LOBLAW COMPANIES LIMITED

1995 Annual Report

Loblaw Companies Limited is Canada's largest retail and wholesale food distributor with operations across the country.

Loblaw strives to provide superior returns to its shareholders through a combination of share price appreciation and dividends. To this end, it follows certain fundamental operating principles. It concentrates on food retailing, providing consumers with good value on everyday household needs. It maintains a significant program of reinvestment in and expansion of its existing markets. It is highly selective in acquisitions and continues to invest in products and technology. Loblaw seeks long term, stable growth, taking managed operating risks from a strong balance sheet position.

Selling more groceries than any other company in Canada, Loblaw strives to improve its standards of value continuously by offering a wide variety and selection of high quality, low priced food and related products and services in modern, conveniently located stores.

Loblaw Companies is one of the largest private employers in Canada with over 60,000 employees and has a responsibility to provide fair wages and secure employment. This responsibility can best be met in a stable, low cost operating environment where all accept the need to continuously improve our ability to serve our customers.

Contents:

About the Cover: The Langley, British Columbia Real Canadian Superstore is a splendid example of providing good customer value and one-stop shopping in an inviting, friendly atmosphere.

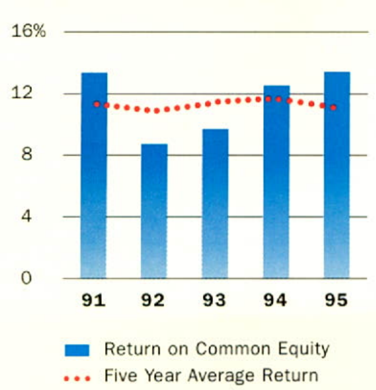
FINANCIAL HIGHLIGHTS

(in millions of dollars)	**1995**	1994	1993
Operating Results			
Sales	**9,854**	10,000	9,356
Trading profit [1]	**449**	410	326
Operating income	**320**	272	200
Earnings before income taxes	**271**	209	146
Net earnings	**147**	126	90
Financial Position			
Total debt and debt equivalents	**979**	836	778
Total shareholders' equity	**1,160**	1,105	985
Total assets	**3,197**	3,042	2,743
Cash Flow			
Cash flow from operations	**270**	328	279
Purchases of fixed assets	**302**	339	315
Per Common Share (dollars)			
Net earnings	**1.81**	1.51	1.07
Cash flow from operations	**3.37**	4.05	3.44
Net book value	**14.22**	12.81	11.37
Actual dividends paid	**.32**	.26	.24
Year end dividend rate	**.36**	.28	.24
Price range - high	**31.50**	26.00	24.00
- low	**23.25**	19.50	18.50
Financial Ratios [2]			
Return on common equity	**13.4%**	12.5%	9.7%
Return on capital employed	**19.9%**	16.9%	13.7%
Return on sales			
Trading profit [1]	**4.6%**	4.1%	3.5%
Earnings before income taxes	**2.8%**	2.1%	1.6%
Net earnings	**1.5%**	1.3%	1.0%
Cash flow from operations	**2.7%**	3.2%	2.9%
Interest coverage on total debt and debt equivalents	**6.0:1**	4.3:1	3.7:1
Total debt and debt equivalents to equity	**.25:1**	.48:1	.49:1

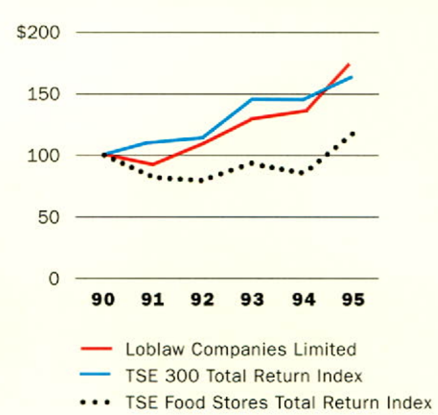
1. Trading profit is defined as operating income before depreciation and amortization (EBITDA).
2. For purposes of calculating financial ratios, debt is reduced by cash and short term investments net of bank advances and notes payable.

Certain historic information has been restated to correspond with new financial instruments disclosure requirements adopted retroactively in 1995 as detailed in note 2 of the Consolidated Financial Statements.

Return on Common Equity



Five Year Total Common Shareholders' Return on $100 Investment with Dividends Reinvested



West

STORE BANNERS

Retail

Superstore
34 Stores

The Real Canadian Wholesale Club — No Membership Required
10 Stores

OK! economy
39 Stores

Extra Foods
15 Stores

7 Stores are operated under various other banners including 3 Cash & Carry

Wholesale

Shop Easy Foods
84 Stores

Lucky Dollar Foods
272 Stores

SuperValu
45 Stores

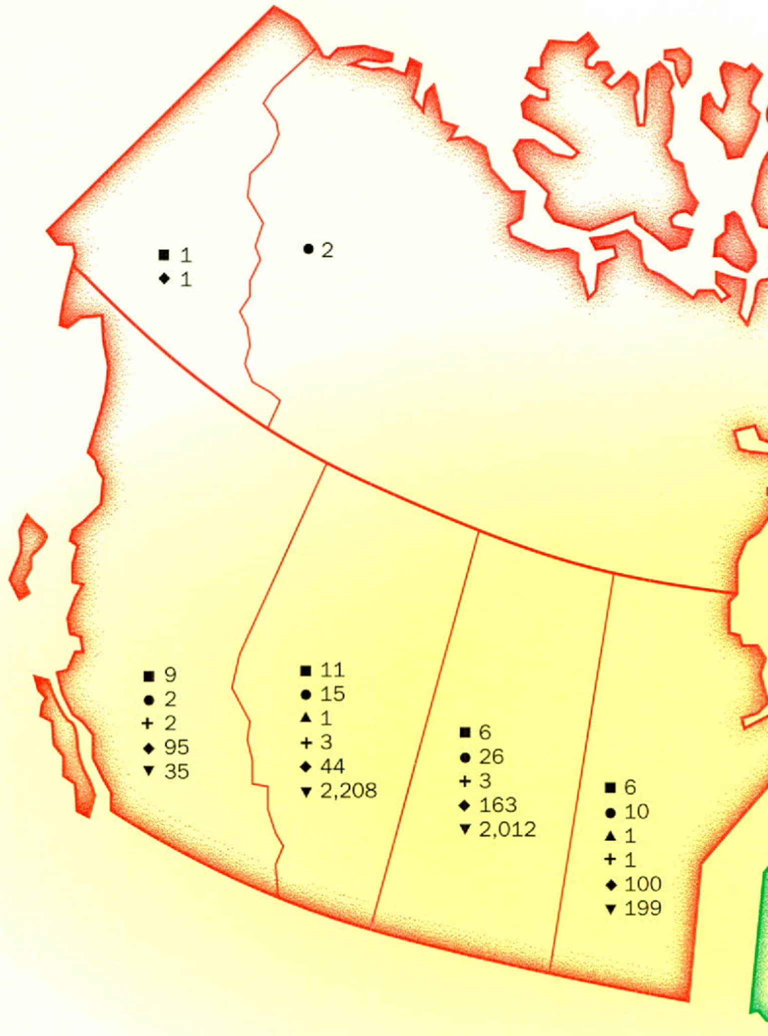
Extra Foods
10 Stores

1995 REVIEW

- Record sales and earnings.
- 2 Real Canadian Superstores, 4 Real Canadian Wholesale Clubs and 9 conventional stores opened.
- Retail sales increase 12%; same-store sales improve 3%.
- Average retail square footage up 12%.
- Wholesale profits up although sales decline.

1996 OUTLOOK

- Continued focus on retail sales growth.
- Planned openings of 2 Real Canadian Superstores, 4 Real Canadian Wholesale Clubs and 3 conventional stores.
- Increased market share.
- Improved profitability.



Retail

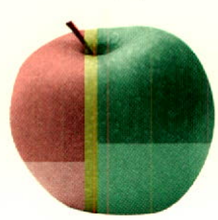
- ■ Superstores
- ● Conventional Stores
- ▲ Cash & Carry Stores
- \+ The Real Canadian Wholesale Club

Wholesale

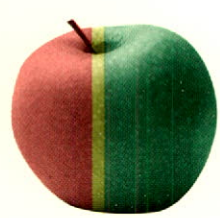
- ◆ Franchised Independent Stores
- ▼ Independent Accounts

* The United States retail business was sold in the second quarter of 1995. The line of President's Choice™ products continues to be actively marketed into select supermarket chains in 36 States, Bermuda and Barbados.

Sales
1995 - $9,854

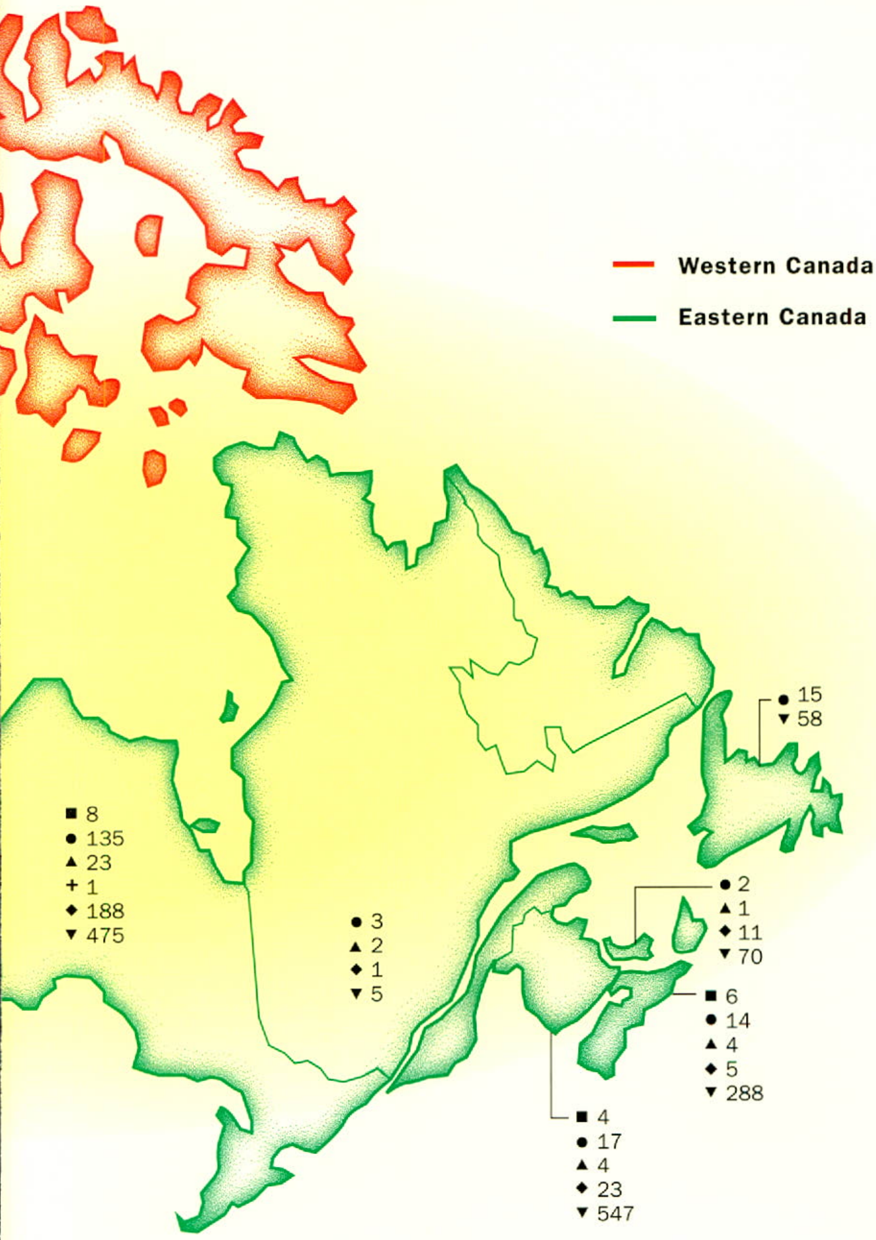


Operating Income
1995 - $320

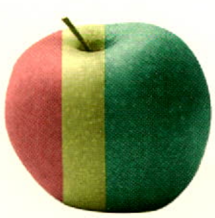


West 30.8%		U.S. 6.7%		East 62.5%	
Retail	81.2%	Retail	100.0%	Retail	66.0%
Wholesale	18.8%			Wholesale	34.0%

West 43.4% U.S. 5.0% East 51.6%

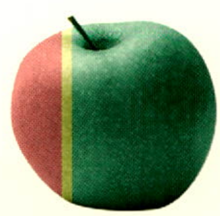


Total Assets
1995 - $3,197



West 27.2% U.S. 22.6% East 50.2%

Purchases of Fixed Assets
1995 - $302



West 19.2% U.S. 4.0% East 76.8%

East

STORE BANNERS

Retail

Loblaws
64 Stores

zehrs markets
46 Stores

save-easy
18 Stores

the süpercentre
7 Stores

SuperValu
15 Stores

zehrs food plus
11 Stores

the real atlantic Superstore
10 Stores

Dominion
15 Stores in Newfoundland

47 Stores are operated under various other banners including 33 Cash & Carry

Wholesale

no frills
57 Stores

FORTINOS
17 Stores

your independent grocer
38 Stores

valu-mart
54 Stores

Atlantic Grocer
2 Stores

save-easy
37 Stores

mr. grocer
15 Stores

1995 REVIEW

- Record sales and earnings.
- 14 new corporate stores opened.
- 5% same-store sales increase.
- 16 stores renovated or expanded.
- Average retail square footage increased by 10%.
- Improved warehousing and distribution efficiency and profitability.
- Franchise programs expanded.

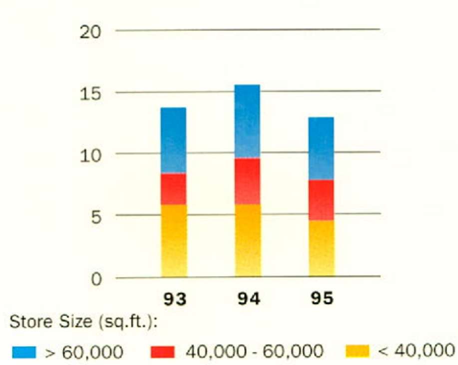
1996 OUTLOOK

- Sales and earnings growth rates consistent with 1995.
- 28 planned openings of corporate and franchised stores totalling .6 million sq.ft..
- Renovations or expansions of 11 stores.
- Increased market share particularly in Atlantic Canada.

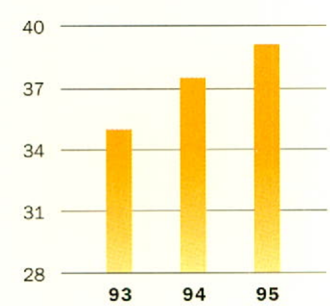
Retail Operations	1995	
Corporate Stores	**Stores**	**Sq. Ft. (in millions)**
Beginning of year	415	15.6
Opened or acquired	29	1.3
Closed	(19)	(.4)
Sold	(85)	(3.3)
Franchised:		
Transfer to	(9)	(.2)
Transfer from	7	.2
End of year	338	13.2
Average store size (in thousands)		39.1
Analysis by size		
More than 60,000 sq. ft.	57	5.5
40,000 - 60,000 sq. ft.	70	3.4
20,000 - 39,999 sq. ft.	109	3.0
10,000 - 19,999 sq. ft.	65	1.0
Less than 10,000 sq. ft.	37	.3
	338	13.2
Retail Sales	$7,193	
Annual average sales per gross sq. ft. (dollars)	$500	

STORE ANALYSIS

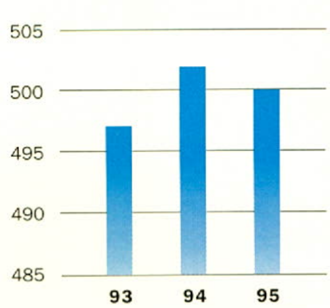
Corporate Store Square Footage
(millions of sq.ft.)



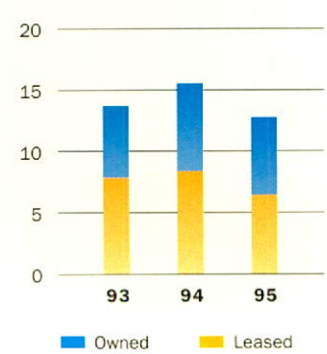
Average Corporate Store Size
(thousands of sq.ft.)



Annual Corporate Store Sales per Square Foot
(dollars)



Corporate Store Square Footage Owned vs. Leased
(millions of sq.ft.)

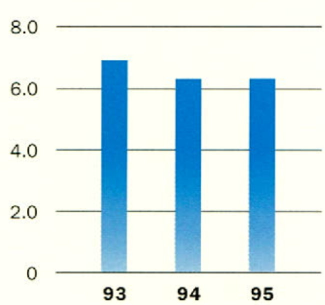


Wholesale Operations	1995	
Franchised Independent Stores*	**Stores**	**Sq. Ft. (in millions)**
Beginning of year	673	6.4
Opened	25	.3
Closed	(69)	(.4)
Corporate:		
Transfer from	9	.2
Transfer to	(7)	(.1)
End of year	631	6.4
Warehouses	25	
Independent Accounts	5,897	
Wholesale Sales	$2,661	

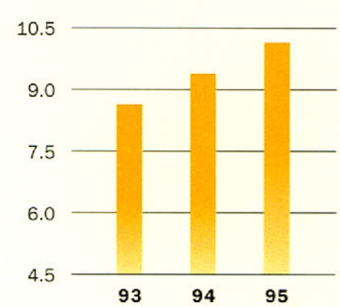
* Independently operated stores under franchise agreement with subsidiaries of Loblaw Companies Limited.

STORE ANALYSIS

Franchise Store Square Footage
(millions of sq.ft.)

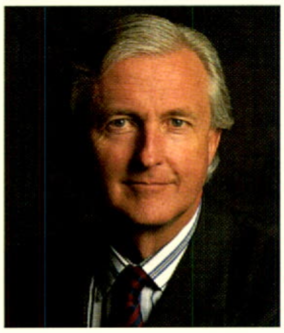


Average Franchise Store Size
(thousands of sq.ft.)



RETAIL AND WHOLESALE SALES

($ millions)
1995 - $9,854



W. GALEN WESTON
Chairman

RICHARD J. CURRIE
President

Two years ago, in the 1993 Report to Shareholders, we wrote that "for 1994 and beyond, we expect earnings increases and a strong performance...".

In 1994, these expectations began to be realized and we are pleased to report that 1995 was a very good year. It was a very good year for our shareholders, our employees, our customers, our suppliers and a year in which we have served our communities well.

For shareholders, the quoted market value of Loblaw Companies increased by over $500 million in 1995 and the five-year total common shareholder's return on a $100 investment with dividends reinvested (as charted on page 1 of this report), far exceeded the TSE Food Stores Total Return Index and surpassed the TSE 300 Total Return Index. This market value strength was driven by a 19.9 percent earnings per common share increase to $1.81 in 1995 from $1.51 in 1994, which itself represented a 41.1 percent increase from the $1.07 recorded in 1993.

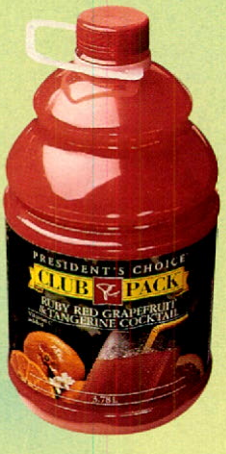
For employees, the record Canadian sales and the record common share earnings in 1995 were accompanied by the creation of many new jobs and particularly unionized jobs, which grew by almost 6,000 to over 49,300 at year end. This growth in the unionized work force continued the experience of the last few years, as at the end of 1990, Loblaw Companies employed 33,600 unionized workers across Canada. In an era of corporate downsizings and government cutbacks, we think Loblaw Companies' record for job creation accompanying its growth in profitability is unmatched in the country.

For customers, the sales increase of 5.4 percent to $3.034 billion in Western Canada and of 9.9 percent to $6.155 billion in Eastern Canada supports our steady offering of more and better value - value being defined by us as "not overpaying for quality". We believe that offering exceptional value to customers over an extended period of time not only benefits our customers, it also builds company strength, improves job security and further increases shareholder value. An important element in offering this value to customers is our controlled label program, mainly President's Choice™, no name™ and Club Pack™. Canadian sales of all these products increased about 17 percent in 1995, compared to our total Canada sales increase of 8 percent, while Club Pack™ sales exceeded $200 million, an important milestone in a relatively new and expanding value category.

For suppliers, our purchases in Canada of non-controlled label grocery products increased about 8 percent to over $6.5 billion in 1995. This increase represents our balanced approach to mixing controlled and non-controlled label sales. Our controlled label program also offers a balance between large and small suppliers as many of our best controlled label suppliers are small Canadian manufacturers who can now sell their products free of advertising costs and the barriers of capital intensity. As well, our association has provided over $50 million of export opportunities for these small manufacturers.

For communities, many of which have struggled in the last few years, our continued presence and commercial success has been rewarding. To the federal and provincial governments in 1995, we paid income taxes and collected sales taxes on their behalf totalling more than $600 million. To municipal and local governments, we paid in excess of $60 million in business and real estate taxes. We recognize these taxes as a legitimate cost of doing business, but their magnitude is alarming and ultimately will stifle investment if not brought under control. And investment has been a hallmark of Loblaw Companies. So far in the 1990's, we have invested $1.5 billion, which is more than twice our after-tax earnings over that time, in new facilities, equipment and technology. It is this investment that has spurred the sharply increased growth in our employment so far this decade.

Common Equity:
Market Value vs. Book Value
($ millions)

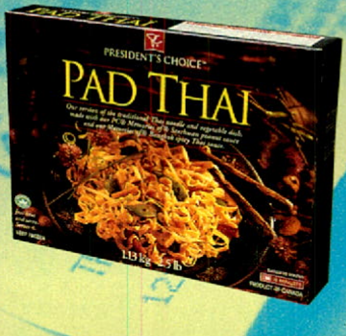


Club Pack™ offers great value through larger sizes of popular foods.

Quality at exceptional prices exemplifies the no name™ product line.

Value

President's Blend™ Gourmet Coffee, a favourite of coffee lovers everywhere.



The President's Choice™ program features unique and innovative foods in distinctive packaging.

Trading profit, what is more commonly known today as EBITDA, was at a record $449 million for the year. By far the most significant non-trading activity of the Company in 1995 was the sale of our United States retail business (National Tea) at the end of the second quarter. This transaction, after taxes and all other closing costs, was completed for cash consideration of $368 million, which now gives Loblaw Companies the strongest balance sheet in its history. At year end, long term debt of $669 million was largely offset with net cash of $381 million, which led to a debt:equity ratio at year end of .25. Over the next three years, we expect that our planned capital investments of approximately $1 billion will be funded from internally generated cash with scheduled debt repayments amounting to only $36 million in that time.

Again, back in the 1993 Annual Report, we outlined our business strategies, all of which we have pursued in 1994 and 1995 and which will continue in 1996 and beyond:

- Concentrate on being a food distributor, supplying the consumer with good value in everyday household needs.
- Continue to reinvest in existing markets through multiple store formats, as there is a shortage of high calibre modern stores in many of these markets.
- Continue to make only the most selective acquisitions, to ensure that the benefits of the increase in sales and the asset base are not overshadowed by cultural change.
- Continue to invest in people, products and technology, the most distinctive features of Loblaw Companies.
- Continue to play for the long term; the results in 1995 show the benefits of taking measured short term risks to ensure long term growth are now becoming apparent.
- Continue to be competitive, because our job security depends on it - security without competitiveness is impossible.

Loblaw Companies is in its strongest strategic and financial position ever as it continues to improve its merchandising, operations and logistics. It has a number of talented men and women of demonstrated competence, standards and commitment and looks to its future with confidence.

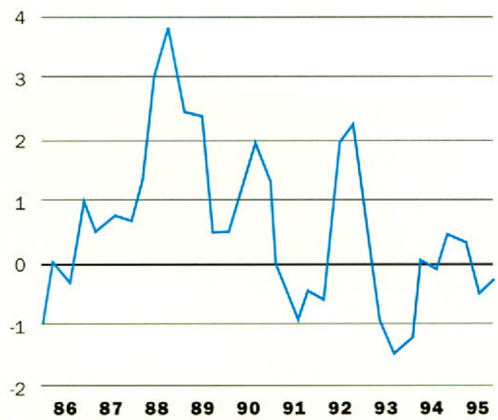
This optimism, however, is tempered by our concern for the Canadian consumer, who has weathered a blizzard of tax hikes which have stretched their personal balance sheets. Many have endured the effects of corporate restructurings and many are presently being affected by government spending cuts. All of these happenings have, not surprisingly, eroded consumer confidence and decreased the willingness to spend even on something as basic as food. Even those people who have

Service


ITEMS
EXTRA SERVICE
OATMEAL
JUBILEE
1
EXPRESS
1-12
ITEMS
zehrs

jobs have seen that real income in Canada declined in the last year and has been only marginally positive in the '90's as shown in the accompanying graph.

Total Real Personal Income Per Person Employed



Source: Scotia McLeod Capital Markets Report February 9, 1996

We believe the words of Don Keough, retired President of The Coca-Cola Company, that "retailing is a wild beast and the success or failure of retailers depends on the attitude of the employees". We also believe that the people of Loblaw Companies will, in the future, continue to prove their character despite the trying economic times, the weakening consumer and the unrelenting competition in the marketplace.

W. Galen Weston

W. Galen Weston
Chairman

Richard J. Currie

Richard J. Currie
President

◀ A friendly smile and a helping hand add an extra measure of shopping enjoyment at our St. Catharines Zehr's market.

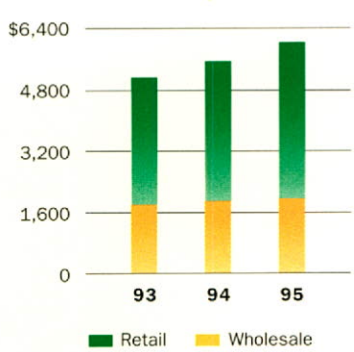
Eastern Canadian operations enjoyed another year of record sales, up 10 percent to $6.155 billion and record operating income, up 38 percent to $165 million. Same-store sales, or sales through stores in operation all of this year and last, an important measure of retail strength, were up 5 percent in 1995. The growth in sales was apparent throughout the Eastern Canadian businesses both retail, in corporately owned stores and wholesale, primarily through franchised independents. Sales and operating income growth in Ontario were particularly strong this year, achieving higher market share and generating improved investment returns in all businesses.

Ontario market share gains in 1995 raised the total improvement to near 10 percent over the past five years. Significant gains were recorded in virtually all regions in which the Company operates and under all store banners. The Atlantic business showed steady progress with the revitalization program of new, expanded and remodeled stores providing total sales increases of over 4 percent in 1995. The culling process of unprofitable wholesale accounts and sales is now largely complete, providing a solid wholesale base for future growth and material sales and market share gains are now being achieved in areas where new store improvements have been completed.

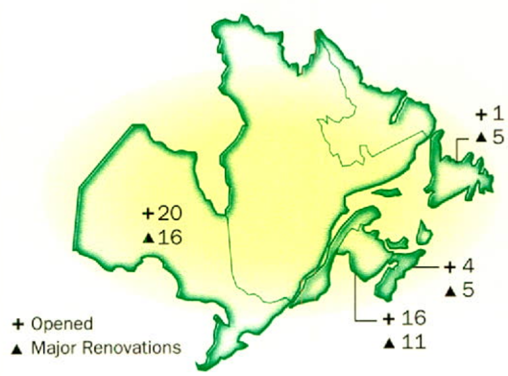
Competition for limited food dollars remains tough and is being felt on many fronts. The addition of several more warehouse clubs, the proliferation of discount food formats and greater marketing of food by mass merchandisers, have provided a testing environment. This challenge is met with prices that are always competitive, more food variety and improved store offerings, through both new and remodeled stores and with the addition of complementary departments including full service pharmacies, photolabs, dry cleaners and children's apparel.

Fourteen new corporate stores were opened during the year, of which 3 were superstores, 2 were cash and carry and 9 were conventional stores. This follows a year in which 27 new stores were

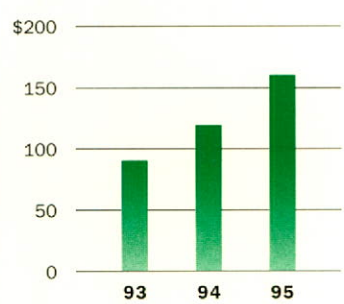
Sales
($ millions)



New Store Openings and Major Renovations
(for the years 1994-1995)



Operating Income
($ millions)



➤ Convenient new departments provide products and services complementary to the traditional supermarket.

Convenience

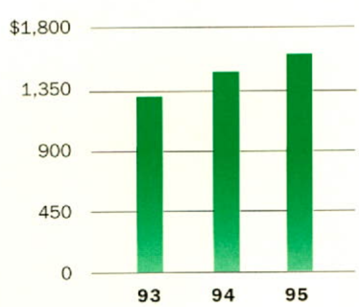
opened, including 8 Village stores acquired. In addition, 16 stores were expanded for a combined increase in average retail square footage of over 10 percent in 1995. The accompanying map illustrates the magnitude and geographic breadth of the corporate store expansion program currently under way. The franchised independent business is a vital segment of the Eastern Canadian operations and each of the franchise banners has shared in the 1995 new store and refurbishment program.

An immediate result of this growth is increased competitive reaction and pricing activity. The short term costs of these long term investments are being absorbed without impairing current operating income and the business is well positioned for steady growth from high quality assets in all major markets.

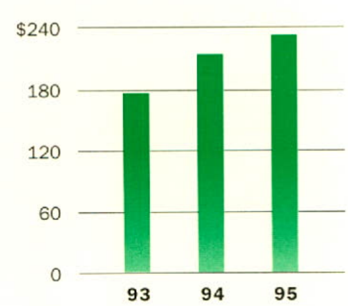
The warehouse and distribution operations have improved service levels at reduced cost in each of the past three years. The efficiencies of these facilities were further enhanced in 1995. A central warehouse for slower moving items was established, consolidating product lines and the associated activities within the warehouse network in Ontario. While the results essentially converted "slow movers" to fast movers, with lower inventory requirements, the project also materially increased the capacity of the other warehouses to accommodate future volume requirements. New six year labour agreements covering the warehouses were negotiated during the year, providing wage, benefits and labour flexibility provisions, ensuring job security and stability in the new network.

In 1996, we expect the Eastern Canadian operations will continue to benefit from their corporate and franchised store investment strategy, with even higher sales and earnings. Cost containment is crucial in providing superior value and it remains an area of constant focus. The outlook for the Eastern Canadian business in 1996 is for a year without labour disruption and for earnings, despite competitive threats, to move ahead solidly.

Total Assets
($ millions)



Purchases of Fixed Assets
($ millions)



➤ Operating a variety of store formats and banners provides the flexibility to ensure the best store for each market.

Multi-Formats

Western Canadian operations reached the $3 billion sales plateau in 1995 for the first time in their history as retail sales forged ahead over 11 percent in the year, driven by new store activity and good growth in same-store sales. Wholesale sales were down from last year, continuing the process of discontinuing supply to unprofitable independent accounts. Operating income also reached a record $139 million, an increase of 24 percent over last year's previous high.

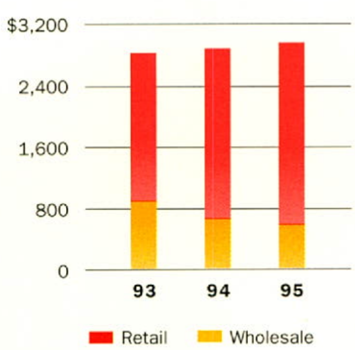
Retail sales remains the growth engine for the West. Following its proven successful formula of selectively targeting markets for its three retail formats, 2 Real Canadian Superstores, 4 Real Canadian Wholesale Clubs ("no membership required") and 9 conventional stores were opened during the year, adding 600,000 square feet to the existing base of 4.8 million square feet. This follows an active 1994 store program which saw 11 stores opened. Over this two year period, average retail footage has increased by 32 percent or 1.2 million square feet.

Competitive activity remains significant throughout the West as traditional competitors react to our new stores and as our Superstores and "Clubs" combat the pricing activities of the discount mass merchandisers such as Wal-Mart and Zellers and the membership wholesale clubs. The Superstores have remained strong throughout this activity, with good sales growth and significantly improved overall profitability as they continue to be very price competitive in all their markets. The aggressive pricing posture and store opening activity will carry forward into 1996 with planned openings of at least 2 more Superstores.

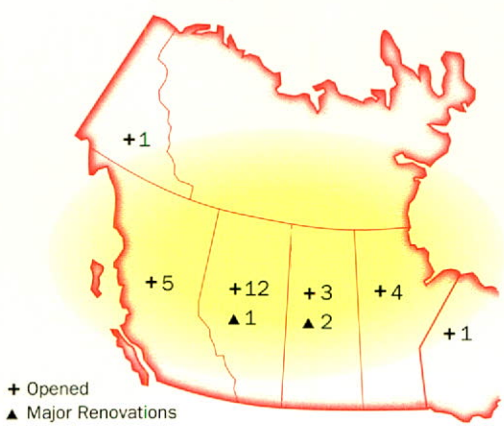
The conventional store business, operating primarily under the OK! Economy and Extra Foods banners, had a year of renewed store activity, primarily in Alberta, entering new markets as well as expanding and strengthening its presence in other markets with new stores and several renovations and expansions of existing stores. Plans for 1996 include new stores in Saskatchewan and British Columbia.

The wholesale club concept continued its market evolution and expansion in 1995 as store

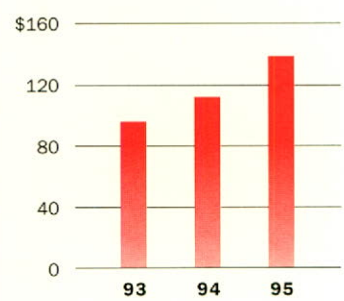
Sales
($ millions)



New Store Openings and Major Renovations
(for the years 1994-1995)



Operating Income
($ millions)



➤ Shopping is a family affair in the pleasant environment of this Calgary Real Canadian Superstore.

Customer First

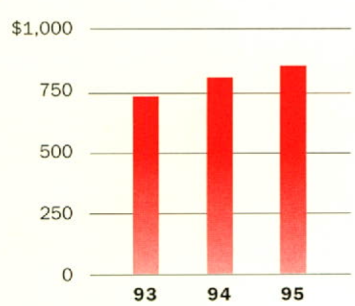
layouts, product lines and the target market become more defined. Product lines include a selection of fresh produce, tobacco products, institutional packs and general merchandise supplies aimed at meeting the needs of small businesses, small independent retailers and many institutions. Four stores were opened in 1995, bringing the total number of wholesale clubs to 10. The evolution of the wholesale club concept brings with it improved returns with resulting plans for at least 4 new locations in 1996.

Wholesale operations enjoyed another year of earnings success. The process of rationalizing the wholesale business, which has been under way for the past several years, has reduced wholesale sales over that period, including this year, but has significantly improved profitability. 1995 also saw the introduction of several initiatives that improved the operating efficiencies and economics of the warehouse and distribution centres. Several new labour agreements were reached, providing operating flexibility, labour stability and incentive plans encouraging productivity improvements. The unprofitable Thunder Bay warehouse was converted to a profitable centre for slow-moving products, servicing Manitoba and Saskatchewan. Transportation costs have also been reduced through a program of increasing the efficiency of the transportation network by ensuring full loads and increasing back-haul revenue. In 1996, wholesale sales are expected to be at the 1995 level and earnings are expected to improve.

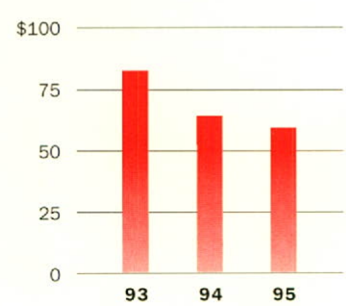
Following a pattern set in Manitoba in 1994, a long term agreement with the retail employees in Alberta was reached in 1995 and we expect this trend to continue in Saskatchewan in 1996. While there is some risk of disruption in 1996, as wholesale collective agreements expire in Manitoba and Saskatchewan, we expect an acceptable agreement to be reached. As we have done throughout the business in the past, we are prepared to accept the risk of a labour dispute in order to maintain competitive labour costs and a stable labour environment.

The outlook for the Western Canadian business in 1996 is for sales and earnings growth rates consistent with 1995.

Total Assets
($ millions)

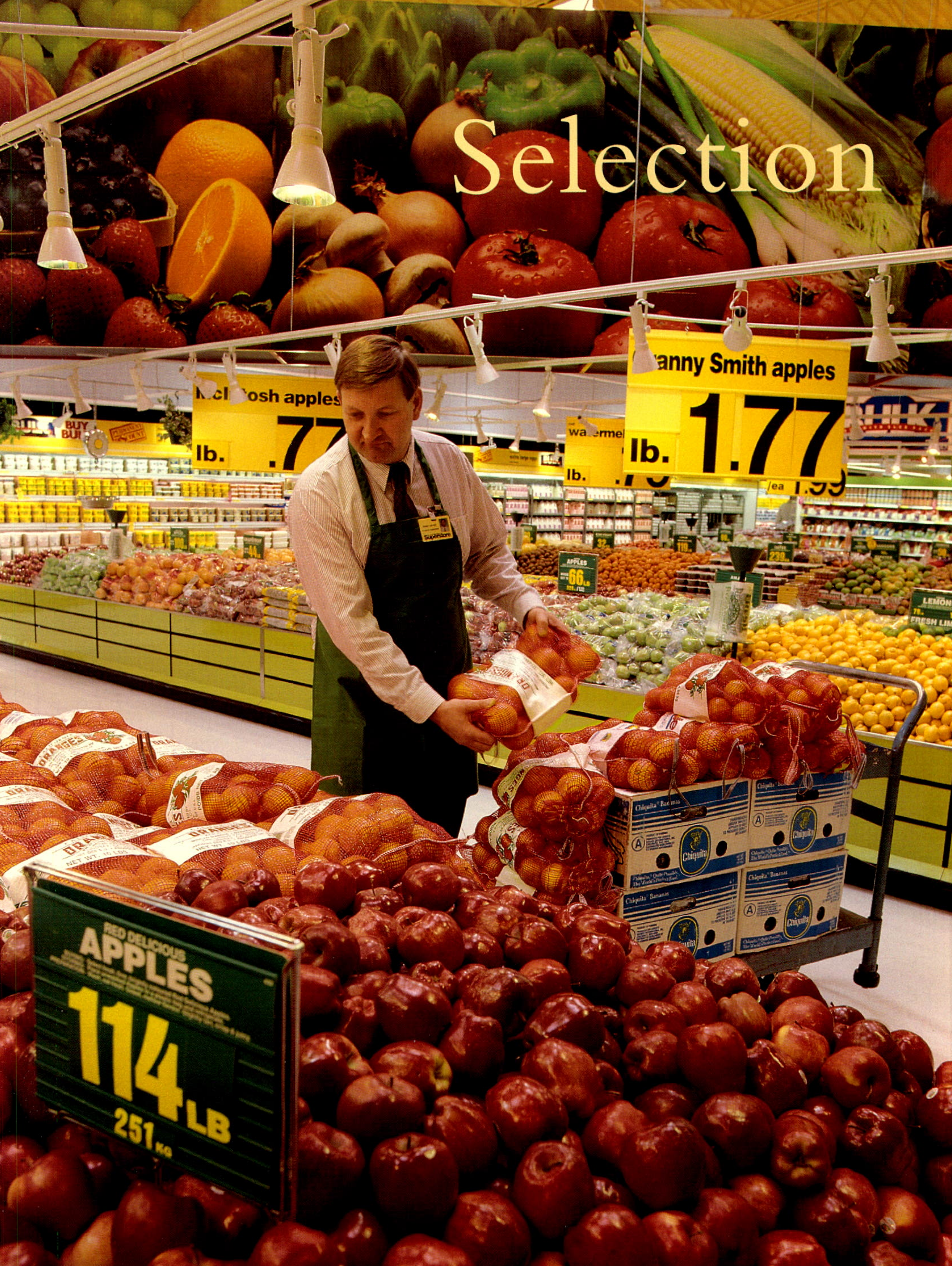


Purchases of Fixed Assets
($ millions)



➤ The Real Canadian Superstore offers great quality, selection and variety in fresh fruit and vegetables.

Selection



anny Smith apples
lb.
1.77
lb.
.77
RED DELICIOUS
APPLES
114
LB
251 KG

OPERATING SEGMENTS

Western Canada

Westfair Foods Ltd. and Kelly, Douglas & Company
Serge K. Darkazanli
Executive Vice President
Loblaw Companies Limited
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

Retail

The Real Canadian Superstore
Tom Fraser
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

OK! Economy
Fred Freeman
2174 Airport Drive
Saskatoon, Saskatchewan
S7E 6M6

Real Canadian Wholesale Club
Jack Cook
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

Wholesale

Wholesale Operations:

Doug Cathro
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

Franchised Independent Programs:

SuperValu, Shop Easy Foods and Lucky Dollar Foods
Jim Courtney
3225-12th Street N.E.
Calgary, Alberta T2E 7S9

Extra Foods
Dave De Luca
3189 Grandview Highway
Vancouver, B.C. V5M 2E9

Eastern Canada

National Grocers Co. Ltd.
David M. Williams
Executive Vice President
Loblaw Companies Limited
6 Monogram Place
Weston, Ontario M9R 4C4

Retail

Loblaws Supermarkets
John Lederer
6220A Yonge Street
North York, Ontario
M2M 3X4

Zehrmart
Grant Heimpel
100 Holiday Inn Drive
Cambridge (H)
Ontario N3C 3K1

Amalco Foods
Brad Weston
P.O. Box 13790
St. John's
Newfoundland A1B 4G3

Wholesale

Franchised Independent Programs:

Your Independent Grocer, valu-mart and Mr. Grocer
Kevin Ryan
6220A Yonge Street
North York, Ontario
M2M 3X4

no frills
Paul Ormsby
6220A Yonge Street
North York, Ontario
M2M 3X4

Fortinos
Vince Scornaienchi
90 Glover Road
Hamilton, Ontario L8N 4G1

Atlantic Wholesalers
Glenn Murphy
Summit Park I
120 Eileen Stubbs Avenue
Dartmouth
Nova Scotia B3B 1Y1

Retail divisions operate corporately owned supermarkets.

Wholesale divisions supply a full line of national brand products and a variable line of corporate brand products (depending on the store type) to franchised independent stores and independent customers.

CORPORATE SUPPORT

Procurement and Product Development

John W. Thompson
Executive Vice President
Loblaw Companies Limited
22 St. Clair Avenue East
Suite 1800
Toronto, Ontario M4T 2S8

- Negotiate product supply terms and arrangements with national brand manufacturers.
- Develop, source, design, test and market corporate brand products including President's Choice™, no name™, "TOO GOOD TO BE TRUE!"™, G•R•E•E•N™, as well as the various controlled labels that are unique to each operational segment.
- Market the line of President's Choice™ products into select United States supermarket chains.
- Provide product development, sourcing and testing services to select international companies for their own corporate brands.

Real Estate

David K. Bragg
Executive Vice President
Loblaw Companies Limited
22 St. Clair Avenue East
Suite 1500
Toronto, Ontario M4T 2S8

Develop and execute real estate strategy to optimize the asset position in new and existing markets by:

- acquiring store locations and building new stores
- renovating/expanding existing stores
- deploying appropriate store formats and banners

Integration Network

Harold A. Seitz
Executive Vice President
Loblaw Companies Limited
22 St. Clair Avenue East
Suite 1500
Toronto, Ontario M4T 2S8

- Provide direction in the integration of buying, logistics and supply chain management systems.
- Develop store level logistics, labour utilization and prepared food methods.

RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation and presentation of the consolidated financial statements and all other information in the Annual Report. This responsibility includes the selection of appropriate accounting principles and methods in addition to making the judgements and estimates necessary to prepare financial statements in accordance with generally accepted accounting principles. It also includes ensuring that the other financial information presented elsewhere in the Annual Report is consistent with the financial statements.

To provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is being produced, management maintains a system of internal controls. Internal auditors who are employees of the Company, review and evaluate internal controls on management's behalf, coordinating this work with the independent shareholders' auditors. The financial statements have been audited by the independent shareholders' auditors, KPMG Peat Marwick Thorne, whose report follows.

The Board of Directors, acting through an Audit Committee which is comprised solely of directors who are not employees of the Company, is responsible for determining that management fulfills its responsibilities in the preparation of financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders. It meets regularly with financial management, internal auditors and independent auditors to discuss internal controls, auditing matters and financial reporting issues. The independent shareholders' auditors have unrestricted access to the Audit Committee. The Committee reviews the Consolidated Financial Statements and the Management Discussion and Analysis prior to the Board approving them for inclusion in the Annual Report.

Richard J. Currie

Richard J. Currie
President

David K. Bragg

David K. Bragg
Executive Vice President

Stephen A. Smith

Stephen A. Smith
Senior Vice President, Controller

March 1, 1996
Toronto, Canada

AUDITORS' REPORT

To the Shareholders of Loblaw Companies Limited:
We have audited the consolidated balance sheets of Loblaw Companies Limited as at December 30, 1995 and December 31, 1994 and the consolidated statements of earnings, retained earnings and cash flow for the 52 week periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 30, 1995 and December 31, 1994 and the results of its operations and the changes in its financial position for the periods then ended in accordance with generally accepted accounting principles.

KPMG Peat Marwick Thorne

Chartered Accountants
March 1, 1996
Toronto, Canada

KPMG

CONSOLIDATED STATEMENT OF EARNINGS

52 Weeks Ended December 30, 1995

(in millions of dollars)	**1995**	1994	1993
Sales	**$9,853.7**	$9,999.9	$9,356.1
Operating Expenses			
Cost of sales, selling and administrative expenses	**9,404.9**	9,590.3	9,029.7
Depreciation and amortization	**128.6**	137.3	126.0
	9,533.5	9,727.6	9,155.7
Operating Income	**320.2**	272.3	200.4
Interest expense (income)			
Long term	**65.4**	70.8	58.1
Short term	**(11.8)**	(7.7)	(3.6)
	53.6	63.1	54.5
Net gain on sale of United States retail business (note 3)	**4.8**		
Earnings before income taxes	**271.4**	209.2	145.9
Income taxes (note 4)	**124.7**	83.5	55.7
Net Earnings for the Period	**$ 146.7**	$ 125.7	$ 90.2
Net Earnings per Common Share	**$1.81**	$1.51	$1.07

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

52 Weeks Ended December 30, 1995

(in millions of dollars)	**1995**	1994	1993
Retained Earnings, Beginning of Period	**$ 782.8**	$ 683.5	$ 618.0
Net earnings for the period	**146.7**	125.7	90.2
	929.5	809.2	708.2
Dividends declared			
Preferred shares	**2.2**	5.7	5.7
Common shares, per share - 32¢ (1994 - 26¢, 1993 - 24¢)	**25.6**	20.7	19.0
	27.8	26.4	24.7
Retained Earnings, End of Period	**$ 901.7**	$ 782.8	$ 683.5

CONSOLIDATED BALANCE SHEET

As at December 30, 1995

(in millions of dollars)	1995	1994	1993
Assets			
Current Assets			
Cash and short term investments (note 5)	**$ 692.1**	$ 310.7	$ 271.9
Accounts receivable	**164.4**	170.1	160.9
Inventories	**609.5**	700.7	653.1
Prepaid expenses and other assets	**25.3**	32.4	30.9
	1,491.3	1,213.9	1,116.8
Franchise Investments and Receivables	**94.2**	86.8	77.9
Fixed Assets (note 6)	**1,490.7**	1,603.4	1,413.7
Goodwill	**42.3**	44.0	48.7
Prepaid Pension and Other Assets (note 11)	**78.6**	94.3	85.6
	$3,197.1	$3,042.4	$2,742.7
Liabilities			
Current Liabilities			
Bank advances and notes payable	**$ 310.7**	$ 95.2	
Accounts payable and accrued liabilities	**936.7**	1,016.3	$ 931.0
Taxes payable	**42.4**	15.9	
Long term debt and debt equivalents due within one year (note 7)	**22.1**	57.3	38.2
	1,311.9	1,184.7	969.2
Long Term Debt and Debt Equivalents (note 7)	**646.5**	683.3	739.7
Other Liabilities	**41.2**	30.1	19.0
Deferred Income Taxes	**37.6**	39.7	29.8
	$2,037.2	$1,937.8	$1,757.7
Shareholders' Equity			
Capital Stock (note 9)			
Preferred shares	**21.6**	81.9	82.0
Common shares	**236.6**	232.8	228.1
	258.2	314.7	310.1
Retained Earnings	**901.7**	782.8	683.5
Foreign Currency Translation Adjustment (note 10)		7.1	(8.6)
	1,159.9	1,104.6	985.0
	$3,197.1	$3,042.4	$2,742.7

Approved by the Board

W. Galen Weston

W. Galen Weston
Director

Richard J. Currie

Richard J. Currie
Director

CONSOLIDATED CASH FLOW STATEMENT

52 Weeks Ended December 30, 1995

(in millions of dollars)	1995	1994	1993
Operations			
Net earnings	**$ 146.7**	$ 125.7	$ 90.2
Depreciation and amortization	**128.6**	137.3	126.0
Gain on sale of fixed assets	**(6.0)**	(1.7)	(.9)
Deferred income taxes	**19.0**	11.6	11.6
	288.3	272.9	226.9
(Used for) provided from working capital	**(18.3)**	55.4	51.9
Cash flow from operations	**270.0**	328.3	278.8
Investment			
Sale of United States retail business (note 3)	**368.0**		
Purchases of fixed assets	**(302.2)**	(338.7)	(314.6)
Proceeds from sale of fixed assets	**18.7**	17.3	4.5
Increase in franchise investments and receivables	**(7.4)**	(8.9)	(7.2)
Net (increase) decrease in other items	**(24.9)**	5.0	(22.3)
	52.2	(325.3)	(339.6)
Net cash in (out) before financing and dividends	**322.2**	3.0	(60.8)
Financing			
Long term debt and debt equivalents - Issued	**6.1**	3.0	205.2
- Retired	**(78.1)**	(40.7)	(66.8)
Capital stock - Issued	**3.8**	4.7	5.3
- Retired	**(60.3)**		
Other			5.7
	(128.5)	(33.0)	149.4
Dividends	**(27.8)**	(26.4)	(24.7)
Increase (Decrease) in Cash	**165.9**	(56.4)	63.9
Cash at beginning of period	**215.5**	271.9	208.0
Cash at End of Period	**$ 381.4**	$ 215.5	$ 271.9

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

(Narrative and tabular amounts in millions of dollars except Capital Stock note)

1. Summary of Significant Accounting Policies

a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries. The effective interest of Loblaw Companies Limited in the equity share capital of all principal subsidiaries is 100%.

b) Revenue recognition

Retail sales revenues are sales to consumers through corporate stores operated by the Company.

Wholesale sales revenues are sales to and service fees from franchised independent stores and independent accounts but exclude sales to corporate stores and other inter-company sales.

Service fees generated by the purchase, from suppliers, of President's Choice™ and other products by non-affiliated United States retailers are included in operating income.

c) Cash offsetting

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

d) Inventories

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

e) Fixed assets

Fixed assets are stated at cost, including capitalized interest. Depreciation is recorded principally on a straight line basis to amortize the cost of these assets over their estimated useful lives.

Estimated useful lives range from twenty-five to forty years for buildings and three to eight years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of the applicable useful life and term of the lease.

f) Translation of foreign currencies

Foreign currency balances are translated at the current rate at each period end. Exchange gains or losses arising from the translation of foreign currency balances are included in the current period's earnings. Revenues and expenses are translated at the average rate for the period.

Prior to the 1995 sale of the United States retail business, the net difference on translation of the Company's equity in United States subsidiaries was included in the foreign currency translation adjustment within shareholders' equity as were exchange gains or losses arising from cross-currency swaps considered a hedge against these investments.

g) Goodwill

Goodwill arises on the acquisition of subsidiaries. It is the excess of the cost of the acquisition over the fair value of the underlying net tangible assets acquired. It represents the acquired value of intangibles, including trade names and customer base. Goodwill is being amortized on a straight line basis determined for each acquisition over the estimated life of the benefit. The weighted average remaining amortization period is 24 years. Any permanent impairment in value, based on projected future earnings, is written off against earnings.

2. Change in Accounting Presentation

For 1995 and prior years, the Company has changed its disclosure of financial instruments to conform with new CICA requirements which will be mandatory in 1996. Certain preferred shares issued by the Company have been reclassified as debt equivalents (see note 7 for details) and their corresponding dividends as interest expense. This has the effect of increasing previously reported interest expense (in 1995 by $1.0; 1994 - $1.0; 1993 - $3.2), thereby reducing net earnings. There is no impact on net earnings per common share as these preferred share dividends were previously a reduction of earnings available to common shareholders in the determination of earnings per common share. Certain other balance sheet amounts have been reclassified in 1994 and 1993 to conform with the 1995 presentation.

3. Sale of United States Retail Business

Substantially all of the assets of the United States retail business were sold at the end of the second quarter of 1995. The net pre-tax gain of $4.8 million includes proceeds in excess of net book value, net of costs associated with the disposal. Operating income for the period to date of sale was not significant. Income taxes of $4.6 million applicable to the disposal transaction are included in income taxes.

The net gain from the sale can be analyzed as follows:

Net cash proceeds from the sale	$368.0
Net book value of assets sold:	
Working capital	78.9
Fixed assets	272.5
Other net assets	11.8
	363.2
Net pre-tax gain on disposal	$ 4.8

4. Income Taxes

The Company's effective income tax rate is made up as follows:

	1995	1994	1993
Combined basic Canadian federal and provincial income tax rate	**43.5%**	43.5%	42.9%
Impact of operating in foreign countries with lower effective tax rates	**(1.5)**	(5.8)	(5.9)
Other (including adjustment of prior years' estimates)	**3.9**	2.2	1.2
	45.9%	39.9%	38.2%

5. Cash and Short Term Investments

The Company has $684.6 (1994 - $310.7, 1993 - $234.1) in cash and short term investments held by its non-Canadian subsidiaries. The $31.2 (1994 - $9.5, 1993 - $7.7) income from these investments is included as a reduction of interest expense.

6. Fixed Assets

	1995 Cost	1995 Accumulated Depreciation	1995 Net	1994 Cost	1994 Accumulated Depreciation	1994 Net	1993 Net
Properties held for development	**$ 90.0**		**$ 90.0**	$ 111.5		$ 111.5	$ 82.6
Land	**332.1**		**332.1**	324.2		324.2	301.9
Buildings	**907.2**	**$212.8**	**694.4**	922.1	$219.8	702.3	619.3
Equipment and fixtures	**772.9**	**530.5**	**242.4**	932.1	612.5	319.6	286.0
Leasehold improvements	**195.8**	**87.6**	**108.2**	218.8	112.8	106.0	79.9
	2,298.0	**830.9**	**1,467.1**	2,508.7	945.1	1,563.6	1,369.7
Buildings and equipment under capital leases	**57.2**	**33.6**	**23.6**	88.1	48.3	39.8	44.0
	$2,355.2	**$864.5**	**$1,490.7**	$2,596.8	$993.4	$1,603.4	$1,413.7

Interest capitalized as part of fixed assets during the period amounts to $6.2 (1994 - $5.6, 1993 - $5.4).

7. Long Term Debt and Debt Equivalents

			1995	1994	1993
Debentures					
Series 2, 12.25%	repaid	1994			$ 30.5
Series 4, 11%	repaid	1995		$ 40.0	40.0
Series 5, 10%	due	2006	**$ 50.0**	50.0	50.0
Series 6, 9.75%	due	2001	**75.0**	75.0	75.0
Series 7, 9%	due	2001	**14.0**	14.0	14.0
Series 8, 10%	due	2007	**60.7**	60.7	60.7
Notes, 11.4%	due	2031	**175.4**	178.0	180.3
Notes, 8.75%	due	2033	**200.0**	200.0	200.0
Other long term debt at a weighted average interest rate of 9.7%, due 1996 - 2009			**34.0**	40.0	40.3
Capital lease obligations at a weighted average interest rate of 13.0%, due 1996 - 2017			**42.5**	65.6	69.3
Total Long Term Debt			**651.6**	723.3	760.1
Debt Equivalents					
First Preferred Shares					
Second Series			**8.8**	9.0	9.3
Contributed Surplus			**8.2**	8.3	8.5
Total Debt Equivalents			**17.0**	17.3	17.8
			668.6	740.6	777.9
Less due within one year			**22.1**	57.3	38.2
			$646.5	$683.3	$739.7

Debentures:

The Series 5 and Series 6 debentures are retractable annually commencing 1996 and 1993, respectively. The interest rate on the Series 6 debentures was reset in 1995 at 9.75% (same rate as 1994). The Series 7 debentures are redeemable and retractable in 1996. Current intentions are to reset the interest rates on the Series 5 and Series 6 debentures in 1996 to encourage renewal, therefore they are excluded from the amount due within one year. The Series 8 debentures are redeemable in 2002.

Debt Equivalents:

First preferred shares, Second series (authorized - 1,000,000) - $3.70 cumulative dividend redeemable at $70. In 1995, the Company had 266,429 shares issued and outstanding (273,294 in 1994). Subject to certain exceptions, in each fiscal year, the Company is obligated to apply $400,000 to the retirement of these shares.

The five year schedule of repayments of long term debt and debt equivalents, at the earlier of maturity or first retraction date, excluding the Series 5 and Series 6 debentures, which are expected to be renewed, is as follows: 1996 - $22.1; 1997 - $6.3; 1998 - $7.4; 1999 - $11.0; 2000 - $7.4.

8. Swaps

The Company has entered into cross-currency swaps to exchange an amount of $660.8 Canadian debt for United States dollar debt. The swaps provide a hedge against exchange rate fluctuations on United States assets, principally cash. The swaps mature as follows: 2000 - $106.7 and thereafter to 2005 - $554.1. Currency adjustments receivable or payable arising from the swaps must be settled in cash on maturity. As at December 30, 1995, a currency adjustment of $7.7 (1994 - $11.2, 1993 - $6.9) has been included in other liabilities. Long term interest expense has been decreased by the positive spread between Canadian floating rates, based on bankers acceptances and United States floating rates, based on LIBOR, applied to the amount exchanged.

In addition, the Company has entered into interest rate swaps, converting a net notional $277.6 of 6.9% fixed rate debt into floating rate debt. The net maturities are as follows: 1997 - $147.5; 1998 - $96.1 and thereafter to 2004 - $34.0.

An event of default by the counterparties to these swaps does not create a significant risk because the principal amounts on cross-currency swaps are netted by agreement and there is no exposure to loss of the notional principal amounts on interest rate swaps.

9. Capital Stock

	Number of shares issued			Paid-up-capital (in millions of dollars)		
	1995	1994	1993	**1995**	1994	1993
First preferred shares						
First series	**432,752**	437,952	439,652	**$ 21.6**	$ 21.9	$ 22.0
Second preferred shares						
Fourth series		120	120		60.0	60.0
Total preferred shares	**432,752**	438,072	439,772	**21.6**	81.9	82.0
Common shares	**80,039,946**	79,821,346	79,425,426	**236.6**	232.8	228.1
Total capital stock				**$258.2**	$314.7	$310.1

Share Description:

First preferred shares (authorized - 1,000,000)
First series - $2.40 cumulative dividend redeemable at $50.

Second preferred shares (authorized - unlimited)
Fourth series - cumulative dividend with a fixed rate of 7.75% to March 1, 1995. These shares were redeemed according to their terms at $500,000 each on March 1, 1995.

Common shares (authorized - unlimited)
In 1995, the Company issued 218,600 (1994 - 395,920) common shares for cash consideration of $3,782,084 (1994 - $4,672,814) on exercise of employee stock options.

As at December 30, 1995, there were outstanding stock options, which were granted at the market price on the day preceding the grant, to purchase 2,840,990 common shares at prices ranging from $15.50 to $23.375 with a weighted average price of $21.02. In 1995, stock options for 45,500 shares were cancelled. Options expire on dates ranging from March 8, 1997 to December 17, 2000, with no options expiring in 1996.

The exercise of the stock options would not materially dilute net earnings per common share.

10. Foreign Currency Translation Adjustment

The foreign currency translation adjustment was realized on sale of the United States retail business in 1995 (see note 1f). The 1994 change in the net balance of the foreign currency translation account is primarily income tax from terminating certain cross-currency swaps that were designated a hedge against the net United States investment.

11. Pensions

Current actuarial estimates indicate that the present value of accrued pension benefits is $446.2 (1994 - $440.4, 1993 - $423.4) and the value of pension fund assets is $459.7 (1994 - $445.8, 1993 - $418.3). As at December 30, 1995, prepaid pension costs of $61.7 (1994 - $77.5, 1993 - $48.8) are included in prepaid pension and other assets.

12. Other Information

a) Segmented information

The Company's only significant activity is food distribution. Geographically segmented information is as follows:

	1995	1994	1993
Sales			
Eastern Canada	**$6,154.7**	$5,601.2	$5,135.8
Western Canada	**3,034.4**	2,878.5	2,862.9
United States	**664.6**	1,520.2	1,357.4
Operating income			
Eastern Canada	**$ 165.4**	$ 120.5	$ 92.0
Western Canada	**138.8**	111.6	95.0
United States	**16.0**	40.2	13.4
Total assets			
Eastern Canada	**$1,603.6**	$1,444.1	$1,329.6
Western Canada	**869.7**	823.3	739.0
United States	**723.8**	775.0	674.1

Operating income earned in the United States in 1995 is primarily net service fee revenues.

b) Contingent liabilities and commitments

Endorsements and guarantees in the normal course of business amount to $6.3.

Gross rentals under leases assigned at the time of sale of United States divisions for which the Company is contingently liable amount to $40.2.

Commitments for net operating lease payments total $741.9 ($847.1 gross, net of $105.2 of expected sub-lease income). Net payments for each of the next five years and thereafter are as follows: 1996 - $110.6; 1997 - $114.5; 1998 - $99.7; 1999 - $79.9; 2000 - $55.8; thereafter to 2056 - $281.4.

c) Related parties

The Company's majority shareholder, George Weston Limited and its subsidiaries are related parties. It is the Company's policy to conduct all transactions and settle balances with related parties on normal trade terms. The magnitude of these transactions and related balances are not considered significant to the Company, the largest of the transactions being purchases from related companies which in total represent about 5% of cost of sales, selling and administrative expenses.

13. Fair Value of Financial Instruments

The fair value of financial instruments is determined by reference to various market data and other valuation techniques as appropriate. With the exception of the following, the fair value of financial instruments approximates their recorded values.

	1995		1994		1993	
	Carrying Amount	**Estimated Fair Value**	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
Long term debt and debt equivalents	**$668.6**	**$760.1**	$740.6	$739.4	$777.9	$894.3

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practical to estimate that value:

Long Term Debt

The fair value of the Company's long term debt is estimated based on discounted cash flows using the estimated incremental borrowing rate of the Company for debt of the same remaining maturities.

Debt Equivalents

The fair value of the Company's debt equivalents is estimated based on market quote or last trade closest to the valuation date.

Earnings per share improved to $1.81 in 1995, a 19.9 percent increase over the $1.51 earned in 1994. Sales for the year declined by 1.5 percent to $9.854 billion from the $10.000 billion level of 1994, reflecting the impact of the sale of the United States retail business at the end of the second quarter of 1995. The continuing Canadian business generated a sales increase of 8.4 percent in 1995 following an increase of 6.0 percent in 1994.

Positive earnings improvements were realized throughout the business as operating income increased by 17.6 percent or $47.9 million over last year's $272.3 million. The Company has taken a more aggressive competitive posture in Atlantic Canada in 1995, building and renovating a substantial number of stores in that market. This has had a short term negative impact on earnings in Eastern Canada, although this was offset by higher earnings in the Ontario market. Severe price wars in Western Canada in 1994 abated somewhat in 1995 with the exception of certain Alberta markets in which this activity continued. The settlement of an Ontario competitor's strike early in 1994 was followed by prolonged pricing activity in that market, although this activity was less pronounced in 1995. The 1995 sale of the United States retail business generated a $4.8 million pre-tax gain ($.2 million after-tax). Operating income of this division for the period to date of sale was not significant, however, in 1994, this retail business contributed $29 million. Operating income from the continuing Canadian business improved by 31.0 percent to $304.2 million, more than offsetting the loss of the United States retail income. Proceeds from the sale have been invested short term in the United States, reducing net interest expense in the year. The overall effective income tax rate for the Company increased significantly in 1995 as a higher proportion of income was taxed at substantially higher Canadian income tax rates. Canadian retail sales growth in 1995 and the overall impact of these events produced net earnings of $146.7 million, an increase of $21.0 million or 16.7 percent over the $125.7 million earned in 1994.

In 1996, we expect Canadian retail sales growth to be good, reflecting the new store activity of 1995 and the planned continued investment in new store footage and store refurbishments. Total Company sales should be only slightly above the 1995 levels due to the United States retail disposal mid-year. Earnings momentum is expected to continue into 1996 as sales growth together with maintained focus on cost control should continue the trend to improved profitability.

Results of Operations

Sales

The Company is in the middle of a major multi-year capital investment program, adding substantially to its store base and its available retail square footage, as well as expanding and modernizing its existing stores, all of which are generating good sales increases.

	Sales ($ millions)				
	1995	Change	1994	Change	1993
Eastern Canada					
Retail	$4,064	11.5%	$ 3,646	11.0%	$3,286
Wholesale	2,091	7.0%	1,955	5.7%	1,850
	$6,155	9.9%	$ 5,601	9.1%	$5,136
Western Canada					
Retail	$2,464	11.6%	$ 2,208	10.3%	$2,001
Wholesale	570	(15.1%)	671	(22.2%)	862
	$3,034	5.4%	$ 2,879	.6%	$2,863
United States					
Retail	$ 665	(56.3%)	$ 1,520	12.0%	$1,357
Combined					
Retail	$7,193	(2.5%)	$ 7,374	11.0%	$6,644
Wholesale	2,661	1.3%	2,626	(3.2%)	2,712
	$9,854	(1.5%)	$10,000	6.9%	$9,356

Note: For an understanding of the geographic areas covered by these operating segments, please refer to the map on page 2.

Eastern Canadian retail operations, represent 41 percent of total Company sales (up from 36 percent in 1994) and wholesale sales constitute 21 percent of total Company sales (up from 20 percent in 1994). Growth in each of these segments was strong in 1995.

Within the retail business, 14 new stores were opened in 1995 (27 in 1994) and 16 stores underwent major renovation or expansion (21 in 1994). This activity often encroaches on the trading area of existing stores and, as was the case in 1995 and 1994, necessitated the closure of less productive units. The net effect on average square footage in 1995 (with a slightly lower effect on sales due to the initially lower sales per foot generation of new stores versus mature stores) was an increase of about 10 percent as compared to an 8 percent increase in 1994. Same-store sales growth of 5 percent in 1995 and 6 percent in 1994, was a significant factor in retail sales growth in both years. Price inflation, as determined by internal measures, contributed about 2 percent to the 1995 increase and was not significant in 1994.

Sales volumes through franchised independent stores were the primary generators of wholesale sales increases in both years. New store and expansion activity net of certain store rationalizations kept average franchise square footage the same as 1994 levels as compared to a 6 percent decline in 1994 resulting from the sale of the Hasty Market division and the closure of some stores that year. This same average square footage in 1995 generated an 8 percent increase in sales while the 1994 decrease in footage had only a minimal negative impact on sales because of the lower sales per foot of these units. Franchised same-store sales increases of 8 percent and 6 percent in 1995 and 1994 respectively, provided all of the 1995 and much of the 1994 wholesale growth. Wholesale sales to independent accounts remained relatively unchanged over the past two years.

The Company plans to open 28 new corporate and franchised independent stores in Eastern Canada in 1996, creating a net average increase in square footage of about 4 percent. This should translate into a corresponding increase in sales and supplement the increases expected from the existing store base.

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

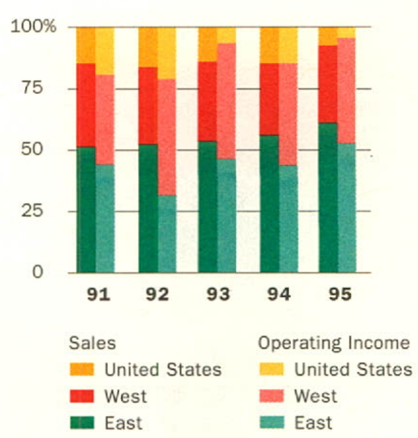
Superstore sales continued to be the engine driving retail growth and total sales growth in the West, although new store openings in the conventional store and Real Canadian Wholesale Club segments have made a positive contribution to the retail growth. New store activity in 1995 included 2 superstores, 9 conventional stores and 4 wholesale clubs as compared to 5, 2 and 4 respectively in 1994, providing an increase in average footage of 12 percent in 1995 as compared with 18 percent in 1994. This does not translate immediately into a corresponding sales increase since there is typically a time lag in sales dollar growth versus square footage growth, as large new stores do not initially produce sales as high as their more mature counterparts. Same-store sales improved by 3 percent in 1995 after remaining unchanged in 1994. Internal measures indicated that price inflation was not a significant factor in either year.

Wholesale sales declined 15.1 percent in 1995 after a 22.2 percent decrease in 1994. The process of account and facilities rationalization continued into 1995 in an effort to increase efficiencies and to improve profitability of the wholesale business. As a result of this strategy, 1 warehouse was converted to a "slow-moving" facility following the net closure of 4 branches in 1994 and wholesale sales declined in both years.

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

The **United States** retail business, which was sold at the end of the second quarter of 1995, represented 7 percent of 1995 total Company sales (down from 15 percent in 1994). The sales decline during the first two quarters was 3.6 percent due for the most part to the anticipated sale of the business.

Proportionate Sales and Operating Income by Region
($ millions)



Operating Income

	Operating Income ($ millions)				
	1995	Change	1994	Change	1993
Eastern Canada	$165	37.5%	$120	30.4%	$ 92
Operating margin	2.7%		2.2%		1.8%
Western Canada	$139	24.1%	$112	17.9%	$ 95
Operating margin	4.6%		3.9%		3.3%
United States	$ 16	(60.0%)	$ 40	207.7%	$ 13
Operating margin			2.6%		1.0%
Combined	$320	17.6%	$272	36.0%	$200
Operating margin	3.2%		2.7%		2.1%

Operating income increased in all continuing segments of the business. The 17.6 percent improvement in 1995 follows a 36.0 percent increase in 1994 and represents substantial increases in the Canadian businesses offsetting the decrease in the United States contribution.

The operating income contribution of **Eastern Canada** increased by 37.5 percent in 1995 following the 30.4 percent improvement in 1994. Operating margin (operating income divided by sales) improved to 2.7 percent from 2.2 percent in 1994. Earnings growth came from both the retail and wholesale segments of the business, driven primarily by good sales increases in all major retail and wholesale store banners. Retail operating income increased by about 30 percent in 1995 and 1994. Strengthening gross margins in most Ontario markets leveraged earnings growth in 1995 after a slight overall decline in gross margin in 1994. The highly competitive Atlantic market necessitated some investment in gross margin in 1995 to solidify the Company's long term market position in that region. This was more than offset by the earnings growth in Ontario. The focus on operating cost reductions allowed gross margins to decline in 1994 while still realizing strong earnings growth and benefitting the 1995 earnings as well. Wholesale operating income improved by about 45 percent in 1995 after increasing by 22 percent in 1994. Strong sales growth in the franchised independent businesses in Ontario combined with better warehousing and distribution economics provided the improvement.

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

In **Western Canada**, operating income increased by 24.1 percent to $138.8 million, following a 17.9 percent improvement in 1994. The operating margin improved to 4.6 percent from 3.9 percent in 1994. Both the retail and wholesale segments increased operating income substantially in 1995 although driven by different factors. Strong retail sales in the Real Canadian Superstore, conventional store and Real Canadian Wholesale Club businesses, coupled with improved overall gross margins, provided about 24 percent retail earnings growth in 1995. This growth was a more modest 8 percent in 1994, tempered by costs associated with significantly increasing average square footage, including the costs of competitive reaction. Wholesale earnings improvements of over 25 percent (over 50 percent in 1994) came mostly from cost efficiencies from the strategic rationalization of wholesale independent accounts and distribution facilities in 1995 and 1994. Wholesale operating margins improved dramatically again in 1995 as wholesale sales were lower than the previous year.

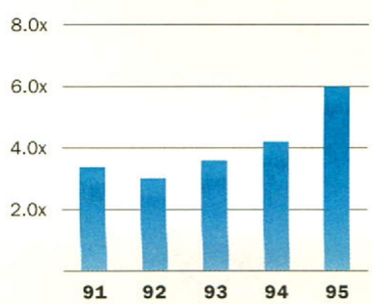
Earnings levels are expected to increase in excess of sales growth again in Western Canada in 1996 as earnings contributions from existing stores increase with the maturity of the stores. New superstores and wholesale clubs being introduced into new markets and expanding existing markets provide for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

Operating income in the **United States** in 1995 has been reduced due to the sale of the United States retail business. It now represents net service fee revenues generated through the sale, by non-affiliated United States retailers, of President's Choice™, Sam's American Choice and Great Value products and is 34.5 percent higher than the $11 million earned in 1994. The retail business contributed $29 million of operating income in 1994 from its operations in St. Louis and New Orleans.

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

Interest expense decreased by $9.5 million in 1995 after an $8.6 million increase in 1994. In 1995, the Company retroactively applied new financial instruments disclosure requirements. Interest expense now includes dividends declared on certain preferred shares which have been reclassified as debt equivalents. As a result, interest expense has increased by $1.0 million in 1995, $1.0 million in 1994 and $3.2 million in 1993, from that previously reported. The 1995 decrease in interest expense was due to lower average net borrowing levels in 1995 of approximately $120 million from 1994 levels, which were $100 million higher than 1993. The change in net average borrowing levels in 1995 reflects the impact of the cash received from the sale of the United States retail business, net of the increase in borrowing arising from the redemption of the $60 million Second preferred shares and the capital investment program. The Series 4, $40.0 million Debentures, which had an interest rate of 11.00%, were also retired in 1995 and replaced with less expensive, shorter term debt. The 1994 increase in the average net borrowing levels was the primary reason for the increase in interest expense that year. Cross-currency and interest rate swaps, as discussed in note 8 to the financial statements, had a positive impact on interest expense in both years. In 1996, this impact will be reduced due to the average term to maturity of the fixed rate portion of the interest rate swaps being shortened. Total interest expense, however, is expected to further decline in 1996 as a full year's interest will be earned on the funds invested in the United States. Current intentions are to continue to invest these funds short term in the United States.

Interest Coverage on Net Total Debt and Debt Equivalents



The **effective income tax rate** has increased by 6.0 percentage points in 1995 to 45.9%, following an increase of 1.7 percentage points in 1994. The increase in both years is due to the higher proportion of income earned in Canada at higher tax rates. The 1996 rate is expected to remain at approximately the 1995 level.

Financial Condition

The financial position of the Company strengthened in 1995 as the **debt and debt equivalents:equity** ratio improved to .25:1 in 1995 from .48:1 in 1994. The main contributing factor to the overall improvement was the effect of the proceeds from the sale of the United States retail assets which were added to the Company's net cash position. This ratio is expected to remain essentially unchanged in 1996 and will therefore be well within the Company's internal guideline of maintaining a ratio of less than 1:1. **Interest coverage** rose to 6.0 times in 1995 from 4.3 times in 1994 and is expected to improve again in 1996.

Capital expenditures for fixed assets and acquisitions may be analyzed as follows:

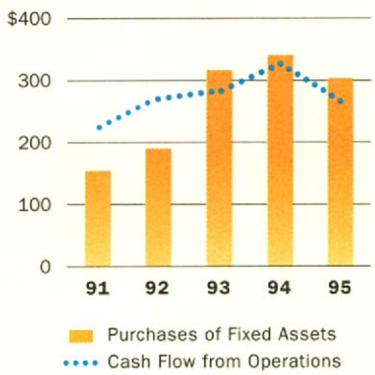
	Capital Expenditures ($ millions)		
	1996 Estimate	1995	1994
Eastern Canada	$222.0	$231.8	$215.5
% of Total	(80%)	(77%)	(64%)
Western Canada	$ 56.0	$ 58.6	$ 65.2
% of Total	(20%)	(19%)	(19%)
United States		$ 11.8	$ 58.0
% of Total		(4%)	(17%)
	$278.0	$302.2	$338.7
% for Corporate Stores	82%	82%	87%

Note: Projects already begun and which the Company is effectively committed to complete total approximately $45 million of the $278 million in 1996.

Capital expenditures in the remaining Canadian operations increased somewhat in 1995 and are only slightly below the record levels of 1994. The 1996 expenditures are expected to remain at approximately the same levels and will result in sales growth from new square footage in both Eastern and Western Canada.

Cash flow from operations decreased to $270.0 million in 1995 from $328.3 million in 1994 and was slightly below the level of capital expenditures. After being a source of cash for seven consecutive years, working capital was a slight use of cash in 1995 and is expected to be about neutral in 1996.

Cash Flow from Operations and Purchases of Fixed Assets
($ millions)



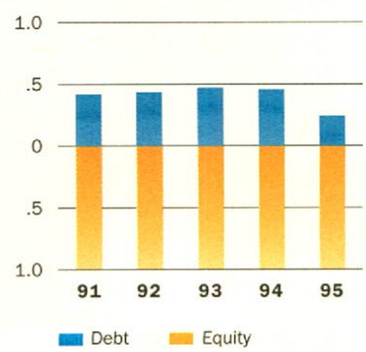
Short term liquidity is provided by a combination of internally generated cash flow, net cash and short term investments and access to the commercial paper market. The Company maintains a $500 million commercial paper program, supported by operating bank lines of credit, rated A-1 and R-1 (low) by Canadian Bond Rating Service (CBRS) and Dominion Bond Rating Service (DBRS) respectively. Financial instruments are used from time to time to manage the effective interest rate on the underlying commercial paper and short term investments.

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

Longer term capital resources are provided by direct access to capital markets. The Company has a debt rating of A (high) from both CBRS and DBRS. In the third quarter of 1995, the $40.0 million, Series 4, 11.00% Debentures were repaid. In the fourth quarter of 1994, the $30.5 million, Series 2, 12.25% Debentures were repaid. The weighted average interest rate on fixed rate long term debt (excluding capital lease obligations and debt equivalents) at year end 1995 was 9.9 percent, down slightly from 10.0 percent last year. The weighted average term to maturity of fixed rate long term debt (measured both on the basis of maturity date and on the earlier of maturity and first retraction date) was 26.0 and 24.4 years respectively at year end 1995 compared to 25.1 and 23.6 years at the end of 1994. The repayment of the Series 4 Debentures had the effect of reducing the weighted average interest rate and extending the maturity in 1995 as did the repayment of the Series 2 Debentures in the previous year.

Common share equity is in excess of $1 billion, a threshold reached in 1994. Preferred share equity declined in 1995 mainly due to the retirement of the $60 million, Second preferred shares, Fourth series on March 1, 1995. These shares were a relatively expensive element of the capital structure. The elimination of the associated preferred dividends increased earnings available to common shareholders. The reclassifications of the First preferred, Second series and the associated contributed surplus to debt equivalents, in accordance with new financial instruments disclosure, reduced previously reported preferred share equity by comparable amounts in 1995 and 1994 as indicated in note 7 to the financial statements.

Ratio of Total Debt and Debt Equivalents to Total Equity



Risk and Risk Management

The Company actively competes in the food distribution industry in Canada, employing business strategies that often involve the entrance to new geographic markets, through the opening of new stores or from focused acquisitions when the opportunities arise. It may also include expanding the Company's position in existing markets as well as expanding beyond the traditional market by way of evolving new store formats, store sizes, departments and services. The latter strategy increases the number of competitors with which the Company must deal. The corollary to this is the tactical defense of existing markets in which the Company currently operates, against the entry of new competitors. The result in most cases is stimulated competitive activity.

The Company is also prepared to exit particular markets and redeploy assets elsewhere when it is strategically advantageous to do so. The 1995 disposal of the United States retail business in St. Louis and New Orleans reflects the assessment that the costs and risks associated with generating improved longer term returns on investment were greater than potential benefits.

These aggressive strategies carry some short term earnings risk but are considered essential to long term security and growth, which are fundamentals of the Company's operating philosophy. The primary risks to these long term goals are competitive erosion and loss of cost advantage. The Company follows certain policies and strategies to minimize these risks. It operates on a broad geographic base which is being expanded upon in Canada, to minimize exposure to regional economies. It operates a variety of store formats, store banners and store sizes, in addition to developing and operating new departments which provide products and services complementary to the traditional supermarket, in order to appeal to the changing demographics of various areas. The Company operates in both the retail and wholesale segments of the business, allowing for a strategic balancing of exposure to shifts in the economics of these two components of the industry. It maintains a significant portfolio of owned real estate sites and follows a strategy of purchasing its store sites whenever possible, thereby enhancing operating flexibility and benefitting from any long term appreciation. It follows a policy of enhancing profitability on a market-by-market basis, ensuring the optimum store format, store size and store banner is selected to maximize market share per store. The Company has developed powerful corporate brands such as President's Choice™, no name™, Club Pack™, G•R•E•E•N™, "TOO GOOD TO BE TRUE!"™ and EXACT™, to enhance customer loyalty by providing superior overall value to the customer.

The success of these strategies depends to a great extent on the strength of the financial position and the deployment of the financial resources of the Company. A strong balance sheet is maintained in order to minimize the vulnerability to short term earnings pressure and to provide the base for long term growth.

Low cost, non-union competitors are a threat to cost advantage. The Company is committed to achieving competitive labour costs for the longer term and is prepared to close inefficient locations, as was planned in 1994 for one of the large Ontario warehouses, or accept the short term costs of a labour strike to ensure long term sustainable sales and earnings growth. In 1995, a number of union agreements covering distribution facilities were successfully concluded, providing six year labour stability with competitive wages and work flexibility provisions.

In 1996, 16 labour agreements affecting 18,000 employees will be negotiated. The single largest agreement to be negotiated covers 11,500 employees. Our objective is to negotiate longer term contracts to provide a more stable labour environment. The Company generally has good relations with its employees and unions and, although possible, no labour disruption is anticipated.

Loblaw endeavours to be a socially and environmentally responsible company, recognizing that the competitive pressures for economic growth and cost efficiency must be integrated with environmental stewardship and ecological considerations.

Environmental committees within Eastern and Western Canada meet regularly to help ensure the maintenance of responsible business operations. This includes the conduct of effective environmental audits of warehouses, stores and equipment, in addition to the encouragement of packaging and waste reduction and recycling programs.

The business is well positioned for 1996 earnings growth as well as providing continued superior food industry returns.

RESULTS BY QUARTER

($ millions)	1995	1994	1993
Sales			
1st Quarter	**$2,302.7**	$2,174.7	$2,114.9
2nd Quarter	**2,460.3**	2,330.1	2,161.4
3rd Quarter	**2,866.5**	3,091.1	2,893.0
4th Quarter	**2,224.2**	2,404.0	2,186.8
	$9,853.7	$9,999.9	$9,356.1
Operating Income			
1st Quarter	**$ 57.7**	$ 49.5	$ 39.8
2nd Quarter	**76.4**	61.4	48.0
3rd Quarter	**83.6**	75.7	55.5
4th Quarter	**102.5**	85.7	57.1
	$ 320.2	$ 272.3	$ 200.4
Interest Expense			
1st Quarter	**$ 17.0**	$ 15.0	$ 11.3
2nd Quarter	**12.6**	13.0	10.4
3rd Quarter	**12.9**	19.8	17.1
4th Quarter	**11.1**	15.3	15.7
	$ 53.6	$ 63.1	$ 54.5
Net Earnings			
1st Quarter	**$ 24.1**	$ 21.2	$ 17.8
2nd Quarter	**34.7**	29.1	23.5
3rd Quarter	**38.6**	33.3	23.6
4th Quarter	**49.3**	42.1	25.3
	$ 146.7	$ 125.7	$ 90.2
Net Earnings Per Common Share (in dollars)			
1st Quarter	**$ .30**	$ .26	$ .21
2nd Quarter	**.42**	.35	.28
3rd Quarter	**.48**	.39	.27
4th Quarter	**.61**	.51	.31
	$ 1.81	$ 1.51	$ 1.07

Segmented Information

($ millions)	**1995**	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Sales											
Eastern Canada	**6,155**	5,601	5,136	4,840	4,326	4,212	3,988	3,705	3,601	3,067	2,780
Western Canada	**3,034**	2,879	2,863	2,999	2,908	2,892	2,650	2,340	2,088	2,031	1,888
United States	**665**	1,520	1,357	1,423	1,299	1,313	1,296	2,263	2,942	2,741	2,263
Total	**9,854**	10,000	9,356	9,262	8,533	8,417	7,934	8,308	8,631	7,839	6,931
Operating Income											
Eastern Canada	**165**	120	92	63	96	104	90	76	106	74	72
Western Canada	**139**	112	95	89	82	75	67	56	47	56	45
United States	**16**	40	13	41	41	36	34	28	37	33	35
Total	**320**	272	200	193	219	215	191	160	190	163	152
Total Assets											
Eastern Canada	**1,604**	1,444	1,330	1,149	1,136	1,101	1,082	1,082	1,034	801	653
Western Canada	**870**	823	739	723	661	635	589	523	460	418	383
United States	**723**	775	674	632	564	546	369	399	719	759	494
Total	**3,197**	3,042	2,743	2,504	2,362	2,282	2,040	2,004	2,214	1,978	1,530
Purchases of Fixed Assets											
Eastern Canada	**232**	216	178	91	84	101	88	95	152	157	91
Western Canada	**58**	65	82	84	54	51	64	59	24	41	47
United States	**12**	58	55	23	21	19	14	38	72	92	55
Total	**302**	339	315	198	159	171	166	192	248	290	193

Earnings Statement

($ millions)	**1995**	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Sales	**9,854**	10,000	9,356	9,262	8,533	8,417	7,934	8,308	8,631	7,839	6,931
Trading profit [1]	**449**	410	326	313	328	324	295	260	290	249	225
Depreciation and amortization	**129**	138	126	120	109	109	104	100	100	86	73
Operating income	**320**	272	200	193	219	215	191	160	190	163	152
Interest expense	**54**	63	54	62	63	71	91	84	74	52	41
Income taxes	**125**	83	56	45	57	55	39	19	48	39	45
Minority interest							2	4	4	5	4
Earnings before extraordinary items	**147**	126	90	76	99	89	59	31	64	67	62
Extraordinary items								(15)			
Net earnings	**147**	126	90	76	99	89	59	16	64	67	62

Return on Sales (percent)

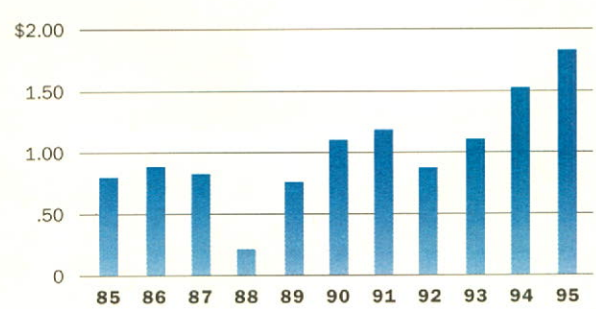
Operating income	**3.2**	2.7	2.1	2.1	2.6	2.5	2.4	1.9	2.2	2.1	2.2
Trading profit [1]	**4.6**	4.1	3.5	3.4	3.8	3.8	3.7	3.1	3.4	3.2	3.2
Earnings before income taxes	**2.8**	2.1	1.6	1.3	1.8	1.7	1.3	.7	1.3	1.4	1.6
Net earnings	**1.5**	1.3	1.0	.8	1.2	1.1	.7	.2	.7	.9	.9
Cash flow from operations	**2.7**	3.2	2.9	2.8	2.4	2.8	2.8	1.6	1.7	2.3	1.7

Cash Flow

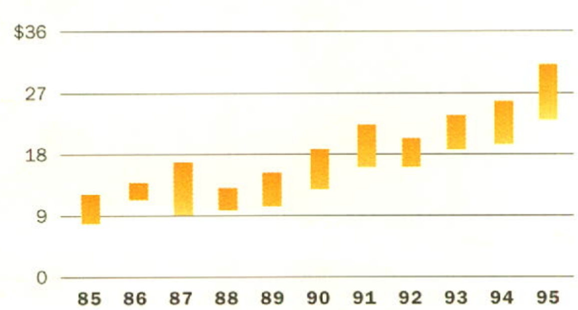
($ millions)	**1995**	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Cash flow from operations	**270**	328	279	269	215	242	220	135	145	178	118
Purchases of fixed assets	**302**	339	315	198	159	171	166	192	248	290	193
Net cash in (out) before financing and dividends	**322**	3	(61)	55	61	103	21	44	(161)	(163)	(94)
Increase (decrease) in cash	**166**	(56)	64	(45)	222	15	56	29	(94)	72	(23)

1. Trading profit is defined as operating income before depreciation and amortization (EBITDA).

Earnings Per Share
(dollars)



Common Share Price Range
(dollars)



Financial Position

($ millions)	**1995**	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Current assets	**1,491**	1,214	1,117	1,082	1,050	987	761	765	983	940	753
Current liabilities	**1,312**	1,185	969	937	788	937	727	685	843	739	628
Working capital	**179**	29	148	145	262	50	34	80	140	201	125
Fixed assets (net)	**1,491**	1,603	1,414	1,231	1,115	1,078	1,044	1,052	1,057	932	688
Total assets	**3,197**	3,042	2,743	2,504	2,362	2,282	2,040	2,004	2,214	1,978	1,530
Long term debt [4]	**669**	741	778	634	650	567	636	709	737	668	417
Total debt [4]	**979**	836	778	664	650	747	644	773	836	719	466
Retained earnings	**902**	783	684	618	568	499	434	390	396	348	295
Shareholders' equity	**1,160**	1,105	985	916	884	718	652	501	541	505	445
Average capital employed	**2,114**	1,911	1,726	1,624	1,479	1,360	1,379	1,433	1,393	1,141	893

Ratios [1]

	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Earnings Ratios [2] (percent)											
Return on common equity	**13.4**	12.5	9.7	8.8	13.4	14.6	11.7	5.9	12.5	14.6	15.6
Return on capital employed	**19.9**	16.9	13.7	14.0	16.4	16.1	14.1	11.4	14.2	14.8	17.1
Financial Ratios (xx:1)											
Total debt [4] to equity	**.25**	.48	.49	.46	.45	.75	.95	1.49	1.49	1.27	1.04
Cash flow from operations to long term debt [4]	**.94**	.62	.58	.63	.54	.45	.35	.19	.20	.28	.28
Interest coverage on total debt [4]	**5.97**	4.32	3.68	3.11	3.50	3.03	2.11	1.90	2.56	3.14	3.69

Per Common Share

(dollars)	**1995**	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Net earnings	**1.81**	1.51	1.07	.88	1.17	1.10	.80	.21	.87	.91	.85
Dividends - declared	**.32**	.26	.24	.24	.23	.20	.20	.20	.195	.175	.155
- year end rate	**.36**	.28	.24	.24	.24	.20	.20	.20	.20	.18	.16
Book value	**14.22**	12.81	11.37	10.57	9.52	7.99	7.10	6.62	7.12	6.68	5.85
Price range - high	**31.50**	26.00	24.00	20.50	22.50	18.88	15.25	13.13	16.88	14.00	12.13
- low	**23.25**	19.50	18.50	16.38	16.38	13.63	10.25	9.88	9.00	11.00	8.00
Cash flow from operations [3]	**3.37**	4.05	3.44	3.34	2.70	3.21	3.02	1.85	2.01	2.47	1.63

1. For purposes of calculating financial ratios, debt is reduced by cash and short term investments net of bank advances and notes payable.
2. Earnings ratios have been computed as follows:
   Return on common equity - Earnings before extraordinary items less preferred dividends divided by average common share capital, retained earnings, foreign currency translation adjustment and the applicable portion of contributed surplus.
   Return on capital employed - Operating income divided by average total assets (less cash and short term investments) less non-interest bearing liabilities.
3. Cash flow from operations per common share is after preferred dividends.
4. Debt includes debt equivalents.

Loblaw Companies Limited

Directors

W. Galen Weston, OC [2]
Chairman and President,
George Weston Limited
Chairman, Wittington Investments, Limited
Chairman, Holt, Renfrew & Co., Limited
Director, Associated British Foods plc
Director, CIBC

Richard J. Currie [2]
President, Loblaw Companies Limited
Past Chairman, Food Marketing Institute
Director, Imperial Oil Limited
Director, BCE Inc.

Camilla H. Dalglish [4]
Corporate Director
Former President of a private retail business
Member of Advisory Board of Humber Arboretum

Robert J. Dart [1, 3]
President, Wittington Investments, Limited
Director, Holt, Renfrew & Co., Limited
Director, Brown Thomas Group Limited

Sheldon V. Durtsche [1, 4]
Corporate Director
Former Chairman, National Tea Co.

Roger A. Lindsay
Corporate Director

Arthur H. Mingay [1, 2, 3]
Corporate Director
Former Chairman, Canada Trustco

G. Joseph Reddington
Chairman and
Chief Executive Officer,
The Signature Group
Director, Trans World Airlines

Shirley E. Robertson [3, 4]
Corporate Director
Professional Photographer

T. Iain Ronald [1, 3, 4]
Corporate Director
Former Vice Chairman, CIBC Group of Companies

1 member – Audit Committee
2 member – Executive Committee
3 member – Management Resources and Nominating Committee
4 member – Environmental, Health & Safety Committee

Corporate Officers

W. Galen Weston, OC
Chairman of the Board

Richard J. Currie
President

David K. Bragg
Executive Vice President

Serge K. Darkazanli
Executive Vice President

Harold A. Seitz
Executive Vice President

John W. Thompson
Executive Vice President

David M. Williams
Executive Vice President

Robert G. Chenaux
Senior Vice President,
Corporate Brand Development

Roy R. Conliffe
Senior Vice President,
Labour Relations

Stewart E. Green
Senior Vice President
and Secretary

David R. Jeffs
Senior Vice President,
Sourcing and Procurement

David F. Poirier
Senior Vice President,
Logistics Planning and Systems

Donald G. Reid
Senior Vice President, Finance

Stephen A. Smith
Senior Vice President, Controller

Robert A. Balcom
Vice President, General Counsel

Manny Di Filippo
Vice President,
Corporate Development

Louise M. Lacchin
Vice President, Treasurer

Glenn D. Leroux
Vice President,
Risk Management

Richard P. Mavrinac
Vice President, Taxation

George D. Seslija
Vice President,
Real Estate Development

Ann Marie Yamamoto
Vice President, Information Technologies and Systems Audit

Franca Smith
Corporate Controller

Barbara T. Cook
Assistant Controller

Marian M. Burrows
Assistant Secretary

The average age and years of service of the Officers and operating Presidents are 46 and 16 years respectively.

SHAREHOLDER INFORMATION

Executive Offices

22 St. Clair Avenue East
Toronto, Canada
M4T 2S8
Tel: (416) 922-8500
Fax: (416) 922-7791

Stock Listings

Toronto, Montreal and
Vancouver Stock Exchanges

Share Symbol - "L"

Common Shares Outstanding

70 percent of the common shares are owned by George Weston Limited.

Total outstanding	80,039,946
Shares available for public trading	24,280,996

Average Daily Trading Volume	31,620

Dividend Policy

It is the Company's policy to maintain a stable dividend payment of 20 to 25 percent of the prior year's earnings per common share.

Common Dividend Payment Dates

April 1
July 1
October 1
December 30

Value of Common Shares

December 22, 1971 (Valuation Day)	$2.875
February 22, 1994	$23.00

Investor Relations

Copies of the Company's Annual Information Form filed with regulatory authorities and additional copies of this Annual Report may be obtained from the Secretary upon specific request.

Other information requests should be directed to Mr. Donald G. Reid, Senior Vice President, Finance.

Transfer Agent and Registrar

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

General Counsel

Borden & Elliot
Toronto, Canada

Auditors

KPMG Peat Marwick Thorne
Toronto, Canada

Annual General Meeting

April 30, 1996 at 11:00 a.m.
Constitution Hall
Metropolitan Toronto Convention Centre
255 Front Street West
Toronto, Canada

Community Support

Loblaw Companies Limited endeavours to be an active participant in the various communities which it serves and supports the philanthropic goals of the "IMAGINE" campaign. Acting with its employees, it supports and contributes to local organizations through its various operating divisions including providing support to the United Way and the Daily Bread Food Bank, sponsoring numerous charitable fund raising activities and initiating work experience programs for the physically and intellectually challenged. The Company also contributes support of various endeavours on behalf of medical research, education and conservation through its participation in The W. Garfield Weston Foundation, a private Canadian foundation associated with Loblaw Companies Limited.

Materials in this report are environmentally friendly. The cover and operating section papers are acid-free and recyclable. The financial section paper contains 50 percent recycled waste including a minimum 10 percent post-consumer fibre.