at the dates of acquisition and represents tradenames, brands, sales base and other business values in the acquisitions. Goodwill is being amortized on a straight line basis determined for each acquisition over the estimated life of the benefit, to a maximum period of 40 years. The amount amortized during the year was $6.7 (1988 – $4.5).

2. Inventories (substantially finished products)

	1989	1988	1987
Weston Foods	$ 115.5	$ 102.9	$ 112.3
Loblaw Companies	575.2	549.8	652.4
Weston Resources			
Fisheries	173.2	165.7	147.5
Forest Products	65.4	92.6	84.8
	$ 929.3	$ 911.0	$ 997.0

3. Investments

	1989	1988	1987
Secured loans and advances	$ 35.9	$ 34.7	$ 38.2
Capital lease receivables	30.9	30.6	31.0
Investments in franchisees	43.8	32.1	48.9
Long term receivables	20.7	18.8	30.7
Sundry investments	33.4	28.2	14.8
	$ 164.7	$ 144.4	$ 163.6

4. Fixed Assets

	1989	1988	1987
Land	$ 247.2	$ 221.3	$ 220.1
Properties held for development	8.7	18.2	24.1
Buildings	793.5	744.5	663.6
Equipment and fixtures	1,777.2	1,711.4	1,648.4
Leasehold improvements	156.9	148.2	171.6
	2,983.5	2,843.6	2,727.8
Accumulated depreciation	1,168.5	1,117.7	1,053.6
	1,815.0	1,725.9	1,674.2
Property under capital leases			
Buildings	90.8	97.6	90.8
Equipment	8.2	12.3	32.3
	99.0	109.9	123.1
Accumulated depreciation	32.2	31.4	44.1
	66.8	78.5	79.0
	$1,881.8	$1,804.4	$1,753.2

5. Income Taxes

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

	1989	1988	1987
Combined basic Canadian federal and provincial rates	43.0%	45.6%	50.1%
Effect of selling capital assets	(1.7)	(1.5)	(1.6)
Operations in countries with lower tax rates	(4.7)	(5.0)	(4.2)
Rate reduction for manufacturing and processing operations	(1.4)	(2.9)	(3.1)
Other	(.1)	(.9)	(1.3)
Rate reported in financial statements	35.1%	35.3%	39.9%

6. Long Term Debt

	1989	1988	1987
George Weston Limited			
Sinking fund debentures			
12¾% Series 1 maturing 2000	$ 15.0	$ 16.3	$ 17.5
14⅛% Series 2 maturing 1997	17.5	18.8	20.0
Term credit*	50.0		
Term notes and loans			
16.76% maturing 1994 (Aus. $80.0)	73.1		
8.2% repaid in 1989 (Swiss Francs 19.0)		15.5	23.5
12⅝% repaid in 1989 (U.K. £8.3)		17.7	27.8
11% floating rate repaid 1989		25.0	25.0
Loblaw Companies Limited and subsidiaries			
Debentures			
12½% Series 1 maturing 1990	35.0	35.0	35.0
12¼% Series 2 maturing 1994	35.0	35.0	35.0
11⅝% Series 3 maturing 1992	50.0	50.0	50.0
11% Series 4 maturing 1995	40.0	40.0	40.0
10% Series 5 maturing 2006, retractable annually commencing 1996	50.0	50.0	50.0
9¾% Series 6 maturing 2001, retractable annually commencing 1993	75.0	75.0	75.0
10% Series 7 maturing 2001, retractable in 1991 and 1996	75.0	75.0	75.0
10% Series 8 maturing 2007	65.5	65.5	65.5
Term loans			
London Interbank offered rate plus ⅜% to ¾% maturing 1992 (U.S. $13.0)	15.5	15.8	17.3
Mortgages at a weighted average interest rate of 10.2% maturing 1990 to 2004	13.0	14.0	20.7
Other long term debt			
Individually not exceeding $5.0 at a weighted average rate of 8.0% (including U.S. $15.1)	34.4	37.6	58.9
Capital lease obligations at a weighted average interest rate of 11.2%	86.5	96.5	101.4
	730.5	682.7	737.6
Less payable within one year	58.5	19.9	21.6
Long term debt	$672.0	$662.8	$716.0

Principal payable in the next five years is as follows: 1990 – $58.5; 1991 – $62.7; 1992 – $76.2; 1993 – $11.0; 1994 – $84.2.

*The term credit, expiring 1991, covers short term notes payable at a maximum of bankers' acceptance rate plus ⅜% to ½%.

7. Share Capital

	Number of shares issued			Amount (in millions of dollars)		
	1989	1988	1987	**1989**	1988	1987
Preferred						
Series A	**4,000,000**	4,000,000	4,000,000	**$100.0**	$100.0	$100.0
Series Y		500,000	500,000		50.0	50.0
Series Z		250,000	250,000		25.0	25.0
	4,000,000	4,750,000	4,750,000			
Senior preferred	**50,754**	54,454	54,754	**5.1**	5.5	5.5
Junior preferred	**16,150**	17,650	22,220	**1.6**	1.7	2.2
				106.7	182.2	182.7
Common	**46,207,178**	46,095,638	46,096,708	**34.1**	32.3	31.2
				$140.8	$214.5	$213.9

Share Information (in dollars):

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

Series Y – redeemable and retractable at $100, annual effective dividend rate is 6.2%.

Series Z – redeemable and retractable at $100, annual effective dividend rate is 6.6%.

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

Junior preferred shares
Junior preferred shares include 6,000 Series D and 10,150 Series E (1988 – an additional 1,500 Series C).

Series C – $9.00 cumulative dividend, redeemable after June 6, 1990 at $100, 1,500 convertible into 25,000 common shares.

Series D – $10.00 cumulative dividend, redeemable after October 2, 1991 at $100, 6,000 convertible into 74,414 common shares.

Series E – cumulative dividend with annual rate at two thirds average bank prime plus ¾%, 2,780 redeemable after August 27, 1992 and 7,370 after May 16, 1993, at $100, 10,150 convertible into 86,357 common shares.

During the year, 3,700 (1988 – 300) senior preferred shares second series were redeemed or purchased for cancellation at a cost of $.3 million (1988 – $.02 million).

Also during the year the Company redeemed 500,000 shares of the Series Y and 250,000 of the Series Z preferred shares for $50 million and $25 million respectively.

In 1989, the Company issued 25,000 (1988 – 55,750) common shares for $.2 million (1988 – $.5 million) on conversion of junior preferred shares and issued 86,540 (1988 – 52,880) common shares for cash of $1.7 million (1988 – $.7 million) on exercise of employee stock options. After giving effect to the foregoing, the Company has reserved 175,409 (1988 – 200,409) common shares for potential conversion of the preferred shares. As at December 31, 1989, 1,701,957 (1988 – 1,788,497) common shares have been set aside for issue under terms of an employee stock option plan. As at December 31, 1989, there were outstanding options, which were granted the market price on the date of the grant, to purchase 736,585 (1988 – 844,555) common

7. Share Capital (continued)

shares at prices averaging $30.37 (1988 – $29.38) and ranging from $6.00 to $40.00. Each option expires no later than 10 years from the date on which it was granted. All options expire on dates ranging from June 6, 1990 to December 9, 1994.

In 1988, the Company purchased 109,700 common shares for cancellation for $3.6 million.

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

The effective dividend rates on the Series Y and Z preferred shares are fixed by agreements effectively converting the floating rate dividends on the Series Y (one-half average bank prime rate plus ⅞%) and Series Z (one-half average bank prime rate plus 1¼%) preferred shares.

8. Extraordinary Items

The 1989 extraordinary item is a gain (after tax provision of $9.4) of $37.4 on disposition of Weston Resources' White Swan consumer and industrial tissue business.

Extraordinary items in 1988 consist of $53.1 of gains on disposition of Weston Foods' InterBake Canada division ($64.3 after tax provision of $19.3) and Loblaw's Peter J. Schmitt division ($1.7 after tax recovery of $.2 and minority interest of $.4), less a provision for loss on planned disposition of the substantial portion of Loblaw's New Orleans division ($12.9 after tax recovery of $8.6 and minority interest of $3.8).

9. Commitments and Contingent Liabilities

Endorsements and guarantees arising in the normal course of business amount to $97 (1988 – $103). In addition, there are assigned leases of $65 (1988 – $68) which relate to the sale of U.S. divisions of Loblaw Companies.

There are various claims arising in the normal course of business. In addition, there are two actions involving the rights of Class A shareholders of the Company's subsidiary, Westfair Foods Ltd. The Company initiated a petition to clarify the rights attached to the Westfair Class A and common shares and certain Westfair Class A shareholders initiated proceedings seeking dissolution of Westfair or an order requiring Westfair to purchase their shares at fair market value. The hearing has been held and a decision is pending. The eventual outcome of this litigation is not determinable.

There is a class action lawsuit, involving a substantial amount, filed by a former employee of a United States division sold in 1982. Although the outcome of this action cannot be predicted with certainty, management believes that it will not have a material effect on the Company's financial position.

For non capital leases the gross liability of $696 (1988 – $617) is offset by sublease income of $145 (1988 – $146). This expected net liability of $551 (1988 – $471) will be reduced by approximately $56 (1988 – $51) annually for the next five years.

10. 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 $675, (1988 – $606) and of accrued pension benefits of $655, (1988 – $608).

11. 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 wholly or partly owned subsidiaries on normal trade terms.

12. Acquisitions and Dispositions

Acquisitions

In January, 1989, Weston Foods acquired the commercial products division of General Biscuit in New Jersey. Net assets acquired for cash consideration of $73.7 include fixed assets – $43.6, working capital – $12.7, and other assets – $17.4 (including $6.3 goodwill).

In June, 1989, Loblaw Companies acquired all the minority shares of Kelly, Douglas & Company Limited for cash consideration of $76.8. The effect of this transaction increased fixed assets $7.3 and goodwill $26.6 and reduced minority interest $42.9.

In January, 1988, Weston Foods acquired the Taystee Baking plant in Flushing, New York for $34.8. Loblaw Companies acquired four Super Carnaval stores in June and purchased Fortino's Supermarkets Ltd. in November for $42.2.

Net assets acquired were: fixed assets – $60.0, goodwill – $44.0, working capital – $(5.2), and long term debt – $(21.8).

These acquisitions were accounted for using the purchase method with the results of operations included in these financial statements since the dates of acquisition.

Dispositions

In March, 1989, Weston Resources sold the White Swan consumer and industrial tissue business for gross cash proceeds of $121.2. After deducting cash costs of $18.6, net proceeds were $102.6 with an extraordinary gain of $37.4.

In the second quarter of 1989, Weston Resources sold its Eastern Fine Paper operation for net cash proceeds of $18.9, an amount approximating book value.

On February 15, 1988, Weston Foods sold its Canadian InterBake Foods division for gross proceeds of $115.7 (after $6.1 cash cost net proceeds were $109.6) and effective August 25, 1988, Loblaw Companies sold its United States wholesaling business, Peter J. Schmitt for cash proceeds of $163.0 (including payment of inter company debt of $73.1) and $6.2 in preferred shares (after $14.7 cash costs, net proceeds were $148.3).

13. Segmented Information

Canadian sales include export sales approximating $454 (1988 – $456). Inter Group sales include $250 (1988 – $244) from Weston Foods.

13. Segmented Information (continued)

	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Sales and earnings										
Sales										
Weston Foods	**$ 1,605**	$ 1,468	$1,502	$1,433	$1,316	$1,220	$1,184	$1,134	$1,038	$ 905
Loblaw Companies	**7,934**	8,308	8,631	7,839	6,931	6,419	6,091	6,221	5,795	5,375
Weston Resources	**1,215**	1,361	1,223	1,055	923	895	794	717	816	712
– Fisheries	**581**	573	564	471	397	362	364	339	395	327
– Forest Products	**634**	788	659	584	526	533	430	378	421	385
Inter Group	**(295)**	(306)	(321)	(301)	(290)	(279)	(269)	(242)	(220)	(215)
Consolidated	**10,459**	10,831	11,035	10,026	8,880	8,255	7,800	7,830	7,429	6,777
Canada	**8,275**	7,738	7,355	6,592	6,020	5,669	5,294	4,963	4,730	4,252
United States	**2,184**	3,093	3,680	3,434	2,860	2,586	2,506	2,867	2,699	2,525
Operating income										
Weston Foods	**75**	69	60	52	49	45	61	64	61	49
Loblaw Companies	**190**	137	187	161	152	137	128	115	114	100
Weston Resources	**119**	142	110	98	67	59	24	23	55	47
– Fisheries	**32**	49	42	42	31	19	16	10	22	6
– Forest Products	**87**	93	68	56	36	40	8	13	33	41
Consolidated	**384**	348	357	311	268	241	213	202	230	196
Canada	**342**	293	290	237	205	189	156	141	170	149
United States	**42**	55	67	74	63	52	57	61	60	47
Cash flow										
Capital expenditures										
Weston Foods	**106**	57	49	39	35	24	47	36	51	34
Loblaw Companies	**154**	177	249	289	193	150	104	72	102	142
Weston Resources	**82**	91	53	54	34	38	88	118	77	56
– Fisheries	**19**	19	16	12	6	3	5	18	13	35
– Forest Products	**63**	72	37	42	28	35	83	100	64	21
Consolidated	**342**	325	351	382	262	212	239	226	230	232
Depreciation										
Weston Foods	**43**	37	35	32	28	28	24	23	21	17
Loblaw Companies	**100**	98	100	86	73	68	62	58	54	49
Weston Resources	**48**	47	40	35	35	35	23	23	21	19
– Fisheries	**9**	8	7	7	8	8	8	8	8	7
– Forest Products	**39**	39	33	28	27	27	15	15	13	12
Consolidated	**191**	182	175	153	136	131	109	104	96	85
Financial position										
Total assets										
Weston Foods	**679**	567	537	427	416	370	372	371	354	343
Loblaw Companies	**2,026**	2,001	2,215	1,998	1,540	1,266	1,155	1,115	1,037	963
Weston Resources	**846**	908	794	748	660	643	641	586	507	452
– Fisheries	**351**	336	261	281	224	199	217	243	243	235
– Forest Products	**495**	572	533	467	436	444	424	343	264	217
Consolidated	**3,551**	3,476	3,546	3,173	2,616	2,279	2,168	2,072	1,898	1,758
Canada	**2,668**	2,628	2,481	2,164	1,911	1,708	1,624	1,520	1,329	1,238
United States	**883**	848	1,065	1,009	705	571	544	552	569	520

TEN YEAR SUMMARY

(in millions of dollars)	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980
Sales and earnings										
Sales	**$10,459**	$10,831	$11,035	$10,026	$8,880	$8,255	$7,800	$7,830	$7,429	$6,777
Operating income	**384**	348	357	311	268	241	213	202	230	196
As a percentage of sales	**3.7%**	3.2%	3.2%	3.1%	3.0%	2.9%	2.7%	2.6%	3.1%	2.9%
Interest expense	**114**	104	91	75	72	67	49	51	67	57
Earnings before extraordinary items	**150**	137	134	119	101	89	79	70	79	71
As a percentage of sales	**1.4%**	1.3%	1.2%	1.2%	1.1%	1.1%	1.0%	.9%	1.1%	1.0%
Net earnings	**187**	191	134	119	101	94	79	69	95	84
Cash flow										
Cash flow from operations	**368**	349	318	300	262	251	214	213	215	174
Disposition of subsidiary companies	**122**	258					61	53		
Capital expenditures	**342**	325	351	382	262	212	239	226	230	232
Acquisition of subsidiary companies	**74**	77	145	82	33			57		38
Increase (decrease) in cash position	**66**	120	(208)	90	(57)	(4)	48	(30)	64	(9)
Financial position										
Current assets	**1,356**	1,420	1,569	1,492	1,228	1,055	994	986	952	932
Current liabilities	**1,166**	1,169	1,309	1,053	930	729	736	749	678	667
Working capital	**190**	251	260	439	298	326	258	237	274	265
Fixed assets	**1,882**	1,804	1,753	1,553	1,286	1,157	1,098	1,023	887	773
Long term debt	**672**	663	716	644	536	500	463	441	363	338
Shareholders' equity	**1,191**	1,132	1,023	1,025	830	755	686	627	591	526
Average capital employed	**2,517**	2,509	2,369	2,025	1,722	1,584	1,502	1,388	1,270	1,126
Ratios										
Return on capital employed (%)	**15.2**	13.9	15.1	15.3	15.6	15.2	14.2	14.6	18.1	17.4
Weston Foods (%)	**15.2**	16.2	16.2	16.5	16.6	15.8	20.6	22.3	21.5	20.1
Loblaw Companies (%)	**13.8**	9.5	13.2	13.8	16.8	17.8	18.4	17.5	18.2	17.3
Weston Resources (%)	**18.4**	22.4	18.8	17.8	13.0	11.0	4.7	5.2	15.3	15.5
Return on common equity (%)	**13.6**	13.9	14.8	15.0	14.3	14.0	13.6	12.3	16.2	17.3
Interest coverage ratio	**3.37:1**	3.35:1	3.92:1	4.16:1	3.75:1	3.60:1	4.37:1	3.96:1	3.43:1	3.44:1
Debt to equity ratio	**.68:1**	.77:1	.96:1	.74:1	.80:1	.76:1	.84:1	.92:1	.77:1	.90:1
Per common share (in dollars)										
Earnings before extraordinary items	**3.00**	2.70	2.58	2.31	1.96	1.69	1.47	1.21	1.41	1.28
Increase (decrease) %	**11%**	5%	12%	18%	16%	15%	21%	(14%)	10%	1%
Net earnings	**3.81**	3.85	2.58	2.31	1.96	1.79	1.48	1.17	1.77	1.57
Dividends declared	**.66**	.61	.57	.51	.44	.40	.39	.39	.36	.34
Capital expenditures	**7.40**	7.06	7.61	8.30	5.71	4.63	5.22	4.99	5.11	5.18
Book value	**23.47**	20.59	18.23	16.52	14.49	12.84	11.34	10.12	9.39	7.99
Market value – (year end)	**43.25**	35.00	32.00	35.50	25.50	18.50	15.75	10.50	9.13	7.75
Price earnings ratio (year end)	**14.4x**	13.0x	12.4x	15.4x	13.0x	11.0x	10.7x	8.8x	6.5x	6.0x
Market/book ratio (year end)	**1.84:1**	1.70:1	1.76:1	2.15:1	1.76:1	1.45:1	1.38:1	1.04:1	.97:1	.96:1

QUARTERLY SUMMARY

(in millions of dollars except per share)

	1989				1988				1987			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Sales and earnings												
Sales	2,368	2,459	3,136	2,496	2,562	2,645	3,221	2,403	2,457	2,588	3,289	2,701
Operating income	76.6	84.7	106.8	115.4	72.2	84.6	103.4	88.0	59.7	82.5	101.4	113.6
Interest expense	24.5	23.1	34.2	31.9	26.0	24.4	30.7	22.8	18.8	19.9	26.7	25.7
Earnings before extraordinary items	26.5	33.7	41.6	48.1	21.6	31.7	40.4	43.7	18.5	29.8	39.7	46.1
Per share	0.49	0.67	0.84	1.00	0.40	0.61	0.81	0.88	0.30	0.55	0.80	0.93
Dividends per share	.16	.16	.16	.16	.15	.15	.15	.15	.14	.14	.14	.14
Market value per share — WN												
High	39.25	44.38	45.50	45.25	35.00	35.50	34.75	36.88	40.00	42.50	46.50	41.25
Low	35.00	36.25	40.75	40.00	30.00	33.00	32.25	33.63	32.50	36.50	40.50	28.00
Segmented information												
Sales												
Weston Foods	395	408	409	393	356	363	378	371	356	357	382	407
Loblaw Companies	1,710	1,857	2,482	1,885	1,975	2,013	2,577	1,743	1,897	2,031	2,670	2,033
Weston Resources	332	266	321	296	307	344	358	352	273	280	319	351
Inter Group	(69)	(72)	(76)	(78)	(76)	(75)	(92)	(63)	(69)	(80)	(82)	(90)
	2,368	2,459	3,136	2,496	2,562	2,645	3,221	2,403	2,457	2,588	3,289	2,701
Operating income												
Weston Foods	7.1	17.3	23.8	26.7	7.1	15.8	22.4	24.0	6.1	11.1	20.7	21.7
Loblaw Companies	36.8	43.2	55.6	54.0	36.7	41.8	44.3	14.1	33.9	48.5	54.9	50.0
Weston Resources	32.7	24.2	27.4	34.7	28.4	27.0	36.7	49.9	19.7	22.9	25.8	41.9
	76.6	84.7	106.8	115.4	72.2	84.6	103.4	88.0	59.7	82.5	101.4	113.6

PRINCIPAL OPERATIONS

Financial ($ millions)	Operating Companies	Principal Facilities	Types of Products and Trademarks
Weston Foods			
Baking Sales $1,066 Assets $461 Number of Employees 8,900	Weston Bakeries Ready Bake Soo Line Mills McCarthy Milling Stroehmann Bakeries Interbake	Canada: Vancouver, Calgary, Edmonton, Regina, Winnipeg, Essex, Kitchener, Sudbury, Hamilton, Mississauga, Orillia, Kirkland Lake, Toronto, Kingston and Longueuil, with flour mills in Winnipeg and Mississauga; United States: Williamsport, Norristown, Altoona, Sayre, Hazelton, Harrisburg and Erie, Pennsylvania; Olean and Flushing, New York; East Hartford, Connecticut; Richmond, Virginia; Tacoma, Washington; North Sioux City, South Dakota; and Elizabeth, New Jersey	Wide variety of breads, rolls, cakes, flour and other bakery products: *Country Harvest, Fibre Goodness, Wheat 'n Bran, Wonder, Dietrich's, Hostess, Stroehmann, Earth Harvest, Hearth Farms, Bohemian Hearth, Taystee, D'Italiano, Ms. Desserts* Sweet biscuits, crackers, ice cream wafers: *FFV Famous Foods of Virginia, TC Rounds, Double Cheddar, Burry*
Chocolate, Dairy and Specialties Sales $539 Assets $218 Number of Employees 2,500	William Neilson Bowes	Canada: Toronto, Ottawa, Halton Hills, Colborne and Montreal; United States: Columbus, Indiana	Chocolate bars, chocolate coatings, cocoa, specialty items, bulk and packaged ice cream, frozen novelties, fluid milk and dairy products: *Neilson Jersey Milk, Crispy Crunch, Mr. Big, Sweet Marie, Cadbury's Dairy Milk, Caramilk, Crunchie, Häagen-Dazs, Dole, Danone.* Dried and glazed fruits, nuts, cereal and health foods: *Bowes, Dutch Mill, Bakeshop, McNair, Wasco*
Loblaw Companies			
Eastern Canada Sales $3,988 Number of Employees 19,600	Loblaws Supermarkets Zehrmart Atlantic Wholesalers National Grocers	Canada: Ontario, New Brunswick, Nova Scotia, Prince Edward Island, and Newfoundland	Wholesale and retail distribution of food and other products throughout Central and Eastern Canada: *President's Choice, no name, Teddy's Choice, G·R·E·E·N*
Western Canada Sales $2,650 Number of Employees 10,800	Kelly, Douglas Westfair Foods	Canada: British Columbia, Alberta, Saskatchewan, Manitoba, Yukon and the Northwest Territories	Wholesale and retail distribution of food and other products throughout Western Canada: *President's Choice, no name, Teddy's Choice*
United States Sales $1,296 Number of Employees 9,100	National Tea	United States: New Orleans, Louisiana; St. Louis, Missouri	Wholesale and retail distribution of food and other products throughout southcentral United States: *President's Choice, Kare, Teddy's Choice*
Weston Resources			
Forest Products Sales $634 Assets $495 Number of Employees 3,200	E. B. Eddy Forest Products E. B. Eddy Paper	Canada: Timber limits, FMA's and sawmills in Nairn Centre and Timmins, Ontario; Pulp and Paper operations in Espanola and Ottawa, Ontario; Hull, Quebec; United States: Port Huron, Michigan	Spruce and pine lumber, bleached kraft pulp and a wide variety of fine and specialty papers for printing, writing and packaging for commercial and business uses.
Fisheries Sales $581 Assets $351 Number of Employees 1,700	British Columbia Packers Nelbro Packing Connors Bros. Port Clyde Foods Connors Seafoods	Canada: Richmond and Prince Rupert, British Columbia; Blacks Harbour and Shippegan, New Brunswick; Weymouth, Nova Scotia; and Isle Aux Morts, Newfoundland; United States: Westwood, Massachusetts; Rockland, Maine; Naknek and Petersburg, Alaska; Anacortes, Washington; and Scotland: Aberdeen	Variety of canned, fresh, frozen and processed fish including salmon, tuna, groundfish, herring, sardines, clams, oysters, mussels and crab products: *Brunswick, Connaisseur, Port Clyde, Holmes, Clover Leaf, Paramount*
Weston Research Centre			
Number of Employees 100	Diversified Research Laboratories	Canada: Toronto Accredited by the Standards Council of Canada	Research and development of new products, quality control testing and quality assurance programs, carried out on behalf of companies within the group, ensure that Weston's commitment to providing its customers the highest quality products and best value is met.

Directors

W. Galen Weston***
Chairman and President, George Weston Limited, Chairman and Director Loblaw Companies, Weston Foods, Weston Resources, Holt Renfrew. LLD (Hon.) University of Western Ontario, BA Western, Director Canadian Imperial Bank of Commerce, Associated British Foods PLC. Chairman Lester B. Pearson College of the Pacific, Director, United World Colleges, President Royal Agricultural Winter Fair.

David R. Beatty
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Mark Hoffman
Chief Executive, Hamilton Lunn Limited, Chairman IFM Trading. MBA, BA Harvard, and MA Cambridge, Director Millipore Corporation & Advent International.

Robert H. Kidd***
Senior Vice President and Chief Financial Officer, George Weston Limited, MBA York University, Chartered Accountant, B.Comm. University of Toronto. Director Loblaw Companies, Credit Suisse Canada, Chairman Appleby College Foundation.

Hugo Mann*
International Retail Consultant, Former Managing Director Deutscher Supermarkt, Vice President Retail Institute of Cologne, Order of Germany, Goldener Zuckerhut Award 1982 (German Food Industry Business Man of the Year), Director George Weston Holdings (U.K.).

Gerald B. Mitchell**
Former Chairman and Chief Executive Officer, Dana Corporation. LLD (Hon.) Bowling Green State, Tri-State and Brock Universities. BA University of Western Ontario. Director Michigan National, Worthington Industries. Director United Way, (Greater Toledo).

Dr. Robert I. Mitchell* **
Medical Consultant, formerly Associate Professor University of Toronto. MD University of Sydney. Fellow The Royal Colleges of Surgeons of Canada, Australia and England. Director Eye Research Institute of Ontario, Wellesley Hospital.

The Honourable Pauline M. McGibbon
Former Lieutenant Governor, Province of Ontario (1974-1980), Companion Order of Canada, Member Order of Ontario. LLD (Hon.) from 12 universities, Chairman, Ontario Selection Committee for Rhodes Scholarships, BA University of Toronto, Director Mercedes-Benz Canada and du Maurier Council for the Arts.

David A. Nichol
President, Loblaw International Merchants, Executive Vice President and Director Loblaw Companies, LLM Harvard and LLB University of British Columbia, BA Business Administration University of Western Ontario.

Earl R. Pearce
President Weston Resources Limited, Chairman Weston Research Centre and British Columbia Packers, Chartered Accountant. Director Eddy Paper, Connors Bros.

S. Simon Reisman*
Chairman and President, Reiscar Limited. Former Ambassador and Chief Trade Negotiator Canada/U.S. Free Trade Agreement, former Deputy Minister of Finance, Deputy Minister of Industry and Secretary of the Treasury Board, MA London School of Economics, and BA McGill University. Public Service Award of Canada, Officer Order of Canada.

John C. Scarth
B.Sc. Bishop's University, Served as Chairman Pulp and Paper Research Institute of Canada, Past Director of the Ontario Forestry Industry Association, and Governor Ashbury College Ottawa.

John D. Stevenson QC* ** ***
Senior Partner Smith, Lyons, Torrance, Stevenson & Mayer, BA, LLB, University of Toronto, Director Hayes Dana, Holt Renfrew, Canada Trust, Canadian Educational Standards Institute, Governor Upper Canada College.

Garry H. Weston
Chairman Associated British Foods PLC, George Weston Foods (Australia), Fortnum & Mason PLC, Trustee Royal Academy of Arts and Westminster Abbey, BA, Harvard, LITT.D. (Hon.) University Reading.

*Audit Committee
**Pension Committee
***Executive Committee

Operations

Weston Foods Ltd.

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

Baking & Milling Group
J. P. Wygant, Chairman

Weston Bakeries
C. E. Scott, President

Stroehmann Bakeries
F. W. Coffey, President

Soo Line Mills
Sol Kanee, Chairman
N. Humby, President

McCarthy Milling
J. H. Wyncoll, President

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

William Neilson
J.D. Fisher, Chairman
R. A. Robinson, President, Neilson Dairy
A. Soler, President, Neilson Cadbury

Bowes
T. G. Reynolds, Chairman

Corporate Officers

Robert H. Kidd
Senior Vice President and Chief Financial Officer

Ivan R. Franklin
Vice President, Taxation

Stewart E. Green
Vice President, Secretary and General Counsel

Terrence H. Wardrop
Vice President, Financial Control and Administration

Michael R. Lambert
Controller

John V. Laurie
Treasurer

Loblaw Companies Limited

R. J. Currie, President

Atlantic Wholesalers
A. F. Rose, President

National Grocers
D. M. Williams, President

Loblaws Supermarkets
D. T. Stewart, President

Zehrmart
G. J. Heimpel, President

IPCF Properties
S. B. Swartzman, President

Fortino's Supermarkets
John Fortino, President

Kelly, Douglas
R. J. Addington, President
S. K. Darkazanli, Senior Vice President

Loblaw International Merchants
D. A. Nichol, President

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

National Tea
S. V. Durtsche, Chairman
H. A. Seitz, President

Weston Resources Limited

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

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

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

Eddy Paper Company and E. B. Eddy Forest Products
E. F. Boswell, President

SHAREHOLDERS' INFORMATION

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

Stock Listings
Toronto, Montreal and Vancouver Stock Exchanges

Share Symbol
"WN"

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

Annual Meeting of Shareholders
Wednesday, May 9, 1990 at 11:00 a.m.
Harbour Castle Westin,
Toronto, Ontario

Trade Marks
George Weston Limited and its subsidiaries own a number of trade marks. Several subsidiaries are licensed registered users 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 or quotation marks.

Imagine
George Weston Limited, a sponsor of "Imagine", is committed to assisting efforts to improve the quality of life in the communities it serves. "Imagine" represents an association of companies who are leaders in charitable donations and which conducts a national awareness campaign designed to encourage the increase in contributions to charitable and non-profit organizations.

A Caring Company
IMAGINE

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

Investor Relations
Attention: The Treasurer

Copies of the Company's Annual Information Form filed with regulatory authorities are available from the Treasurer upon specific request.

General Counsel
Smith, Lyons, Torrance, Stevenson & Mayer

Auditor
Peat Marwick Thorne

Common Shares Outstanding
46,207,178

Average Daily Trading Volume TSE
13,000

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

Valuation Day Value of Common Shares
$4.50

Year End
December 31

Printed on E. B. Eddy recycled text paper

Design: Arnold Saks Associates
Product Photography: Ian Campbell
Printed in Canada by: Norgraphics (Canada) Limited