



*For the fiscal year ended January 24, 1987*



*Max Wolfe, co-founder, 1892-1987*

✓

*The Oshawa Group Limited is a Canadian company principally engaged in the marketing of food, general merchandise and pharmaceuticals through a network of distribution centres and retail stores in eight provinces.*

*Oshawa is Canada's largest supplier of franchised IGA markets, serving 474, as well as many other food outlets and convenience stores. It owns and operates 105 supermarkets of which 51 are Food City, 43 IGA, six Dutch Boy and five others.*

*General Merchandise operations comprise 39 Towers and 10 Bonimart department stores, 50 Drug City and Metro Drugs stores, 22 pharmacies, and 51 restaurants, cafeterias and snack bars.*

*The Company provides food service to restaurants, hotels, hospitals, caterers and institutions. Other activities include produce wholesaling, vegetable packing, public cold storages, a dairy, a uniform rental service, 12 gas bars and revenue producing real estate.*

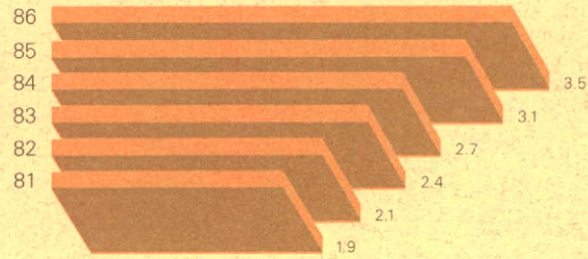
*The narrative and financial data of this annual report highlight Oshawa's tenth consecutive year of record sales and earnings. The illustrations depict many of the services provided to IGA Associates, employees and the public.*

*The Oshawa Group Limited Class A shares are listed on the Toronto Stock Exchange and the Montreal Exchange.*

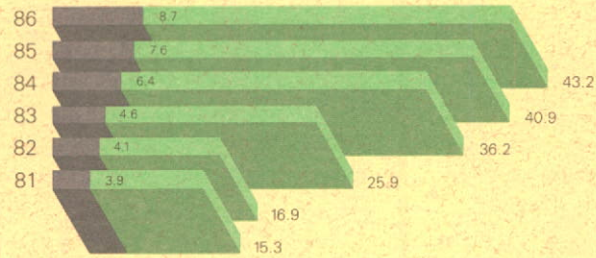
*Cover photo: This is a part of the produce department in Oshawa's newest Food City market in the Town of Vaughan, north of Toronto. The 3,700 square-foot department contains one of the broadest varieties of fruit and vegetables available in any Canadian supermarket and has stimulated highly favorable customer response.*



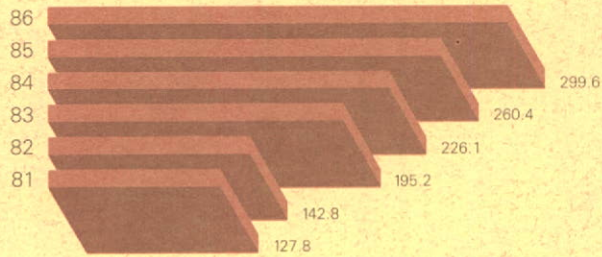
**Sales**  
(In Billions)



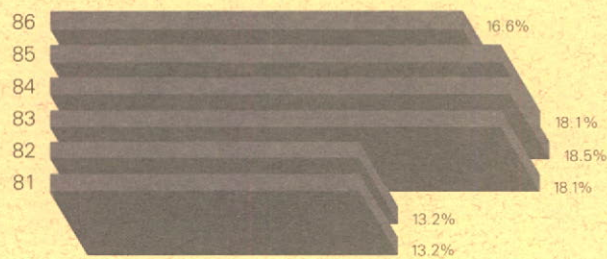
**Earnings from Operations**  
**Dividends**  
(In Millions)



**Shareholders' Equity**  
(In Millions)



**Return on Equity**



## Financial Highlights

For the year ended January 24, 1987

(in thousands of dollars except per share)	1987 January 24	1986 January 25	% Change
<b>Operations</b>			
Sales and other revenue	<b>\$3,526,098</b>	\$3,102,447	+ 13.7
Earnings			
Before income taxes	<b>82,924</b>	71,165	+ 16.5
Before extraordinary items	<b>43,228</b>	40,860	+ 5.8
Net	<b>47,251</b>	40,986	+ 15.3
<b>Capital Expenditures</b>	<b>47,530</b>	64,887	-26.7
<b>Financial Position</b>			
Working capital	<b>124,207</b>	101,981	+ 21.8
Long term debt	<b>43,680</b>	56,918	-23.3
Shareholders' equity	<b>299,579</b>	260,381	+ 15.1
Total assets	<b>619,489</b>	567,684	+ 9.1
<b>Per Share</b>			
Earnings			
Before extraordinary items	<b>1.36</b>	1.28	+ 6.3
Net	<b>1.48</b>	1.29	+ 14.7
Dividends	<b>.27<sup>1</sup>/<sub>4</sub></b>	.24	+ 13.5
Book value	<b>9.39</b>	8.17	+ 14.9
<b>Key Ratios</b>			
Return on sales	<b>1.23%</b>	1.32%	
Return on opening equity	<b>16.6%</b>	18.1%	
Current ratio	<b>1.48:1</b>	1.44:1	
Debt to total equity	<b>.15:1</b>	.22:1	
<b>Average number of shares outstanding</b>	<b>31,867,658</b>	31,831,050	

*La version française  
de ce rapport sera envoyée  
sur demande*

## Shareholders' Message

The consistent improvement in sales, earnings and financial position of The Oshawa Group Limited continued in 1986, establishing new records for the tenth consecutive year.

Consolidated sales increased 13.7% to \$3.5 billion. Exclusive of the effect of acquisitions in mid 1985, sales gains were approximately 9%, well ahead of inflation and reflecting increased market shares.

Earnings from operations rose 5.8% to \$43.2 million (\$1.36 per share compared with \$1.28). Earnings were moderated by the removal of the 3% inventory allowance which resulted in a higher effective income tax rate. Before income taxes, earnings from operations were up 16.5%. Extraordinary items brought net earnings to \$47.3 million (\$1.48 per share).

The Company's strong financial position continued to improve, ending the year with working capital of \$124.2 million and debt-to-equity ratio of .15 to 1.

All segments of the Company performed well in both sales and earnings.

Food distribution recorded a 15.0% sales increase to \$3.0 billion and an earnings improvement of 18.5% to \$67.9 million. These reflected the full-year effect of the 1985 acquisitions and innovative and aggressive merchandising. As well, consumer trends to service-oriented shopping of which IGA is a pacesetter, and customer acceptance of the new shopping ambience in both franchised and corporate stores were factors. The buoyant performance of nearly all food service and produce companies also contributed.

Overall results of general merchandise were satisfactory. Sales increased 7.5% to \$541.3 million and

earnings 10.9% to \$13.7 million. Towers/Bonimart set new sales and earnings records for the fourth successive year. Restaurants contributed to the improvement. While drug store sales were up, earnings were adversely affected by legislative restrictions on price increases of prescription drugs, intense new competition and store start-up costs.

Real estate revenue of \$9.7 million and earnings of \$4.0 million were lower due to the sale of Sudbury City Centre in the second quarter. This sale resulted in an extraordinary gain and was a major step in the rationalization of real estate holdings—the divesting of shopping centres in which Oshawa-owned retail units do not occupy a majority of the space and the acquiring of properties in which they do.

The acquisition of a number of shopping centres in Ontario and Quebec in which the Company occupies substantial space will be completed in 1987. This transaction will result in ownership of four centres and a 50% interest in two.

During the past year retail and wholesale competition intensified at a time of slow population growth and regional economic disparities. To an already crowded retail marketplace were added more megastores, giant drug/food combo stores as well as other formats and conventional markets. Nonetheless, by concentrating on upgraded shopping facilities and emphasizing value and service, both IGA Associates and Oshawa's corporate food and department stores continued to achieve increased market share and profitability.

Like retailers in many parts of Canada, Oshawa and IGA Associates were affected in 1986 by the Sunday store opening issue. Current Sunday laws which differ in each provincial jurisdiction have consistently favored some types of retailing, such as convenience, drug and produce stores and those in locally designated tourist areas over established food markets.

Changing formats and retail practices have seen a blurring of merchandise lines with both drug and produce stores incorporating expanded grocery and general merchandise departments and convenience stores selling more non-foods.

Facing increased levels of competition from these outlets which are also open for seven days a week, many supermarket operators followed one another in sharp escalation of Sunday openings, challenging provincial legislation. The Supreme Court of Canada upheld the legislation and this resulted in the re-closing of most large supermarkets on Sundays. The decision did not address inequities as to who may open and what can be sold. However, changing life-styles, conflicting work patterns, more working women and consumer pressure for shopping hours which meet their time tables, will in all likelihood result in it becoming politically expedient to rewrite Sunday legislation.

### Looking Ahead

While not all areas of Canada are enjoying a buoyant economy, Ontario and Quebec, the provinces with the largest proportion of Oshawa operations, continue to experience good industrial activity.

Inflation has moderated for the present with some improvement in the rate of unemployment. There are, however, a number of uncertainties on the business horizon, particularly those related to government

legislation. Human resource practices and costs will be affected by pay and employment equity proposals as well as impending changes in pension plans. Furthermore, the prospect of a value-added tax on food and many previously untaxed services is of concern to food retailers and wholesalers. The impact of a potential free trade agreement is also a matter of conjecture.

As is often the case with major political issues, there are conflicting opinions on the effects of such eventualities on the Canadian consumer in general and specific segments of the business community in particular.

Nonetheless, Oshawa continues to anticipate better than average growth when measured against food and general merchandise industry yardsticks and plans to concentrate on expanding its core businesses.

Capital expenditures in 1987 are expected to exceed \$70 million and will be applied to warehouse and office expansion, store upgrading and renovation, new equipment and rolling stock, and more sophisticated electronic systems.

Six Company-owned supermarkets will be opened, two will be expanded and seven renovated. Two drug stores will be added, a department store enlarged and two renovated.

A higher rate of expansion is expected in franchised food stores. A net increase of 25 IGA units from new store construction and recruitment is anticipated, along with enlargement

of 41 stores and many renovations. This continuing growth reflects the attractiveness of the IGA program as well as the willingness of existing Associates to increase investment in their operations.

#### **Appointment to the Board**

During the past year Donald Carr, Q.C., senior partner in Goodman and Carr, Barristers and Solicitors, Toronto was appointed to the Board of Directors.

#### **Acknowledgements**

It is with deep regret that we record the passing of Max Wolfe, co-founder of the Company in 1914 with his brother, the late Maurice Wolfe. Mr. Wolfe, who was Honorary Chairman of the Board, made a significant contribution to the growth of the Company, particularly in its earlier stages as a produce wholesaler. To everyone at Oshawa who knew him, he was Uncle Max and he will be remembered as a spirited and warm human being.

We acknowledge the contribution of a dedicated staff without whose support our achievements would not have been possible. To them, our suppliers and customers, we express our sincerest thanks.

**Ray D. Wolfe, C.M.**  
Chairman and  
Chief Executive Officer

**Allister P. Graham**  
President and  
Chief Operating Officer

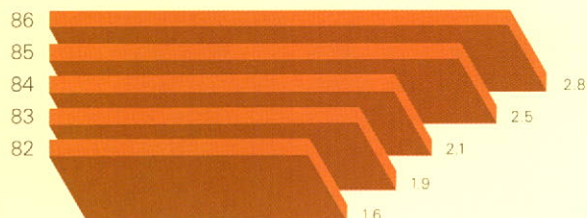
March 20, 1987



*Allister P. Graham, President  
and Ray D. Wolfe, C.M., Chairman*

### Wholesale and Retail Food

**Sales** in Billions  
Five year compound growth 14.9%



Representing 79.7% of 1986 consolidated sales, the wholesale and retail food divisions operate in four geographic regions—in Ontario, Oshawa Foods, Toronto, Dutch Boy Food Markets, Kitchener and Elliott Marr and Company Limited, London; in Quebec, Hudon et Deaudelin ltée, Montreal; in Western Canada, Codville Distributors, Winnipeg, Saskatoon and Regina, and in Atlantic Canada, Bolands Limited, Halifax and Moncton.

### Divisional Sales/Revenue

(in millions)	1986	1985	% increase
Oshawa Foods, Dutch Boy and Elliott Marr	\$1,379.6	\$1,152.1	19.7
Hudon et Deaudelin	885.1	818.3	8.2
Codville Distributors	320.8	311.1	3.1
Bolands	304.2	212.7	43.0
	<b>2,889.7</b>	2,494.2	15.9
Less intra-segment sales/revenue	46.0	28.2	63.1
	<b>\$2,843.7</b>	\$2,466.0	15.3

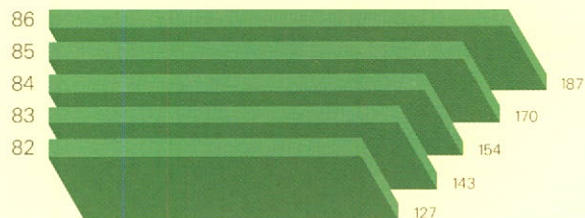
### Operations

The wholesale and retail food divisions supply a full line of grocery, meat, produce, dairy, frozen food and non-food products to franchised food markets, convenience stores, cash & carry units, non-affiliated independents as well as Company-owned supermarkets. The following table lists the number of stores served.

	Western Atlantic				1986	1985
	Ontario	Quebec	Canada	Canada		
IGA Food Markets						
Franchised	157	163	103	51	474	455
Company-owned	15	3	7	18	43	44
Other Food Markets						
Franchised	161	195	270	—	626	586
Company-owned	59	2	1	—	62	68
Convenience stores	91	252	116	—	459	439
Cash & Carry	—	13	5	2	20	20

### Food Service and Produce

**Sales** in Millions  
Five year compound growth 9.3%



Food service and produce companies operating in Ontario accounted for 5.2% of 1986 consolidated sales. Food service companies are Hickeson-Langs Supply Company, Toronto, Hamilton, London and Ottawa; Langs Cold Storage, Hamilton and London, and Model Uniform Rental Services, Toronto. Produce companies are The Ontario Produce Company, Toronto and Bradford, and The White and Company, Toronto.

### Divisional Sales/Revenue

(in millions)	1986	1985	% increase
Food Service			
Hickeson-Langs	\$110.4	\$101.2	9.1
Langs Cold Storage	3.5	3.3	6.1
Model Uniform Rental Services	3.3	2.8	17.9
	<b>117.2</b>	107.3	9.2
Produce			
Ontario Produce and White and Co.	70.1	60.8	15.3
* Dominion Mushroom Company	—	2.3	—
	<b>\$187.3</b>	\$170.4	9.9

\* Closed in January 1986

### Operations

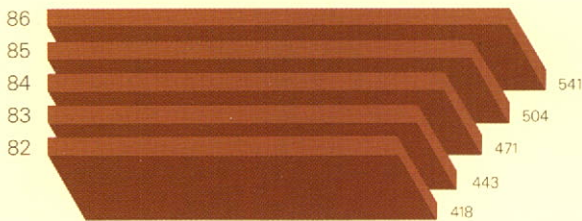
Hickeson-Langs distributes grocery, frozen food and meat products to the food service industry and also provides a juice and coffee dispenser service. Langs Cold Storage offers blast freezing and commercial frozen storage facilities to processors of fruit, vegetables, meat and juice. Model Uniform Rental Services provides uniforms and linens to retail stores and industrial plants.

Ontario Produce and White and Company are full-service wholesalers of imported and domestic fruit and vegetables, and principal purchasing agents of produce for Oshawa Foods. Ontario Produce also operates a vegetable packing plant at Bradford, Ontario.



## General Merchandise

**Sales** in Millions  
Five year compound growth 7.3%



The general merchandise group which contributed 14.9% of 1986 sales, consists of Towers Department Stores Inc. (Bonimart in the Province of Québec), Kent Drugs Limited and the Restaurant Division, all with head offices in Toronto, Ontario.

### Divisional Sales/Revenue

(in millions)	1986	1985	% increase
Towers Department Stores	\$444.3	\$415.1	7.0
Kent Drugs	88.3	80.1	10.2
Restaurants	8.7	8.5	2.4
	<b>\$541.3</b>	<b>\$503.7</b>	<b>7.5</b>

### Operations

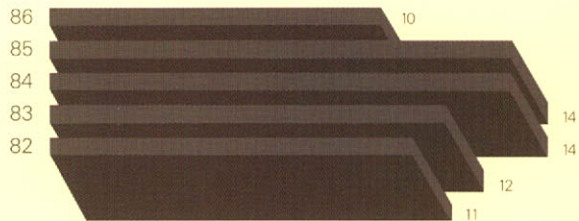
Towers Department Stores operates 49 units in Ontario, Quebec, \* Nova Scotia, New Brunswick and Prince Edward Island. The two stores in Prince Edward Island are combination food and general merchandise units.

\*Ten Québec department stores operate under the name of Bonimart.

Kent Drugs Limited operates 50 drug stores under the Drug City and Metro Drugs banners in Ontario, Manitoba, New Brunswick and Nova Scotia as well as pharmacies in 18 Towers units, three supermarkets and one free-standing location. The Restaurant Division consists of 51 restaurants, cafeterias and snack bars within or adjacent to Towers Department Stores.

## Real Estate

**Revenue** in Millions  
Five year compound growth 0%



Oshawa's real estate division negotiates construction and/or leasing of locations for franchised and corporate retail stores, office facilities and distribution centres. Site research, planning, engineering, construction supervision, legal and financial services are provided. These assist IGA Associates and other independents in expanding and upgrading their premises.

The division manages the Company's real estate holdings and administers a large number of third-party leases.

Real estate holdings include shopping centres, and a number of owned and leased plazas which are sublet to the food and general merchandise divisions and third parties, as well as land for future development or sale.

(in millions)	1986	1985
Revenue	<b>\$9.7</b>	\$14.3

Food distribution sales top \$3 billion as market share increases.

### Food Distribution Segment

Food distribution consists of wholesale and retail food divisions as well as food service and produce companies. Sales surpassed the \$3 billion mark for the first time, a 15.0% improvement and segmented earnings of \$67.9 million were up 18.5%.

### Wholesale and Retail Food

New records were established in 1986 by the wholesale and retail food divisions with sales of \$2.9 billion, up 15.9% over the previous year. Exclusive of 1985 acquisitions, the improvement was 10.5%. This represented a clear gain in market share and was well ahead of the food inflation rate. Before interest and income taxes, earnings were up 18.8%.

### Ontario Operations

Combined sales of Oshawa Foods, Dutch Boy Food Markets, Elliott Marr and Company Limited, Fieldfresh Farms dairy and gas bars were up 19.7% to \$1.4 billion and earnings were substantially improved.

The increase in sales was attributable to the part-year contribution of additional franchised IGA stores, the full-year effect of the 1985 acquisition of 22 supermarkets, as well as more aggressive merchandising. Sales were also increased by extended hours in selected corporate units.

Steadily improving operating results were achieved in the acquired supermarkets. Two with operating losses and poor prospects were closed and sublet for other purposes. As well, the franchising of units which had

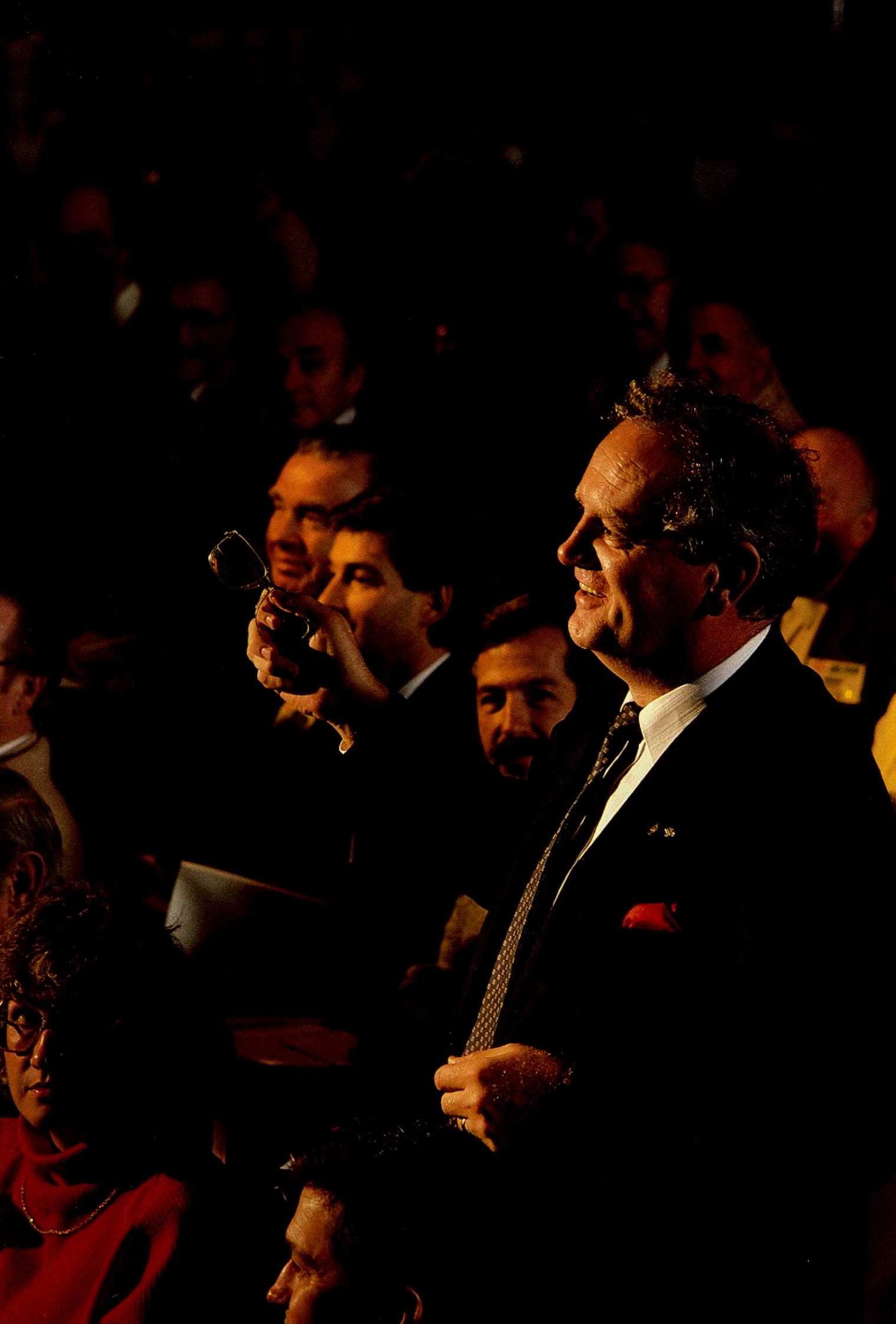
been converted to the IGA format is under way and labor agreements were successfully negotiated without service disruption.

Oshawa's dairy, purchased in 1985, was renamed "Fieldfresh Farms" with attractive new packaging. Production of fluid milk was increased to supply a larger proportion of corporate store requirements.

A program to improve franchised store productivity through electronic technology was commenced by the development of store-based computer systems similar to those in corporate units. Applications including labor scheduling, direct store delivery and cash controls have been installed in a number of locations and others are in the final stages of development. In addition, the advent of economical and more powerful personal computers has facilitated introduction of check-out scanning systems.

Key management changes occurred at Oshawa Foods. David Cole, an executive of broad experience with several national retail organizations was appointed Vice President Merchandising, succeeding Harry Guest who retired after a distinguished food industry career. Nikos Skoulas, a former Oshawa executive and recently Secretary General of Tourism in the Government of Greece was named Vice President Associate Stores, replacing Fred

*There is always a brisk exchange of ideas when Company representatives and IGA Associates meet as they do on a regular basis in all wholesale and retail food divisions. At right, Associate Burt Johnston of Streetsville, Ontario has the floor.*





Warner who became an EMA store owner, supplied by Elliot Marr. Jack Van Brummen, also an experienced former Company executive, returned to Oshawa Foods as Vice President Corporate Stores, succeeding Charles Candy who acquired an IGA store.

During the year Oshawa Foods added 15 franchised IGA locations and sold a corporate unit to an Associate. Four new IGA stores replaced outmoded units, one converted to another company program and one closed. Five were expanded and six remodeled.

In Southwestern Ontario, Dutch Boy continued to expand its market share and completed plans for opening two new units early in 1987. Accelerated growth is also continuing in the Elliott Marr division.

#### \* Quebec Operations

Hudon et Deaudelin ltée, operating in a highly competitive marketplace, continued to make substantial contributions in sales and earnings. Sales of \$885.1 million were up 8.2%. While the rate of sales growth slowed in 1986, earnings showed a satisfactory improvement.

Volume was impacted by heightened competition from additional super stores, Steinberg's entry in the wholesale business, the opening of

two club membership units and defensive measures by other wholesalers which slowed recruitment of new members.

To maintain leadership among Quebec food wholesalers in information services, more interactive on-line systems were introduced. An increasing number of IGA Boniprix Associates are receiving technological support as well as host computer communication of pricing and other vital data. Specific retail systems applications include shelf space allocation for several grocery categories, and direct store delivery controls, gross profit and feature cost analyses for the meat department.

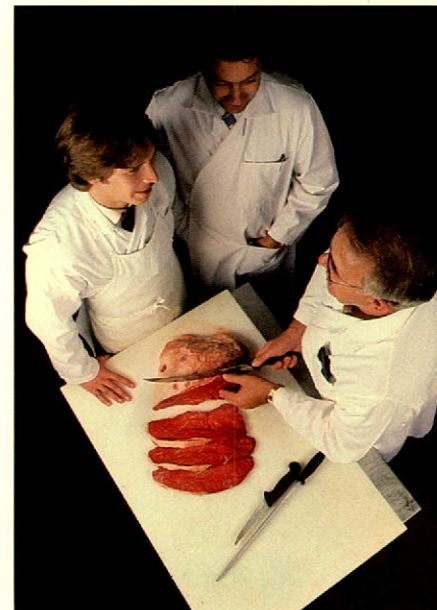
A pilot project of electronic data interchange in which purchase orders and invoices are transmitted from computer to computer was undertaken with a major manufacturer. This program will be extended to other divisions and suppliers and represents a giant step forward in reduction of paper work systems.

Management changes included several internal promotions. Jean-Marie Gaudreault became Executive Vice President, Gilles Turgeon, Vice President Finance, succeeded Michel Gagnon who purchased an IGA Boniprix store, Michel Petrucci was named Vice President Management Information Services, and Yvon Pichette was appointed Vice President Development.

There was a net increase of five IGA Boniprix markets in 1986, nine units were enlarged and 46 renovated.

New electronic technology improves IGA productivity, provides pricing, shelf space data.

*A significant contribution to the success of the IGA program has come from the broad variety of services and assistance which the Company provides to its IGA Associates. Some of these services are illustrated in this annual report. Opposite page, an Oshawa Project Manager, Tony McKee (left) meets on the construction site of a new IGA supermarket in Keswick, Ontario with the store's owner, Harry Gluck. At right, Supervisor Garry Didick, Codville Distributors, Winnipeg demonstrates meat cutting fine points to meat cutter Kirk Whittington and Meat Manager Allan Kubas, both of Winnipeg IGA stores.*



Food service and produce companies set sales, earnings records.

### **Western Canada Operations**

In a region of zero population growth, declining grocery prices and acute competition from major retailers, sales of Codville Distributors improved 3.1% to \$320.8 million and earnings, while satisfactory, were lower.

There was a significant change in wholesale volume mix. Due to a number of merchandising moves which strengthened the IGA program, sales to Associates continued to grow throughout most of the territory. However, sales to unaffiliated independents were affected by super stores which added 300,000 square feet to food retailing space in three major cities.

Sales were also impacted by decreasing volume of a major chain store customer.

Four new IGA Associates joined the program, three stores were expanded, 12 renovated, one closed and three transferred to another Codville program.

### **Atlantic Canada Operations**

Bolands Limited, operating in the four Atlantic provinces, produced a 43% sales increase to \$304.2 million, reflecting the full-year effect of nine supermarkets and the wholesale business added in 1985, and growth of corporate and franchise store volume.

Sales improvement in the acquired supermarkets was better than anticipated because of strong promotional programs, competitive pricing and customer service.

The integration of the new and existing distribution centres has taken longer than expected and has affected earnings.

Four franchised IGA stores were added during the year and one corporate unit (a 34,000 square-foot former chain store), opened in the final quarter. Three IGA markets were remodeled.

### **Food Service and Produce Companies**

Record sales of \$187.3 million were up 9.9%. After taking into account the closing of Dominion Mushroom Company in the previous year, the increase was 11.4%. Earnings were materially higher from continuing operations and in part from absence of the previous year's loss of the mushroom business.

### **Hickeson-Langs Supply Company**

Sales of Hickeson-Langs, the largest food service supplier in Ontario, were a record \$110.4 million, a 9.1% increase, reflecting the steady improvement of recent years. Earnings also established a new record.

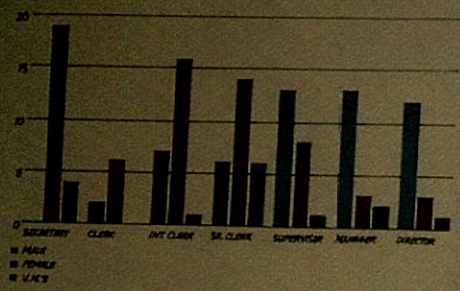
Sales growth accelerated during the year because of an expanded meat program and an 18% improvement in small account business.

Increased use of computer techniques in analyzing costs and account profitability enhanced the quality of decision making and contributed to higher earnings.



*An increasing number of franchised stores are using personal computers to enhance productivity and receive host computer communication of pricing and other vital data. At left, IGA Boniprix Associate Ginette Reid of Montreal (left) receives training in computer applications from Jocelyne Godard, Hudon et Deaudelin Itée Point of Sale Service Manager. At right, Produce Manager John Broderick, of Unionville IGA near Toronto, discusses his fruit displays with Oshawa Foods Produce Specialist John Rustenberg. Retail counsellors and specialists visit all franchised stores on a regular basis to ensure that IGA Associates' operational standards are maintained.*







### Langs Cold Storage

Revenues were up 6.1% to \$3.5 million, reflecting near capacity utilization of facilities. In the past year less business came from storage of crops subject to the vagaries of weather. This was more than offset by food processors' use of the facilities which increased revenues through the more frequent turnover of products. Record earnings were achieved.

### Model Uniform Rental Services

This division, formerly named Model Laundry, recorded a 17.9% rise in revenues to \$3.3 million and a new high in earnings. Contributing to the improvement were the broadening of service and increased automation.

### Ontario Produce and White and Company

Record sales of \$70.1 million, an increase of 15.3%, contributed to the highest earnings ever recorded by the two produce companies.

A number of factors contributed to the sales increase. Included were the introduction of a greater variety of imported specialty produce from off-shore sources, increased emphasis on locally grown products and more effective use of computerized inventory, product movement and pricing data.

While the Bradford packing plant achieved a good sales increase, the quality of regionally grown carrots

and onions was affected by prolonged wet weather and severe hailstorms, resulting in lower production yields.

Myron Wolfe was appointed General Manager Produce and President of The Ontario Produce Company succeeding John F. Brown, Ph.D. who is retiring in 1987 following completion of a special assignment. Kenneth Hastings was named Vice President and Controller of the Produce Companies.

### General Merchandise Segment

Towers Department Stores Inc., Kent Drugs Limited and the Restaurant Division achieved sales of \$541.3 million, a 7.5% improvement and earnings of \$13.7 million increased 10.9%.

### Towers/Bonimart Department Stores

1986 was the best year in Towers/Bonimart's history. Sales, operating profit, customer count and return on invested capital all reached record levels.

Sales (including concessionaires) were \$467.0 million, up 7.2% over the preceding year, while sales of Company operated departments rose 7.0% to \$444.3 million. All merchandise groups contributed to the increase, with sales of apparel showing above average growth. All geographic regions achieved increases above the rate of inflation on a comparable store basis, with the Toronto area being particularly buoyant, reflecting a strong local economy.

Towers/Bonimart sales, earnings, customer count, return on investment best ever.

*A special department, in place since 1985, assists Oshawa divisions in planning programs that ensure equitable treatment of all employees. At left, Michele Darling, Director of Employment Equity reviews systems with Hickeson-Langs division Employment Equity Working Committee members Ron Longboat, Karen Valko and Ron Peat. Examples of special services for customers are the kosher bakery, meat and deli departments in the newly opened Clark-Hilda Food City near Toronto, at right. This 44,200 square-foot supermarket is located in an area with a large observant Jewish population. Availability of broad varieties of kosher foods in this unit is evidence of the Company's commitment to serving specific local needs.*

*- Kent Drugs  
- real estate  
- Restaurant division*



Towers' new Dartmouth, N.S. retail concept wins "Store of Excellence Award".

Despite a favorable sales mix, gross profit margins declined slightly because of intense competition and aggressive promotional pricing. As a percentage of sales, expenses were lower for the fourth consecutive year due primarily to increases in sales and improved productivity. Better asset management and higher profit performance resulted in a record return on invested capital.

In October, 1986 Towers opened its "Store-of-the-Future" in Dartmouth, Nova Scotia. Designed to meet changing consumer needs and life-styles well into the 1990s, this 68,000 square-foot store is considered by many retailers and store planners to be one of the finest promotional department stores in North America. It will serve as the prototype for future expansion and major retrofits by Towers/Bonimart. Early in 1987 this unit won the "Store of Excellence Award" in the over 20,000 square-foot category from National Mall Monitor magazine.

#### **Kent Drugs Limited**

Sales improvement accelerated, rising 10.2% to \$88.3 million despite intense new competition from a growing number of super drug and combination food-drug stores. Prescription counts were higher in Drug City, Metro Drugs and Towers Department Stores pharmacies. However, a number of factors contributed to decreased earnings, including delayed and restrictive Ontario legislation governing prescription drug prices and sharper industry pricing of general merchandise. Start-up costs of new units also affected earnings.

#### **Restaurant Division**

Sales of the Restaurant Division were \$8.7 million, up 2.4%. While the sales increase was modest, due in part to the closing of two units, operating profit increased significantly because of improved controls of food costs and operating expenses. A new prototype cafeteria opened in Towers' "Store-of-the-Future" enjoyed good results.

#### **Real Estate Segment**

Real estate revenues of \$9.7 million were materially lower than the previous year due to the sale of a shopping centre. Profit of \$4.0 million was down for the same reason.

The sale of Sudbury City Centre was completed in the second quarter and the gain included in extraordinary items.

An investment was made in acquiring a substantial interest in a joint venture which owned seven shopping centres on which the Company has long term leases. Subsequent to the year end a further investment resulted in an agreement whereby the Company will become the owner of four of the centres, a joint owner of two and relinquish its real estate interest in another. In all cases Oshawa retains favorable leases on equal or better terms. It is the intention that these centres which comprise 70 acres of land and 750,000 square feet of buildings will be redeveloped.



*At left, raw fluid milk is delivered to a storage tank from which it will be drawn for processing in the Company's Fieldfresh Farms Inc. dairy. Fieldfresh Farms supplies an increasing number of Food City stores. At right, a shopper examines merchandise near the towels and linens focal point in Towers' new "store of the future" in Dartmouth, Nova Scotia. Store focal points make strong use of wall display areas to draw attention to specific departments.*



**Sales**

Consolidated sales and other revenue of \$3.5 billion for the year ended January 24, 1987 increased \$424 million or 13.7%. Food accounted for \$395 million of the improvement and general merchandise \$38 million. Real estate declined by \$5 million because of the sale of a shopping centre. Over the last five years sales have grown at an annual compound rate of 13.2%.

**Earnings**

Earnings of \$43.2 million (\$1.36 per share) before extraordinary items were up 5.8%, moderated by a higher corporate income tax rate (47.9% vs 42.6%) due to the removal of the 3% inventory allowance. Before income taxes, earnings improved 16.5%. After extraordinary items, net earnings were \$47.3 million (\$1.48 per share).

Food earnings increased 18.5% to \$67.9 million before interest and income taxes, general merchandise rose 10.9% to \$13.7 million and real estate decreased to \$4.0 million.

Interest expense less interest income amounted to \$2.8 million, a reduction of \$1.0 million.

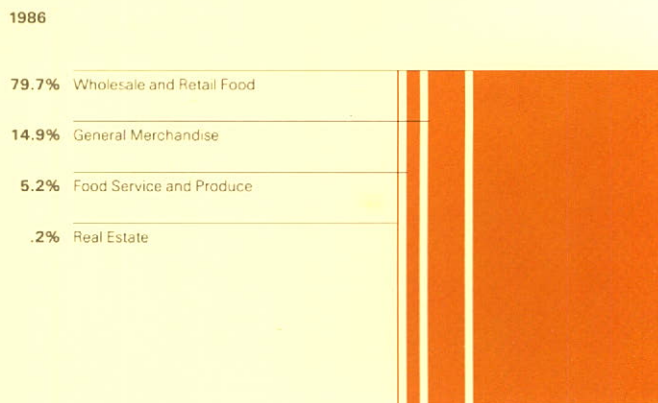
Extraordinary items of \$4.0 million after income taxes represent the gain on the sale of the shopping centre in Sudbury, less a provision to reduce the carrying value of the Decarie Square shopping centre to the amount realized on subsequent sale in the new year and less a further small provision for the closing of the mushroom farm.

**Dividends**

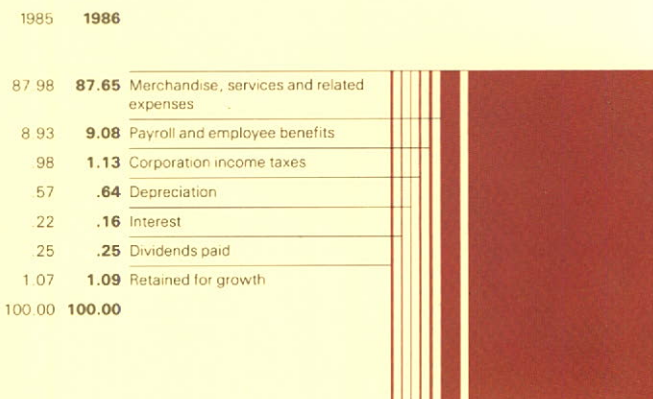
For the eighth consecutive year dividends were raised. In 1986, 27¼ cents per share were paid compared with 24 cents in the previous year, an increase of 13.5%. Of \$8.7 million in 1986 dividends, \$299 thousand was paid by the issuance of 15,105 Class A shares under the Optional Stock Dividend Policy. This policy was replaced by the new Dividend Reinvestment Plan which became operative for the dividend paid March 10, 1987, and which permitted the shares to be valued at 95% of market value when determining the number of shares to be issued in lieu of cash.

The quarterly dividend rate was increased 14.3% from seven cents per share to eight cents per share effective with the June 10, 1987 dividend to shareholders of record May 18, 1987.

**Sales and Other Revenue**

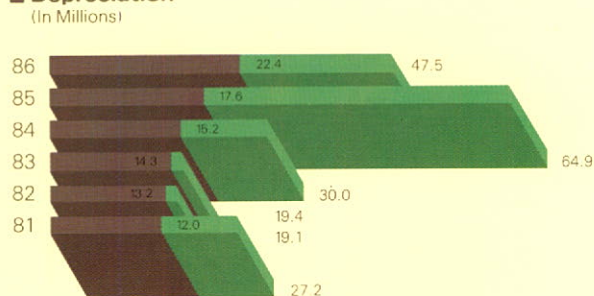


**Distribution of Sales Dollar**



**Capital Expenditures**

**Depreciation**



## Financial Position

The following summarizes key balance sheet data, reflecting a strong financial position.

(in millions)	1986	1985	Increase (Decrease)
Current assets	\$382	\$335	\$ 47
Current liabilities	258	233	25
Working capital	124	102	22
Fixed and other assets	237	232	5
Assets employed	\$361	\$334	\$ 27
Financed by:			
Long term debt	\$ 44	\$ 57	\$(13)
Deferred income taxes	18	17	1
Shareholders' equity	299	260	39
	\$361	\$334	\$ 27

Working capital reached a new record of \$124 million, increasing \$22 million.

Cash and short term investments were \$35 million compared with \$12 million, an improvement of \$23 million. Bank indebtedness was unchanged at \$31 million.

Long term debt decreased \$13 million to \$44 million principally due to the assumption of the Sudbury shopping centre mortgage by the purchaser. The average interest rate is well under ten percent. Debt-to-equity ratio at year end was .15 to 1.

Capital expenditures of \$48 million were used to expand and upgrade retail food and department stores, replace transportation fleets, modernize warehousing and install electronic data processing equipment and software. Outlays for 1987 are expected to exceed \$70 million for similar purposes and the addition of new office and warehousing facilities to accommodate increased business.

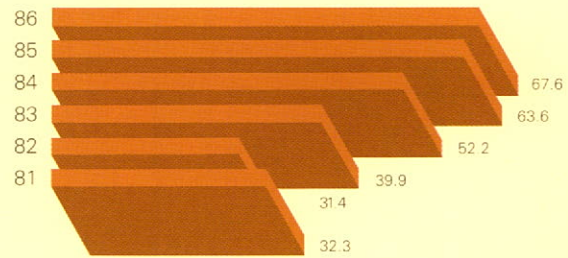
## Shareholders' Equity

Shareholders' equity of \$299 million (\$9.39 per share) increased \$39 million. Earnings before extraordinary items represented a 16.6% return on opening shareholders' equity.

Philip F. Connell, F.C.A.  
Senior Vice President and  
Chief Financial Officer

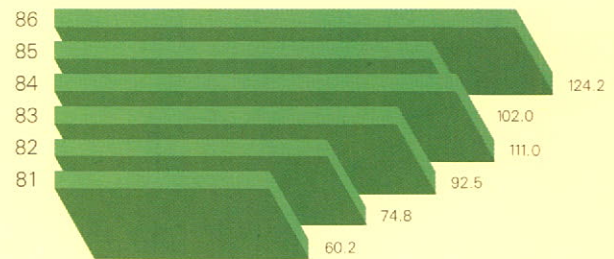
## Cash Flow from Operations

(In Millions)

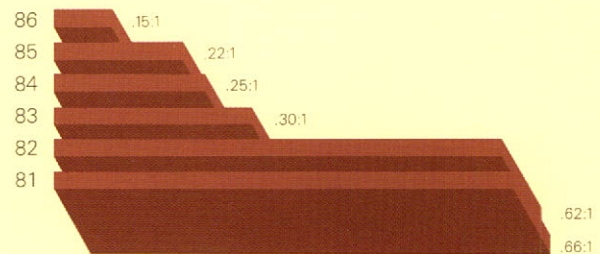


## Working Capital

(In Millions)

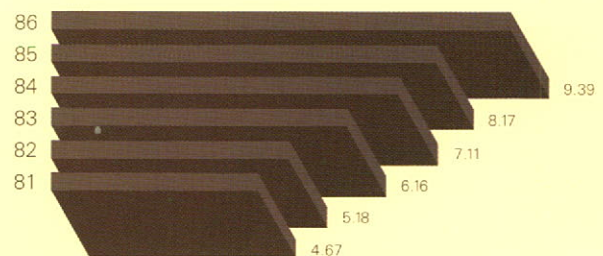


## Debt-to-Equity Ratio



## Shareholders' Equity per Share

(In Dollars)



### **Responsibility for Financial Reporting**

The management of The Oshawa Group Limited is responsible to the Board of Directors for the preparation and integrity of the financial statements and related information of the Company. These have been prepared in accordance with generally accepted accounting principles consistently applied and are based on management's best information and judgments.

To provide assurance in fulfilling its responsibilities, management maintains appropriate accounting records which incorporate sound systems of internal control designed to safeguard the Company's assets and ensure proper accounting of all of its business transactions.

In support of carrying out these responsibilities, management and the Directors have the assistance of the internal audit department, the external auditors and the Audit Committee of the Board, all of whom review and report on such matters.

The Company's external auditors, Wm. Eisenberg & Co. conduct an independent examination of accounting records, policies, procedures and internal controls in accordance with generally accepted auditing standards and express their opinion on the financial statements.

The Audit Committee of the Board consisting of a majority of outside Directors meets with both Wm. Eisenberg & Co. and the Director of Internal Audit to review their audit findings. It then reports to the Board of Directors prior to the approval of the audited financial statements for publication.

Ray D. Wolfe, C.M.  
Chairman and Chief  
Executive Officer

Philip F. Connell, F.C.A.  
Senior Vice President and  
Chief Financial Officer

### **Auditors' Report to the Shareholders**

We have examined the consolidated balance sheet of The Oshawa Group Limited as at January 24, 1987 and the consolidated statements of earnings, retained earnings and changes in cash position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the Company as at January 24, 1987 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Wm. Eisenberg & Co.  
Chartered Accountants

Toronto, Canada  
March 9, 1987

## Consolidated Statement of Earnings

The Oshawa Group Limited

For the year ended January 24, 1987

(in thousands of dollars)	1987	1986
<b>Sales and other revenue</b>	<b>\$3,526,098</b>	\$3,102,447
<b>Cost of sales and expenses</b>		
Cost of sales and expenses before the undernoted items:	<b>3,419,449</b>	3,010,879
Interest (note 6)	<b>5,517</b>	6,908
Depreciation and amortization	<b>22,438</b>	17,572
	<b>3,447,404</b>	3,035,359
	<b>78,694</b>	67,088
Interest earned	<b>4,230</b>	4,077
<b>Earnings before income taxes and extraordinary items</b>	<b>82,924</b>	71,165
Income taxes	<b>39,696</b>	30,305
<b>Earnings before extraordinary items</b>	<b>43,228</b>	40,860
Extraordinary items (note 7)	<b>4,023</b>	126
<b>Net earnings</b>	<b>\$ 47,251</b>	\$ 40,986
Earnings per share before extraordinary items	<b>\$ 1.36</b>	\$ 1.28
Net earnings per share	<b>\$ 1.48</b>	\$ 1.29
Average number of shares outstanding	<b>31,867,658</b>	31,831,050

## Consolidated Statement of Retained Earnings

For the year ended January 24, 1987

(in thousands of dollars)	1987	1986
<b>Balance, beginning of year</b>	<b>\$ 165,089</b>	\$ 131,741
Add: Net earnings	<b>47,251</b>	40,986
	<b>212,340</b>	172,727
Less: Dividends		
– Class A shares	<b>8,495</b>	7,473
– Common shares	<b>187</b>	165
	<b>8,682</b>	7,638
<b>Balance, end of year</b>	<b>\$ 203,658</b>	\$ 165,089

January 24, 1987

(in thousands of dollars)	1987	1986
<b>Assets</b>		
<b>Current assets</b>		
Cash and short term investments	\$ 35,158	\$ 11,945
Accounts receivable	103,616	96,304
Inventories	234,454	214,910
Real estate held for sale	1,515	6,244
Prepaid expenses	7,275	5,726
	<b>382,018</b>	335,129
<b>Fixed assets</b> (note 2)	<b>216,332</b>	217,534
<b>Other assets</b> (note 3)	<b>21,139</b>	15,021
	<b>\$619,489</b>	\$567,684
<b>Liabilities</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 30,803	\$ 31,412
Accounts payable and accrued liabilities	209,165	195,410
Income taxes payable	16,663	4,932
Current portion of long term debt	1,180	1,394
	<b>257,811</b>	233,148
<b>Long term debt</b> (note 4)	<b>43,680</b>	56,918
<b>Deferred income taxes</b>	<b>18,419</b>	17,237
<b>Shareholders' equity</b>		
<b>Capital stock</b> (note 5)		
Authorized		
Unlimited number of Class A and Common shares		
Issued		
31,203,442 Class A shares (1986 – 31,171,238)	95,877	95,248
685,504 Common shares	44	44
	<b>95,921</b>	95,292
<b>Retained earnings</b>	<b>203,658</b>	165,089
	<b>299,579</b>	260,381
	<b>\$619,489</b>	\$567,684

Approved on behalf of the Board



Ray D. Wolfe, C.M., Director



Philip F. Connell, F.C.A., Director



**Consolidated Statement  
of Changes in Cash Position**

The Oshawa Group Limited

For the year ended January 24, 1987

(in thousands of dollars)	1987	1986
Cash provided from:		
<b>Operating activities:</b>		
Earnings before extraordinary items	\$ 43,228	\$ 40,860
Charges to earnings not affecting cash:		
Depreciation and amortization	22,438	17,572
Deferred income taxes	1,902	5,159
	<b>67,568</b>	63,591
<b>Changes in working capital components other than cash</b>	<b>(904)</b>	(27,313)
	<b>66,664</b>	36,278
<b>Financing activities:</b>		
Issue of long term debt	2,192	2,979
Issue of Class A shares	629	949
Repayment of long term debt	(1,569)	(2,316)
	<b>1,252</b>	1,612
<b>Investing activities:</b>		
* Purchase of fixed assets	(47,530)	(64,887)
* Disposal of shopping centre net of \$13,861 mortgage	18,773	-
Disposal of other fixed assets	1,988	4,757
Loans and mortgages receivable	(6,429)	(1,262)
Other	(2,214)	(5,199)
	<b>(35,412)</b>	(66,591)
<b>Dividends</b>	<b>(8,682)</b>	(7,638)
<b>Change in cash position</b>	<b>23,822</b>	(36,339)
<b>Cash, beginning of year</b>	<b>(19,467)</b>	16,872
<b>Cash, end of year</b>	<b>\$ 4,355</b>	\$(19,467)
<b>Represented by:</b>		
Cash and short term investments	\$ 35,158	\$ 11,945
Bank indebtedness	(30,803)	(31,412)
	<b>\$ 4,355</b>	\$(19,467)

*And of invest<sup>n</sup> / expansion*  
*expense of sales*

**1. Summary of Significant Accounting Policies**

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries.

**Inventories**

Warehouse inventories are valued at the lower of cost and net realizable value with cost being determined on a first-in, first-out basis. Retail inventories are valued at the lower of cost and net realizable value less normal profit margins as determined by the retail method of inventory valuation.

**Real Estate Held for Sale**

Real estate held for sale is valued at the lower of cost and net realizable value. Cost includes development expenses and carrying charges including applicable interest on general borrowings.

**Fixed Assets and Depreciation**

Major enlargements, remodelings and improvements are charged to the appropriate fixed asset accounts. The cost of maintenance and repairs which does not extend the life of an asset is charged against earnings.

Fixed assets are recorded at cost, which in the case of land and buildings includes carrying costs incurred during development, construction and the initial leasing period, and are depreciated on a straight-line basis at rates sufficient to amortize the cost of the assets over their estimated useful lives as follows:

Classification	Estimated Useful Life
Buildings	20 to 40 years
Equipment	4 to 10 years
Leasehold improvements	term of lease plus first option to a maximum of 20 years
Property under capital leases	term of lease

**Development and Opening Expenses**

Development and opening expenses of new stores are written off in the year of opening.

**Sale of Stores and Properties**

Gains and losses on the sale of stores and properties, other than major operating facilities, are considered an integral part of the Company's operations and are included in ordinary income.

**Fiscal Year**

The fiscal year of the Company ends on the fourth Saturday in January.

**2. Fixed Assets**

	1987	1986
Land	\$ 26,293	\$ 20,888
Buildings	96,197	114,064
*Equipment	186,314	164,936
Leasehold improvements	42,684	39,903
	<b>351,488</b>	339,791
Less accumulated depreciation	<b>138,935</b>	126,231
	<b>212,553</b>	213,560
Property under capital leases, less accumulated depreciation of \$1,218 (1986-\$1,023)	<b>3,779</b>	3,974
	<b>\$216,332</b>	\$217,534

### 3. Other Assets

	1987	1986
Loans and mortgages receivable	\$ 15,357	\$ 8,928
Deferred major expansion costs net of accumulated amortization of \$1,710 in 1987	5,017	5,370
Other	765	723
	<b>\$21,139</b>	<b>\$15,021</b>

Deferred major expansion costs relate to 22 Safeway stores in Ontario and nine Dominion stores and warehouse facilities in Nova Scotia acquired by the Company in the 1986 fiscal year.

Subsequent to acquisition, the Company embarked on a program to upgrade the retail locations and to integrate their operations with those of the Company's other retail facilities.

The costs of this program have been deferred and are being amortized on a straight-line basis over three years.

### 4. Long Term Debt

	1987	1986
Bank indebtedness	\$ 7,770	\$ 7,770
Mortgages and loans payable	23,631	36,490
Series A Sinking Fund Debentures	8,658	9,214
Obligations under capital leases (note 9)	4,801	4,838
	<b>44,860</b>	<b>58,312</b>
Less current portion	1,180	1,394
	<b>\$ 43,680</b>	<b>\$56,918</b>

### Principal Repayments

Principal repayments of long term debt are as follows:

Fiscal year ending in	
1988	\$ 1,180
1989	7,339
1990	2,693
1991	3,500
1992	2,335
1993-2011	27,813
	<b>\$ 44,860</b>

### Bank Indebtedness

Bank indebtedness bears interest at rates varying from short term money market rates to prime, and provides for principal repayments in 1989, 1990 and 1993.

### Mortgages and Loans Payable

These obligations bear interest at an average rate of 9.7% per annum and provide for principal repayments from 1988 to 2009.

### Series A Sinking Fund Debentures

These debentures, secured by a floating charge on the undertaking and assets of the Company, bear interest at 9¼% per annum and mature June 15, 1991.

### 5. Capital Stock

By articles of amendment dated June 12, 1986 the issued Class A and Common shares were subdivided on a two-for-one basis.

The Class A shares are non-voting, participating and are entitled to a non-cumulative annual dividend of 10 cents per share in priority to the payment of dividends on the Common shares.

Under the Optional Stock Dividend Policy, which was terminated on December 15, 1986, 15,105 Class A shares were issued during the year in lieu of cash dividends of \$299. In addition, 17,099 Class A shares were issued for \$330 on the acquisition of an interest in certain real estate.

On December 15, 1986, the Company established a Dividend Reinvestment Plan. Under this plan, 125,000 Class A shares are available for future issue.

The Company has reserved 1,200,000 Class A shares for issuance under the Share Option Plan for Officers and Key Executives 1982. As at January 24, 1987, options for 710,500 Class A shares were outstanding under this plan exercisable until 1996, at prices between \$7 and \$22<sup>7</sup>/<sub>8</sub> per share. The exercise of these share options would have no material dilutive effect on earnings per share.

## 6. Interest Expense

	1987	1986
Interest on long term debt	\$3,717	\$5,065
Other interest	1,939	1,911
Interest on obligations under capital leases	890	894
	<b>6,546</b>	7,870
Less interest capitalized to cost of real estate	1,029	962
	<b>\$5,517</b>	\$6,908

## 7. Extraordinary Items

	1987	1986
Gain on sale of Sudbury City Centre shopping centre net of reduction in carrying value of Decarie Square shopping centre to amount realized on sale subsequent to the year end less income taxes of \$1,780	\$4,147	\$ -
Loss on closing Dominion Mushroom division, less income taxes recovered of \$141 (1986 - \$417)	(124)	(398)
Reduction of income taxes on application of prior years' losses of certain subsidiaries	-	524
	<b>\$4,023</b>	\$ 126

## 8. Effective Income Tax Rate

	1987	1986
Combined basic Canadian and Ontario income tax rate	53.3%	52.0%
Inventory allowance	(0.4)	(4.8)
Tax reductions due to lower rates in other provinces	(4.1)	(3.8)
Sundry items	(0.9)	(0.8)
	<b>47.9%</b>	42.6%

## 9. Leases

Minimum lease payments for store locations, office and warehouse facilities and equipment (exclusive of additional amounts based on percentage of sales, taxes, insurance, and other occupancy charges) under capital and operating leases in future years are as follows:

	Capital Leases	Operating Leases
Fiscal year ending in		
1988	\$ 933	\$ 31,570
1989	933	28,649
1990	933	27,074
1991	933	24,960
1992	933	22,941
1993 - 2011	13,913	160,236
Total minimum lease payments	18,578	\$295,430
Less imputed interest at an average rate of 18% per annum	13,777	
Obligations under capital leases	<u>\$4,801</u>	

It is expected that rental revenue of \$8,124 will be received in the fiscal year ending January 23, 1988, from locations which have been sublet.

## 10. Related Party Transactions

The Company leases a warehouse and five retail outlets from a company owned by certain Officers, Directors and their families. Rentals for the year ended January 24, 1987, amounted to \$1,053 (1986 - \$1,027).

## 11. Segmented Information

	Food Distribution		General Merchandise		Real Estate		Consolidated	
	1987	1986	1987	1986	1987	1986	1987	1986
Sales and other revenue								
Outside	\$2,979,944	\$2,589,526	\$ 541,258	\$ 503,672	\$ 4,896	\$ 9,249	\$3,526,098	\$3,102,447
Inter-segment	51,046	46,920	-	-	4,782	5,078	-	-
	<u>\$3,030,990</u>	<u>\$2,636,446</u>	<u>\$ 541,258</u>	<u>\$ 503,672</u>	<u>\$ 9,678</u>	<u>\$ 14,327</u>	<u>\$3,526,098</u>	<u>\$3,102,447</u>
Segment profit	\$ 67,921	\$ 57,294	\$ 13,728	\$ 12,375	\$ 4,042	\$ 5,315	\$ 85,691	\$ 74,984
Corporate investment income							2,750	3,089
Interest							(5,517)	(6,908)
Income taxes							(39,696)	(30,305)
Earnings before extraordinary items							43,228	40,860
Extraordinary items							4,023	126
Net earnings							\$ 47,251	\$ 40,986
Assets								
Segment	\$ 396,947	\$ 360,463	\$ 129,555	\$ 118,679	\$ 57,832	\$ 75,595	\$ 584,334	\$ 554,737
Corporate							35,155	12,947
Total							\$ 619,489	\$ 567,684
Capital expenditures								
Segment	\$ 28,535	\$ 56,556	\$ 7,622	\$ 4,272	\$ 10,933	\$ 3,879	\$ 47,090	\$ 64,707
Corporate							440	180
Total							\$ 47,530	\$ 64,887
Depreciation and amortization								
Segment	\$ 16,952	\$ 11,825	\$ 4,337	\$ 3,869	\$ 983	\$ 1,754	\$ 22,272	\$ 17,448
Corporate							166	124
Total							\$ 22,438	\$ 17,572

## 6 Year Comparative Summary

(in thousands of dollars except per share)

<b>Income Statement</b>	Sales and other revenue Salaries, wages, benefits Depreciation and amortization Interest expense Income taxes Earnings before extraordinary items Net earnings
<b>Balance Sheet</b>	Total assets Current assets Current liabilities Working capital
<b>Financing</b>	Shareholders' equity Long term debt
<b>Cash Flow</b>	Cash flow from operations Capital expenditures Re-invested in business Dividends paid
<b>Key Financial Ratios</b>	Current ratio Return on opening equity Earnings before extraordinary items as a % of sales
<b>Per Share Data</b>	Earnings before extraordinary items** Net earnings** Dividends paid Shareholders' equity** High-low stock price Average number of shares* Number of shares at year end*
	Number of full and part time employees at year end

\* Combined Class A and Common

\*\* Earnings per share have been calculated on the average number of shares outstanding during the year.

Shareholders' equity per share has been calculated on the shares outstanding at the end of the year.

Figures for previous years have been adjusted for the two-for-one stock splits of June 12, 1986 and July 6, 1984

Valuation Day stock price (December 22, 1971) was \$2.84 1/2.

<b>1987</b> <b>January 24</b>	1986 January 25	1985 January 26	1984 January 28 (53 weeks)	1983 January 22	1982 January 23
<b>\$3,526,098</b>	\$3,102,447	\$2,665,774	\$2,434,985	\$2,118,285	\$1,896,569
<b>320,080</b>	277,042	241,433	226,144	201,389	177,235
<b>22,438</b>	17,572	15,189	14,287	13,186	12,020
<b>5,517</b>	6,908	7,258	11,066	16,219	16,020
<b>39,696</b>	30,305	27,420	19,643	11,465	11,503
<b>43,228</b>	40,860	36,179	25,895	16,912	15,310
<b>47,251</b>	40,986	36,179	25,895	18,327	15,417
<b>619,489</b>	567,684	483,922	435,631	393,825	380,026
<b>382,018</b>	335,129	300,512	263,448	226,327	217,402
<b>257,811</b>	233,148	189,505	170,946	151,502	157,234
<b>124,207</b>	101,981	111,007	92,502	74,825	60,168
<b>299,579</b>	260,381	226,084	195,223	142,774	127,825
<b>43,680</b>	56,918	56,255	58,202	88,051	84,820
<b>67,568</b>	63,591	52,186	39,944	31,449	32,254
<b>47,530</b>	64,887	30,043	19,439	19,143	27,194
<b>38,569</b>	33,348	29,756	21,341	14,211	11,504
<b>8,682</b>	7,638	6,423	4,554	4,116	3,913
<b>1.48:1</b>	1.44:1	1.59:1	1.54:1	1.49:1	1.38:1
<b>16.60</b>	18.07	18.53	18.14	13.23	13.24
<b>1.23</b>	1.32	1.36	1.06	0.80	0.81
<b>1.36</b>	1.28	1.14	.92	.62	.56
<b>1.48</b>	1.29	1.14	.92	.67	.57
<b>27¼¢</b>	24¢	20¼¢	16½¢	15¢	14¾¢
<b>9.39</b>	8.17	7.11	6.16	5.18	4.67
<b>26-16¼</b>	17½-11⅝	12½-7¾	8⅝-5¾	6⅝-3¼	4⅝-2⅞
<b>31,867,658</b>	31,831,050	31,731,906	28,270,772	27,461,216	27,247,636
<b>31,888,946</b>	31,856,742	31,787,492	31,670,984	27,553,144	27,357,092
<b>18,306</b>	17,819	15,031	14,643	14,806	15,000

**Directors**

**William L. Atkinson**  
**Donald Carr, Q.C.\***  
**Philip F. Connell, F.C.A.\***  
**Allister P. Graham**  
**Charles Perrault, M.Eng.\***  
**Arthur J.R. Smith, Ph.D.,**  
**D.U.C., LL.D.\***  
**Harold J. Wolfe**  
**Harvey S. Wolfe**  
**Jack B. Wolfe**  
**Jonathan A. Wolfe**  
**Ray D. Wolfe, C.M.**

\*Audit Committee

**Officers**

**Ray D. Wolfe, C.M.**  
 Chairman and Chief  
 Executive Officer

**Allister P. Graham**  
 President and Chief  
 Operating Officer

**Philip F. Connell, F.C.A.**  
 Senior Vice President and  
 Chief Financial Officer

**Leonard Eisen, F.C.A.**  
 Treasurer

**Harold J. Wolfe**  
 Secretary

**Corporate Management**

**Ray D. Wolfe, C.M.**  
 Chairman and Chief  
 Executive Officer

**Allister P. Graham**  
 President and Chief  
 Operating Officer

**Philip F. Connell, F.C.A.**  
 Senior Vice President and  
 Chief Financial Officer

**William L. Atkinson**  
 Group Vice President  
 General Merchandise

**Jack B. Wolfe**  
 Group Vice President  
 Food Service and  
 Produce Companies

**E. Leonard Besler, C.A.**  
 Corporate Controller

**Sam Crystal**  
 Vice President  
 Public Affairs

**Leonard Eisen, F.C.A.**  
 Treasurer

**Matilda M. Manojlov**  
 Vice President  
 Profit Improvement

**Paul B. Nielsen**  
 Vice President  
 Industrial Relations

**Sidney Pasoff**  
 Vice President  
 Management Information  
 Services

**Donald A. Smith**  
 Vice President  
 Human Resources

**Harold J. Wolfe**  
 General Counsel

**Food**

**Bolands Limited**  
 Dartmouth, Nova Scotia  
 Leif Christensen  
 President and  
 General Manager

**Codville Distributors**  
 Winnipeg, Manitoba  
 Max J. Hatch  
 President and  
 General Manager

**Dutch Boy Food Markets**  
 Kitchener, Ontario  
 Barry Humphrey  
 General Manager

**Elliott Marr and  
 Company Limited**  
 London, Ontario  
 Michael Smith  
 General Manager

**Fieldfresh Farms Inc.**  
 Oakville, Ontario  
 Hans T. Christiansen  
 General Manager

**Hudon et Deaudelin  
 Itée**  
 Montreal, Quebec  
 Pierre Croteau  
 President and  
 General Manager

**Oshawa Foods**  
 Toronto, Ontario  
 Jonathan A. Wolfe  
 President and  
 General Manager

**Food Service and  
 Produce Companies**

**General Manager Produce**  
 Myron J. Wolfe

**The Ontario Produce  
 Company**  
 Toronto, Ontario  
 Myron J. Wolfe  
 President

**The Ontario Produce  
 Company**  
 Bradford, Ontario  
 H. Glen Henderson  
 Manager

**The White and Company**

Toronto, Ontario  
 Vance Graham  
 Manager

**General Manager Food  
 Service**  
 Gary R. Adams

**Beverage Dispensers**  
 Toronto, Ontario  
 Robert C. Kelly  
 General Manager

**Hickeson-Langs  
 Supply Company**  
 Toronto, Ontario  
 Charles J. Davies  
 President and  
 General Manager

**Langs Cold Storage**  
 Hamilton, Ontario  
 Kenneth R. Edworthy  
 General Manager

**Model Uniform Rental  
 Services**  
 Toronto, Ontario  
 Wilfred M. Dawe  
 General Manager

**General Merchandise**

**Kent Drugs Limited**  
 Toronto, Ontario  
 Ab Flatt  
 President

**Restaurants**  
 Toronto, Ontario  
 Larry J. Crystal  
 General Manager

**Towers Department  
 Stores Inc.**

Toronto, Ontario  
 William L. Atkinson  
 President and Chief  
 Executive Officer



## Corporate Data

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### Registrar and Transfer Agents

Class A Shares and Series A  
Debentures  
The Canada Trust Company  
Toronto, Montreal, Calgary,  
Regina and Vancouver

### Auditors

Wm. Eisenberg & Co.,  
Toronto

### Bankers

Canadian Imperial Bank of  
Commerce  
Bank of Montreal  
Bank of Nova Scotia  
Toronto Dominion Bank  
National Bank of Canada

### Listed on

Toronto Stock Exchange  
Montreal Exchange  
Stock Symbol: OSH.A

### Investor Information

Philip F. Connell, F.C.A.

### Head Office

302 The East Mall,  
Islington, Ontario,  
Canada M9B 6B8  
(416) 236-1971  
Telex: 06-984631

### Annual Meeting

The annual meeting of  
shareholders will take place  
at 11 a.m., Thursday,  
June 11th, 1987 in the  
Quebec Room, Royal York  
Hotel, Toronto





