Ready When You Are

8:06 PM AST

SAINT JOHN, NEW BRUNSWICK
With hours from 7 am 'til midnight, you can shop when you need to...

Loblaw Companies Limited

1998 Annual Report

CORPORATE PROFILE

Loblaw Companies 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 with the objective of providing consumers with the best in one-stop shopping for 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 Companies seeks long term, stable growth, taking managed operating risks from a strong balance sheet position.

Loblaw Companies is one of the largest private employers in Canada with over 113,000 employees throughout the business and has a responsibility to provide fair wages and secure employment. Loblaw Companies believes this responsibility can best be met in a stable, low cost operating environment where all associated with the Company accept the need to continuously improve its ability to serve our customers.

The photography in this Annual Report reflects our national presence in markets from coast to coast in Canada. Stores photographed were: Atlantic Superstore in Halifax, Nova Scotia and Saint John, New Brunswick, Loblaws in Montreal, Quebec, The Real Canadian Superstore in North Vancouver, British Columbia and The Real Canadian Wholesale Club in Victoria, British Columbia.

CONTENTS

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

FINANCIAL HIGHLIGHTS

52 Weeks Ended January 2, 1999 (in millions of dollars)	**1998** **(52 Weeks)**	1997 (53 Weeks)	1996 (52 Weeks)
SALES AND EARNINGS			
Sales	**12,497**	11,008	9,848
Trading profit (EBITDA)	**712**	573	481
Operating income (EBIT)	**527**	426	359
Interest expense	**68**	44	46
Net earnings	**261**	213	174
FINANCIAL POSITION			
Total assets	**7,105**	4,013	3,531
Total debt and debt equivalents	**2,514**	1,289	1,155
Total shareholders' equity	**2,595**	1,495	1,311
CASH FLOW			
Cash flows from operating activities	**534**	426	262
Capital investment	**599**	517	389
PER COMMON SHARE (in dollars)			
Net earnings	**1.06**	.88	.72
Dividend rate – year end	**.20**	.16	.12
Book value	**9.46**	6.08	5.35
Market value – year end	**37.40**	26.00	14.25
FINANCIAL RATIOS			
Returns on sales			
Trading profit (EBITDA)	**5.7%**	5.2%	4.9%
Operating income (EBIT)	**4.2%**	3.9%	3.6%
Net earnings	**2.1%**	1.9%	1.8%
Return on average total assets (1)	**10.9%**	14.1%	13.5%
Return on average common equity (1)	**12.8%**	15.3%	14.2%
Interest coverage on total debt and debt equivalents	**7.8:1**	9.7:1	7.9:1
Total debt and debt equivalents to equity (1)	**.71:1**	.34:1	.33:1

(1) Ratios are computed as follows:

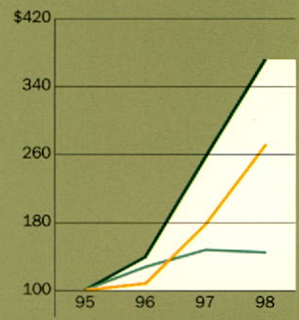
Return on average total assets – operating income (EBIT) divided by average total assets excluding cash and short term investments.

Return on average common equity – net earnings before extraordinary items less preferred dividends divided by average common share capital and retained earnings.

Total debt and debt equivalents to equity – total debt and debt equivalents less cash and short term investments divided by total shareholders' equity.

Total Return on $100 Investment

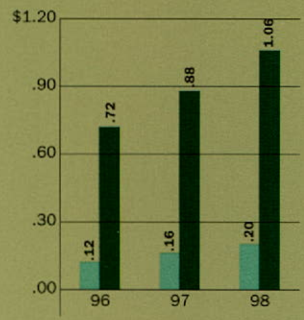
(includes dividend reinvestment)
(in dollars)



Loblaw Companies Limited
TSE 300 Index
TSE Food Stores Index

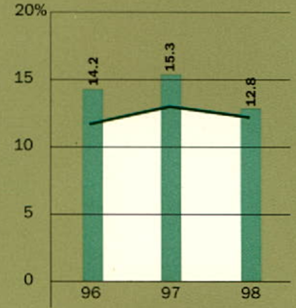
Net Earnings and Dividend Rate per Common Share

(in dollars)



Dividend Rate per Common Share (year end)
Net Earnings per Common Share

Return on Average Common Equity



Return on Average Common Equity
Five Year Average Return

W. Galen Weston, Chairman and Richard J. Currie, President

1998

IN A YEAR THAT ENDED IN THE FLURRY OF ACTIVITY SURROUNDING OUR ACQUISITIONS OF PROVIGO IN QUEBEC AND ONTARIO, AND AGORA IN ATLANTIC CANADA, IT IS EASY TO LOSE SIGHT OF WHAT AN OUTSTANDING YEAR 1998 WAS FOR LOBLAW COMPANIES.

Sales revenue increased 14 percent to $12.5 billion. Across Canada, sales have now increased 56 percent over the last five years – solid market share growth in a country where food-price inflation has averaged one to two percent over those same years.

Earnings per common share increased more than 20 percent to $1.06 from the $0.88 of 1997. Earnings per share have now almost tripled from $0.36 five years ago.

Loblaw Companies' shares increased in market value by 44 percent in 1998. This would be a notable accomplishment in any year, but it was particularly so in a year when the TSE 300 declined 3.2 percent. This year's gain followed gains of 82 percent for 1997 and 38 percent for 1996. In December, Loblaw Companies (symbol "L") was named to the new Standard & Poor's/ TSE 60 Index, Canada's version of the Dow Jones Industrial Index.

Operating income of $527 million increased by 24 percent over the previous year. Operating margin improved to 4.2 percent in 1998 from 3.9 percent in 1997, and doubled from 2.1 percent in 1993.

Loblaw Companies' shares increased in market value by 44% in 1998.

Our performance of the past few years has been the result of a straightforward operating objective: increase store size and increase sales per square foot. The former was accomplished by adding new and larger corporate and franchised stores while expanding selected existing ones. The latter, by offering more variety and selection both in food and other products, which meet the everyday needs of our customers.

Loblaw Companies believes that continuous investment – supported by well-thought-out strategies and capable people – leads to steady growth and improving returns at diminishing risk. In 1998, capital investments excluding acquisitions were $599 million and in the last five years have amounted to $2.1 billion.

Another field of continuous investment has been in the development and support of unique and/or lower-cost product offerings through our controlled label programs. *no name*, introduced in 1978, *President's Choice*, introduced in 1984 and *Club Pack*, rolled out extensively in 1992, receive continual investment to improve their customer appeal. In 1998, the sale of these products reached a record high of nearly $2 billion, including $500 million from *Club Pack* – products developed primarily in Canada, many by small Canadian manufacturing companies. Noteworthy, in 1998 was our *15th Anniversary Christmas Insiders Report*, which registered a 40 percent sales increase over 1997. We believe there is the opportunity to leverage our reputation in these products into other "everyday needs", the most recent being *"President's Choice Financial"* which has been under intense development for a year now.

The trials under way in Ottawa and St. Thomas, Ontario and Calgary, Alberta at the time of writing the Annual Report a year ago demonstrated the opportunity in the marketplace for *"fresh financial thinking"*. Rollout across the country during the rest of the year further confirmed consumers' readiness for our offering. Many implementation

Sales of controlled label products reached nearly $2 billion.

difficulties were encountered and most were overcome. With continued aggressive rollout in 1999, additional programs and steadily improving operations, our optimism on this new venture is even higher than it was a year ago.

Our operating strategies and new business units have been made possible by our investing strategy of owning our own real estate. Neither our large store program, nor our 222 in-store pharmacies, nor our position as Canada's largest film developer, nor, indeed, our overall non-traditional grocery store product offerings would have been possible without the operating flexibility that ownership of our property ensures.

Our strategy in Quebec began long before our first Montreal store opened on March 27, 1998. Careful total market examination was followed by unique and owned-store format development and by the building of an experienced yet open-minded management team. Progress was rapid. When the Provigo opportunity appeared, we had already established a positive reputation in that marketplace. While Provigo's operating performance over the years has been mixed, much had been done recently to allow it to concentrate on its food and food-related stores rather than on peripheral activities in unrelated fields. Provigo has good market presence and well-located stores but needs capital and food product variety.

The acquisition will provide Loblaw an opportunity to grow from a solid base and to learn more quickly the needs and desires of a unique marketplace. Agora in Atlantic Canada offers many similar opportunities and in both parts of Canada, an increased franchised store emphasis is likely to be highly appropriate.

Loblaw Companies aims to fulfill its customers' changing needs.

Today, Loblaw Companies has the Number One market share position in Canada. But the pursuit of national market share has never been one of our strategic objectives. We have concentrated instead on achieving high market share per store and on developing a portfolio of store formats to serve the many segments in each market. These strategies have, over an extended period, resulted in steady market share growth. Paying attention to the needs of our customers and maintaining a price competitive posture in all markets is the Loblaw Companies mantra.

In 1998, in addition to continuing its sales, profit, market share and market value growth, Loblaw Companies increased its unionized work force to 62,464 at year end from 40,157 five years ago. We believe these figures, which do not include the 1998 acquisitions, are unmatched by any company in Canada. The risks to traditional Canadian supermarket companies such as ourselves is in the growth of non-union store formats. Nevertheless, over the years, we have found creative ways to match the needs of the business with those of our unionized employees, the vast majority of whom are committed Company supporters.

An annual report is a record of the past year's work. 1998 has been an exceptional year for your Company and our results are a tribute to the thousands of people throughout the business who have put in the hours and provided the means to deliver this superb performance. We would like to thank our suppliers and shareholders and our many loyal customers who shop in our stores every week for their continued support and look forward to the future with confidence and enthusiasm.

W. Galen Weston
Chairman

Richard J. Currie
President

	British Columbia	Yukon	Northwest Territories	Alberta	Saskatchewan	Manitoba
■	15	1		15	6	6
▲	3		2	24	25	13
◆	10			6	4	1
★	53	1		17	27	16
○	18			19	83	45
❑	34			1,368	1,792	110

the real Canadian Superstore
Total **44**

THE • REAL • CANADIAN WHOLESALE Club *No Membership Required*
Total **23**

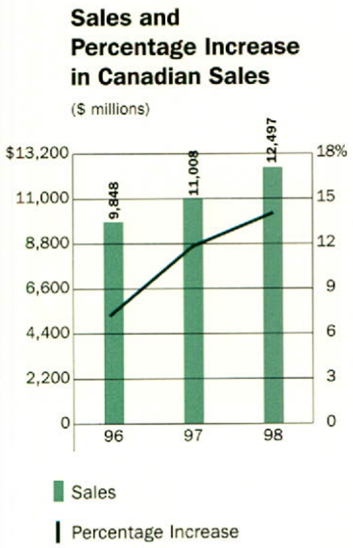
Extra Foods
Total **87**

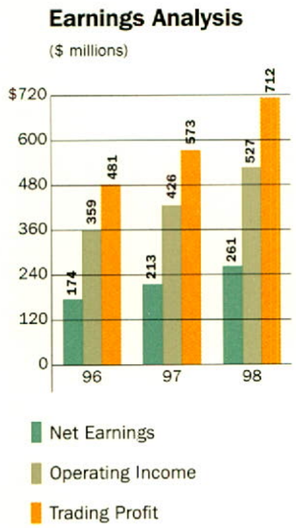
SHOP EASY FOODS
Total **63**

LUCKY • DOLLAR FOODS
Total **165**

SuperValu
Total **35**

Geographic





The variety of banners allows the Company to choose the right vehicle for the surrounding market demographics.

Ontario
■ – 2
▲ – 212
● – 22
◆ – 2
★ – 220
○ – 11
❑ – 422

Quebec
▲ – 223
● – 1
★ – 34
○ – 642
❑ – 4,788

New Brunswick
■ – 12
▲ – 5
● – 3
★ – 29
○ – 43
❑ – 768

Nova Scotia
■ – 11
▲ – 7
● – 5
★ – 8
○ – 43
❑ – 1,271

Prince Edward Island
■ – 2
● – 1
★ – 4
○ – 5
❑ – 95

Newfoundland
▲ – 16
● – 1
○ – 19
❑ – 1,194

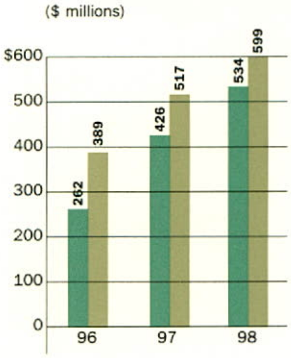
Divisions

Banner	Total
Loblaws	Total 74
Atlantic Superstore	Total 25
zehrs MARKETS	Total 34
zehrs FOOD PLUS MARKETS	Total 21
Dominion (IN NEWFOUNDLAND)	Total 16
nofrills lower food prices	Total 79
Atlantic SaveEasy	Total 41
FORTINOS	Total 18
independent YOUR INDEPENDENT GROCER	Total 44
valu-mart	Total 70
LES SUPERMARCHÉS provigo (1)	Total 162
maxi (INCLUDING MAXI & CO.) (1)	Total 85
Loeb (1)	Total 101
IGA (IN ATLANTIC CANADA) (1)(2)	Total 53

Cash & Carry and Other Banners: 753

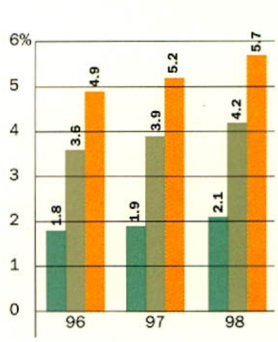
Capital Investment and Cash Flows from Operating Activities

($ millions)



▮ Cash Flows from Operating Activities
▮ Capital Investment

Returns on Sales



▮ Net Earnings Margin
▮ Operating Margin
▮ Trading Margin

■ SUPERSTORES
▲ CONVENTIONAL STORES
● CASH AND CARRY STORES
◆ THE REAL CANADIAN WHOLESALE CLUB
★ FRANCHISED STORES
○ AFFILIATED STORES
❑ INDEPENDENT ACCOUNTS

(1) The Company continues to address issues raised by the Competition Bureau in connection with its review of the Provigo Inc. ("Provigo") and Agora Foods ("Agora") acquisitions to determine which stores may be divested.

(2) Trademark used under license.

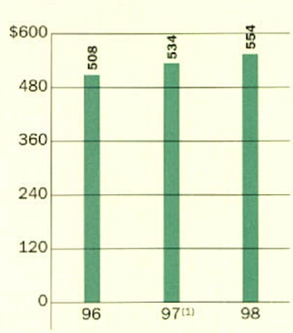
The line of *President's Choice* products continues to be actively marketed into select supermarket chains in other countries currently including the United States, Bermuda, Barbados, Israel and Colombia.

CORPORATE STORES

		Stores	1998 Sq. Ft. (in millions)
Corporate Stores	Beginning of year	360	15.7
	Opened	41	2.3
	Acquired	289	8.4
	Closed	(31)	(.9)
	Transfers to franchised stores	(3)	(.1)
	End of year	656	25.4
	Average store size (in thousands)		38.8
	Analysis by size:		
	More than 60,000 sq. ft.	108	9.8
	40,000 – 60,000 sq. ft.	133	6.6
	20,000 – 39,999 sq. ft.	238	6.7
	10,000 – 19,999 sq. ft.	143	2.1
	Less than 10,000 sq. ft.	34	.2
		656	25.4
Sales from Corporate Stores (in millions of dollars)		$9,348	
	Annual sales per average gross sq. ft. (excluding acquisitions) (in dollars)	$ 554	

Annual Corporate Stores Sales per Average Square Foot

(in dollars)

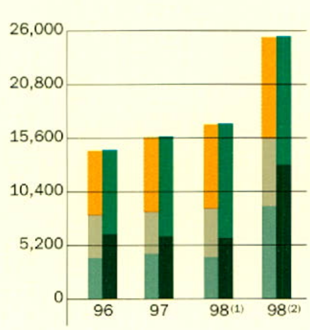


Annual Corporate Stores Sales per Average Square Foot (excluding acquisitions)

(1) 1997 was a 53 week year

Corporate Stores Square Footage Owned vs. Leased

(thousands of sq. ft.)



< 40,000 Sq. Ft.
40,000 – 60,000 Sq. Ft.
> 60,000 Sq. Ft.
Leased
Owned

(1) Excluding acquisitions
(2) Including acquisitions

STORE ANALYSIS

INDEPENDENT STORES AND ACCOUNTS

		Stores	1998 Sq. Ft. (in millions)
FRANCHISED STORES	Beginning of year (1)	341	6.4
	Opened	24	0.7
	Acquired	56	1.0
	Closed	(15)	(.3)
	Transfers from corporate stores	3	.1
	End of year	409	7.9
AFFILIATED STORES		928	
INDEPENDENT ACCOUNTS		11,842	
WAREHOUSES		47	
SALES TO INDEPENDENT STORES AND ACCOUNTS (in millions of dollars)		$3,149	

(1) Restated to transfer Lucky Dollar Foods to affiliated stores.

PC club pack

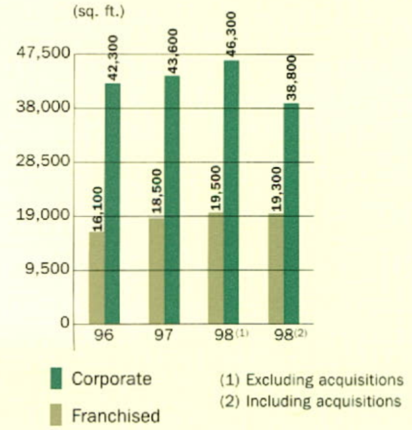
President's Choice

no name®

CLUB PACK President's Choice

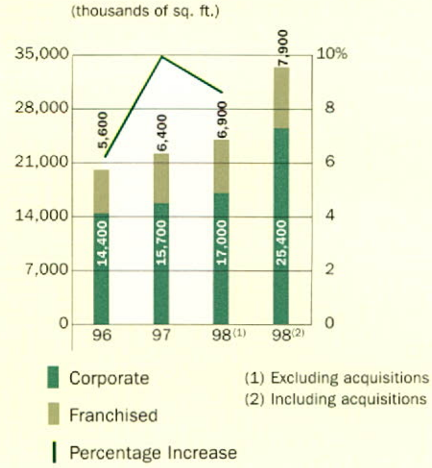
Average Store Size

(sq. ft.)



Total Square Footage and Percentage Increase Over Prior Year

(thousands of sq. ft.)



Loblaw remains focused on offering more and better value to our customers.

1998

Our success in the marketplace is a measure of our ability to offer our customers, wherever and whomever they might be, the right products and services in the right place at the right time. In doing so, we are always striving to remain in step with their expectations and a step ahead of the competition. That is why "ready when you are" is an appropriate theme for this year's Annual Report.

Recognizing the needs of today's busy customer, over the past years, Loblaw has brought to market an ever-growing family of stores with a broader range of products and services, the industry's freshest goods and a wider-than-ever variety of one-stop departments from pharmacy to photo finishing and financial services.

The Right Products and Services

Our controlled label program has long been an industry success story. Sales of corporate brands, including *no name*, *Club Pack* and *President's Choice* labels, increased again this year to nearly $2 billion for the first time. The *President's Choice* brand, which has been in the marketplace for fifteen years, won the highest product ratings versus many national brands in a recent in-house survey of Loblaw shoppers.

The innovative marketing vehicle which showcases our corporate brands, the *Insider's Report*, celebrated its 15th anniversary in 1998. Sales from the most recent *Insider's Report* represented a 40% increase over the previous year helping total Company operating earnings increase by 24%.

This year we launched over 750 new controlled label products. We continually invest to keep our corporate brands young, growing, exciting and relevant. A sign of our success is that, of the products we launch every year, 70 to 80 percent are still on the market and contributing three years later. The industry average for successful new products is only 2 or 3 percent.

We are extrapolating this consumer confidence in our quality and value to fresh produce. In a sense, our goal has been to translate the *President's Choice* branded attitude into a basic grocery staple. Our focus has been and always will be quality and value. We have

9:24 AM AST

HALIFAX
NOVA SCOTIA

The freshest produce brought to you in a market-like setting.

established very high standards to ensure that only the very best produce is offered in our stores and improved our distribution system to increase the efficiency and timeliness of transporting fresh produce to market. We now have offices in Florida, Texas and California where the United States produce is sourced. These are staffed by produce specialists who can select our United States, Mexican and South American produce at the peak of ripeness.

in development is a smaller pavilion for smaller stores.

The Right Place

Through the Company's $599 million capital investment program, we opened 65 new corporate stores and franchised stores in 1998 and expanded or remodelled 38 others. This resulted in a net square footage increase of approximately 2 million square feet or a weighted average square footage increase of 10% over last year excluding the acquisitions.

plans included the opening of three to five new stores per year in that market. Now, of course, the addition of Provigo makes the Company's Quebec presence instantly stronger and gives Loblaw Companies a truly national presence. Provigo's corporate, franchised and affiliated stores operate under banners such as Provigo, Loeb, Maxi and Maxi & Co. These will give the Company even greater flexibility to strategically select the "right place" and the right banners for the market.

IN MARCH OF 1998, WE OPENED OUR FIRST STORE IN THE MONTREAL AREA, ONE OF THE LARGEST CITIES IN THE COUNTRY AND ONE IN WHICH, UNTIL THAT TIME, WE HAD NO PRESENCE.

This was also our rollout year for another extension of our corporate brand, *President's Choice Financial*, a financial services initiative. By year end, 98 *President's Choice Financial* pavilions were opened and 100 bank machines installed. Despite little marketing other than in-store signage, customer acceptance has been higher than initial projections. The aggressive pace of the rollout will continue in 1999, targeting all stores that are large enough to support the existing model;

Also as a result, in 1998 we increased average corporate store size by 6% excluding acquisitions. Total capital investment over the past three years has been $1.5 billion.

As our family of stores grows, it gives us the ability to choose from various banners and allows us to choose the right vehicle for the surrounding demographics. This was the rationale behind the opening of our first four Loblaws stores in Montreal in 1998. Previous to the acquisition of Provigo, our

Our national presence was also strengthened in Atlantic Canada, through the acquisition of the Agora operation. This will add 82 stores, operating under IGA and various other banners, to those already operated by the Company in that market and provide an opportunity for improved operating efficiencies.

In Ontario, where the Company has a strong presence, our capital program has been the cornerstone of our growth, both protecting

5:24 PM AST

SAINT JOHN
NEW BRUNSWICK

Unique and delicious products for the busy customer who needs "meals in minutes".

and enlarging our share of the market. Our asset base is continually renewed by replacing smaller, older stores with updated, one-stop retail environments that respond to a larger variety of consumers' shopping and service needs. In Western Canada, we are capitalizing on the opportunity to increase our market presence by entering new markets. Here, our focus is on winning the "value-conscious" customer. To this end, in 1998 the 65 new corporate and franchised stores (new stores include major expansions) included: 10 Loblaws (4 in Quebec); 4 Zehrs Food Plus; 1 Zehrs Markets; 13 no frills; 2 Fortinos; 6 Atlantic Superstores; 1 Dominion; 2 Your Independent Grocer; 2 valu-mart; 4 The Real Canadian Superstores; 8 Extra Foods; 4 The Real Canadian Wholesale Clubs; 2 SuperValu; 2 Shop Easy Foods and 4 other banners.

PRESIDENT'S CHOICE FINANCIAL, OUR FINANCIAL SERVICES INITIATIVE, WAS INSTALLED IN PAVILIONS IN 98 STORES, WITH BANK MACHINES IN 100 OTHERS BY YEAR END 1998.

The Right Time

Everything we do depends on timing. In our systems and support, we have been relinking processes in the supply chain, from the producer right through to the consumer, to deliver the highest levels of service at lowest possible cost.

The Company has spent many years developing the processes and technologies for a new warehouse management system designed to give us greater flexibility and responsiveness. When fully implemented, it will gather the information to integrate the demand cycle with the supply side. For example, in certain cases, we have virtually eliminated warehousing by moving merchandise between trucks right off our docks in a process called cross-docking. At year end, the rollout in Eastern Canada was at the half-way mark and will be completed in July, 1999.

As we acquire new stores, we are continually looking for opportunities to leverage our national scope which will enable us to continue to offer products and services at competitive prices. As examples, some future benefits of Provigo and Agora will include our ability to capitalize on warehousing and distribution opportunities in the Atlantic region and Eastern Ontario and we are looking at combining the transportation of fresh products with products from other departments to deliver a higher level of efficiency and reduce costs as a result of shorter storage requirements.

This also supports strategic objectives such as our fresh food initiative by enabling us to manage our shipping more strategically and deliver "just-in-time."

We have grown rapidly in 1998 and we expect that growth to continue. Over the next few months we will be ensuring that support is properly aligned and ready when new demands put pressure on our networks.

The Right Direction

By many measures, 1998 has been a successful year. It also laid the groundwork for what we anticipate will be a challenging and exciting but ultimately satisfying 1999.

8:16 PM PMT

VANCOUVER
BRITISH COLUMBIA

Satisfying a larger variety of shopping and service needs.

OPERATIONAL DIRECTORY

BANNERS

SERGE K. DARKAZANLI, 56 AND 24 YEARS

THE REAL CANADIAN SUPERSTORE
TOM FRASER, 58 AND 39 YEARS

EXTRA FOODS
FRED FREEMAN, 56 AND 37 YEARS

THE REAL CANADIAN WHOLESALE CLUB
JACK COOK, 49 AND 22 YEARS

WHOLESALE OPERATIONS
DOUG CATHRO, 47 AND 28 YEARS

INDEPENDENT PROGRAMS: SUPERVALU, SHOP EASY FOODS AND LUCKY DOLLAR FOODS
JIM COURTNEY, 46 AND 19 YEARS

JOHN A. LEDERER, 43 AND 17 YEARS

LOBLAWS SUPERMARKETS
GLENN MURPHY, 36 AND 11 YEARS

ZEHRMART
GRANT HEIMPEL, 59 AND 36 YEARS

ATLANTIC CANADA
PAUL ORMSBY, 47 AND 16 YEARS

DOMINION (IN NEWFOUNDLAND)
BRAD WESTON, 56 AND 38 YEARS

INDEPENDENT PROGRAMS: YOUR INDEPENDENT GROCER AND VALU-MART
KEVIN RYAN, 49 AND 12 YEARS

NO FRILLS
DEANE COLLINSON, 44 AND 14 YEARS

FORTINOS
VINCE SCORNAIENCHI, 40 AND 26 YEARS

PIERRE L. MIGNAULT, 50 AND 5 YEARS

PROVIGO AND LOEB SUPERMARKETS
DANIEL TREMBLAY, 44 AND 20 YEARS

MAXI AND MAXI & CO.
SYLVIE LORRAIN, 37 AND 4 YEARS

PRESTO – LINC
JAMES A. ROBERTSON, 42 AND 17 YEARS

DISTRIBUTION GROUP (AFFILIATED BANNERS)
PIERRE LEDOUX, 46 AND 1 YEAR

PROCUREMENT & PRODUCT DEVELOPMENT

JOHN W. THOMPSON, 50 AND 20 YEARS

- Negotiate product supply terms and arrangements with national brand manufacturers.
- Develop, source, design, test and market controlled label products including *President's Choice, no name, "TOO GOOD TO BE TRUE!", G•R•E•E•N* and *Club Pack*, as well as the various controlled labels that are unique to each operational segment.
- Market the line of *President's Choice* products into select supermarket chains in other countries, currently including the United States, Bermuda, Barbados, Israel and Colombia.
- Manage information technology and systems development.
- Manage and develop the *President's Choice Financial* services operations.

REAL ESTATE

DAVID K. BRAGG, 50 AND 15 YEARS

- 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; and
  - deploying appropriate store formats and banners.

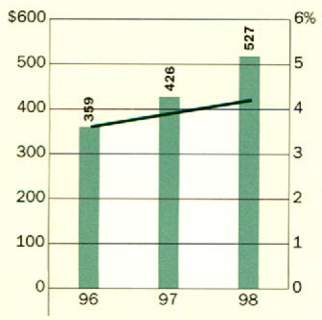
MANAGEMENT DISCUSSION AND ANALYSIS

Net earnings per share improved to $1.06 in 1998, a 20% increase over 1997.

Highlights

- Per share net earnings up 20% to $1.06 from $0.88.
- 52 week fiscal year 1998 versus 53 week fiscal year in 1997.
- Sales growth of 14% to $12.5 billion. 10% growth in the core Loblaw business including 3% same-store sales improvement; 4% from the impact of Provigo and Agora fourth quarter acquisitions.
- Operating margin (EBIT divided by sales) strengthened to 4.2% from 3.9% in 1997.
- Provigo, operating in Ontario and Quebec, acquired December 10, 1998 for total cash paid and share consideration of $1.7 billion; Agora Foods, operating under the IGA and other banners in Atlantic Canada, acquired November 30, 1998 for cash paid of $81 million.
- Capital investment of $599 million up from $517 million in 1997.
- Cash flows from operating activities increased to $534 million from $426 million in 1997.
- 65 new corporate and franchised stores opened in 1998 adding approximately 2 million square feet of selling space net of closures.
- Debt/equity ratio of .71:1 after acquisitions compares to .34:1 in 1997.

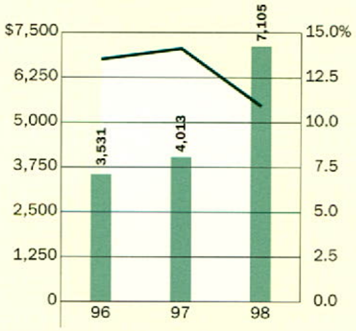
Operating Income and Margin
($ millions)



Operating Income

Operating Margin

Total Assets and Return on Average Total Assets
($ millions)



Total Assets

Return on Average Total Assets (excluding cash and short term investments)

Net earnings per share for the 1998 52 week year improved 20% to $1.06 from the $.88 earned during 1997's 53 week year. Sales increased 14% or $1.5 billion over last year to $12.5 billion. The existing Loblaw business grew by 10% with an additional 4% coming from the Provigo Inc. ("Provigo") and Agora Foods ("Agora") acquisitions made late in 1998.

Provigo provides Loblaw with immediate and significant presence in the Quebec market that complements the rest of the Loblaw operations. The Agora acquisition in Atlantic Canada provides an opportunity for improved operating efficiencies in that region.

Operating income increased 24% to $527 million in 1998 from improved operating margins (EBIT divided by sales) of 4.2% in 1998 versus 3.9% in 1997 on an increasing sales base. Trading margin, defined as operating income before depreciation and amortization (EBITDA) divided by sales, strengthened to 5.7% from 5.2% in 1997. This represents the sixth consecutive year of improved returns on sales.

Interest expense increased 55% to $68 million from $44 million in 1997. Higher average borrowing levels that supported a capital investment program of $599 million, together with the additional debt from the fourth quarter 1998 acquisitions, generated most of the increase in the interest expense.

Higher additions to shareholders' equity from improved results of operations and the common shares issued as part of the Provigo acquisition, offset much of the impact of the higher debt levels and resulted in a debt to equity ratio (net of cash) of .71:1, well within the Company's internal guideline of 1:1.

The effective income tax rate declined to 43.1% in 1998 from 44.2% in 1997.

RESULTS OF OPERATIONS

Sales

SALES

Sales for 1998, excluding the effects of the Provigo and Agora acquisitions, grew by 10%. The 52 week reporting cycle followed by Loblaw and others in the food distribution industry periodically necessitates a 53 week fiscal year which occurred in 1997. The effect of the additional week last year reduced by 2% the year-over-year sales increase in 1998. Same-store sales growth of over 3% and a $599 million capital investment program that increased average store square footage generated the growth.

For the existing Loblaw business, the 1998 capital program for corporate and franchised stores (excluding affiliated stores) increased the weighted average square footage by 10% in 1998 compared to an 8% increase in 1997. The weighted average square footage change in corporate and franchised stores includes the

Operating Results (in millions of dollars)

	1998	Change	1997	Change	1996
Sales	**$12,497**	14%	$11,008	12%	$9,848
Operating income (EBIT)	**$ 527**	24%	$ 426	19%	$ 359
Operating margin	**4.2%**		3.9%		3.6%
Trading profit (EBITDA)	**$ 712**	24%	$ 573	19%	$ 481
Trading margin	**5.7%**		5.2%		4.9%

impact of both store openings and closures throughout the year. Price inflation was not a significant factor in either year. A 1997 competitor's work stoppage in Alberta had a modest positive impact on sales that year and a corresponding negative impact in the 1998 comparative.

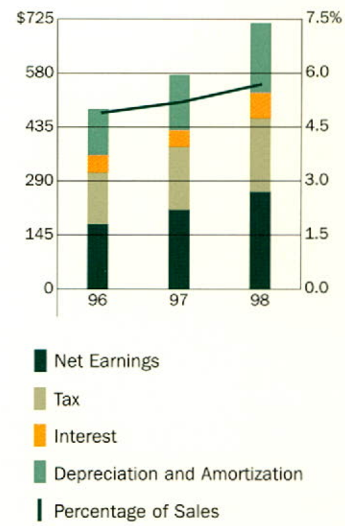
Excluding the recent acquisitions, the $1.5 billion of capital investment over the past three years significantly expanded the store network and strengthened the existing store base through renovation, expansion and replacement of existing stores. Some of these new, larger stores are replacements for older, smaller, less efficient stores that were not able to offer the range of products and services that today's shopper demands. During 1998, 65 new corporate and franchised stores (1997 – 64) were opened and 38 (1997 – 36) underwent major renovation or minor expansion. New stores include major expansions to existing locations which is a consistent definition used by the Food Marketing Institute ("FMI"). Excluding acquisitions, average store size increased 6% in 1998 to 46,300 square feet for corporate stores and 5% to 19,500 square feet for franchised stores, many of which are in smaller cities and towns in rural areas. The store investment activity benefited all banners to varying degrees.

The two fourth quarter acquisitions (Provigo and Agora) added new corporate and franchised stores in Ontario, Quebec and Atlantic Canada. These stores operate under several banners including Provigo, Maxi and Maxi & Co., Loeb, Presto, Linc and IGA. Provigo also supplies independent and affiliated stores in Ontario and Quebec. When compared to the base Loblaw business at year end, these acquisitions increased the number of corporate and franchised stores in the system by 48% and 9.4 million square feet. The average size of the acquired stores was 29,100 square feet for corporate stores and 17,850 square feet for franchised stores. The timing of the acquisitions was such that there was minimal impact to 1998 results; the full year benefit will be realized in 1999.

In 1999, excluding the 1998 acquisitions, the Company plans to open, expand or remodel over 70 corporate and franchised stores throughout Canada with a similar geographic investment pattern to that of the last several years. This will result in an expected net increase of 2 million square feet or an 8% weighted average net increase in the base business resulting in additional sales growth.

Analysis of Trading Profit and Trading Profit as a Percentage of Sales

($ millions)



The Provigo and Agora acquisitions, together with the existing Loblaw network, will result in an expected capital investment in excess of $200 million in the Quebec and Atlantic markets. The Company continues to address issues raised by the Competition Bureau in connection with its review of each of these acquisitions to determine which stores may be divested. A preliminary estimate was made and the results of these stores were excluded from reported sales and earnings in 1998. Appropriate adjustments will be made upon determination of which assets may be divested.

Operating Income

Operating income for the year increased $101 million or 24% to $527 million as compared to $426 million in 1997. Operating margins improved generally throughout the business to 4.2% versus 3.9% in 1997 from continued focus on cost control, rationalization and centralization of similar functions and from higher volumes leveraging off fixed costs. Gross margins improved slightly from a combination of improved product mix (i.e. selling a different mix of products with a proportionately higher margin than prior years even though some individual product margins may have actually decreased versus last year) and reduced product costs. Labour continues to be the most significant cost component outside of product costs and remains an area of focus for the business to ensure cost competitiveness. Some improvements were made in this area in 1997 and 1998 in particular in Loblaws Supermarkets where a store labour restructuring took place in 1997.

Operating income growth in 1999 is expected to be consistent with trends in 1997 and 1998 for the base Loblaw business and the additions of Provigo and Agora late in 1998 will add significantly to results in 1999. The positive impact of synergies as they are realized in 1999 will add incrementally to results.

Interest and Income Taxes

Interest expense increased $24 million (55%) in 1998 following a $2 million decrease in 1997. The increase resulted primarily from an increase in average net borrowing levels. Consolidated net borrowings increased $1.3 billion year-over-year primarily as a result of the $851 million required to finance the purchases of Provigo and Agora and $366 million due to the inclusion of the existing long term debt of Provigo. The positive impact of interest rate derivatives, as discussed in Note 9 to the financial statements, was offset in 1998 by the negative impact of currency derivatives. Higher net average borrowing levels in 1999 from the full year impact of the Provigo and Agora acquisitions, will result in a corresponding increase in the interest expense. Capital investment should be funded, for the most part, from cash flows from operating activities in 1999.

The effective income tax rate decreased in 1998 to 43.1% compared to the 44.2% in 1997 and is expected to decline further in 1999 due to increased Quebec income taxed at a lower effective tax rate.

CAPITAL RESOURCES AND LIQUIDITY

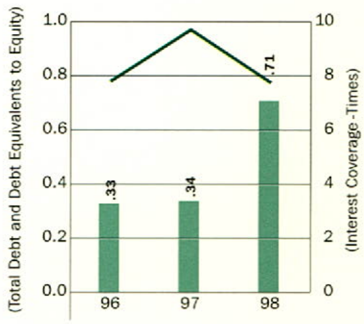
The Company maintained its sound financial position in 1998 while supporting a significant capital investment and acquisition program. This position is expected to continue in 1999. The 1998 total debt and debt equivalents to equity ratio, net of cash, increased to .71:1 from .34:1 in 1997. Debt increased $1.3 billion primarily as a result of the Provigo and Agora acquisitions in the fourth quarter. Shareholders' equity increased $1.1 billion in 1998, mainly from $208 million from earnings retained in the business and $890 million from the issuance of common share equity (28,715,059 shares) as part of the Provigo acquisition. The 1999 ratio is expected to improve slightly and therefore, will be well within the Company's internal guideline of a ratio of less than 1:1. Interest coverage in 1998 of 7.8 times declined from 9.7 times in 1997 mainly as a result of the incremental debt. The 1999 interest coverage is expected to decrease reflecting a full year's interest impact from higher debt levels.

The 1998 capital investment program reached a record high of $599 million. This was an $82 million increase over 1997 reflecting the Company's ongoing commitment to investing for growth across Canada including new stores, expansions and significant remodeling and refurbishing. At year end 1998, projects-in-progress which the Company has effectively committed to complete total approximately $180 million of the 1999 estimated capital investment of $800 million which includes new investment in the Quebec and Atlantic markets.

Cash flows from operating activities increased to $534 million from $426 million in 1997 mainly from improved net earnings and improved working capital management.

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. During 1998, the Company maintained a $500 million commercial paper program which continues to be rated A-1 and R-1 (low) by the Canadian Bond Rating Service (CBRS) and the Dominion Bond Rating Service (DBRS) respectively. During the first quarter of 1999, this commercial paper program was increased to $800 million. The Company's commercial paper program is supported by lines of credit extended by several banks. At year end 1998, these lines of credit totaled $600 million and were increased to $800 million subsequent to year end. Commercial paper is used primarily to finance fluctuations in working capital. In addition, $1.05 billion in committed unsecured loan facilities were available to the Company and its subsidiaries including $800 million obtained by the Company to finance the acquisition of Provigo. Subsequent to year end, $650 million of these committed unsecured loan facilities were cancelled.

Total Debt and Debt Equivalents to Equity and Interest Coverage



Longer term capital resources are provided by direct access to capital markets. The Company has a debt rating of A (High) by CBRS and A (high) by DBRS. During the first quarter of 1998, the Company filed a shelf prospectus to issue up to $500 million of Medium Term Notes (MTN) with maturities of not less than one year. The Company issued $200 million during the first quarter of 1998 and an additional $300 million during the first quarter of 1999. The Company filed another MTN shelf prospectus during the first quarter of 1999. This prospectus enables the Company to issue, prior to February 18, 2001, up to $500 million of additional unsecured debt obligations with maturities of not less than one year. This MTN shelf prospectus is rated the same as the existing unsecured long term debt of the Company. Subsequent to year end, the Company issued $300 million of the new MTN. Proceeds from the $600 million of MTN issued subsequent to year end were used, in part, to repay $472 million of the $800 million Provigo acquisition loan facility. This also had the effect of improving working capital subsequent to year end.

In the third quarter of 1998, the $75 million Series 6, 9 3/4% Debentures and the $16 million First Preferred Shares, Second Series were redeemed.

As part of the acquisition of Provigo, $325 million of debentures and $41 million of capital lease obligations have been included in long term debt and debt equivalents. The credit ratings of these debentures by CBRS and DBRS are A (High) and A (high) respectively.

Financial instruments are used to manage the effective interest rate on total debt including underlying commercial paper and short term investments. The Company maintains treasury centres which operate under Company approved policies and guidelines covering funding, investing, foreign exchange and interest rate management.

The Company expects to meet its 1999 cash requirements through a combination of internally generated funds, its $800 million commercial paper program and by drawing on the $500 million MTN facility.

The 1998 year end weighted average interest rate on fixed rate long term debt (excluding capital lease obligations included in other long term debt and debt equivalents) was 8.4% as compared to 8.8% last year. The MTN issues in both 1997 and 1998 reduced the weighted average interest rate but were partially offset by the higher coupon Provigo debentures. The weighted average term to maturity, measured both on the basis of maturity date and on the earlier of maturity or first retraction date, was 19 years for each at the end of 1998 compared to 21 and 20 years respectively at the end of 1997. The reduction in the term to maturity was due to the short term Provigo debentures which were partially offset by the MTN issues in 1997 and 1998.

Common shareholders' equity reached $2.6 billion in 1998, an increase of $1.1 billion over 1997 mainly from the $208 million of the current year's earnings retained in the business and from the common shares issued valued at $890 million pursuant to the acquisition of Provigo. During 1998, the Company purchased 60,000 of its common shares for $2 million pursuant to a Normal Course Issuer Bid effective for the period March 18, 1998 to March 17, 1999. During the third quarter of 1998, the Company redeemed all of its $20 million First Preferred Shares, First Series. The Company's dividend policy is to declare dividends equal to approximately 20 to 25% of the prior year's normalized net earnings per common share giving consideration to the year end cash flow position, future cash flow requirements and investment opportunities.

Subsequent to year end, the Company has filed a draft notice of intention to purchase on The Toronto Stock Exchange up to 5% of its common shares outstanding pursuant to another Normal Course Issuer Bid. The Company, in accordance with the rules and by-laws of The Toronto Stock Exchange, may purchase its shares at the then market prices of such shares.

Major Cash Flow Components (in millions of dollars)

	1998	Change	1997	Change	1996
Capital investment	**$599**	16%	$517	33%	$389
Business acquisitions	**$941**				
Cash flows from operating activities	**$534**	25%	$426	63%	$262
Cash flows from financing activities	**$802**	438%	$149	157%	$ 58

RISK AND RISK MANAGEMENT

The Company successfully competes in the Canadian food distribution industry. Its operating philosophy is indicative of its long term objectives of security and growth. The Company employs various strategies, which may carry some short term risk, in order to achieve these objectives and to minimize the impact of perceived threats related to competitive erosion and loss of cost advantage. A strategy employed by the Company includes the utilization and refinement of a variety of store formats, store banners and store sizes in order to appeal to the changing demographics of various markets. Developing and operating new departments and services that complement the traditional supermarket allows the Company to compete effectively and efficiently in an evolving market where non-traditional food retailers continue to increase their offering of products typically associated with supermarkets. The Company follows a strategy of enhancing profitability on a 'market-by-market' basis by selecting a store format, store size and store banner that is the best fit for each market. By operating across Canada through corporate stores, franchised and affiliated stores and by servicing independent accounts, the Company has strategically minimized and balanced its exposure to regional and industry economic risk.

The Company maintains a significant portfolio of owned sites and, whenever practical, follows the strategy of purchasing sites for future store locations. This enhances operating flexibility and also allows the Company to benefit from any long term property value appreciation. A significant competitive advantage the Company has developed is its powerful controlled label products such as *President's Choice*, *no name*, *Club Pack*, *G•R•E•E•N*, *"TOO GOOD TO BE TRUE!"* and *EXACT* which enhance customer loyalty by providing overall superior value and provide some protection against national brand pricing strategies.

The Company will enter new markets and will review acquisitions when the opportunities arise. The Company will also exit a particular market and reallocate assets elsewhere when there is a strategic advantage to do so. The success of these strategies depends to a large extent on the financial strength of the Company and the strategic deployment of

the Company's financial resources. The Company maintains a strong balance sheet in order to minimize its vulnerability to short term earnings pressure and to provide a stable base for long term growth.

Low cost, non-union competitors are a threat to the Company's cost structure. The Company is willing to accept the short term costs of labour disruption in order to achieve competitive labour costs for the longer term which helps to ensure long term sustainable sales and earnings growth. In 1999, 78 labour agreements affecting approximately 6,000 employees will be negotiated with the single largest agreement covering 500 employees. Management's objective is to continue to negotiate longer term contracts to provide a more stable labour environment. The Company has good relations with its employees and unions and, although possible, no labour disruption is anticipated.

The Company self-insures its own risks to an appropriate level and limits its exposure through the purchase of excess insurance from financially stable insurance companies. The Company has comprehensive loss prevention programs in place and actively manages its claims handling and litigation processes to reduce the risk it retains.

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

Environmental committees throughout the Company meet regularly to monitor and enforce the maintenance of responsible business operations. This includes conducting environmental audits of warehouses, stores, equipment and gas stations and implementing packaging, waste reduction and recycling programs.

YEAR 2000

The Company has been addressing the year 2000 challenge for several years. Efficient operations of the Company are highly dependent upon systems to capture and process information that is date sensitive. This dependence includes exposure resulting from electronic and other interaction with third party customers, suppliers, financial institutions and national and community infrastructure systems. Reducing the risk of any adverse impact of the year 2000 is progressing on internal systems and, through a program of correspondence and other monitoring, assessing the readiness of business partners upon which the Company relies.

Through a centrally coordinated program, the Company believes it has identified all significant applications that require modification to ensure year 2000 compliance. Approximately 90% of the systems in use have been made compliant and it is anticipated that remaining modifications will be complete by mid-1999 which is prior to any anticipated impact on operations. Testing and contingency planning have commenced and will continue through 1999.

Systems development to modernize and enhance systems is an on-going investment process in the Company. This development investment had the added benefit, in many instances, of ensuring year 2000 compliance. Approximately $75 million has been spent over the past three years on systems development, of which year 2000 compliance was a significant component. It is not possible to specifically identify which portion of these costs were for year 2000 compliance. Approximately 68% of the total development costs were capitalized to be depreciated over three years in accordance with Company policy; the remaining portion was expensed as incurred. It is expected that the remaining expenditures to be incurred in 1999 to substantially complete year 2000 compliance will not be significant and will be expensed by the Company.

The Company believes that its project plan adequately addresses the risks posed by the year 2000 issue, however it is unable to determine at this time whether the year 2000 issue will have a material and adverse impact on operations, earnings and financial condition.

OUTLOOK

The outlook for 1999 is for growth to exceed that of the past few years from continued strong growth in the base Loblaw business throughout Canada together with the positive impact of the Provigo and Agora businesses.

MANAGEMENT'S STATEMENT OF RESPONSIBILITY

Management is responsible for the preparation and presentation of the consolidated financial statements and all other information in the Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgements and estimates necessary to prepare financial statements in accordance with Canadian 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 LLP, 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 shareholders' auditors for appointment by the shareholders. It meets regularly with financial management, internal auditors and independent shareholders' 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
Toronto, Canada March 4, 1999

D G Reid

Donald G. Reid
Executive Vice President

Stephen A. Smith

Stephen A. Smith
Senior Vice President, Controller

AUDITORS' REPORT

To the Shareholders of Loblaw Companies Limited:

We have audited the consolidated balance sheets of Loblaw Companies Limited as at January 2, 1999, January 3, 1998 and December 28, 1996 and the consolidated statements of earnings, retained earnings and cash flow for the 52, 53, and 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 2, 1999, January 3, 1998 and December 28, 1996 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 LLP

Chartered Accountants
Toronto, Canada March 4, 1999

CONSOLIDATED STATEMENTS OF EARNINGS

52 Weeks Ended January 2, 1999 (in millions of dollars)		1998 (52 Weeks)	1997 (53 Weeks)	1996 (52 Weeks)
SALES		**$12,497**	$11,008	$9,848
OPERATING EXPENSES	Cost of sales, selling and administrative expenses	**11,785**	10,435	9,367
	Depreciation and amortization	**185**	147	122
		11,970	10,582	9,489
OPERATING INCOME		**527**	426	359
Interest Expense (Income)	Long term	**96**	78	67
	Short term	**(28)**	(34)	(21)
		68	44	46
EARNINGS BEFORE INCOME TAXES		**459**	382	313
Income Taxes (note 3)		**198**	169	139
NET EARNINGS FOR THE PERIOD		**$ 261**	$ 213	$ 174
NET EARNINGS PER COMMON SHARE (in dollars)		**$ 1.06**	$ .88	$ .72

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

52 Weeks Ended January 2, 1999 (in millions of dollars)		1998 (52 Weeks)	1997 (53 Weeks)	1996 (52 Weeks)
RETAINED EARNINGS, BEGINNING OF PERIOD		**$ 1,221**	$ 1,046	$ 902
	Net earnings for the period	**261**	213	174
	Premium on common shares purchased for cancellation (note 8)	**(2)**		
		1,480	1,259	1,076
	Dividends declared			
	Preferred shares	**1**	1	1
	Common shares, per share – 20¢ (1997 – 15¢, 1996 – 12¢)	**50**	37	29
		51	38	30
RETAINED EARNINGS, END OF PERIOD		**$ 1,429**	$ 1,221	$1,046

See accompanying notes to consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As at January 2, 1999
(in millions of dollars)

		1998	1997	1996
ASSETS				
Current Assets	Cash and short term investments (note 4)	**$ 672**	$ 776	$ 720
	Accounts receivable	**345**	150	158
	Inventories	**1,141**	707	659
	Prepaid expenses and other assets	**84**	48	16
	Taxes recoverable	**7**		
		2,249	1,681	1,553
Franchise Investments and Other Receivables		**134**	113	113
Fixed Assets (note 5)		**3,194**	2,093	1,738
Goodwill (note 2)		**1,363**	38	40
Other Assets		**165**	88	87
		$7,105	$4,013	$3,531
LIABILITIES				
Current Liabilities	Bank indebtedness and commercial paper (note 4)	**$ 366**	$ 362	$ 413
	Accounts payable and accrued liabilities	**1,806**	1,084	938
	Taxes payable		21	40
	Short term bank loans (note 2)	**770**		
	Long term debt and debt equivalents due within one year (note 7)	**14**	12	8
		2,956	1,479	1,399
Long Term Debt and Debt Equivalents (note 7)		**1,364**	915	734
Other Liabilities		**68**	47	30
Deferred Income Taxes		**122**	77	57
		4,510	2,518	2,220
SHAREHOLDERS' EQUITY				
Share Capital (note 8)		**1,166**	274	265
Retained Earnings		**1,429**	1,221	1,046
		2,595	1,495	1,311
		$7,105	$4,013	$3,531

See accompanying notes to consolidated financial statements.

Approved by the Board

W. Galen Weston

W. Galen Weston
Director

Richard J. Currie

Richard J. Currie
Director

CONSOLIDATED CASH FLOW STATEMENTS

52 Weeks Ended January 2, 1999 (in millions of dollars)		**1998 (52 Weeks)**	1997 (53 Weeks)	1996 (52 Weeks)
OPERATIONS	Net earnings	**$ 261**	$ 213	$ 174
	Depreciation and amortization	**185**	147	122
	Gain on fixed asset sales	**(3)**	(8)	(5)
	Deferred income taxes	**26**	15	12
		469	367	303
	Changes in non-cash working capital	**65**	59	(41)
Cash Flows from Operating Activities		**534**	426	262
INVESTMENT	Fixed asset purchases	**(599)**	(517)	(389)
	Proceeds from fixed asset sales	**17**	25	25
	Business acquisitions (note 2)	**(941)**		
	Decrease (increase) in franchise investments and other receivables	**13**		(19)
	Net decrease (increase) in other items	**66**	24	(11)
Cash Flows used in Investing Activities		**(1,444)**	(468)	(394)
FINANCING	Short term bank loans (note 2)	**767**		
	Long term debt and debt equivalents (note 7)			
	– Issued	**200**	200	100
	– Retired	**(114)**	(15)	(27)
	Share capital (note 8)			
	– Issued	**22**	9	8
	– Retired	**(22)**		(1)
	Dividends	**(51)**	(45)	(22)
Cash Flows from Financing Activities		**802**	149	58
(Decrease) Increase in Cash		**(108)**	107	(74)
Cash at Beginning of Period		**414**	307	381
Cash at End of Period		**$ 306**	$ 414	$ 307
Other cash flow information:				
Net interest paid		**$ 70**	$ 47	$ 50
Net income taxes paid		**$ 186**	$ 160	$ 143

Cash is defined as cash and short term investments net of bank indebtedness and commercial paper.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

52 Weeks Ended January 2, 1999
(in millions of dollars except Share Capital)

1. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

BASIS OF CONSOLIDATION The consolidated financial statements include the accounts of the Company and its subsidiaries. The Company's effective interest in the voting equity share capital of its principal subsidiaries is 100%.

REVENUE RECOGNITION Sales include revenues to consumers through corporate stores operated by the Company and sales to and service fees from franchised and affiliated stores and independent accounts but exclude inter-company sales.

CASH OFFSETTING Cash balances, for which the Company has the ability to and intent of offset, are used to reduce reported bank indebtedness and commercial paper.

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. Cost is determined substantially using the first-in, first-out method.

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 25 to 40 years for buildings and 3 to 8 years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of the applicable useful life and term of the lease.

GOODWILL Goodwill represents the excess of the purchase price of the business acquired over the fair value of the underlying net tangible assets acquired. Goodwill is being amortized on a straight line basis over the estimated life of the benefit determined for each acquisition. The weighted average remaining amortization period is 39 years. Goodwill arising on the Provigo Inc. ("Provigo") acquisition has not yet been finalized and once determined, any adjustments may affect the average remaining amortization period. Any permanent impairment in value, based on projected future earnings, is written off against net earnings.

TRANSLATION OF FOREIGN CURRENCIES Assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at each period end date. The resulting exchange gains or losses are included in the current period's net earnings. Revenues and expenses denominated in foreign currencies are translated at the average exchange rates for the period.

FINANCIAL INSTRUMENTS The Company uses interest rate derivatives and currency derivatives to manage its exposure to fluctuations in exchange rates and interest rates. The income or expense arising from these instruments is included in interest expense. Unrealized gains or losses on currency derivatives are offset by unrealized gains or losses on the United States dollar net assets. The net exchange difference is recorded in the income statement.

POST RETIREMENT BENEFITS AND PENSIONS The cost of post retirement health, insurance and other benefits, excluding pensions, is expensed when paid. Defined benefit pension expense is accrued as earned.

USE OF ESTIMATES The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future.

2. Business Acquisitions

i) On December 10, 1998, the Company purchased 98% of the common shares of Provigo, pursuant to which the Company issued 28,715,059 common shares and paid $771 in cash in addition to $89 of net bank indebtedness assumed on acquisition. The cash consideration was financed by way of a 364 day unsecured credit facility. Subsequent to period end, the Company purchased the remaining 2% of Provigo's common shares by issuing an additional 525,841 Loblaw common shares and paying $14 in cash for total cash paid and share consideration of $1.7 billion.

This acquisition was accounted for using the purchase method. The acquisition date was so close to period end that a final net asset fair value allocation was not possible. As a result, the Company has recorded the assets and liabilities acquired at their net book value creating an excess purchase price of approximately $1.2 billion. The purchase price allocation will be finalized in 1999. Since December 10, 1998, 100% of Provigo's results of operations have been included in the Company's consolidated financial statements net of the results of certain Provigo assets which may be sold in 1999.

ii) On November 30, 1998, the Company purchased Agora Foods, the Atlantic Canada food distribution operations of Oshawa Foods, for cash paid of $81 resulting in goodwill of $49. This acquisition was accounted for using the purchase method. The assets acquired and the liabilities assumed have been adjusted to fair value and the results of operations have been included in these financial statements from the date of acquisition.

The goodwill arising on these transactions is being amortized over 40 years.

The Company continues to address issues raised by the Competition Bureau in connection with its review of each of these acquisitions to determine which stores may be divested. A preliminary estimate was made and the results of these stores were excluded from reported sales and earnings in 1998. Appropriate adjustments will be made upon determination of which assets may be divested. Any gain or loss on the potential disposition will be reflected as an adjustment to the original purchase price allocation.

Details of the total consideration paid and of the net assets acquired at assigned values are summarized below:

	As at Each Acquisition Date		
(in millions of dollars)	Provigo	Agora Foods	Total
Assets other than fixed assets (including Provigo net bank indebtedness of $89 and goodwill of $43)	$ 632	$ 52	$ 684
Fixed assets	676	28	704
Liabilities (including Provigo long term debt)	(869)	(48)	(917)
Net assets acquired	$ 439	$ 32	$ 471
Excess purchase price	1,236	49	1,285
	$1,675	$ 81	$1,756
Less non-cash consideration:			
Common shares issued	(890)		(890)
Acquisition costs	(14)		(14)
Cash paid	$ 771	$ 81	$ 852
Bank indebtedness assumed	89		89
Cash consideration	$ 860	$ 81	$ 941

3. Income Taxes

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

	1998	1997	1996
Combined basic Canadian federal and provincial income tax rate	**44.5%**	44.5%	44.2%
Net impact of operating in countries with lower effective tax rates	**(.7)**	(.6)	(.3)
Other	**(.7)**	.3	.6
	43.1%	44.2%	44.5%

4. Cash and Short Term Investments

Cash and short term investments and the Company's commercial paper program form an integral part of the Company's cash management. The Company has $672 (1997 – $773, 1996 – $717) in cash and short term investments held by its wholly owned non-Canadian subsidiaries which are carried at the lower of cost or quoted market value. Short term investments consist primarily of United States government securities, commercial paper, bank deposits and repurchase agreements. The $33 (1997 – $41, 1996 – $37) income from these investments is included as a reduction of the short term interest expense.

At period end 1998, the Company has a net loan payable to George Weston Limited, the Company's majority shareholder, of $24 included in bank indebtedness and commercial paper as compared to a loan receivable of $214 ($150 U.S.) in 1997. In 1997, the loan receivable was included in cash and short term investments. Interest was set at market rates and is included in the short term interest expense.

5. Fixed Assets

			1998			1997	1996
	Cost	**Accumulated Depreciation**	**Net Book Value**	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Properties held for development	**$ 160**		**$ 160**	$ 93		$ 93	$ 126
Land	**641**		**641**	486		486	380
Buildings	**1,484**	**$ 289**	**1,195**	1,148	$ 267	881	761
Equipment and fixtures	**1,557**	**736**	**821**	1,057	637	420	324
Leasehold improvements	**461**	**124**	**337**	315	117	198	127
	4,303	**1,149**	**3,154**	3,099	1,021	2,078	1,718
Capital leases – buildings and equipment	**86**	**46**	**40**	56	41	15	20
	$4,389	**$1,195**	**$3,194**	$3,155	$1,062	$2,093	$1,738

Interest capitalized to fixed assets during the period is $13 (1997 – $11, 1996 – $6).

6. Pensions

The Company maintains defined benefit pension plans. Current actuarial estimates indicate that the Company's registered defined benefit pension plans have a present value of accrued pension benefits of $544 (1997 – $472, 1996 – $449) and a market-related value of pension fund assets of $679 (1997 – $547, 1996 – $498). As at January 2, 1999, prepaid pension costs of $97 (1997 – $79, 1996 – $78) relating to these plans are included in other assets.

7. Long Term Debt and Debt Equivalents

	1998	1997	1996
Loblaw Companies Limited Debentures			
Series 5, 10%, due 2006, retractable annually commencing 1996, *redeemable in 2001*	**$ 50**	$ 50	$ 50
Series 6, 9.75%, redeemed in 1998		75	75
Series 8, 10%, due 2007, redeemable in 2002	**61**	61	61
Provigo Inc. Debentures			
Series 1991, 11.25%, due 2001	**100**		
Series 1996, 8.7%, due 2006	**125**		
Series 1997, 6.35%, due 2004	**100**		
Loblaw Companies Limited Notes			
11.4%, due 2031	**166**	169	172
8.75%, due 2033	**200**	200	200
7.34%, due 2001	**100**	100	100
5.39% to 2000 and 7.91% thereafter, due 2007, redeemable in 2000	**100**	100	
6.65%, due 2027	**100**	100	
6.45%, due 2028	**200**		
Other at a weighted average interest rate of 11.1%, due 1999 to 2033	**76**	56	67
Long term debt	**1,378**	911	725
Debt equivalents, redeemed in 1998		16	17
Total long term debt and debt equivalents	**1,378**	927	742
Less due within one year	**14**	12	8
	$1,364	$915	$734

The five year schedule of repayment of long term debt based on the earlier of maturity or first retraction date, excluding the Series 5 debentures which may be renewed depending on market conditions at the time of renewal, is as follows: 1999 – $14; 2000 – $13; 2001 – $204; 2002 – $2; 2003 – $2.

DEBENTURES The interest rate on the Series 5 debentures was reset in 1998 at 10%. Current intentions are to reset the interest rate on the Series 5 debentures in 1999 to encourage renewal. Accordingly, the Series 5 debentures are excluded from the amount due within one year. The inclusion of the Series 1991, 1996 and 1997 debentures is a result of the Company's acquisition of Provigo.

DEBT EQUIVALENTS (in dollars) First preferred shares, second series (authorized – 1,000,000) – $3.70 cumulative dividend redeemable at $70 each. On September 30, 1998, these shares were redeemed according to their terms at $70 each.

Subsequent to period end, the Company issued $600 of Notes with interest rates ranging from 5.75% to 6.5% and maturity dates from 2009 to 2039.

8. Share Capital

	Number of shares issued			Capital stock (in millions of dollars)		
	1998	1997	1996	**1998**	1997	1996
First preferred shares, first series		410,852	410,852		$ 20	$ 20
Common shares issued	**274,423,338**	242,780,858	241,341,158	**$1,166**	254	245
Total capital stock				**$1,166**	$274	$265
Weighted average common shares	**246,571,823**	242,033,135	240,630,561			

SHARE DESCRIPTION (in dollars)

First preferred shares, first series (authorized – 1,000,000) – $2.40 cumulative dividend redeemable at $50 each. On September 30, 1998, these shares were redeemed according to their terms at $50 each.

Common shares (authorized – unlimited). Pursuant to the 1998 fourth quarter acquisition of Provigo, the Company issued 28,715,059 common shares valued at $890 million (see Note 2). In 1998, the Company issued 2,987,421 common shares (1997 – 1,439,700, 1996 – 1,221,320) for cash consideration of $22 million (1997 – $9 million, 1996 – $8 million) on exercise of employee stock options.

At period end, there were outstanding stock options, which were granted at the market price on the day preceding the grant, to purchase 4,452,882 (1997 – 6,656,965, 1996 – 7,216,450) common shares at prices ranging from $6.125 to $24.50 with a weighted average price of $13.542 (1997 – $8.491, 1996 – $7.029). Options expire on dates ranging from December 14, 1999 to January 30, 2005. The exercise of the stock options would not materially dilute net earnings per common share.

During 1998, the Company purchased 60,000 of its common shares for $2 million pursuant to a Normal Course Issuer Bid effective for the period March 18, 1998 to March 17, 1999.

In addition, subsequent to period end, the Company has filed a draft notice of intention to purchase on The Toronto Stock Exchange up to 5% of its common shares outstanding pursuant to another Normal Course Issuer Bid. The Company, in accordance with the rules and by-laws of The Toronto Stock Exchange, may purchase its shares at the then market prices of such shares.

9. Financial Instruments

CURRENCY DERIVATIVES The Company has entered into currency derivatives to exchange an amount of $782 Canadian dollar debt for United States dollar debt. The derivatives are a hedge against exchange rate fluctuations on United States dollar net assets, principally short term investments. The derivatives mature as follows: 1999 – $7; 2000 – $119; 2001 – $85; 2002 – $90 and thereafter to 2007 – $481. Currency adjustments receivable or payable arising from the derivatives may be settled in cash on maturity or the term may be extended. As at January 2, 1999, a currency adjustment of $58 (1997 – $38, 1996 – $8) was included in other liabilities.

INTEREST RATE DERIVATIVES The Company has entered into interest rate derivative agreements converting a net notional $252 of 6.1% fixed rate debt into floating rate debt. The net maturities are as follows: 1999 – $45; 2000 – $177; 2002 – $6 and thereafter to 2004 – $24.

COUNTERPARTY RISK Changes in the underlying exchange rates and interest rates of the Company's currency and interest rate derivatives will result in market gains and losses. Furthermore, the Company may be exposed to losses should any counterparty to its derivative contracts fail to fulfill its obligations. The Company has sought to minimize potential counterparty losses by transacting with counterparties that have a minimum A rating and placing risk adjusted limits on its exposure to any single counterparty. The Company has implemented internal policies, controls and reporting processes permitting ongoing assessment and corrective action respecting its derivatives activity. In addition, principal amounts on currency derivatives are netted by agreement and there is no exposure to loss of the notional principal amounts on the interest rate derivatives.

FAIR VALUE OF FINANCIAL INSTRUMENTS The fair value of a financial instrument is the estimated amount that the Company would receive or pay to terminate the contracts at the reporting date. The following methods and assumptions were used to estimate the fair value of each type of financial instrument by reference to various market value data and other valuation techniques as appropriate.

The fair values of cash, short term investments, accounts receivable, bank indebtedness, commercial paper, accounts payable, accrued liabilities, taxes payable/recoverable and short term bank loans approximate their carrying values given their short term maturities.

The fair values of long term debt issues are estimated based on the discounted cash payments of the debt at the Company's estimated incremental borrowing rates for debt of the same remaining maturities.

The fair values of the Company's debt equivalents are estimated based on market quotes or the last trade closest to the reporting date.

The fair values of interest rate derivatives are estimated by discounting cash payments of the derivatives at market derivative rates for derivatives of the same remaining maturities.

		1998		1997		1996
	Carrying Value	**Estimated Fair Value**	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long term debt and debt equivalents	**$1,378**	**$1,599**	$927	$1,098	$742	$898
Interest rate derivatives net asset		**$ 3**		$ 7		$ 18

10. Other Information

SEGMENTED INFORMATION The Company's only reportable operating segment is food distribution. All sales to external parties are generated in Canada and all fixed assets and goodwill are attributable to Canadian operations.

CONTINGENT LIABILITIES AND COMMITMENTS The Company and its subsidiaries are involved in various claims and litigation arising out of the ordinary course and conduct of its business. Although such matters cannot be predicted with certainty, management does not consider the Company's exposure to such litigation to be material to these financial statements.

Commitments for net operating lease payments total $1.7 billion ($1.9 billion gross net of $204 of expected sub-lease income). Net payments for each of the next five years and thereafter are as follows: 1999 – $186; 2000 – $166; 2001 – $144; 2002 – $135; 2003 – $131 and thereafter to 2056 – $904. Gross rentals under leases assigned at the time of sale of United States divisions for which the Company is contingently liable amount to $105.

In connection with the purchase of Provigo, the Company has committed to support Quebec small business and farming communities as follows: for a period of seven years from closing and, subject to business dispositions, the aggregate amount of goods and services purchased from Quebec suppliers in the ordinary course of business will not fall below those of 1998.

YEAR 2000 UNCERTAINTY The year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the year 2000 issue may be experienced before, on or after January 1, 2000 and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the year 2000 issue affecting the Company, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

RELATED PARTY TRANSACTIONS 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. Total purchases from related companies represent about 4% of cost of sales, selling and administrative expenses.

Pursuant to an investment management agreement, the Company, through a wholly owned non-Canadian subsidiary, manages certain United States cash and short term investments on behalf of wholly owned non-Canadian subsidiaries of George Weston Limited. Management fees are based on market rates and have been included in interest income.

During the year, the Company sold its investment in a subsidiary to George Weston Limited at fair value resulting in inter-company investment holdings. There is no financial statement impact to either company. In addition, the Company sold its investment in another subsidiary to George Weston Limited for fair value.

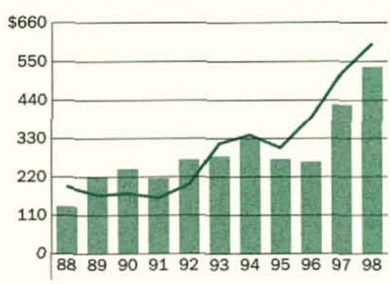
(in millions of dollars)	**1998**	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
SALES AND EARNINGS											
Sales	**12,497**	11,008	9,848	9,854	10,000	9,356	9,262	8,533	8,417	7,934	8,308
Trading profit (EBITDA)	**712**	573	481	449	410	326	313	328	324	295	260
Depreciation and amortization	**185**	147	122	129	138	126	120	109	109	104	100
Operating income (EBIT)	**527**	426	359	320	272	200	193	219	215	191	160
Interest expense	**68**	44	46	54	63	54	62	63	71	91	84
Income taxes	**198**	169	139	124	83	56	45	57	55	39	19
Net earnings	**261**	213	174	147	126	90	76	99	89	59	16
FINANCIAL POSITION											
Working capital	**(707)**	202	154	179	29	148	145	262	50	34	80
Fixed assets	**3,194**	2,093	1,738	1,491	1,603	1,414	1,231	1,115	1,078	1,044	1,052
Total assets	**7,105**	4,013	3,531	3,197	3,042	2,743	2,504	2,362	2,282	2,040	2,004
Total debt and debt equivalents (cash offset)	**1,842**	513	435	287	525	506	426	397	536	619	749
Total shareholders' equity	**2,595**	1,495	1,311	1,160	1,105	985	916	884	718	652	501
CASH FLOW											
Cash flows from operating activities	**534**	426	262	270	328	279	269	215	242	220	135
Capital investment	**599**	517	389	302	339	315	198	159	171	166	192
(Decrease) increase in cash	**(108)**	107	(74)	165	(56)	64	(45)	222	15	56	29

(1) Ratios are computed as follows:
Return on average total assets – operating income (EBIT) divided by average total assets excluding cash and short term investments.
Return on average common equity – net 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.
Total debt and debt equivalents to equity – total debt and debt equivalents less cash and short term investments divided by total shareholders' equity.

(2) Cash flows from operating activities per common share is after preferred dividends.

Cash Flow Components

($ millions)

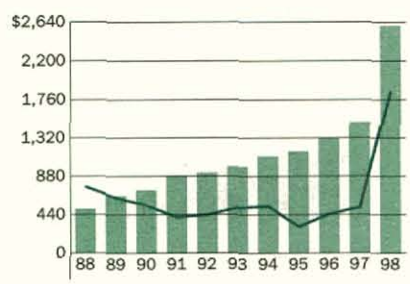


Cash Flows from Operating Activities

Capital Investment

Capital Structure

($ millions)



Total Shareholders' Equity

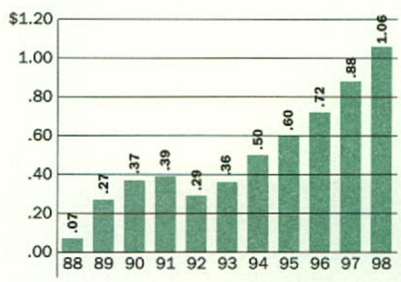
Total Debt and Debt Equivalents
(cash offset)

ELEVEN YEAR SUMMARY

	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989	1988
Per Common Share (in dollars)											
Net earnings	**1.06**	.88	.72	.60	.50	.36	.29	.39	.37	.27	.07
Dividend rate – year end	**.20**	.16	.12	.12	.09	.08	.08	.08	.07	.07	.07
Cash flows from operating activities (2)	**2.16**	1.76	1.08	1.12	1.35	1.15	1.11	.90	1.07	1.01	.62
Capital investment	**2.43**	2.14	1.62	1.25	1.41	1.34	.83	.70	.79	.77	.90
Book value	**9.46**	6.08	5.35	4.74	4.27	3.79	3.52	3.17	2.66	2.37	2.21
Market value – year end	**37.40**	26.00	14.25	10.29	7.96	7.63	6.50	5.75	6.13	4.83	3.50
Financial Ratios											
Returns on sales (%)											
Trading profit (EBITDA)	**5.7**	5.2	4.9	4.6	4.1	3.5	3.4	3.8	3.8	3.7	3.1
Operating income (EBIT)	**4.2**	3.9	3.6	3.2	2.7	2.1	2.1	2.6	2.5	2.4	1.9
Net earnings	**2.1**	1.9	1.8	1.5	1.3	1.0	.8	1.2	1.1	.7	.2
Return on average total assets (%) (1)	**10.9**	14.1	13.5	12.2	10.5	8.4	8.8	10.5	10.5	9.6	7.7
Return on average common equity (%) (1)	**12.8**	15.3	14.2	13.4	12.5	9.7	8.8	13.4	14.6	11.7	5.9
Interest coverage on total debt and debt equivalents	**7.8**	9.7	7.9	6.0	4.3	3.7	3.1	3.5	3.0	2.1	1.9
Total debt and debt equivalents to equity (1)	**.71**	.34	.33	.25	.48	.51	.46	.45	.75	.95	1.49
Cash flows from operating activities to total debt and debt equivalents (cash offset)	**.29**	.83	.60	.94	.62	.58	.63	.54	.45	.35	.19
Price/earnings ratio – year end	**35.3**	29.6	19.8	17.2	15.9	21.2	22.4	14.7	16.6	17.9	50.0
Market/book ratio – year end	**4.0**	4.3	2.7	2.2	1.9	2.0	1.9	1.8	2.3	2.0	1.6

Net Earnings Per Common Share

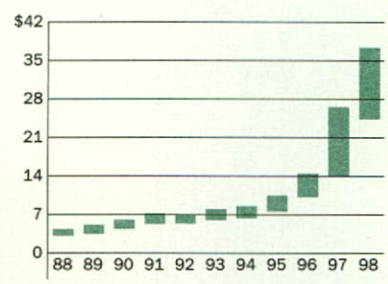
(in dollars)



Net Earnings per Common Share

Common Share Market Value Range

(in dollars)



Market Value per Common Share

RESULTS BY QUARTER

(in millions of dollars)		1998 (52 weeks)	1997 (53 weeks)	1996 (52 weeks)
SALES	1st Quarter	**$ 2,579**	$ 2,287	$2,096
	2nd Quarter	**2,824**	2,497	2,298
	3rd Quarter	**3,764**	3,386	3,070
	4th Quarter	**3,330**	2,838	2,384
		$12,497	$11,008	$9,848
OPERATING INCOME	1st Quarter	**$ 91**	$ 74	$ 61
	2nd Quarter	**112**	92	82
	3rd Quarter	**137**	113	99
	4th Quarter	**187**	147	117
		$ 527	$ 426	$ 359
INTEREST EXPENSE	1st Quarter	**$ 13**	$ 10	$ 11
	2nd Quarter	**14**	8	8
	3rd Quarter	**20**	13	16
	4th Quarter	**21**	13	11
		$ 68	$ 44	$ 46
NET EARNINGS	1st Quarter	**$ 43**	$ 36	$ 28
	2nd Quarter	**56**	46	40
	3rd Quarter	**67**	56	45
	4th Quarter	**95**	75	61
		$ 261	$ 213	$ 174
NET EARNINGS PER COMMON SHARE (in dollars)				
	1st Quarter	**$ .18**	$ .15	$ .12
	2nd Quarter	**.23**	.19	.16
	3rd Quarter	**.27**	.23	.19
	4th Quarter	**.38**	.31	.25
		$ 1.06	$ .88	$ .72
CAPITAL INVESTMENT	1st Quarter	**$ 118**	$ 64	$ 41
	2nd Quarter	**121**	97	48
	3rd Quarter	**171**	197	159
	4th Quarter	**189**	159	141
		$ 599	$ 517	$ 389

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 following are some examples of our community involvement in 1998:

Imagine
A Caring Company

CALGARY INTERNATIONAL CHILDREN'S FESTIVAL
Sponsorship for the festival which is committed to the presentation of performing arts for children.

CALGARY SPRUCE MEADOWS
Supporting the sport of show jumping in the foothills of the Canadian Rockies.

CAMP TRILLIUM
Supporting a childhood cancer support centre that provides programs that promote healing through fun, laughter, play and friendship.

CANADA BLOOMS HORTICULTURAL SOCIETY
Sponsorship of the Toronto Flower and Garden Show.

CANADIAN OLYMPIC FOUNDATION
Loblaw, through its majority shareholder, George Weston Limited, is a proud member of the Canadian Olympic Athlete Fund Founders Circle.

CANADIAN RED CROSS
Helping people deal with situations that threaten their survival and safety, their security and well-being and their human dignity.

THE CANADIAN STAGE COMPANY
Sponsorship for the Canadian Stage Company.

COVENANT HOUSE TORONTO
Providing shelter for youth, emergency shelter, crisis centre, outreach services, health care, community support and run-away prevention centre.

FOOD BANKS
Supporting non-profit organizations that procure, warehouse and distribute food to member social service agencies.

ICE STORM FOOD CHARITIES
Providing support for families affected by the 1998 ice storm in Quebec.

JUNIOR ACHIEVEMENT
Bringing business and economic education to thousands of young people in communities across Canada.

METRO TORONTO ZOO
Actively fostering the conservation of endangered species in the wild, supporting research and increasing animal awareness.

MULTIPLE SCLEROSIS SOCIETY CANADA
Providing supportive counselling, recreational programs and referrals for individuals and families coping with multiple sclerosis.

PARK-EXTENSION YOUTH ORGANIZATION
Supporting artists' creation of a mural for Loblaw Quebec Gare Jean-Talon store.

PROACTION (TORONTO)
Providing funding for over 220 projects including Student Crime Stoppers and Metro Cops and Kids.

SAINT JOHN REGIONAL HOSPITAL
Supporting "Caring for Health Care", an initiative of the hospital.

TORONTO REHABILITATION INSTITUTE
Providing a comprehensive array of both inpatient and outpatient rehabilitation services for individuals who experience disabling illnesses and/or injuries.

UNITED WAY
Helping to promote the organized capacity of people to care for one another.

YONGE STREET MISSION
Supporting the "Hopeworks" capital campaign.

The W. Garfield Weston Foundation, a private Canadian foundation associated with the Company, is now directing its funds primarily to education and the environment. The Foundation's major current initiatives are focused in the areas of scholarships, in partnership with the Canadian Merit Scholarship Foundation, and land conservation, through The Nature Conservancy of Canada.

CORPORATE DIRECTORY

DIRECTORS

W. GALEN WESTON, O.C., B.A., LL.D. [2]
CHAIRMAN AND DIRECTOR,
LOBLAW COMPANIES LIMITED
GEORGE WESTON LIMITED
CHAIRMAN,
WITTINGTON INVESTMENTS, LIMITED
HOLT, RENFREW & CO., LIMITED
BROWN THOMAS GROUP LIMITED
THE WINDSOR CLUB
PRESIDENT,
THE W. GARFIELD WESTON FOUNDATION
DIRECTOR,
ASSOCIATED BRITISH FOODS PLC
CANADIAN IMPERIAL BANK OF COMMERCE
FORTNUM & MASON PLC
UNITED WORLD COLLEGES

RICHARD J. CURRIE, C.M., M.B.A., LL.D., P.ENG. [2]
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GEORGE WESTON LIMITED
DIRECTOR,
IMPERIAL OIL LIMITED
BCE INC.
BELL CANADA
NORTHERN TELECOM LIMITED

CAMILLA H. DALGLISH, B.A. [4,5]
CORPORATE DIRECTOR,
DIRECTOR,
THE W. GARFIELD WESTON FOUNDATION
FORTNUM & MASON PLC
PAST PRESIDENT,
CIVIC GARDEN CENTRE
FORMER MEMBER OF THE BOARD OF DIRECTORS,
ROYAL BOTANICAL GARDENS

ROBERT J. DART, B.COMM., F.C.A. [1,3]
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WITTINGTON INVESTMENTS, LIMITED
FORMER SENIOR TAX PARTNER,
PRICE WATERHOUSE CANADA
DIRECTOR,
HOLT, RENFREW & CO., LIMITED
BROWN THOMAS GROUP LIMITED
GEORGE WESTON LIMITED

SHELDON V. DURTSCHE, C.P.A. [1,4]
CORPORATE DIRECTOR,
FORMER CHAIRMAN,
NATIONAL TEA CO.

ANTHONY R. GRAHAM
SENIOR EXECUTIVE VICE-PRESIDENT
AND MANAGING DIRECTOR,
LEVESQUE BEAUBIEN GEOFFRION INC.
DIRECTOR,
GEORGE WESTON LIMITED
PRESIDENT'S CHOICE FINANCIAL
TRUST COMPANY
WITTINGTON INVESTMENTS, LIMITED
GRAYMONT LIMITED
POWER BROADCASTING INC.
SCOTT'S RESTAURANTS INC.

PIERRE MICHAUD
CHAIRMAN AND DIRECTOR,
PROVIGO INC.
RÉNO-DÉPOT INC.
DIRECTOR,
CAPITAL D'AMÉRIQUE
LAURENTIAN BANK OF CANADA
CASTORAMA S.A. (FRANCE)
CANADA PENSION PLAN
INVESTMENT BOARD
OLD PORT OF MONTRÉAL CORPORATION INC.

G. JOSEPH REDDINGTON, B.A., J.D. [2,3]
CHAIRMAN AND CHIEF EXECUTIVE OFFICER,
BREUNERS HOME FURNISHINGS CORP.
FORMER CHAIRMAN AND CEO,
THE SIGNATURE GROUP
FORMER PRESIDENT AND CEO,
SEARS CANADA
DIRECTOR,
TRANS WORLD AIRLINES

T. IAIN RONALD, M.B.A., B.LAW., F.C.A. [1,5]
CORPORATE DIRECTOR,
CHAIRMAN,
TRANSALTA POWER LTD. AND
TRANSALTA COGENERATION LTD.,
FORMER VICE CHAIRMAN,
CANADIAN IMPERIAL BANK OF COMMERCE
GROUP OF COMPANIES
DIRECTOR,
THE CANADA LIFE ASSURANCE COMPANY
CAMBRIDGE SHOPPING CENTRES LIMITED
NORTH WEST COMPANY INC.
WITTINGTON INVESTMENTS, LIMITED
PRESIDENT'S CHOICE FINANCIAL
TRUST COMPANY

JOSEPH H. WRIGHT, B.A. [3,5]
MANAGING PARTNER,
CROSBIE & CO.
CHAIRMAN AND DIRECTOR,
ALERT CARE CORPORATION
FORMER PRESIDENT AND CEO,
SWISS BANK CORPORATION (CANADA)
DIRECTOR,
ST. LAURENT PAPERBOARD INC.
WOLF GROUP INTEGRATED
COMMUNICATIONS
PRESIDENT'S CHOICE FINANCIAL
TRUST COMPANY

1 MEMBER – AUDIT COMMITTEE
2 MEMBER – EXECUTIVE COMMITTEE
3 MEMBER – GOVERNANCE AND COMPENSATION COMMITTEE
4 MEMBER – ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE
5 MEMBER – PENSION COMMITTEE

SHAREHOLDER INFORMATION

EXECUTIVE OFFICE
22 St. Clair Avenue East
Toronto, Canada
M4T 2S8
Tel: (416) 922-8500
Fax: (416) 922-7791
Internet:
www.loblaw.com

STOCK LISTINGS
Toronto, Montreal and Vancouver Stock Exchanges

SHARE SYMBOL
"L"

COMMON SHARES
63 percent of the common shares are owned beneficially by George Weston Limited. Total outstanding at year end 274,423,338 Shares available for public trading at year end 97,452,077

AVERAGE DAILY TRADING VOLUME
236,629

COMMON DIVIDEND POLICY
It is the Company's policy to maintain a *stable dividend payment* of 20 to 25% of the prior year's normalized *net earnings per* common share.

COMMON DIVIDEND DATES

RECORD DATE	PAYMENT DATE
March 15	April 1
June 15	July 1
Sept. 15	Oct. 1
Dec. 15	Dec. 30

NORMAL COURSE ISSUER BID
The Company has a Normal Course Issuer Bid on The Toronto Stock Exchange.

VALUE OF COMMON SHARES
December 22, 1971 (Valuation Day) $0.958
February 22, 1994 $7.67

CORPORATE OFFICERS

(includes age and years of service)

W. GALEN WESTON, O.C.
58 AND 27 YEARS
CHAIRMAN OF THE BOARD

RICHARD J. CURRIE, C.M.
61 AND 27 YEARS
PRESIDENT

DAVID K. BRAGG
50 AND 15 YEARS
EXECUTIVE VICE PRESIDENT

SERGE K. DARKAZANLI
56 AND 24 YEARS
EXECUTIVE VICE PRESIDENT

JOHN A. LEDERER
43 AND 17 YEARS
EXECUTIVE VICE PRESIDENT

DONALD G. REID
49 AND 19 YEARS
EXECUTIVE VICE PRESIDENT

JOHN W. THOMPSON
50 AND 20 YEARS
EXECUTIVE VICE PRESIDENT

ROBERT G. CHENAUX
55 AND 23 YEARS
SENIOR VICE PRESIDENT,
CORPORATE BRAND DEVELOPMENT

ROY R. CONLIFFE
48 AND 17 YEARS
SENIOR VICE PRESIDENT,
LABOUR RELATIONS

STEWART E. GREEN
54 AND 22 YEARS
SENIOR VICE PRESIDENT,
SECRETARY

DAVID R. JEFFS
41 AND 20 YEARS
SENIOR VICE PRESIDENT,
SOURCING AND PROCUREMENT

RICHARD P. MAVRINAC
46 AND 16 YEARS
SENIOR VICE PRESIDENT,
FINANCE

STEPHEN A. SMITH
41 AND 13 YEARS
SENIOR VICE PRESIDENT,
CONTROLLER

ROBERT A. BALCOM
37 AND 5 YEARS
VICE PRESIDENT,
GENERAL COUNSEL

ROBERT HAKEEM
35 AND 3 YEARS
VICE PRESIDENT,
HUMAN RESOURCES

J. BRADLEY HOLLAND
35 AND 5 YEARS
VICE PRESIDENT,
TAXATION

MICHAEL N. KIMBER
43 AND 14 YEARS
VICE PRESIDENT,
LEGAL COUNSEL

LOUISE M. LACCHIN
41 AND 15 YEARS
VICE PRESIDENT,
TREASURER

GLENN D. LEROUX
44 AND 12 YEARS
VICE PRESIDENT,
RISK MANAGEMENT

MARK A. RODRIGUES
41 AND 12 YEARS
VICE PRESIDENT,
INTERNAL AUDIT SERVICES

GEORGE D. SESLIJA
43 AND 19 YEARS
VICE PRESIDENT,
REAL ESTATE DEVELOPMENT

FRANCA SMITH
35 AND 10 YEARS
VICE PRESIDENT,
FINANCIAL CONTROL

GEOFFREY H. WILSON
43 AND 12 YEARS
VICE PRESIDENT, INDUSTRY
AND INVESTOR RELATIONS

ANN MARIE YAMAMOTO
38 AND 12 YEARS
VICE PRESIDENT,
INFORMATION TECHNOLOGY
AND SYSTEMS AUDIT

JANICE A. HOLLETT
29 AND 2 YEARS
CONTROLLER,
FINANCIAL REPORTING

MARIAN M. BURROWS
44 AND 20 YEARS
ASSISTANT SECRETARY

TRADE MARKS

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INVESTOR RELATIONS

Shareholders, Security Analysts and Investment Professionals should direct their inquiries or requests for copies of the Company's Annual Report or Annual Information Form to Geoffrey H. Wilson, Vice President, Industry and Investor Relations at the Company's Executive Office.

Ce rapport est disponible en français.

REGISTRAR AND TRANSFER AGENT

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

GENERAL COUNSEL

Borden & Elliot
Toronto, Canada

AUDITORS

KPMG LLP
Toronto, Canada

ANNUAL AND GENERAL MEETING

Wednesday, May 5, 1999
at 11:00 a.m. MST
Metropolitan Centre
Metropolitan Ballroom
333 – 4th Avenue S.W.
Calgary, Canada

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