

McGILL UNIVERSITY

APR 10 2000

TREASURY DEPARTMENT

Into our lives every day



LOBLAW COMPANIES LIMITED
1999 ANNUAL REPORT

The photography in this Annual Report reflects our national presence in markets from coast to coast. Stores photographed were: Atlantic Superstore in Saint John, New Brunswick; Loblaws in Montreal, Quebec and Etobicoke, Ontario; The Real Canadian Superstore in North Vancouver, British Columbia; and Zehrs Food Plus in Orillia, Ontario.

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 108,000 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.

Financial Highlights

52 Weeks Ended January 1, 2000

(\$ millions)

		1999	1998
Sales and Earnings	Sales	18,783	12,497
	Trading profit (EBITDA)	1,084	712
	Operating income	811	529
	Interest expense	112	68
	Net earnings	376	261
Cash Flow	Cash flows from operating activities before acquisition restructuring and other charges	791	530
	Capital investment	802	599
Per Common Share (\$)	Earnings before goodwill charges	1.52	1.06
	Net earnings	1.37	1.06
	Cash flows from operating activities before acquisition restructuring and other charges	2.88	2.15
	Dividend rate (period end)	.24	.20
	Book value	10.56	9.46
	Market value (period end)	35.25	37.40
Financial Ratios	Returns on sales		
	Trading profit (EBITDA)	5.8%	5.7%
	Operating income	4.3%	4.2%
	Net earnings	2.0%	2.1%
	Return on average total assets (1)	11.9%	10.9%
	Return on average common shareholders' equity (1)	13.7%	12.8%
	Interest coverage on total debt (2)	7.2:1	7.8:1
	Total debt (2) to shareholders' equity (1)	.69:1	.71:1

(1) Ratios are computed as follows:

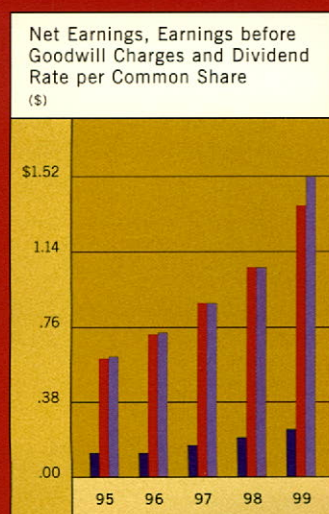
Return on average total assets – operating income divided by average total assets excluding cash and short term investments.

Return on average common shareholders' equity – net earnings before extraordinary items less preferred dividends divided by average common shareholders' equity.

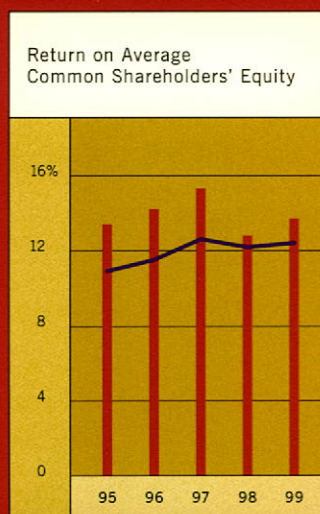
Total debt to shareholders' equity – total debt divided by total shareholders' equity.

(2) Total debt is defined as total debt less cash and short term investments.

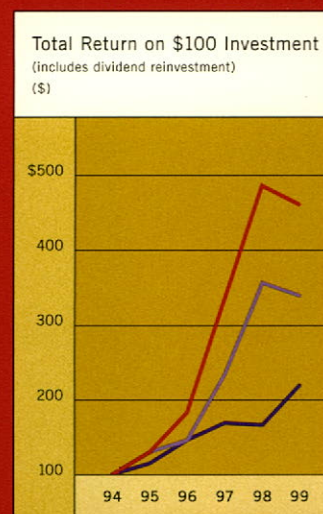
(3) Certain prior period's information was reclassified to conform with the current period's presentation.



■ Dividend Rate per Common Share (period end)
□ Net Earnings per Common Share
■ Earnings before Goodwill Charges per Common Share

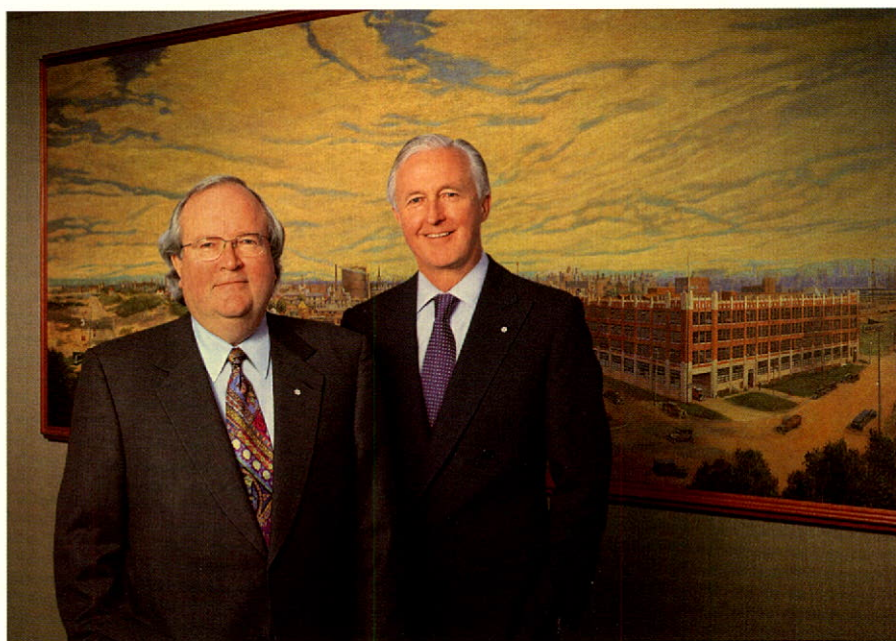


□ Return on Average Common Shareholders' Equity
— Five Year Average Return



— Loblaw Companies Limited
— TSE Food Stores Index
— TSE 300 Index

1999 was a fitting end to the most **commercially successful decade** in this Company's history.



W. GALEN WESTON
Chairman

RICHARD J. CURRIE
President

The year 1999 was a particularly strong one in every respect for Loblaw Companies. In other writings, we have referred to it as a “spectacular” year, which we believe does not overstate either the results or the accomplishments. It was a fitting end to the most commercially successful decade in this Company's history.

Sales increased by \$6.3 billion or 50% to \$18.8 billion. The late 1998 acquisitions of Provigo, with its leading market share in Quebec, and Agora Foods which, by year end earned us the leading market share in Atlantic Canada, added \$5.1 billion of the increase. Equally important was the existing base business sales increase of \$1.2 billion or 10% in 1999. In the first

year of this decade, Loblaw's Canadian sales were \$7.1 billion. We ended the decade almost 3 times larger than we started, which represents average annual growth of 11% for the past 10 years. All regions of business continue to enjoy healthy growth from a combination of new store activity and an average 4% same-store sales growth in 1999. With food inflation running less than 2%, our real growth has been considerable.

Operating income reached an all-time high of \$811 million in 1999, a \$282 million or 53% improvement over the \$529 million earned last year. Return on sales improved to 4.3% from 4.2% in 1998. Provigo and Agora contributed solidly during their first full year as part of Loblaw Companies. Some redefining

Earnings per common share have now increased an average of 25% per year over the past 7 years.

and restructuring of those operations occurred in 1999, providing the synergy benefits that we anticipated in the first year. The amount of effort to merge these businesses into the Loblaw operations in 1999 was enormous. For it to be done while maintaining a very strong earnings growth rate in Loblaw was very rewarding.

Loblaw started the 90s with Canadian operating income of \$184 million, yielding a 2.6% return on sales. So, while sales increased strongly over the period, earnings improved at almost twice that rate, with average annual growth of about 18% for the past 10 years resulting in the 1999 return on sales of 4.3%.

Earnings per common share for 1999 increased 29% to \$1.37 from last year's \$1.06 and have now increased an average of 18% each year for the past 10 years and 25% per year over the past 7 years. The price of a Loblaw common share sextupled over the decade.

The fundamental operating principle of Loblaw Companies is to concentrate on food retailing while providing our customers in each community with the best in one-stop shopping for everyday household needs. Our new stores reflect that principle with new departments, new services and new shopping excitement as Loblaw strives to be a small but regular part of Canadian life every

day. Whether the day involves shopping for groceries, dropping off the dry cleaning or film, buying clothes for the kids, checking out the latest in natural vitamins and health foods while waiting for the pharmacist to fill your prescription or just picking up tonight's already prepared hot dinner, Loblaw wants to be there.

No longer just a grocery store, Loblaw, through its many regional banners and formats, now offers a truly unique, enjoyable and convenient shopping experience.

No longer just a grocery store, Loblaw, through its many regional banners and formats, now offers a truly unique, enjoyable and convenient shopping experience under one roof. In support of this strategy in 1999, over \$800 million was invested in new stores, new departments and to revitalize and standardize information systems. The capital investment program will continue its relentless pace in 2000.

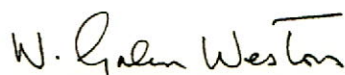
Our private brands provide a unique opportunity for our customers. *no name* started a revolution in the 70s with good quality, value products that provide a lower cost alternative to the national brands. *President's Choice* has come to stand for unique or premium quality products with exceptional value and is one of the most recognized and trusted names in Canada according to recent surveys. Following our fundamental operating principle, we have taken the strength of the *President's Choice* name and extended our offering into financial services. *President's Choice Financial* services offer the convenience of regular banking services through the Internet, the telephone and conveniently located automated banking machines and kiosks in our stores. *President's Choice Financial* services feature high interest rate bank accounts, no fee banking, low interest rate loans, mortgages and debit cards. Each financial product also offers *PC* points that are redeemable for free groceries and other store products. We are now in a successful test mode of a credit card offering. There is enormous untapped value in the *President's Choice* brand and we will continue to explore opportunities for extending this brand to provide

our customers with new and valued products and services to be even more a part of Canadian life every day.

The outlook for Loblaw Companies in 2000 and beyond is very positive. It has the number one market share position in Canada by a wide margin and it possesses strong operating momentum, driven by a seasoned, skilled and relatively young management team. The Company is proud of the contribution it has made and continues to make to the Canadian economy, particularly in supporting small Canadian businesses and being a responsible employer of over 108,000 Canadians. We continue to enjoy good relationships with our 85,000 unionized employees and value our coordinated efforts to find ways to balance the needs of the business with those of our employees. Loblaw Companies in the past decade has created more unionized jobs than any Canadian company or any company operating in Canada. But non-traditional, non-unionized competitors, as they increasingly move into food retailing, continue to be a threat to this Company and its employees. In our important year 2000 union negotiations, we will be looking for creative ways to continue to provide job growth for Canadians and job security for our employees.

**The outlook for 2000 and beyond is very positive –
Loblaw has the number one market share position in Canada
and it possesses strong operating momentum.**

Last year's Annual Report stated that 1998 had been an "exceptional" year and the year 1999 earlier in this Report was called a "spectacular" year. These are not idle adjectives. The energy expended and the quality of work produced by your management and employees on behalf of shareholders in 1999 was truly remarkable. They have our gratitude and respect.



W. Galen Weston
Chairman



Richard J. Currie
President

We are committed to remain completely in touch with the diverse lifestyles and daily needs of our customers across Canada and to innovate and adapt our offerings to be so in sync with their thinking, that they will see themselves reflected in our brands and consistently welcome them into their homes above all others.



By continuing to introduce unique products, convenient services and **innovative shopping experiences**, we strive to be a more integral and constant element in the daily lives of Canadians.



no name Club Pack Coffee

A household favourite for years, *no name Club Pack* coffee delivers full-bodied taste, aroma and value with every cup.



no name Club Pack Special Dinner Dry Dog Food

Since the 70s, *no name* dry dog food has provided dogs with great nutrition at great value. Certified by the Canadian Veterinary Medical Association.



Kids' Clothes

Our own private labels such as *teddy's choice* (sizes 0–3X), *Klôz For Kids* (sizes 2–6X) and *HIGHER STATE* (sizes 7–14) offer selection and quality at unbeatable low prices.



President's Choice Collector's Train Set

High quality locomotives and authentic detailing consistently make the *President's Choice* Collector's Series model electric train set one of our best selling seasonal items.



Video Merchandise

First introduced 3 years ago, this unique entertainment department offers a large variety of current family titles and popular children's movies.



President's Choice Club Pack Chocolate Dipped Granola Bars

We like to think we're good listeners. This top selling *Club Pack* item is our response to customer requests for large, family-sized packs of treats.



With store banners to fit every geographic and demographic variable, we have a **unique national presence** and the flexibility to accommodate change.



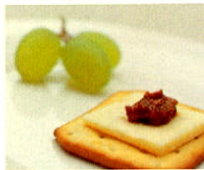
Flower Shops

Our 132 flower shops across the country provide our customers with fresh cut flowers, potted plants and arrangements at reasonable prices.



President's Choice Votive Candles

The success of *President's Choice* votive candles in the marketplace has proven that lifestyle products and grocery retail are a comfortable fit.



no name Assorted Cheeses

Starting with block favourites cheddar and mozzarella, our successful *no name* cheeses have grown into a well-rounded cheese family that includes light, shredded, string and processed slices.



Wine Glasses

An extensive selection of fine general merchandise, such as these wine glasses, allows for easy and stylish entertaining with an accent on value.



Dry Cleaner

Our dry cleaners are unique within the industry, offering exceptional quality and service at a fair price.



President's Choice Smoked Salmon

Careful smoking using time-honoured methods ensures that *President's Choice* smoked salmon products boast a superior texture and aroma that rival the world's best.

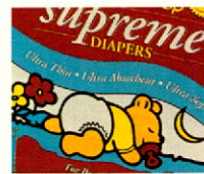


Consumers have always expected good value. Today our customers want a retailer that is also aware of their importance by providing an enjoyable, convenient, time-saving shopping experience for all their daily needs.



President's Choice The Decadent Chocolate Chip Cookie

The ultimate chocolate chip cookie. Natural ingredients, 39% chocolate chips and all-butter biscuit ensures this cookie continues to be #1 in Canada.



teddy's choice Step by Step Diapers

teddy's choice step by step diapers in 72-packs have grown into one of our biggest selling items in the category for infants and young children.



President's Choice Teas

The newest collection of *President's Choice* teas features several fine regional varieties and aromatic herbals, reflecting the growing popularity of specialty teas.



EXACT Vitamins

The success of our *EXACT* vitamins and herbal-based products confirms growing customer awareness of our new area and our focus on developing more pharmacy offerings.



President's Choice Financial Services

President's Choice Financial services provide Canadians with great value through no fee bank accounts, higher interest rates on their savings and *PC* points towards free groceries.



Photolab

Consistently first in comparison tests, our photolabs represent exceptional quality and value in photo finishing services.

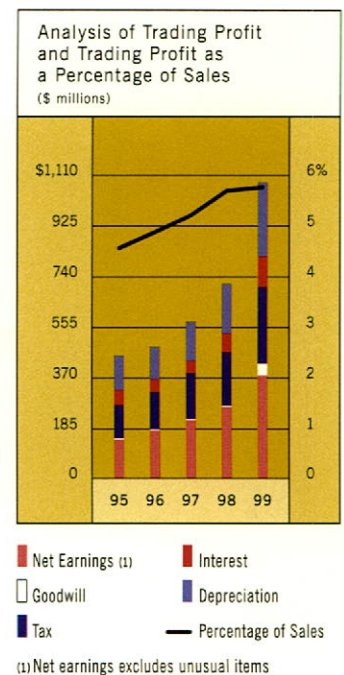
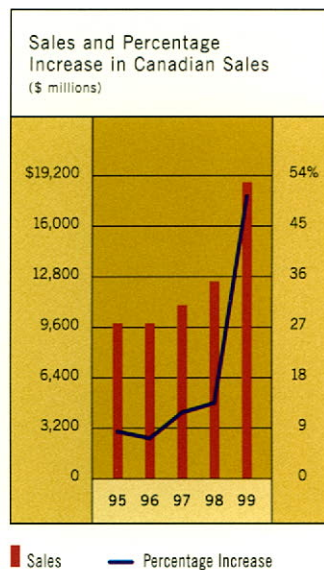


Geographic Divisions

	<i>Superstores</i>	<i>Conventional Stores</i>	<i>Cash and Carry Stores</i>	<i>The Real Canadian Wholesale Club</i>	<i>Franchised Stores</i>	<i>Associated Stores</i>	<i>Independent Accounts</i>
British Columbia	15	3		12	39	37	23
Yukon	1				1		
Northwest Territories		2				1	
Alberta	16	26		7	1	21	1,078
Saskatchewan	6	24		7	12	77	1,619
Manitoba	7	13		2	3	48	86
Ontario	1	142	21	2	226	29	384
Quebec		209			68	570	4,496
New Brunswick	14	7	3		28	27	289
Nova Scotia	16	4	5		27	3	563
Prince Edward Island	2		1		6	1	150
Newfoundland		16	1		6	3	949

 53 Stores	 32 Stores	 In Newfoundland 16 Stores	 89 Stores
 54 Stores	 77 Stores	 136 Stores	 Including Maxi & Co. 75 Stores
 170 Stores	 58 Stores	 46 Stores	 34 Stores
 82 Stores	 30 Stores	 22 Stores	 35 Stores

Our national presence provides **synergies** and **strength** to operations and our market-by-market retailing requires a variety of banners and store formats.

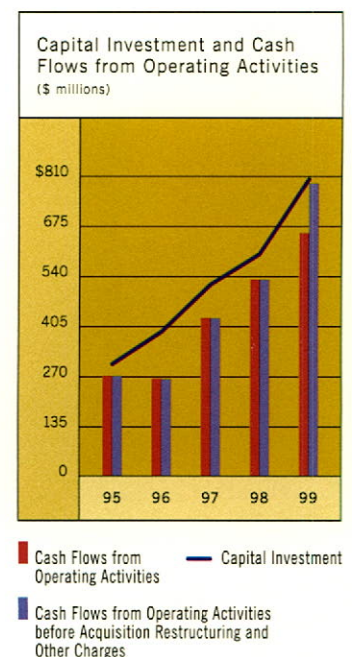
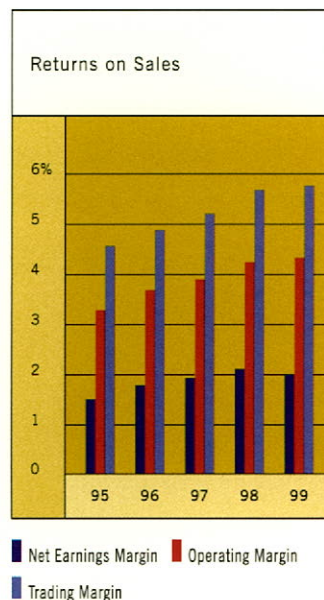


FORTINOS
19 Stores

no frills
lower food prices
88 Stores

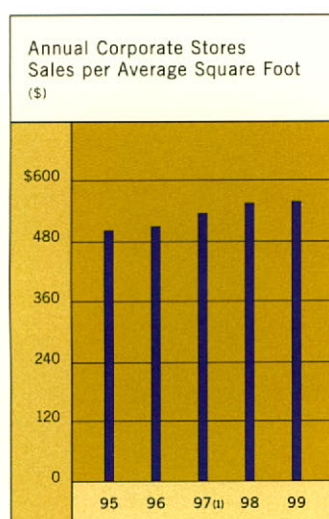
Cash & Carry and other banners: 703 Stores

The line of *President's Choice* products is marketed in select supermarket chains in the following countries: Bahamas, Barbados, Bermuda, Cayman Islands, China (Hong Kong), Colombia, Israel, Trinidad and the United States.



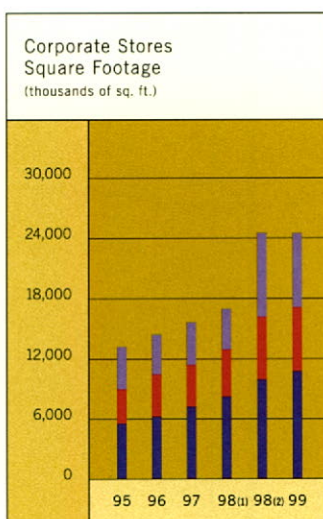
Corporate Stores

		1999 Stores	1999 Sq. Ft. (in millions)
Corporate Stores	Beginning of period	656	25.4
	Opened	45	2.5
	Disposed	(27)	(.8)
	Closed	(45)	(1.4)
	Transferred to franchised stores	(44)	(1.2)
	End of period	585	24.5
	Average store size (in thousands)		41.9
Analysis by size:			
	More than 60,000 sq. ft.	119	10.7
	40,000–60,000 sq. ft.	129	6.4
	20,000–39,999 sq. ft.	194	5.4
	10,000–19,999 sq. ft.	118	1.8
	Less than 10,000 sq. ft.	25	.2
		585	24.5
Sales from Corporate Stores (\$ millions)		\$13,885	
Annual sales per average gross sq. ft. (\$)		\$ 557	



■ Annual Corporate Stores Sales per Average Square Foot (excluding acquisitions in 1998)

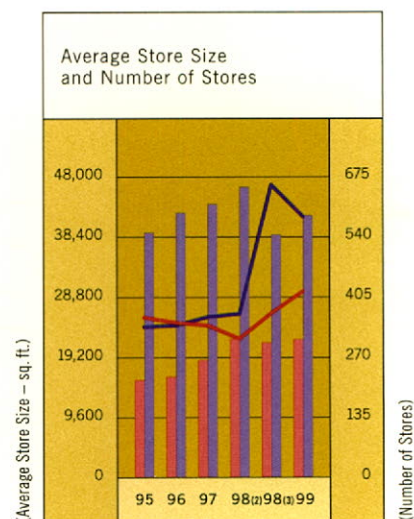
(1) 1997 was a 53 week year



■ < 40,000 sq. ft. ■ 40,000 – 60,000 sq. ft. ■ > 60,000 sq. ft.

(1) Excluding acquisitions

(2) Including acquisitions, excluding 1999 dispositions



■ Average Franchised Store Size (1) ■ Average Corporate Store Size

— Number of Franchised Stores (1) — Number of Corporate Stores

(1) 1998 restated to align acquired stores' classification

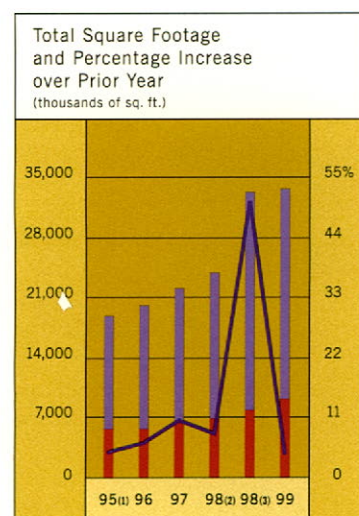
(2) Excluding acquisitions

(3) Including acquisitions

Independent Stores and Accounts

		1999 Stores	1999 Sq. Ft. (in millions)
Franchised Stores	Beginning of period (1)	368	7.9
	Opened	11	.2
	Disposed	(16)	(.3)
	Closed	(27)	(.5)
	Transferred from corporate stores	44	1.2
	Transferred from associated stores and independent accounts	37	.7
	End of period	417	9.2
Associated Stores (1)		817	
Independent Accounts (1)		9,637	
Warehouses		42	
Sales to Independent Stores and Accounts (\$ millions)		\$4,898	

(1) Adjusted to align the 1998 acquired stores' classification with existing base store classification.



■ Franchised ■ Corporate — Percentage Increase

(1) Percentage increase in Canadian square footage
(2) Excluding acquisitions
(3) Including acquisitions



Consistency of high quality offerings across our various banners ensures national success.

Growing to meet the changing lifestyle needs of busy Canadians.

As Canada's national grocer, Loblaw takes pride in being the leader in an evolving industry and meeting the needs of a truly diverse population. We responded to customers' demands for quality low-priced products with *no name* and satisfied their requests for premium value, unique products with *President's Choice*. We are helping our customers cope with hectic schedules by making our expanding array of household needs conveniently available in a one-stop shopping location.

Our success depends on our ability to continue to anticipate and satisfy the ever-changing needs of Canadian consumers.

Building on our Controlled Label Brand Equity

Because our customers trust our controlled label brands to provide exceptional value, we can build on that strength and reliability by expanding into non-traditional food store offerings such as *President's Choice Financial* services. No fee banking, mortgages, the ability to earn *PC* points towards free groceries and other store products, competitive interest rates on deposit accounts, along with the convenience of telephone and Internet banking, all add up to *President's Choice* value for our customers. A credit card, now being tested in select markets, will extend the offering again in 2000.



By year end 1999, 154 *President's Choice Financial* services pavilions were opened and 233 automated banking machines installed.



Our 80,000 square foot Loblaw's Burnhamthorpe Market offers a full range of one-stop shop amenities in Toronto's west-end.

Market Leadership through Continuous Capital Investment

The vitality of our asset base supports future growth. To ensure that strength, we continually re-invest essentially all annual operating cash flow back into the business. Whether we are renovating or expanding existing stores or building new stores, the result is a solid, modern asset base providing attractive, convenient shopping environments for our customers.

Owning our locations wherever possible gives us the operating flexibility to change formats as the surrounding markets evolve and allows us the benefit of long term property value appreciation. Location is crucial in the retail industry. Our team of real estate professionals focuses on finding the very best locations in each market for our various banners. As we explore options for building new stores in the limited space of urban markets or experiment with fine tuning formats, we are always looking for innovative ways to enhance our market leadership.

Successful Quebec Market Integration

A great deal has been accomplished since the acquisition of Provigo, the market leader in Quebec. After a thorough review of the dynamics of the Quebec market and the strengths of the Provigo business, the integration process accelerated in the second quarter of 1999. Provigo became focused strictly on the Quebec market as the Company completed the required sale of certain Ontario stores and converted the remaining former Ontario Loeb and Maxi & Co. stores to existing Loblaw banners and programs. Loblaw stores in Quebec now operate as part of the Provigo business, complementing the Provigo, Maxi and Maxi & Co. retail banners.

Capital investment in new stores and the renovation of others in Quebec will increase substantially over the next several years to strengthen our market position with new, modern stores offering the full array of top quality products and services our customers expect. The introduction of our popular *President's Choice* products throughout the Provigo banners began in 1999 with approximately 1,000 products introduced.



The historic Jean Talon train station in Montreal provides an exciting location as part of the Loblaw Quebec retail network.

Products for Every Household Need

Since the 1978 introduction of *no name*, our family of controlled label products has grown to include such well known brands as *President's Choice*, *EXACT*, *TOO GOOD TO BE TRUE*, *Club Pack*, *teddy's choice* and *GREEN*. These products are available only in Loblaw Companies' stores. We are proud of the *President's Choice* product development and package design teams that have won numerous prestigious awards over the past several years.

Our products bearing the *TOO GOOD TO BE TRUE* label are prepared to meet certain nutritional standards and to taste great; *Club Pack* products are developed for consumers who want large size or multi-item packages at unbeatable prices; and our *GREEN* label products are environmentally friendly. Loblaw maintains a substantial program of investment in our controlled label products to ensure we continue to deliver innovative products of exceptional value to fulfill our customers' every household need.



Good food is one of the greatest pleasures of life. The quality, variety and exceptional value of our unique controlled label products offer our customers the choices they demand for their everyday household needs.



Our competitive, innovative service departments help to distinguish Loblaw in today's competitive marketplace and provide our customers the convenience they need with today's hectic lifestyle.

At Your Service

With the hectic pace of today's lifestyle, one-stop shopping is more and more important to today's busy consumers. Over the last several years, we've introduced a variety of departments and services into our stores to help make that possible. In-store pharmacies, prepared foods, deal zones, photolabs, dry cleaners, children's clothing, flower shops and garden centres are just a few of our additions to the traditional food store departments. At Loblaw we believe that offering products and services at very competitive prices in these non-traditional departments is just as important as the convenience they provide. We also believe in being part of the community and, wherever possible, include a mezzanine area in the store where programs such as our Gourmet Cooking and Kids Cooking Clubs are offered.

Combining all these departments and activities under one roof is just one more example of how we distinguish ourselves in today's competitive marketplace.

Operational Directory

(includes age and years of service)

Banners

Serge K. Darkazanli, 57 and 25 years	John A. Lederer, 44 and 23 years	
The Real Canadian Superstore Tom Fraser, 59 and 40 years	Atlantic Canada Paul Ormsby, 48 and 17 years	Quebec Operations Bernard McDonell, 45 and 6 years
Extra Foods Fred Freeman, 57 and 38 years	Dominion (in Newfoundland) Brad Weston, 57 and 39 years	Loblaws, Maxi, Maxi & Co., Provigo Supermarkets, Distribution Group Claude Gariépy, 44 and 2 years
The Real Canadian Wholesale Club Jack Cook, 50 and 23 years	Fortinos Vince Scornaiench, 41 and 27 years	Maxi, Maxi & Co. Denis Gaudreau, 44
Independent Programs: SuperValu, Shop Easy Foods and Lucky Dollar Foods Jim Courtney, 47 and 20 years	Independent Programs: Your Independent Grocer and Valu-Mart Kevin Ryan, 50 and 13 years	Provigo Supermarkets Michel Coulombe, 45
Wholesale Operations Doug Cathro, 48 and 29 years	Loblaws Supermarkets Deane Collinson, 45 and 15 years	Distribution Group (Associated Banners and Presto) Pierre Ledoux, 47 and 2 years
	No Frills Robert Adams, 39 and 16 years	Distribution Operations Raymond Sarrazin, 49 and 5 years
	Zehrmart Carmen Fortino, 41 and 15 years	
	Distribution Operations Violet Konkle, 46 and 6 years	

Real Estate

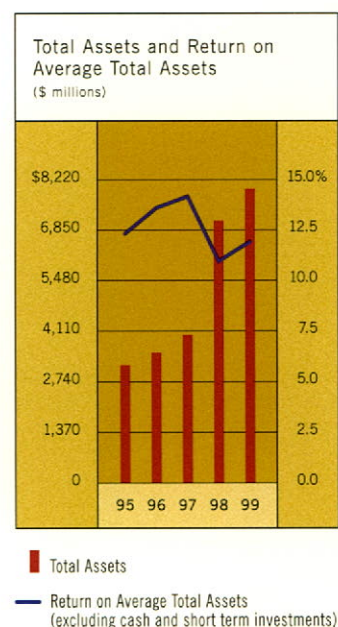
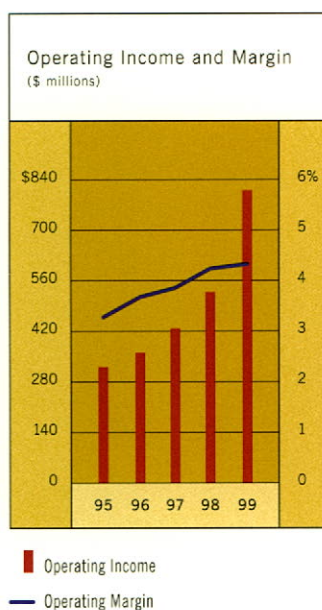
David K. Bragg, 51 and 16 years

Procurement

David R. Jeffs, 42 and 21 years

Financial Review

Net earnings per share rose to \$1.37 in 1999, a 29% increase over 1998.



Highlights

- 29% increase in net earnings per common share to \$1.37 from last year's \$1.06.
- 43% increase in earnings before goodwill charges per common share to \$1.52 from last year's \$1.06.
- 50% sales growth to \$18.8 billion – 10% sales growth in the base business and 40% growth attributable to the 1998 Provigo and Agora fourth quarter acquisitions.
- Operating margin improved to 4.3% from 4.2% in 1998.
- Capital investment program of \$802 million compared to \$599 million in 1998.
- Cash flows from operating activities before acquisition restructuring and other charges increased to \$791 million from \$530 million in 1998.
- .69:1 debt/equity ratio compared to .71:1 in 1998.
- 56 new corporate and franchised stores opened adding approximately 1 million square feet of selling space, net of closures.
- 154 *President's Choice Financial* services pavilions opened and 233 automated banking machines installed by the end of 1999.

Net earnings per common share improved 29% to \$1.37 from the \$1.06 earned in 1998. Earnings before goodwill charges per common share increased 43% to \$1.52 from the \$1.06 earned in 1998. Sales increased 50% or \$6.3 billion over last year to \$18.8 billion. The base Loblaw business grew by 10% with an additional 40% growth attributable to the fourth quarter 1998 Provigo and Agora acquisitions.

Operating income improved to \$811 million, a 53% increase over the \$529 million earned in 1998. The operating margin (operating income divided by sales) improved to 4.3% from 4.2% in 1998 and the trading margin (EBITDA divided by sales) strengthened to 5.8% from 5.7% in 1998. This represents the seventh consecutive year of improved returns on sales.

Interest expense increased 65% to \$112 million from \$68 million in 1998. The increase resulted from higher net average borrowing levels due to the full year impact of the 1998 acquisitions, together with a capital investment program of \$802 million, partially offset by the effect of interest income in connection with an income tax refund.

The effective income tax rate decreased to 42.7% (40.1% excluding the impact of non-deductible goodwill charges) from 43.1% in 1998.

Results of Operations

Sales

Sales of the base business in 1999 grew by 10% and the acquisitions contributed an additional 40% increase in sales. The sales growth is attributable to same-store sales growth of over 4% and the results of increased average store square footage from new stores opened as part of the capital investment program. In both 1999 and 1998, price inflation was not a significant factor in the sales growth.

During the third quarter of 1999, the Company completed the sale of 44 stores, principally Loeb in Ontario, as part of the Provigo transaction. The applicable 1999 and 1998 sales and earnings from these stores were excluded from the Company's reported results. The remaining Ontario stores acquired in the Provigo acquisition were converted to existing Loblaw banners and programs during the year.

Operating Results

(\$ millions)	1999	Change	1998
Sales	\$18,783	50%	\$12,497
Operating income	\$ 811	53%	\$ 529
Operating margin	4.3%		4.2%
Trading profit (EBITDA)	\$ 1,084	52%	\$ 712
Trading margin	5.8%		5.7%

The 1999 corporate and franchised store capital investment program increased the weighted average net square footage by 5% compared to a net 10% increase in the base business weighted average square footage in 1998. The weighted average square footage change in corporate and franchised stores includes the impact of store openings and closures throughout the year.

Over the past three years, the Company's \$1.9 billion capital investment program significantly expanded the store network and strengthened the existing store base through renovation, expansion and/or replacement. Some of these new, larger stores were replacements for older, smaller, less efficient stores that did not offer the broad range of products and services that today's shopper demands. During 1999, 56 (1998 – 65) new corporate and franchised stores were opened and 96 (1998 – 38) underwent major renovation or minor expansion. New stores include major expansions to existing locations, which is consistent with the definition used by the Food Marketing Institute. In 1999, the average store size increased 8% to 41,900 square feet for corporate stores and 15% to 22,100 square feet for franchised stores, many of which are located in smaller cities and towns in rural areas. The store investment activity benefited all banners to varying degrees.

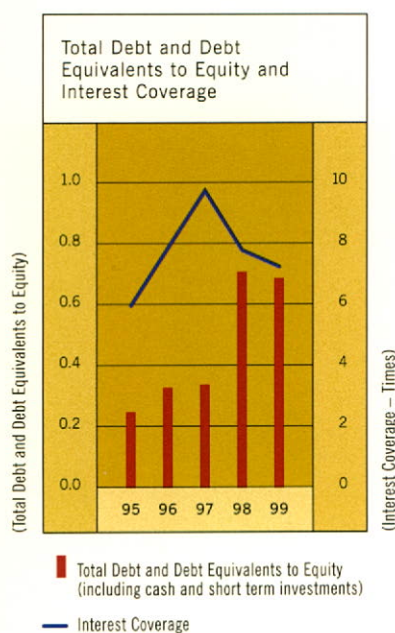
In 2000, the Company plans to open, expand or remodel over 100 corporate and franchised stores throughout Canada with a similar geographic investment pattern to that of the last several years with the exception of increased investment in Quebec. This will result in an expected net increase of 3 million square feet or an 8% net increase, which is expected to generate additional sales growth.

Operating Income

Operating income grew by \$282 million or 53% to \$811 million in 1999 following a 24% increase in 1998. Operating margin improved to 4.3% from 4.2% in 1998, while trading margin increased to 5.8% from 5.7% in 1998. The positive impact on operating margins resulted from continued focus on cost control, rationalization and centralization of similar functions, the integration of Provigo and Agora and from higher volumes leveraging off fixed costs. Gross margins (cost of sales divided by sales) improved slightly from a combination of reduced product costs and improved product mix by selling a different mix of products with a proportionately higher



Several of our President's Choice products are fine examples of Old World tradition, offering homestyle flavour and old-fashioned value with New World convenience.



margin than in prior years even though some individual product margins may have actually decreased compared to last year.

During the second quarter of 1999, the Company completed the Provigo valuation analysis and recorded the purchase equation, including goodwill of \$1.6 billion upon acquisition. The resultant statement of earnings impact of all components of the purchase equation was recorded retroactively to the beginning of the year.

In 2000, operating income growth is expected to be similar to that achieved over the past several years excluding the impact of Provigo and Agora 1999 results. Growth will be supported by the maturing of stores opened during the past couple of years, the integration and development of the Provigo and Agora businesses and the significant capital investment program in stores and support services.

Interest and Income Taxes

Interest expense increased \$44 million or 65% in 1999 following a \$24 million increase in 1998. The increase resulted primarily from an increase in average net borrowing levels, which was due to the full year impact of the 1998 fourth quarter acquisitions of Provigo and Agora, together with a capital investment program of \$802 million, partially offset by the positive effect of interest income in connection with an income tax refund. The positive impact of interest rate derivatives, as discussed in Note 9 to the financial statements, was offset in 1999 by the negative impact of currency derivatives. In 2000, total interest expense is expected to increase as a result of higher borrowing levels and the 1999 inclusion of interest income in connection with an income tax refund. Capital investment should be funded, for the most part, from cash flows from operating activities in 2000.

The effective income tax rate decreased in 1999 to 42.7% (40.1% excluding the impact of non-deductible goodwill charges) compared to 43.1% in 1998. The decrease was a result of higher Quebec income taxed at a lower effective rate and higher non-taxable amounts offset by non-deductible goodwill charges. In 2000, the tax rate is expected to be similar to 1999.

Capital Resources and Liquidity

The Company maintained a sound financial position in 1999 and this position is expected to continue in 2000. The total debt to equity ratio, including cash and short term investments, improved to .69:1 in 1999 from .71:1 in 1998. The improvement in the ratio was a result of the increase in shareholders' equity from net earnings retained

in the business being in excess of the increase in the Company's debt level. For the eleventh consecutive year, the ratio remains well within the Company's internal guideline of a less than 1:1 ratio.

The 2000 ratio is expected to be relatively consistent with 1999 as the one-time charges to retained earnings as the Company implements the new Canadian Institute of Chartered Accountants (CICA) accounting requirements for the measurement of employee future benefits (including pension and other retirement and post-employment benefits) and future income taxes will be offset by net earnings retained in the business. During the first quarter of 2000, the expected decrease to retained earnings (net of income tax) is approximately \$130 million and \$19 million related to the change in measurement of employee future benefits and future income taxes respectively.

The 1999 interest coverage declined to 7.2 times from 7.8 times in 1998, which reflects the full year interest impact from higher debt levels as a result of the 1998 fourth quarter acquisitions of Provigo and Agora.

The 1999 capital investment program reached a record high of \$802 million. This was a \$203 million increase over 1998 reflecting the Company's ongoing commitment to invest in growth across Canada including new stores, expansions and significant remodeling and refurbishing. At year end 1999, projects-in-progress, which the Company has effectively committed to complete, total approximately \$115 million of the 2000 estimated capital investment of \$900 million.

Cash flows from operating activities before acquisition restructuring and other charges increased to \$791 million from \$530 million in 1998 mainly reflecting improved operating income.

Short term liquidity is provided by a combination of internally generated cash flow, net cash, short term investments and access to the commercial paper market. During the first quarter of 1999, the Company increased its commercial paper program from \$500 million to \$800 million. This program 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. The Company's commercial paper program is supported

Major Cash Flow Components

(\$ millions)	1999	Change	1998
Capital investment	\$ 802	34%	\$ 599
Business acquisitions	\$ 14		\$ 941
Business disposition	\$ 161		
Cash flows from operating activities before acquisition restructuring and other charges	\$ 791	49%	\$ 530
Cash flows (used in) from financing activities	\$ (70)		\$ 775

by lines of credit extended by several banks totaling \$920 million. Commercial paper is used primarily for short term financing requirements.

Longer term capital resources are provided by direct access to capital markets. The Company's and Provigo Inc.'s debentures and notes are rated A (High) by CBRS and A (high) by DBRS. The Company accesses longer term capital markets through its Medium Term Note (MTN) program. The Company files an MTN shelf prospectus to issue, over a 2 year term, up to a specified principal amount of unsecured debt obligations with maturities of not less than one year. During the first quarter of 1998, the Company filed a shelf prospectus to issue up to \$500 million of MTN. In 1998, the Company issued \$200 million of MTN and during the first quarter of 1999, the Company issued the remaining \$300 million of MTN related to the 1998 shelf prospectus. In the first quarter of 1999, the Company filed another shelf prospectus to issue up to \$500 million of MTN. During the first quarter of 1999, the Company issued \$300 million of MTN related to the 1999 shelf prospectus. The proceeds from the \$600 million of MTN issued in the first quarter of 1999 were used to repay

\$472 million of the \$771 million unsecured credit facility used in the acquisition of Provigo. The issue of \$600 million of MTN improved the Company's 1999 working capital position. During the first quarter of 2000, the Company issued the remaining \$200 million of MTN related to the 1999 shelf prospectus.

During the first quarter of 2000, the Company announced its intention to redeem its \$100 million 5.39% Notes in accordance with their terms. In addition, during the second quarter of 2000, the Company plans to file a shelf prospectus to issue up to \$1.0 billion of MTN. This prospectus will cover the Company's funding and refinancing needs for a 2 year period from the filing date.

In 1998, the \$75 million Series 6, 9.75% debentures and the \$16 million First Preferred Shares, Second Series debt equivalents were redeemed according to their terms.

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 2000 cash requirements through a combination of internally generated funds, its \$800 million commercial paper program and by drawing on the available MTN facility.



Our first dry cleaner opened in 1994 in Toronto. Since that time, this unique, convenient service has been added to over 70 locations across Canada.



President's Choice GREEN paper towels and GREEN bathroom tissue, made from 100% recycled paper with a minimum of 100% post-consumer waste, are just two of our successful environment-friendly products.

The 1999 year end weighted average interest rate on fixed rate long term debt (excluding capital lease obligations included in other long term debt) was 7.7% as compared to 8.4% last year. The MTN issues in 1998 and 1999 reduced the 1999 weighted average interest rate. 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 20 years for each at the end of 1999 compared to 19 years for each at the end of 1998. The increase in the term to maturity was due to the longer term MTN issued in 1998 and 1999.

Common shareholders' equity reached \$2.9 billion in 1999, an increase of \$309 million over 1998 mainly from \$292 million of the current year's net earnings retained in the business.

During 1999, the Company purchased 630,200 of its common shares for \$22 million pursuant to Normal Course Issuer Bids. 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 position, future cash flow requirements and investment opportunities.

Subsequent to period end, the Company announced that it amended its Normal Course Issuer Bid (NCIB) currently in place and set to expire on March 21, 2000 to allow the Company to enter into equity derivatives including forward contracts with respect to its common shares under the NCIB. In addition, the Company intends to renew its NCIB to purchase on The Toronto Stock Exchange or enter into equity derivatives including forward contracts to purchase up to 5% of its common shares outstanding. 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 common shares.

Accounting Policy Changes Subsequent to 1999

The CICA has issued two accounting standards, Section 3465 "Income Taxes" and Section 3461 "Employee Future Benefits", effective for fiscal years beginning on or after January 1, 2000.

Section 3465 will change the Company's method of accounting for income taxes from the deferred method to the asset and liability method. Under the asset and liability method, future income taxes are recognized for the temporary differences between the tax and accounting bases of the Company's assets and liabilities based on income tax rates and income tax laws that are expected to apply in the periods in



Full service floral departments are now standard attractions in our new large stores after their impressive debut in 1984. Our seasonal garden centres lead the industry with innovative products.

which the differences are expected to affect income. Adoption of this new standard is not expected to have a material effect on the Company's financial statements.

Section 3461 requires employee future benefits, including pension and other retirement and post-employment benefits, to be measured using market interest rates on high quality debt instruments instead of management's best estimate of the effect of future events. As employee future benefits include other retirement and post-employment benefits, the Company must change the method of accounting for these benefits from the cash basis to the accrual basis as described above. The annual benefit expense will depend on a number of variables that are market driven and outside the control of the Company. These variables include future medical inflation rates, health care cost trend rates, benefit plan changes and interest rates.

The Company intends to adopt both standards retroactively without restatement of prior periods. Therefore, in the first quarter of fiscal 2000, the cumulative effect of initial adoption will be reported as a decrease to retained earnings of approximately \$19 million and \$130 million (net of income tax of \$100 million) for Sections 3465 and 3461 respectively.

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.

Strategies employed by the Company include the utilization and refinement of a variety of store formats, banners and sizes in order to appeal to the changing demographics of various markets. By developing and operating new departments and services that complement the traditional supermarket, the Company competes 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, size and banner that is the best fit for each market. By operating across Canada through corporate, franchised and associated stores and

by servicing independent accounts, the Company strategically minimizes and balances 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 the Company's operating flexibility and also allows it 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*, *GREEN*, *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.

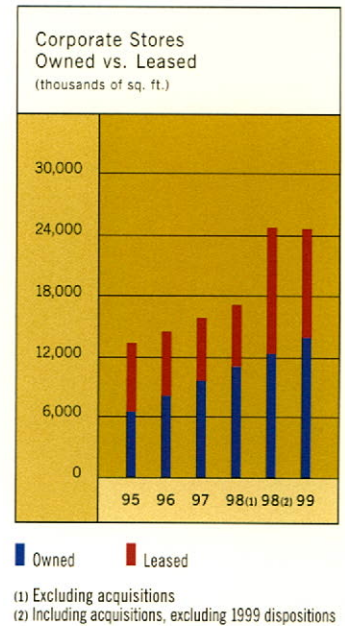
The Company will enter new markets and will review acquisitions when the opportunities arise. Such was the case in late 1998 with the Provigo and Agora acquisitions. The Company will also exit a particular market and reallocate assets elsewhere when there is a strategic advantage to do so. The success 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.



Since opening our first KIDZ KLÖZ department in 1995, we have grown to over 74 locations. Quality children's clothing provides excellent value in support of a convenient one-stop shop for everyday household needs.

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 2000, 57 labour agreements affecting approximately 34,000 employees will be negotiated with the single largest agreement covering approximately 15,000 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.

The Company 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.



Our 269 in-store pharmacies are the smart alternative to the traditional drug store for health and beauty care needs. Our EXACT vitamins and herbal-based products provide exceptional value at a reasonable price.

Year 2000

The Company has been addressing the year 2000 challenge for several years. Systems development to modernize and enhance systems is an ongoing investment process in the Company. This development investment had the added benefit, in many instances, of ensuring year 2000 compliance. In 1999, the Company completed and tested its systems modifications and replacements ensuring its readiness for the year 2000.

As the change in date has occurred, the Company believes that it adequately addressed the risks posed by the year 2000 issue and as a result the year 2000 issue has had no material or adverse effect on operations, earnings and financial condition.

Outlook

Continued capital investment in stores and support services as well as the potential to leverage our product reputation and capabilities into other retail fields makes us optimistic that the year 2000 and future sales and earnings growth rates will be similar to those achieved over the past decade while maintaining a strong balance sheet and substantial cash flow.

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 the consolidated 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 consolidated 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 auditor. The consolidated financial statements have been audited by the independent auditor, KPMG LLP, whose report follows.

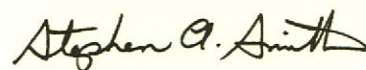
The Board of Directors, acting through an Audit Committee which is comprised solely of directors who are not employees of the Company, is responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and the financial control of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



Richard J. Currie
President



Donald G. Reid
Executive Vice President



Stephen A. Smith
Senior Vice President, Controller

Toronto, Canada March 3, 2000

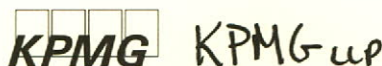
Auditor's Report

To the Shareholders of Loblaw Companies Limited:

We have audited the consolidated balance sheets of Loblaw Companies Limited as at January 1, 2000 and January 2, 1999 and the consolidated statements of earnings, retained earnings and cash flow for the 52 week periods then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian 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 1, 2000 and January 2, 1999 and the results of its operations and its cash flow for the periods then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Toronto, Canada March 3, 2000

Consolidated Statements of Earnings

52 Weeks Ended January 1, 2000

(\$ millions)

		1999	1998
Sales		\$18,783	\$12,497
Operating Expenses	Cost of sales, selling and administrative expenses	17,699	11,785
	Depreciation	273	183
		17,972	11,968
Operating Income		811	529
Interest Expense (Income)	Long term	139	96
	Other	(27)	(28)
		112	68
Earnings Before Income Taxes		699	461
Income Taxes (note 4)		280	199
Earnings Before Goodwill Charges		419	262
Goodwill Charges (note 1)		43	1
Net Earnings for the Period		\$ 376	\$ 261
Per Common Share (\$)	Earnings before goodwill charges	\$ 1.52	\$ 1.06
	Net earnings	\$ 1.37	\$ 1.06

Consolidated Statements of Retained Earnings

52 Weeks Ended January 1, 2000

(\$ millions)

		1999	1998
Retained Earnings, Beginning of Period		\$ 1,429	\$ 1,221
	Net earnings for the period	376	261
	Premium on common shares purchased		
	for cancellation (note 8)	(20)	(2)
	Stock option plan cash payments, net of tax (note 1)	(3)	
		1,782	1,480
	Dividends declared		
	Preferred shares		1
	Common shares, per share – 22¢ (1998 – 20¢)	61	50
		61	51
Retained Earnings, End of Period		\$ 1,721	\$ 1,429

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

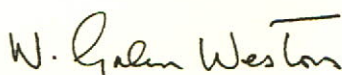
As at January 1, 2000

(\$ millions)

	1999	1998
Assets		
Current Assets		
Cash (note 5)	\$ 481	\$ 624
Short term investments (note 5)	245	48
Accounts receivable	325	345
Inventories	1,222	1,141
Prepaid expenses and other assets	50	84
Taxes recoverable	92	7
	2,415	2,249
Franchise Investments and Other Receivables	160	134
Fixed Assets (note 6)	3,549	3,194
Goodwill (note 2)	1,685	1,363
Other Assets	170	165
	\$7,979	\$7,105
Liabilities		
Current Liabilities		
Bank indebtedness (note 5)	\$ 296	\$ 135
Commercial paper (note 5)	428	231
Accounts payable and accrued liabilities	2,066	1,806
Short term bank loans (note 2)		770
Long term debt due within one year (note 7)	22	14
	2,812	2,956
Long Term Debt (note 7)	1,979	1,364
Other Liabilities	171	68
Deferred Income Taxes	113	122
	5,075	4,510
Shareholders' Equity		
Share Capital (note 8)	1,183	1,166
Retained Earnings	1,721	1,429
	2,904	2,595
	\$7,979	\$7,105

See accompanying notes to consolidated financial statements.

Approved by the Board



W. Galen Weston
Director



Richard J. Currie
Director

Consolidated Cash Flow Statements

52 Weeks Ended January 1, 2000

(\$ millions)

		1999	1998
Operations	Net earnings	\$ 376	\$ 261
	Depreciation and amortization	317	185
	Loss (gain) on fixed asset sales	6	(3)
	Deferred income taxes	53	26
	Other	2	(4)
		754	465
	Changes in non-cash working capital	37	65
Cash Flows from Operating Activities before the following:		791	530
	Acquisition restructuring and other charges	(135)	
Cash Flows from Operating Activities		656	530
Investment	Fixed asset purchases	(802)	(599)
	Short term investments (note 5)	(197)	54
	Proceeds from fixed asset sales	21	17
	Business acquisitions (note 2)	(14)	(941)
	Business disposition (note 2)	161	
	(Increase) decrease in franchise investments and other receivables	(27)	13
	Net (increase) decrease in other items	(32)	66
Cash Flows used in Investing Activities		(890)	(1,390)
Financing	Short term bank loans (note 2)	(770)	767
	Commercial paper (note 5)	197	(31)
	Long term debt (note 7)		
	– Issued	602	200
	– Retired	(14)	(110)
	Share capital (note 8)		
	– Issued	3	22
	– Retired	(22)	(22)
	Dividends	(61)	(51)
	Other	(5)	
Cash Flows (used in) from Financing Activities		(70)	775
Decrease in Cash		(304)	(85)
Cash at Beginning of Period		489	574
Cash at End of Period		\$ 185	\$ 489
Cash position:	Cash	\$ 185	\$ 489
	Short term investments	245	48
	Commercial paper	(428)	(231)
	Cash position	\$ 2	\$ 306
Other cash flow information:	Net interest paid	\$ 114	\$ 70
	Net income taxes paid	\$ 200	\$ 186

Cash is defined as cash net of bank indebtedness.

Cash position 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 1, 2000

(\$ millions 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 subsidiaries is 100%.

Revenue Recognition Sales include revenues from consumers through corporate stores operated by the Company and sales to and service fees from franchised stores, associated 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.

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 20 to 40 years for buildings and 3 to 10 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 at the date of acquisition. Goodwill is 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. Any permanent impairment in value, based on projected cash flows, is written off against net earnings. Goodwill charges are net of income tax recovery of \$1 (1998 – \$1).

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 Derivatives 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 derivatives is included in interest expense. Unrealized gains or losses on currency derivatives are offset by unrealized gains or losses on the Company's foreign currency 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.

Stock Option Plan The Company has an employee stock option plan as described in Note 8. Consideration paid by employees on the exercise of a stock option is credited to share capital. For those employees electing to receive the cash differential, the excess of the market price of the shares at the date of exercise over the specified stock option price, together with the related taxes of \$2 in 1999, are charged to retained earnings.

Use of Estimates The preparation of the consolidated financial statements in conformity with Canadian 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.

Comparative Figures Certain prior period's information was reclassified to conform with the current period's presentation.

2. Business Acquisitions and Disposition

Provigo Inc. On January 18, 1999, the Company purchased the remaining 2% of Provigo Inc.'s ("Provigo") common shares, pursuant to which the Company issued 525,841 common shares (including 64 common fractional shares which were subsequently cancelled) valued at \$16 and paid \$14 in cash. On December 10, 1998, the Company purchased 98% of Provigo's common shares, pursuant to which the Company issued 28,715,059 common shares valued at \$890, paid \$771 in cash and assumed net bank indebtedness of \$89. The \$771 cash consideration was financed by way of a 364 day unsecured credit facility that was repaid during 1999. In total, the Company issued 29,240,900 common shares valued at \$906, paid cash of \$785 and assumed net bank indebtedness of \$89 to acquire Provigo.

The Provigo acquisition was accounted for using the purchase method. During the second quarter of 1999, the Company completed the Provigo valuation analysis and recorded the purchase equation including goodwill of \$1.6 billion. Since December 10, 1998, 100% of Provigo's results of operations have been included in the Company's consolidated financial statements excluding the results of certain stores, principally 44 Loeb stores. In 1999, the Company sold these 44 stores for proceeds of \$161 representing fair value. This sale transaction was recorded as part of the Provigo purchase equation.

The goodwill arising on this transaction is being amortized over 40 years. Details of the purchase equation including total consideration paid and net assets acquired at their fair values are summarized below:

Fixed Assets	\$ 553
Other Assets (including Provigo net bank indebtedness of \$89)	435
Liabilities (including Provigo long term debt)	(1,087)
Net assets including acquisition restructuring and other charges acquired	(99)
Goodwill	1,643
	1,544
Less non-cash consideration:	
Common shares issued	(906)
Acquisition costs	(14)
Net cash paid (cash paid of \$785 less proceeds on disposition of \$161)	624
Net bank indebtedness assumed	89
Cash consideration	\$ 713

Agora Foods 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 fair value of the acquired working capital including other assets was \$4 and of the acquired fixed assets was \$28. The fair value of the net assets acquired and the results of operations have been included in the Company's consolidated financial statements from the date of acquisition. The goodwill arising on this transaction is being amortized over 40 years.

3. 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 \$560 (1998 – \$544) and a market-related value of pension fund assets of \$738 (1998 – \$679). As at period end, prepaid pension costs of \$147 (1998 – \$97) relating to these plans are included in other assets.

4. Income Taxes

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

	1999	1998
Combined basic Canadian federal and provincial income tax rate	42.5%	44.5%
Net decrease resulting from:		
Operating in countries with lower effective tax rates	(1.2)	(.7)
Non-taxable amounts including capital gains/losses	(1.1)	(.1)
Other	(.1)	(.6)
Effective income tax rate before goodwill charges	40.1	43.1
Non-deductible goodwill charges	2.6	
Effective income tax rate	42.7%	43.1%

5. Cash, Short Term Investments, Bank Indebtedness and Commercial Paper

Cash, short term investments, bank indebtedness and the Company's commercial paper program form an integral part of the Company's cash management. The Company has \$714 (1998 – \$672) 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. The \$35 (1998 – \$33) income from these investments is included as a reduction of other interest expense. Cash of \$481 (1998 – \$624) consists of cash and short term investments with a maturity from the period end date of less than 90 days. Short term investments of \$245 (1998 – \$48) consist primarily of United States government securities, commercial paper, bank deposits and repurchase agreements with a maturity from the period end date of greater than 90 days.

At period end 1999, the Company has a net loan payable to the Company's majority shareholder, George Weston Limited and one of its subsidiaries, of \$136 (1998 – \$24) included in bank indebtedness. The interest rates were set at market at the time of the transactions and is included in other interest expense.

6. Fixed Assets

	1999			1998		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Properties held						
for development	\$ 246		\$ 246	\$ 164		\$ 164
Properties under development	114		114	150		150
Land	687		687	603		603
Buildings	1,713	\$ 367	1,346	1,488	\$ 311	1,177
Equipment and fixtures	1,660	885	775	1,451	714	737
Leasehold improvements	510	160	350	447	124	323
	4,930	1,412	3,518	4,303	1,149	3,154
Capital leases –						
buildings and equipment	85	54	31	86	46	40
	\$ 5,015	\$ 1,466	\$ 3,549	\$ 4,389	\$ 1,195	\$ 3,194

Interest capitalized to fixed assets during the year is \$17 (1998 – \$13).

Notes to Consolidated Financial Statements

7. Long Term Debt

	1999	1998
Loblaw Companies Limited Debentures		
Series 5, 10%, due 2006, retractable annually commencing 1996, redeemable in 2001	\$ 50	\$ 50
Series 8, 10%, due 2007, redeemable in 2002	61	61
Provigo Inc. Debentures		
Series 1991, 11.25%, due 2001	100	100
Series 1996, 8.7%, due 2006	125	125
Series 1997, 6.35%, due 2004	100	100
Other	32	
Loblaw Companies Limited Notes		
11.4%, due 2031 – principal	151	151
– effect of coupon repurchase	11	15
8.75%, due 2033	200	200
7.34%, due 2001	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	200
5.75%, due 2009	125	
6.50%, due 2029	175	
6.00%, due 2014	100	
6.45%, due 2039	200	
Other at a weighted average interest rate of 11.6%, due 2000 to 2039	71	76
Total long term debt	2,001	1,378
Less due within one year	22	14
	\$1,979	\$1,364

The 5 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: 2000 – \$22; 2001 – \$214; 2002 – \$12; 2003 – \$4; 2004 – \$102. Subsequent to period end 1999, the Company announced its intention to redeem its \$100 5.39% Notes in accordance with their terms.

Loblaw Companies Limited Debentures The interest rate on the Series 5 debentures was reset in 1999 at 10%. Current intentions are to reset the interest rate on the Series 5 debentures in 2000 to encourage renewal. Accordingly, the Series 5 debentures are excluded from the amount due within one year.

Provigo Inc. Debentures – Other The \$32 represents the unamortized portion of the adjustment to fair value the Provigo Inc. debentures. This adjustment was recorded as part of the Provigo purchase equation and calculated using the Company's average credit spread applicable to the remaining life of the Provigo debentures. The adjustment is being amortized over the remaining term of the Provigo Inc. debentures.

In 1998, the First Preferred Shares, Second Series debt equivalents were redeemed according to their terms at \$70 dollars each and the \$75 Series 6, 9.75% debentures were redeemed.

Subsequent to period end 1999, the Company issued \$200 of Notes with an interest rate of 6.95%, due 2005 and plans to file a shelf prospectus to issue up to \$1.0 billion of Medium Term Notes covering a 2 year period from the filing date.

Notes to Consolidated Financial Statements

8. Share Capital (\$)

	Number of Shares Issued		Share Capital (\$ millions)	
	1999	1998	1999	1998
Common shares issued	274,910,365	274,423,338	\$1,183	\$1,166
Weighted average common shares outstanding	275,076,485	246,571,823		

Share Description Common shares (authorized – unlimited): In the first quarter of 1999, the Company purchased the remaining 2% of Provigo's common shares by issuing 525,841 common shares (including 64 common fractional shares which were subsequently cancelled) valued at \$16 million. In 1998 pursuant to the Provigo acquisition, the Company issued 28,715,059 common shares valued at \$890 million (see Note 2).

In 1998, the First Preferred Shares, First Series were redeemed according to their terms at \$50 each.

Stock Option Plan The Company maintains a stock option plan for certain employees. Under the plan, the Company may grant options for up to 12 million common shares. Stock options have up to a 7 year term, are exercisable at the designated common share price and vest 20% cumulatively on each anniversary date of the grant after the first anniversary. Employees granted stock options during or after 1997 may elect to acquire common shares at the price specified in the terms of the option or may elect to receive cash equal to the excess of the market price at the date of exercise over the specified option price. In 1999, the Company issued 591,450 common shares (1998 – 2,987,421) for cash consideration of \$3 million (1998 – \$22 million) on the exercise of employee stock options and share appreciation value, net of tax, of \$3 million (1998 – \$.3 million) was paid out on 138,635 common shares (1998 – 29,018). A summary of the status of the Company's stock option plan and activity during the periods is presented below:

	1999		1998	
	Options (number of shares)	Weighted Avg. Exercise Price/Share	Options (number of shares)	Weighted Avg. Exercise Price/Share
Outstanding options, beginning of period	4,452,882	\$13.542	6,656,965	\$ 8.491
Granted	162,480	\$35.600	1,175,000	\$24.500
Exercised	(730,085)	\$ 9.538	(3,016,439)	\$ 7.159
Forfeited/Cancelled	(87,205)	\$14.107	(362,644)	\$ 9.419
Outstanding options, end of period	3,798,072	\$15.243	4,452,882	\$13.542
Options exercisable, end of period	2,092,118	\$ 9.952	2,421,281	\$ 8.072

The following table summarizes information about the Company's stock options outstanding at January 1, 2000:

Range of Exercise Prices	Outstanding Stock Options			Exercisable Stock Options	
	Number of Options Outstanding	Weighted Avg. Remaining Contractual Life (years)	Weighted Avg. Exercise Price/Share	Number of Exercisable Options	Weighted Avg. Exercise Price/Share
\$ 7.792 – \$14.250	2,572,992	2	\$10.143	1,938,302	\$ 8.798
\$24.500 – \$35.600	1,225,080	5	\$25.954	153,816	\$24.500

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

Normal Course Issuer Bid (NCIB) During 1999, the Company purchased 630,200 (1998 – 60,000) of its common shares for \$22 million (1998 – \$2 million) pursuant to Normal Course Issuer Bids.

Subsequent to period end, the Company announced that it amended its NCIB currently in place and set to expire on March 21, 2000 to allow the Company to enter into equity derivatives including forward contracts with respect to its common shares under the NCIB. In addition, the Company intends to renew its NCIB to purchase on The Toronto Stock Exchange or enter into equity derivatives including forward contracts to purchase up to 5% of its common shares outstanding. 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 common shares.

9. Financial Instruments

Currency Derivatives The Company has entered into currency derivatives to exchange an amount of \$841 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: 2000 – \$119; 2001 – \$85; 2002 – \$90; 2003 – \$49 and thereafter to 2009 – \$498. Currency adjustments receivable or payable arising from the derivatives may be settled in cash on maturity or the term may be extended. As at period end, a currency adjustment of \$58 (1998 – \$58) was included in other liabilities.

Interest Rate Derivatives The Company has entered into interest rate derivative agreements converting a net notional \$217 of 7.8% fixed rate debt into floating rate debt. The net maturities are as follows: 2000 – \$177; 2002 – \$59; 2003 – \$98; 2004 – \$58 and thereafter to 2013 – \$(175).

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

	1999		1998	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long term debt	\$2,001	\$1,988	\$1,378	\$1,599
Interest rate derivatives net asset		\$ 9		\$ 3

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 consolidated financial statements.

Commitments for net operating lease payments total \$1.4 billion (\$1.6 billion gross net of \$173 of expected sub-lease income). Net payments for each of the next 5 years and thereafter are as follows: 2000 – \$163; 2001 – \$140; 2002 – \$131; 2003 – \$128; 2004 – \$125 and thereafter to 2056 – \$755. Gross rentals under leases assigned at the time of sale of United States divisions and the sale of 44 Loeb stores for which the Company is contingently liable amount to \$259.

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 7 years commencing 1999 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. The Company fulfilled its commitment in 1999.

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 3% of cost of sales, selling and administrative expenses.

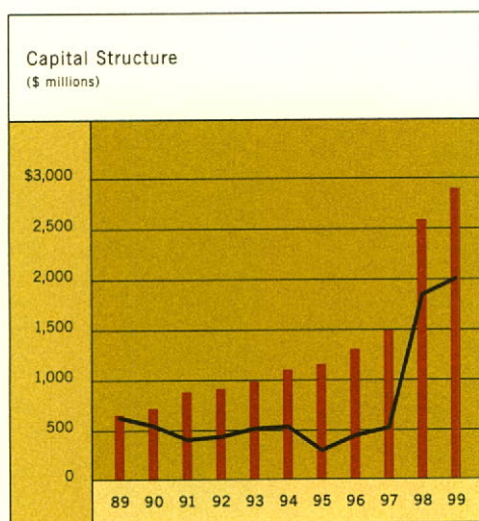
Pursuant to an investment management agreement, the Company, through a wholly owned non-Canadian subsidiary, manages certain United States cash and short term investments on behalf of wholly owned non-Canadian subsidiaries of George Weston Limited. Management fees are based on market rates and have been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

In 1998, 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.

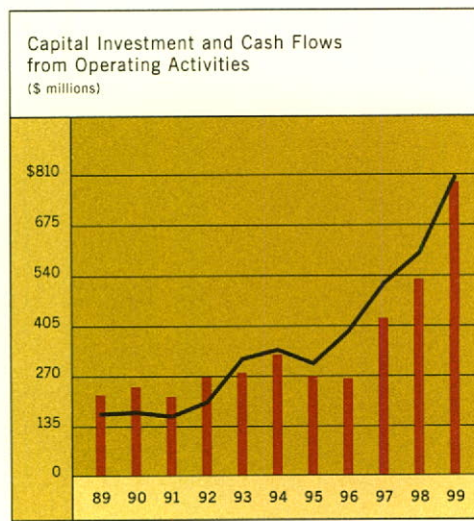
Eleven Year Summary

(\$ millions)	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Sales and Earnings											
Sales	18,783	12,497	11,008	9,848	9,854	10,000	9,356	9,262	8,533	8,417	7,934
Trading profit (EBITDA)	1,084	712	573	481	449	410	326	313	328	324	295
Operating income	811	529	428	361	322	274	203	197	223	220	195
Interest expense	112	68	44	46	54	63	54	62	63	71	91
Net earnings	376	261	213	174	147	126	90	76	99	89	59
Financial Position											
Working capital	(397)	(707)	202	154	179	29	148	145	262	50	34
Fixed assets	3,549	3,194	2,093	1,738	1,491	1,603	1,414	1,231	1,115	1,078	1,044
Goodwill	1,685	1,363	38	40	42	44	49	52	54	58	70
Total assets	7,979	7,105	4,013	3,531	3,197	3,042	2,743	2,504	2,362	2,282	2,040
Total debt (1)	1,999	1,842	513	435	287	525	506	426	397	536	619
Total shareholders' equity	2,904	2,595	1,495	1,311	1,160	1,105	985	916	884	718	652
Cash Flow											
Cash flows from operating activities before acquisition restructuring and other charges	791	530	426	262	270	328	279	269	215	242	220
Capital investment	802	599	517	389	302	339	315	198	159	171	166

- (1) Total debt is defined as total debt and debt equivalents less cash and short term investments.
- (2) Cash flows from operating activities before acquisition restructuring and other charges per common share is after preferred dividends.
- (3) Ratios are computed as follows:
 Return on average total assets – operating income divided by average total assets excluding cash and short term investments.
 Return on average common shareholders' 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 to shareholders' equity – total debt divided by total shareholders' equity.
- (4) Certain prior periods' information was reclassified to conform with the current period's presentation.



■ Total Shareholders' Equity
— Total Debt (1)



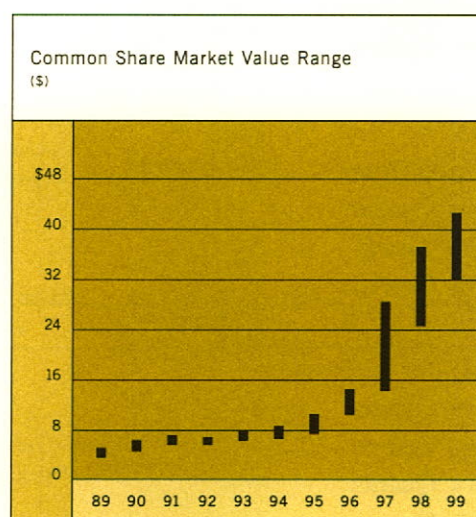
■ Cash Flows from Operating Activities before Acquisition Restructuring and Other Charges
— Capital Investment

Eleven Year Summary

	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990	1989
Per Common Share (\$)											
Earnings before goodwill charges	1.52	1.06	.88	.73	.61	.50	.37	.30	.40	.39	.28
Net earnings	1.37	1.06	.88	.72	.60	.50	.36	.29	.39	.37	.27
Dividend rate (period end)	.24	.20	.16	.12	.12	.09	.08	.08	.08	.07	.07
Cash flows from operating activities before acquisition restructuring and other charges (2)	2.88	2.15	1.76	1.08	1.12	1.35	1.15	1.11	.90	1.07	1.01
Capital investment	2.92	2.43	2.14	1.62	1.25	1.41	1.34	.83	.70	.79	.77
Book value	10.56	9.46	6.08	5.35	4.74	4.27	3.79	3.52	3.17	2.66	2.37
Market value (period end)	35.25	37.40	26.00	14.25	10.29	7.96	7.63	6.50	5.75	6.13	4.83
Financial Ratios											
Returns on sales (%)											
Trading profit (EBITDA)	5.8	5.7	5.2	4.9	4.6	4.1	3.5	3.4	3.8	3.8	3.7
Operating income	4.3	4.2	3.9	3.7	3.3	2.7	2.2	2.1	2.6	2.6	2.5
Net earnings	2.0	2.1	1.9	1.8	1.5	1.3	1.0	.8	1.2	1.1	.7
Return on average total assets (%) (3)	11.9	10.9	14.2	13.6	12.3	10.6	8.6	9.0	10.5	10.5	9.8
Return on average common shareholders' equity (%) (3)											
	13.7	12.8	15.3	14.2	13.4	12.5	9.7	8.8	13.4	14.6	11.7
Interest coverage on total debt (1)	7.2	7.8	9.7	7.9	6.0	4.3	3.7	3.1	3.5	3.0	2.1
Total debt (1) to shareholders' equity (3)											
	.69	.71	.34	.33	.25	.48	.51	.46	.45	.75	.95
Cash flows from operating activities before acquisition restructuring and other charges to total debt (1)	.40	.29	.83	.60	.94	.62	.58	.63	.54	.45	.35
Price/net earnings ratio (period end)	25.8	35.3	29.6	19.8	17.2	15.9	21.2	22.4	14.7	16.6	17.9
Market/book ratio (period end)	3.3	4.0	4.3	2.7	2.2	1.9	2.0	1.9	1.8	2.3	2.0



■ Net Earnings per Common Share



■ Market Value per Common Share

Results by Quarter

(\$ millions)	1999	1998
Sales		
1st Quarter	\$ 4,162	\$ 2,579
2nd Quarter	4,254	2,824
3rd Quarter	5,772	3,764
4th Quarter	4,595	3,330
	\$18,783	\$12,497
Operating Income		
1st Quarter	\$ 152	\$ 91
2nd Quarter	177	113
3rd Quarter	211	138
4th Quarter	271	187
	\$ 811	\$ 529
Net Earnings		
1st Quarter	\$ 62	\$ 43
2nd Quarter	77	56
3rd Quarter	91	67
4th Quarter	146	95
	\$ 376	\$ 261
Earnings before Goodwill Charges per Common Share (\$)		
1st Quarter	\$.26	\$.18
2nd Quarter	.32	.23
3rd Quarter	.38	.27
4th Quarter	.56	.38
	\$ 1.52	\$ 1.06
Net Earnings per Common Share (\$)		
1st Quarter	\$.23	\$.18
2nd Quarter	.28	.23
3rd Quarter	.33	.27
4th Quarter	.53	.38
	\$ 1.37	\$ 1.06
Trading Profit (EBITDA)		
1st Quarter	\$ 214	\$ 130
2nd Quarter	244	152
3rd Quarter	294	193
4th Quarter	332	237
	\$ 1,084	\$ 712
Capital Investment		
1st Quarter	\$ 166	\$ 118
2nd Quarter	156	121
3rd Quarter	225	171
4th Quarter	255	189
	\$ 802	\$ 599

Certain period's information was reclassified to conform with the current period's presentation.

Community Support

Loblaw Companies Limited endeavours to be an active participant in the various communities which it serves and supports the philanthropic goals of the "IMAGINE" campaign. Acting with its employees, it supports and contributes to local organizations through its various operating divisions, including providing support to the United Way, 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 1999:

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.

Cambridge Memorial Hospital

Supporting "Partners in Caring", an initiative of the hospital.

Canada Blooms Horticultural Society

Sponsorship of the Toronto Flower and Garden Show.

Canadian Cancer Society

Committed to the eradication of cancer and the enhancement of the quality of life of people living with cancer.

Canadian Cystic Fibrosis Foundation

Providing outstanding care for those individuals affected with cystic fibrosis, while pursuing the quest for a cure or control.

Canadian Olympic Foundation

Loblaw, through its majority shareholder, George Weston Limited, is a proud founders circle member of the Canadian Olympic Athlete Fund.

Children's Aid Foundation

Committed to protecting children from harm and preventing child abuse and neglect.

Food Banks

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

Institut de Cardiologie de Montréal

Providing rehabilitation conditions that best meet patients' needs and contributing to the prevention of cardiovascular disease.

Izaak Walton Killam Memorial Hospital

Supporting the hospital's fundraising activities, including a yearly telethon.

Le Club des Petits Déjeuners

Support to a non-profit organization that provides breakfast to underprivileged children in the Montreal and surrounding area.

Multiple Sclerosis Society of Canada

Committed to be a leader in finding a cure for multiple sclerosis and enabling people affected by multiple sclerosis to enhance their quality of life.

Ontario Games for the Physically Disabled

Sponsorship of the 1999 Ontario Games for the Physically Disabled hosted by the City of Kitchener.

The Montreal Cosmodome

Sponsorship of a non-profit organization offering children classroom instruction and hands-on activities in the Canada Space Camp (Cosmodome).

United Way

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

Winnipeg Symphony Orchestra

Sponsorship for the concert series – The Real Canadian Superconcerts for Young People and The Real Canadian Superconcerts for Families.

YMCA

A multi-service community centre, a small business supporter and a safe haven for refugees with a commitment to the development of its members in spirit, mind and body.

Yonge Street Mission

The Mission seeks to respond to the physical, emotional and spiritual needs of the poor and needy in downtown Toronto.

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.

Imagine  **A Caring Company**



Corporate Directory

Board of 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

President and Director,
Loblaw Companies Limited,
George Weston Limited;
Director, Imperial Oil Limited, BCE Inc.,
Nortel Networks Corporation.

John M. Cassaday, M.B.A.⁴

President and Chief Executive Officer,
Corus Entertainment Inc.;
Former President and Chief Executive Officer,
CTV Television Network;
Director, Manulife Financial, Premdor Inc.

Camilla H. Dalglish, B.A.^{4,5}

Director, The W. Garfield Weston Foundation,
Nature Conservancy, 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}

President, Wittington Investments, Limited;
Former Senior Tax Partner,
Price Waterhouse Canada;
Director, George Weston Limited,
Holt, Renfrew & Co., Limited,
Brown Thomas Group Limited.

Anthony R. Graham^{2,5}

Vice Chairman and Director,
National Bank Financial;
President and Chief Executive Officer,
Sumarria Inc.; Director, George Weston Limited,
President's Choice Financial Trust Company,
Wittington Investments, Limited,
Graymont Limited, Power Broadcasting Inc.,
Continental Lime Inc.

Pierre Michaud

Chairman and Director,
Provigo Inc., Réno-Dépôt Inc.;
Director, Capital d'Amérique,
Laurentian Bank of Canada,
Castorama S.A. (France),
Canada Pension Plan Investment Board,
Old Port of Montreal Corporation Inc.,
Montreal Expos Baseball Team.

G. Joseph Reddington, B.A., J.D.³

Chairman and Chief Executive Officer,
Breuners Home Furnishings Corp.;
Former Chairman and Chief Executive Officer,
The Signature Group; Former President
and Chief Executive Officer, Sears Canada;
Director, Trans World Airlines.

T. Iain Ronald, M.B.A., B. Law., F.C.A.¹

Chairman, TransAlta Power Ltd.,
TransAlta Cogeneration Ltd.;
Former Vice Chairman,
Canadian Imperial Bank of Commerce;
Director, The Canada Life Assurance Company,
North West Company Inc.,
Wittington Investments, Limited,
President's Choice Financial Trust Company,
Holt, Renfrew & Co., Limited.

Joseph H. Wright, B.A.^{1,3,5}

Managing Partner, Crosbie & Co.;
Former President and Chief Executive Officer,
Swiss Bank Corporation (Canada);
Director, St. Laurent Paperboard Inc.,
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

Corporate Officers (includes age and years of service)

W. Galen Weston, O.C.

59 and 28 years
Chairman of the Board

Richard J. Currie, C.M.

62 and 28 years
President

David K. Bragg

51 and 16 years
Executive
Vice President

Serge K. Darkazanli

57 and 25 years
Executive
Vice President

John A. Lederer

44 and 23 years
Executive
Vice President

Donald G. Reid

50 and 20 years
Executive
Vice President

Robert G. Chenaux

56 and 24 years
Senior Vice President,
Corporate Brand
Development

Roy R. Conliffe

49 and 18 years
Senior Vice President,
Labour Relations

Stewart E. Green

55 and 23 years
Senior Vice President,
Secretary

David R. Jeffs

42 and 21 years
Senior Vice President,
Sourcing and
Procurement

Richard P. Mavrinac

47 and 17 years
Senior Vice President,
Finance

Stephen A. Smith

42 and 14 years
Senior Vice President,
Controller

Robert A. Balcom

38 and 6 years
Vice President,
General Counsel

J. Bradley Holland

36 and 6 years
Vice President,
Taxation

Michael N. Kimber

44 and 15 years
Vice President,
Legal Counsel

Louise M. Lacchin

42 and 16 years
Vice President,
Treasurer

Glenn D. Leroux

45 and 13 years
Vice President,
Risk Management

Lucy J. Paglione

40 and 16 years
Vice President,
Pension and Benefits

Mark A. Rodrigues

42 and 13 years
Vice President,
Internal Audit Services

George D. Seslija

44 and 20 years
Vice President,
Real Estate
Development

Franca Smith

36 and 11 years
Vice President,
Financial Control

Geoffrey H. Wilson

44 and 13 years
Vice President,
Industry and Investor
Relations

Ann Marie Yamamoto

39 and 13 years
Vice President,
Information Technology

Janice A. Hollett

30 and 3 years
Controller,
Financial Reporting

Marian M. Burrows

45 and 21 years
Assistant Secretary

Lisa R. Swartzman

29 and 6 years
Assistant Treasurer

Walter H. Kraus

37 and 11 years
Director,
Environmental Affairs

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 Listing

The Toronto Stock Exchange

Share Symbol

"L"

Common Shares

63 percent of the common shares are owned beneficially by George Weston Limited. Total outstanding at year end 274,910,365. Shares available for public trading at year end 101,668,114.

Average Daily Trading Volume

146,068

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

Trademarks

Loblaw Companies Limited and its subsidiaries own a number of trademarks. Several subsidiaries are licensees of additional trademarks. These trademarks are the exclusive property of Loblaw Companies Limited or the licensor and where used in this report are in italics.

Investor Relations

Shareholders, security analysts and investment professionals should direct their inquiries or requests for copies of the Company's Annual Report or Annual Information Form to Mr. Geoffrey H. Wilson, Vice President, Industry and Investor Relations at the Company's Executive Office.

Additional financial information has been filed electronically with various securities commissions in Canada through SEDAR.

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 Ladner Gervais LLP
Toronto, Canada

Auditor

KPMG LLP
Toronto, Canada

Annual and General Meeting

Thursday, May 4, 2000
at 11:30 a.m.
Metro Toronto Convention Centre
Constitution Hall
Room 105
Toronto, Canada

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