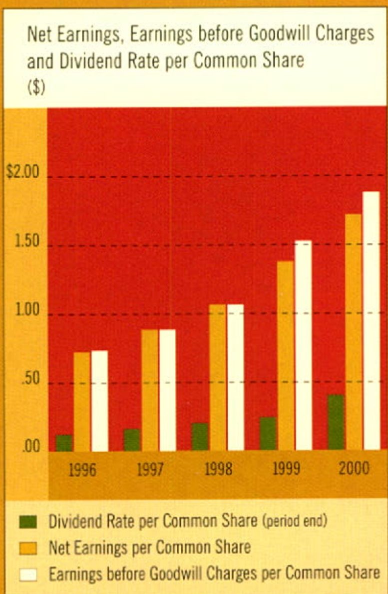
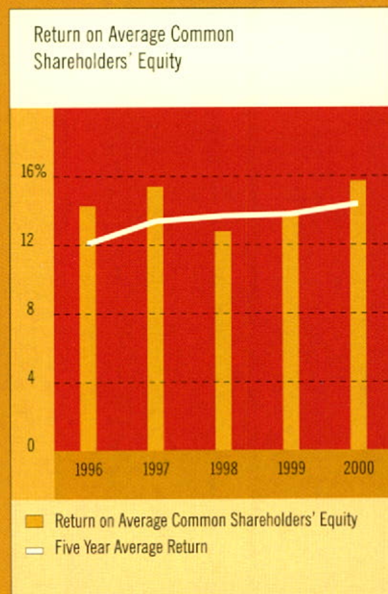
More Today. More Tomorrow.

LOBLAW COMPANIES LIMITED
2000 ANNUAL REPORT

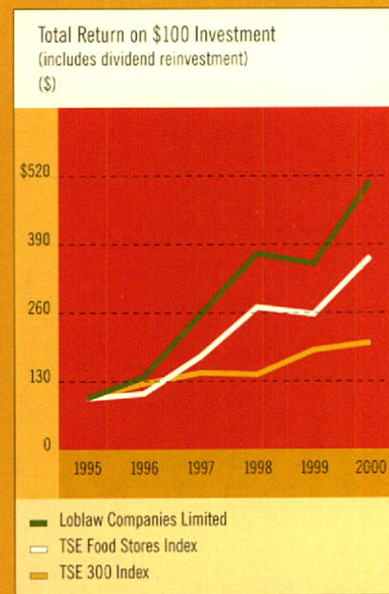
The Year at a Glance (refer to page 2 for detailed financial highlights)



NET EARNINGS PER COMMON SHARE $1.71



RETURN ON COMMON EQUITY 15.7%



RETURN ON $100 INVESTMENT $510

Corporate Profile

Loblaw Companies is Canada's largest food distributor, with operations across the country. 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 114,000 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 in which everyone associated with the Company accepts the need to continuously improve our ability to serve our customers.

The photography in this Annual Report reflects our national presence in markets from coast to coast.

Stores photographed were:
Atlantic Superstore in Charlottetown, P.E.I.; Maxi in Vimont, Quebec; Loblaws in Montreal, Quebec, Toronto, Ontario and Etobicoke, Ontario; and The Real Canadian Superstore in Edmonton, Alberta.

More Today. More Tomorrow.

We continue to be deeply committed to creating product and service offerings that fulfill the lifestyles and daily needs of Canadians across the country. As these needs evolve and consumer trends change, we will adapt our offerings to stay in touch with the ways Canadians live. Our goal is to continuously enhance the Loblaw experience by expanding our products, services and stores to meet the demands of consumers today and to anticipate their needs tomorrow.

In more communities than ever, we are the destination — the place to do your banking, pick up your dry cleaning, fill your prescriptions, buy your groceries and more. By establishing the best in one-stop shopping and continually introducing innovative products and convenient services, we try to ensure that customers think of us first for all of their household needs.

Financial Highlights

52 Weeks Ended December 30, 2000 ($ millions)		2000	1999
Sales and Earnings	Sales	$ 20,121	$ 18,783
	Trading profit (EBITDA)	1,259	1,077
	Operating income	976	811
	Interest expense	143	112
	Net earnings	473	376
Cash Flow	Cash flows from operating activities before acquisition restructuring and other charges	846	791
	Capital investment	943	802
Per Common Share ($)	Earnings before goodwill charges	1.87	1.52
	Net earnings	1.71	1.37
	Cash flows from operating activities before acquisition restructuring and other charges	3.07	2.88
	Dividend rate (period end)	.40	.24
	Book value	11.31	10.56
	Market value (period end)	50.50	35.25
Financial Ratios	Returns on sales		
	Trading profit (EBITDA)	6.3%	5.7%
	Operating income	4.9%	4.3%
	Net earnings	2.4%	2.0%
	Return on average total assets (1)	12.8%	11.9%
	Return on average shareholders' equity (1)	15.7%	13.7%
	Interest coverage on total debt (2)	6.8:1	7.2:1
	Total debt (2) to shareholders' equity (1)	.71:1	.69:1

(1) Ratios are computed as follows:
Return on average total assets – operating income divided by average total assets excluding cash, cash equivalents and short term investments.
Return on average shareholders' equity – net earnings divided by average shareholders' equity.
Total debt to shareholders' equity – total debt divided by total shareholders' equity.
(2) Total debt is defined as total debt less cash, cash equivalents and short term investments.
(3) Certain prior period's information was reclassified to conform with the current period's presentation.

left. John A. Lederer
President, 01/01/01

right. W. Galen Weston
Chairman

W. Galen Weston

THE YEAR 2000 MARKS NOT ONLY THE MOST SUCCESSFUL YEAR IN OUR COMPANY'S HISTORY, BUT ALSO the end of an exciting and productive relationship at this Company dating back 24 years between Dick Currie and myself. During this time, Dick has been President of a Company whose sales have grown from $3.5 billion to $20.1 billion, whose net earnings have grown from a loss of $50 million to income of $473 million, and whose market value has grown from $40 million to $14 billion.

In terms of shareholder value, no significant merchandising company in North America has delivered better performance. Under Dick's direction, Loblaw exited the United States increasing funds available for reinvestment in Canada, developed *President's Choice* and *no name* products, introduced the superstore concept to Western Canada and revamped or reinvented a host of banners, including Loblaws, no frills and Zehrs. Our position in the Maritimes was completely restructured and just 2 years ago, our President negotiated the purchase and then oversaw the consolidation of Provigo, the largest acquisition in the Company's history.

More and more Canadian consumers enjoy the quality of our products, our stores, and the values and service options that our different formats provide. During the past 24 years, we are also proud to have been able to provide many tens of thousands of new jobs for Canadians across the country. Finally, and most importantly for shareholders, Mr. Currie has developed, largely from within the ranks of the business, what I believe is the most capable, progressive, and committed management team in any retail company in North America.

Mr. Currie has left an indelible and highly positive mark on the retailing landscape in Canada. While he will no longer be at the helm of Loblaw Companies, he continues as President of George Weston, Loblaw Companies' parent company, to focus on the growth of this company's non-Loblaw activities.

While the full financial story of our Company's accomplishments in 2000 is discussed in comprehensive detail later in this Report, I am proud to remind you that Loblaw surpassed the $20 billion sales mark for the first time ever and operating income improved 20% over 1999, approaching the $1 billion level. Our capital investment program, having now totaled $3.3 billion over the past 5 years, has shown great results as demonstrated by our improving operating income return on sales, now at just under 5%, up from 4.3% in 1999. Returns on assets and equity have now strengthened to 12.8% and 15.7%, respectively.

In closing, it gives me great pleasure to introduce shareholders to our new President, John A. Lederer. John has been with Loblaw Companies for almost 25 years during which time he has been successful in a variety of roles, culminating in total responsibility for the merchandising, operating and profit performance of the Loblaw business in Eastern Canada, including the challenging responsibility of integrating Provigo. John is a capable, experienced merchant and team leader who will, I am confident, direct Loblaw through its next exciting growth phase. I look forward to many more successful years with John and as your Chairman.

W. Galen Weston

W. Galen Weston
Chairman

John A. Lederer

AS I ENTER MY FIRST YEAR AS PRESIDENT OF LOBLAW COMPANIES, I AM PLEASED TO REPORT TO YOU on the financial results for the 2000 year just ended. Sales increased $1.3 billion or 7% to $20.1 billion. Every major banner improved its sales base and market position, supported by our continuous capital investment program, which saw another 2 million square feet of net retail space (after closures) added in 2000, following approximately 1 million square feet added last year. The refinement of the store offerings and the expansion of departments and services over the past number of years has put us in the enviable position of having new stores generate strong sales from the beginning and contribute to earnings typically within the first quarter of operation. Same-store sales growth, an important measure of the sales success of the existing store base to which new stores are added, grew by almost 5% in 2000, a very solid performance by industry standards.

Our Provigo acquisition has progressed as planned and we have completed the majority of the labour negotiations in Quebec that were needed to proceed with our planned $300 million annual capital investment for that region. Overhead cost reductions have been completed and operating and buying synergies have been achieved to the levels expected. 2001 will be an exciting year of significant retail renewal and conversion in Quebec. The Provigo operations are being shifted to a more controlled retail perspective with the sale of the Dellixo food service business and the concentration of efforts on growth of the corporate and franchise store operations. The new concept Real Canadian Superstores started their rollout late in 2000, bringing the largest of our superstores to 160,000 square feet and offer increased general merchandise product lines while maintaining our superior food offering. Similar expansions of non-food product and service offerings are taking place throughout the Loblaw business, consistent with plans to enhance and expand our positioning to meet the everyday household needs of our growing customer base.

Operating income reached a new record high of $976 million in 2000, an increase of $165 million or 20% over the $811 million earned in 1999. Return on sales increased to 4.9% from 4.3% in 1999.

Earnings per common share reached $1.71 this year, a 25% increase over last year's $1.37 and represents an average 18% annual increase for the past 10 years.

One of the great strengths of Loblaw Companies is its controlled label program, the foundations of which are *no name* and *President's Choice*. In 1998, Loblaw successfully extended its *President's Choice* brand into financial services, consistent with our philosophy of providing more and more everyday household needs while never losing focus on our prime objective of ensuring we are, first and foremost, the best food retailer we can possibly be. In 2001, we will broaden the financial services offering with the introduction of *President's Choice Financial* MasterCard. Consistent with our financial services philosophy, *President's Choice Financial* MasterCard will be a value-added product with no fees and will allow customers to earn even more *PC* points towards free groceries and other rewards.

This Annual Report, as the many before it, once again highlights the strong performance of your Company. This sustained performance over many years can only be achieved under great leadership, with a committed management team and the on-going efforts of our thousands of employees from coast to coast.

In closing, I would like to thank our many employees, our loyal customers and the business partners with whom we deal for their continued support, and special thanks to Mr. Weston and Mr. Currie for their confidence as we look forward to many rewarding years ahead.

John A. Lederer
President, 01/01/01

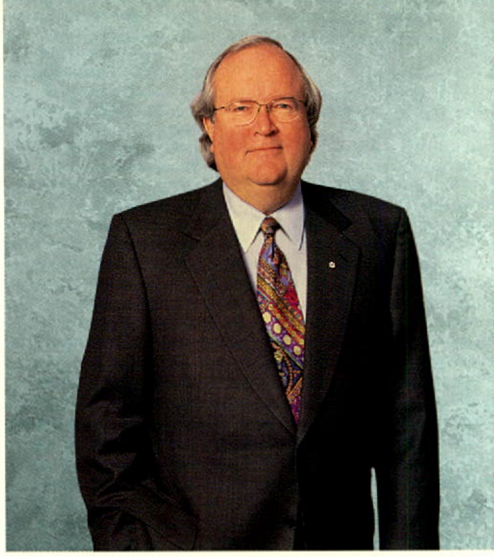
Richard J. Currie

IT WAS WITH SOME SADNESS BUT NO REGRETS THAT I STEPPED DOWN AS PRESIDENT OF LOBLAW Companies on January 1st of this year. Sadness, because I will no longer be directly associated with the hundreds, indeed thousands, of fine people who make up this now great Company. No regrets, because as has been written by another, "the reward for doing a job well is in having done it."

The performance of Loblaw over the years is a matter of public record.

- Its market value has increased from $40 million in 1976 to $14 billion today, about 350 times or almost 25% per year for almost 25 years.

- In 1976, Loblaw was on its way to losing $50 million for the year, it was a dispirited Company with no leadership position, either physical or spiritual, in any of its markets, and it had no access to commercial borrowing sources. Today it has the #1 market share in Canada as well as being #1 in each of its regions – Atlantic Canada, Quebec, Ontario and Western Canada. It also possesses a solid strategic position in each of those markets, cash flow in excess of its needs, a pristine balance sheet,



Richard J. Currie
President, 07/16/76 to 12/31/00

a secure debt rating, a management team without weakness, and a solid reputation in all its commercial dealings.

- In the year 2000, Loblaw was named as one of the Top Ten Mass Market Retailers in the world even though Canada's population is but a fraction of those countries in which the other 9 were represented.

- In the decade of the 1990s, Loblaw created over 39,000 unionized jobs for Canadians — exclusive of acquisitions — the largest number of unionized jobs created by any company operating in Canada.

As the Company with by far the leading market share in Canada (almost as much as #2, #3 and #4 combined), it is an immense source of satisfaction when such diverse organizations as the United States Department of Agriculture, the Union Bank of Switzerland and A.C. Neilsen in 1994, 1997 and 1999, all show that Canadian consumers pay the lowest prices for food in the world.

How did all that happen? How did Loblaw Companies transform itself? The first words are "very slowly". In 1976, although our asset base was decrepit, literally falling apart, it was so large relative to our ability to generate cash from it, that the asset base could not be renewed in any reasonable time frame. In every market our assets were getting worse every year relative to our competition. It took certainly the first 10 years, probably 15 and in some cases almost 20 to stop losses, sell assets and raise enough cash to make the business self-sustaining and then to mount a serious investment program. It is only in the last 5 to 7 years that Loblaw Companies has shown numerically the results of years of painstaking efforts.

Recently a Canadian stock market analyst summarized Loblaw Companies' strategy and efforts over the years. It is an accurate portrayal:

- use all the cash flow generated in the business to invest in its future;
- own all the real estate to maximize flexibility for product and business opportunities in the future;
- use a multi-format approach in order to maximize market share over the longer term;
- focus on food but serve the customers' everyday needs;
- create customer loyalty and enhance price competitiveness through a superior controlled label program;
- implement and execute plans and programs flawlessly.

Those principles differentiated Loblaw Companies from all other North American food retailers, they were clearly identified and understood by everybody in the Company and over an extended period built character and consistency into the business.

In 2000, after working with John Lederer for a number of years, testing him in a variety of intellectual, commercial, and leadership situations and comparing him with others inside and outside the business, my recommendation to the Chairman was unequivocal that John was the right person at the right time to lead Loblaw Companies. My job was to take Loblaw from No Place to Number One. His job will be to keep it there. I have no doubt that he will and that he will also lead Loblaw to new and undreamed of levels, not only of economic performance, but of customer and employee satisfaction as well.

Now that it is over, perhaps the best way to summarize my almost 25 years as President is in the words of the songwriter and singer James Taylor when he wrote the words "The secret of life is enjoying the passage of time... try not to try too hard... it's just a lovely ride". For me, I did try very hard (but not too hard), for a very long time.

And it was a lovely ride.

Richard J. Currie

Richard J. Currie
President, 07/16/76 to 12/31/00

Operational Directory

(includes age and years of service)

John A. Lederer, President, 01/01/01

BANNERS

John A. Lederer, 45 and 24 years

Atlantic Canada
Paul Ormsby, 49 and 18 years

Dominion (in Newfoundland)
Brad Weston, 58 and 40 years

Fortinos
Vince Scornaienchi, 42 and 28 years

Independent Programs:
Your Independent Grocer and Valu-Mart
Kevin Ryan, 51 and 14 years

Loblaws Supermarkets
Deane Collinson, 46 and 16 years

No Frills
Robert Adams, 40 and 17 years

Zehrmart
Carmen Fortino, 42 and 16 years

Distribution Operations
Violet Konkle, 47 and 7 years

Bernard J. McDonell, 46 and 7 years

Loblaws, Maxi, Maxi & Co., Provigo
Supermarkets, Distribution Group
Claude Gariepy, 45 and 3 years

- Loblaws
  Dave Mock, 41 and 18 years
- Maxi, Maxi & Co.
  Denis Gaudreau, 45 and 1 year
- Provigo Supermarkets
  Michel Coulombe, 46 and 1 year
- Distribution Group:
  Associated Banners and Presto
  Pierre Ledoux, 48 and 3 years

Distribution Operations
Raymond Sarrazin, 50 and 6 years

Serge K. Darkazanli, 58 and 26 years

The Real Canadian Superstore
Tom Fraser, 60 and 41 years

Extra Foods
Fred Freeman, 58 and 39 years

The Real Canadian Wholesale Club
Jack Cook, 51 and 24 years

Independent Programs:
SuperValu, Shop Easy Foods
and Lucky Dollar Foods
Jim Courtney, 48 and 21 years

Wholesale Operations
Doug Cathro, 49 and 30 years

REAL ESTATE

David K. Bragg, 52 and 17 years

PROCUREMENT

David R. Jeffs, 43 and 22 years

1. **"MEALS-IN-MINUTES"**
In order to meet the needs of our customers' busy lifestyles, we created "Meals-in-Minutes." It offers a wide variety of our quality frozen meals and hors d'oeuvres – from thick and juicy sirloin burgers to Peking duck – all of which are affordable, quick and easy to prepare.

2. **PHOTOLAB**
Our Photolab represents exceptional quality and value in all photo-finishing services. The introduction of digital services positions us as leaders in the technology of tomorrow and expands our range of services to customers through the Internet.

1

3

2

3. ATLANTIC SUPERSTORE

Building on a foundation of low prices in the Maritimes, the Atlantic Superstore continues to add more stores and services than any other competitor in the market. Our #1 market position reflects the confidence consumers have in our offering, quality, price and level of customer service.

4. 311 PHARMACIES

We are excited to announce that through our 311 pharmacies we now provide full prescription services in every province across Canada. Ranging from pain relievers and vitamins to herbals, *EXACT* products are manufactured to high industry standards and provide consumers with the quality products they need at competitive prices.

1. LOBLAW GARDENS

After 16 successful years, our florist shops and garden centres continue to lead the industry with innovative, outstanding new products. We offer customers a great selection of top quality annuals, perennials, roses, shrubs, trees and more at very competitive prices.

2. "MEALS-TO-GO"

At Loblaw, we understand how valuable time can be. That is why "Meals-to-Go" offers our time-strapped customers quick, healthy alternatives. Through our unique blend of products, ranging from chicken and cabbage rolls to sushi, we offer consumers exceptional value and convenience.

3

4

5

3. *PRESIDENT'S CHOICE* ICEBERG WATER
President's Choice Iceberg Water is unique bottled water extracted from fragments of 10,000-year-old icebergs, which were formed in an atmosphere far cleaner than the one in which we now live.

4. *KIDS KLŌZ*
The acceptance and appreciation of our *KIDS KLŌZ* department demonstrated by customers over the past 5 years will permit us to expand this offering to over 125 locations by the end of 2001. Our own controlled labels – *teddy's choice* and *Klōz For Kids* – offer quality and selection at great low prices.

5. MAXI "le panier le moins cher"
On September 29, 2000, we opened our new 44,500 square foot Maxi concept in Vimont, Quebec. This new generation store, sporting its new slogan "le panier le moins cher", provides customers with a large selection of products that emphasize our everyday low prices and our promise of guaranteed freshness.

1. ***PRESIDENT'S CHOICE* THE DECADENT COOKIES**
Our *President's Choice* The Decadent Cookies are baked with all-natural ingredients, including creamery butter and coconut. The result is an old-fashioned flavour and texture that have made them favourites with our customers, year after year.

2. **FRESH PRODUCE FROM AROUND THE WORLD**
The ever-changing world of "fresh" has never been more evident or more demanding than in our produce department. With yesterday's limitations virtually gone, more unique fresh fruits and vegetables are available to consumers today than ever before.

3. NATURAL VALUE

In our Natural Value department, an educated staff is on hand to help customers increase their familiarity and comfort level with natural products. We offer a full spectrum of quality products from vitamin and mineral supplements to whole health food choices.

4. *PRESIDENT'S CHOICE* MEAL SOLUTIONS

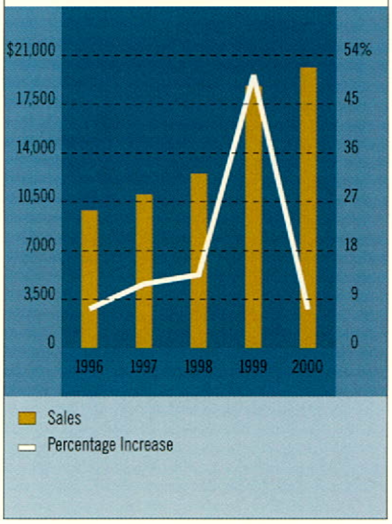
President's Choice offers everything today's busy consumer needs to pull together quick and delicious meal solutions for casual eating or entertaining. An imaginative selection of authentic-tasting products takes its inspiration from flavours from around the world.

The variety of our banners and store formats allows us to harmonize with every geographic and demographic variable across the country. As a result, we have a unique national presence and the flexibility to offer consumers more tomorrow.

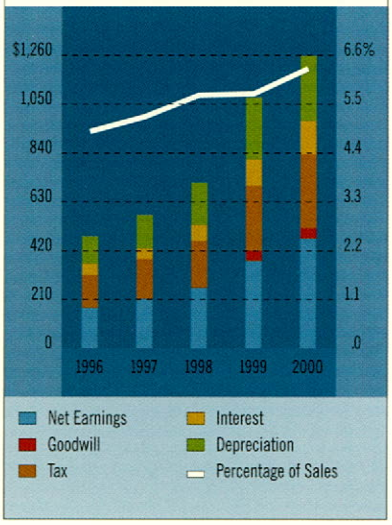
	Conventional Stores/ Superstores	Cash and Carry/ The Real Canadian Wholesale Clubs	Franchised Stores	Associated Stores	Independent Accounts
British Columbia	20	13	42	32	23
Yukon	1		1		
Northwest Territories	2			1	2
Alberta	43	7	1	17	1,138
Saskatchewan	27	7	13	59	1,568
Manitoba	19	2	4	52	83
Ontario	130	38	228	27	369
Quebec	192	26	55	513	2,958
New Brunswick	20	3	26	24	493
Nova Scotia	28	5	23	3	732
Prince Edward Island	4	1	4	1	207
Newfoundland	17	1	8	7	679

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

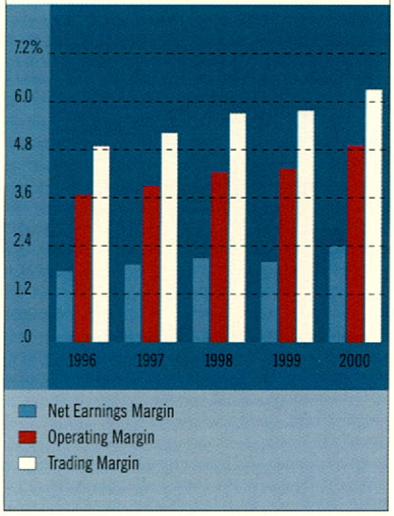
Sales and Percentage Increase in Canadian Sales ($ millions)



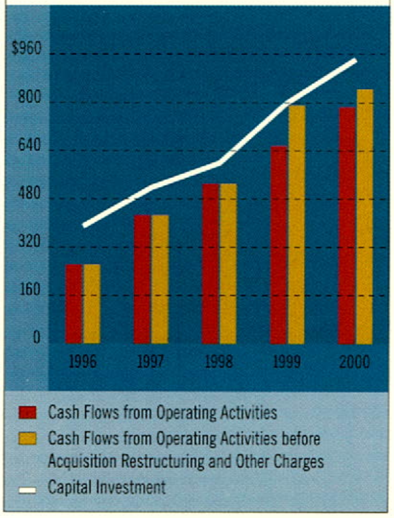
Analysis of Trading Profit and Trading Profit as a Percentage of Sales ($ millions)



Returns on Sales



Capital Investment and Cash Flows from Operating Activities ($ millions)

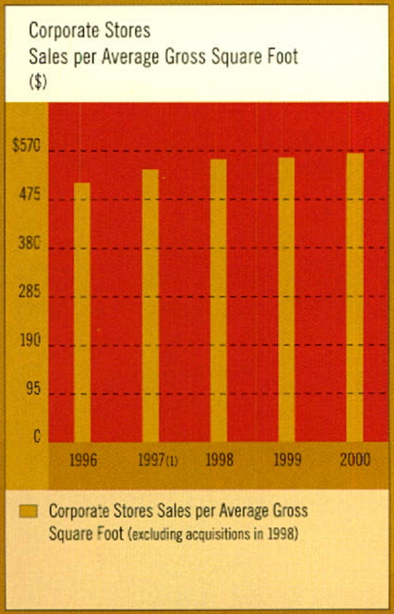


Atlantic SaveEasy	53	STORES
Atlantic superstore	43	STORES
Dominion in Newfoundland	15	STORES
Extra Foods	85	STORES
FORTINOS	18	STORES
independent	51	STORES
Loblaws	81	STORES
LUCKY·DOLLAR FOODS	118	STORES
maxi le panier le moins cher including Maxi & Co.	77	STORES
nofrills lower food prices	98	STORES
provigo	163	STORES
SHOP EASY FOODS	60	STORES
the real Canadian Superstore	52	STORES
SuperValu value and freshness	28	STORES
valu-mart	79	STORES
THE REAL CANADIAN WHOLESALE CLUB	31	STORES
zehrs FOOD PLUS	25	STORES
zehrs MARKETS	33	STORES
Cash & Carry and other banners	637	STORES

		2000 Stores	2000 Sq. Ft. (in millions)
Corporate Stores	Beginning of period	585	24.5
	Opened	44	3.1
	Closed	(41)	(1.1)
	Transferred from franchised stores	18	.5
	End of period	606	27.0
	Average store size (in thousands)		44.6
	Analysis by size:		
	More than 60,000 sq. ft.	145	13.0
	40,000 – 60,000 sq. ft.	130	6.4
	20,000 – 39,000 sq. ft.	199	5.7
	10,000 – 19,000 sq. ft.	112	1.7
	Less than 10,000 sq. ft.	20	.2
		606	27.0
Sales from Corporate Stores ($ millions)		$14,548	
	Sales per average gross sq. ft. ($)	$ 565	

Over the past 5 years, the Company added 7.6 million net square feet of retail footage (excluding acquisitions).

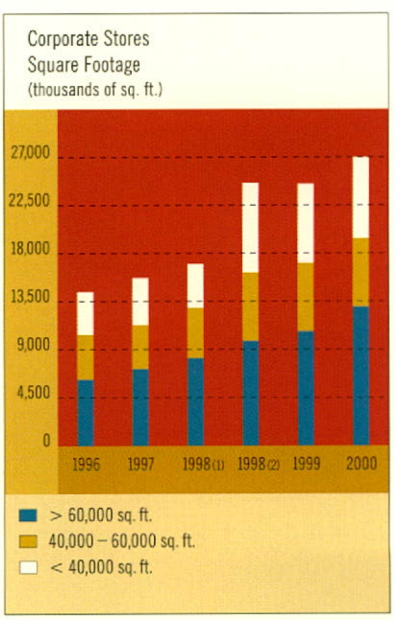
The productivity of our corporate stores over the past 5 years of major expansion is evidenced by the increased sales per average gross square foot from $500 to $565. Average corporate store size also increased considerably over that period. In 2000, the number of corporate stores larger than 60,000 square feet represented 24% of the total compared to 17% just 5 years ago.



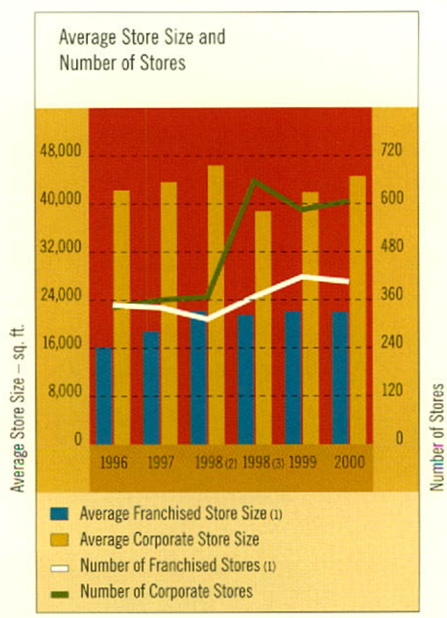
(1) 1997 was a 53 week year

Independent Stores and Accounts

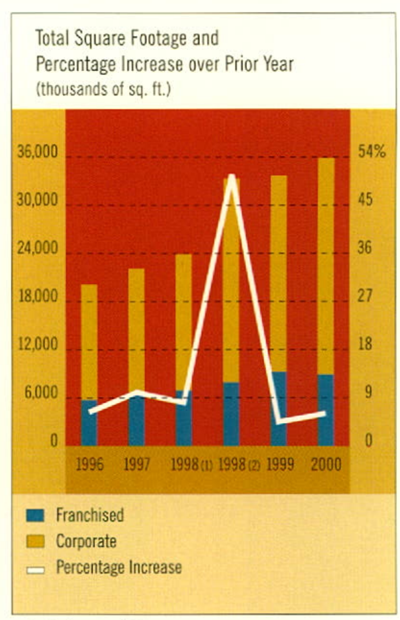
		2000 Stores	2000 Sq. Ft. (in millions)
Franchised Stores	Beginning of period	417	9.2
	Opened	27	.7
	Closed	(21)	(.5)
	Transferred to corporate stores	(18)	(.5)
	End of period	405	8.9
	Average store size (in thousands)		22.0
Associated Stores		736	
Independent Accounts		8,252	
Warehouses		42	
Sales to Independent Stores and Accounts ($ millions)		$ 5,573	



(1) Excluding acquisitions
(2) Including acquisitions



(1) 1998 restated to align acquired stores' classification
(2) Excluding acquisitions
(3) Including acquisitions



(1) Excluding acquisitions
(2) Including acquisitions

We listen to our customers...and evolve to meet their needs.

WEST SUPERSTORE EVOLUTION...CREATING MORE FOR TOMORROW

1979 marked the birth of the Real Canadian Superstore concept; 2000 marked the birth of our superstore "model of the future" — ranging from 140,000 to 160,000 square feet, 3 times the size of the first superstore that was opened in Saskatoon in 1979 — and the opening of our 50th superstore. The new model is an evolution to meet the changing needs and demands of consumers, and features an expansion of our general merchandise offerings and the addition of a snack bar to enhance the one-stop shopping experience. Our 52 superstores answer all of our customers' household needs — from bed and bath products to perishable food offerings such as fish and seafood to our controlled label clothing lines. Although we continue to expand our non-food offerings, we remain focused on being the best food retailer in the country and we look forward to continued great growth opportunities in Western Canada.

PRESIDENT'S CHOICE FINANCIAL – UNPRECEDENTED VALUE

President's Choice Financial enjoyed its most successful year since its inception just 3 years ago. Consistent with the value offered by other *President's Choice* products, the financial services offering provides Canadians with the opportunity to significantly reduce banking costs, earn better financial returns and gather *PC* points to help reduce the costs of their grocery bill.

There are now over 180 pavilions in Loblaw stores offering *President's Choice Financial* services. New customers continue to be added at an unprecedented rate, capitalizing on the market presence of our stores. The product offering continues to grow and now includes chequing and savings accounts, mortgages, loans, mutual funds and lines of credit. This array will be enhanced shortly with the introduction of our *President's Choice Financial* MasterCard in 2001.

left to right.

The Real Canadian Superstore, Edmonton, Alberta.

All your household needs including bed and bath products.

Higher State jeans – one of our many controlled label clothing lines.

President's Choice Financial services – unbeatable value.

les Gamins department, Loblaws, Montreal, Quebec.

PROVIGO – TWO YEARS LATER AND GROWING STRONGER

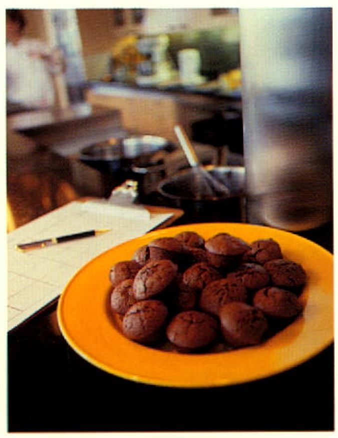
1999 was our first year, and we focused on reducing Provigo operating costs, including refining the infrastructure and leveraging our national buying strength. During 1999 and 2000, we began to realize the anticipated synergies, with 2000 also marking a year of significant labour negotiations. Although challenging, negotiations were successful, and we were able to balance the needs of our employees while maintaining the need for flexibility within the business. During the second half of 2000, we pushed forward with the execution of our Quebec real estate plans and continued to refine operating strategies and future store formats for the Quebec market. A $300 million capital investment is expected in each of the next several years in the Maxi, Provigo and Loblaws banners, as well as a new office building in greater Montreal in 2001. Over the past 2 years, we have proudly exceeded our buying commitment with Quebec suppliers. The outlook for 2001 is promising – sales growth will continue, not only through new stores but by operating existing stores better and enhancing our offerings to ensure that they meet the unique local needs.

UPSTAIRS AT LOBLAWS

"Upstairs at Loblaws" is a full service cooking school facility on the mezzanine level of our new format stores. Each cooking school offers demonstration cooking classes by well-known local chefs, nutritionists, health professionals and authors. We are able to offer a state of the art facility that adds tremendous value for our customers, who are often looking for new ways to cook for themselves and their families. As a community centre, "Upstairs at Loblaws" offers "free of charge" meeting facilities to a variety of community-based, non-profit organizations. Despite marketing that consists only of a quarterly in-store schedule of classes, our customers have embraced this new facility. Initially launched in Loblaws Supermarkets, where there are currently 16 fully operational facilities, the concept is being developed and implemented for other banners across the Company.

FROM OUR KITCHEN TO YOURS

Much of the success of our controlled label products can be directly traced to the behind-the-scenes work of the product development teams and the Loblaw test kitchen chefs. Their efforts are integral to the Company's product life cycle initiative, created to maintain the highest quality standards for every product, resulting in the longevity of our brands. Over the past year, the product development teams were responsible for developing the new *President's Choice* Organics family of products, while the test kitchen chefs created the latest *President's Choice* COOKBOOK, MENUS FOR ALL SEASONS, to help make multi-course dining easier and more enjoyable.



left to right.

Fresh breads at Maxi "le panier le moins cher", Vimont, Quebec.

Cooking classes "Upstairs at Loblaws".

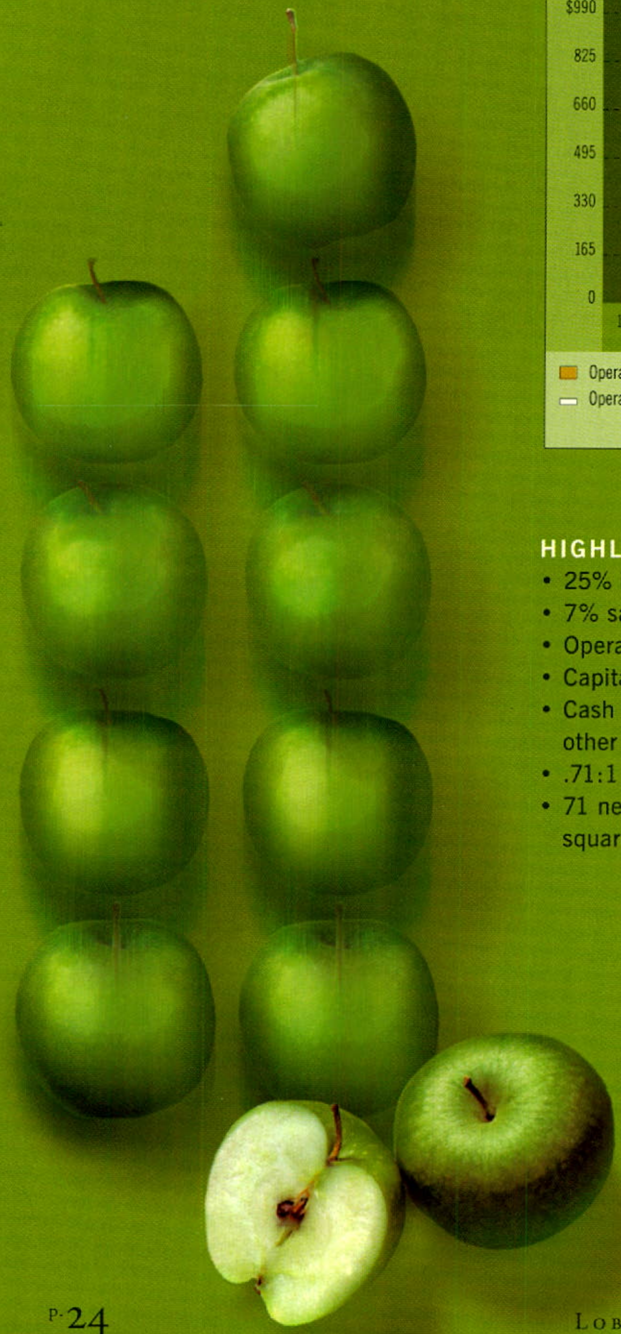
Loblaw test kitchen chefs — making multi-course dining easier.

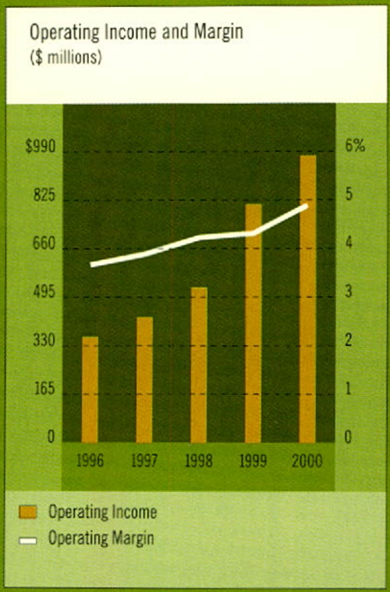
Our product life cycle initiative maintains our high quality standards.

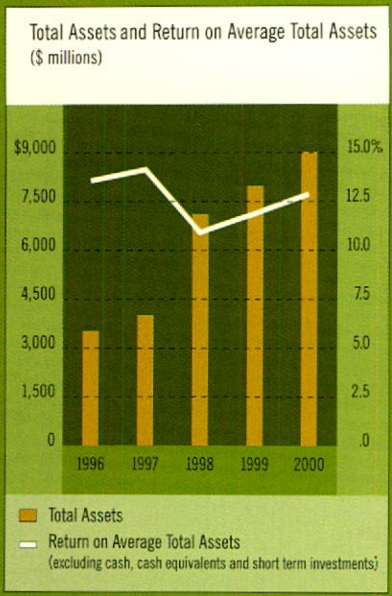
WHO WE ARE

The ability of the Company to attract high quality employees and to retain high quality people over an extended period of time is a tremendous competitive advantage. The various members of our senior operating management team outlined on page 9 have been employed by the Company, on average, for 18 years. Over this time, they have developed the in-depth knowledge and gained the experience necessary to operate our various store formats. By design, they are geographically situated close to the markets in which they operate, always staying in tune with customer needs, the local economy and competitive developments in the markets that they service. With their extensive knowledge and experience, the members of our senior operating team are well suited to lead their respective banners into the future.

In 2000, net earnings per common share rose to $1.71, a 25% increase over 1999.







HIGHLIGHTS

- 25% increase in net earnings per common share to $1.71 from last year's $1.37.
- 7% sales growth to $20.1 billion – same-store sales growth of almost 5%.
- Operating margin improved to 4.9% from 4.3% in 1999.
- Capital investment program of $943 million compared to $802 million in 1999.
- Cash flows from operating activities before acquisition restructuring and other charges increased to $846 million from $791 million in 1999.
- .71:1 debt/equity ratio compared to .69:1 in 1999.
- 71 new corporate and franchised stores opened adding approximately 2 million square feet of selling space, net of closures.

Net earnings per common share improved 25% to $1.71 ($1.70 earnings per common share plus the 1 cent per common share income tax effects of the federal and provincial budgeted tax rate reductions on future income tax balances) from the $1.37 earned in 1999.

Sales increased 7% or $1.3 billion over last year to $20.1 billion. All regions and banners enjoyed strong sales growth in a low food price inflation environment, with same-store sales improving almost 5%.

Operating income improved to $976 million, a 20% increase over the $811 million earned in 1999. The operating margin (operating income divided by sales) improved to 4.9% from 4.3% in 1999 and the trading margin (EBITDA divided by sales) strengthened to 6.3% from 5.7% in 1999. This represents the eighth consecutive year of improved returns on sales.

Interest expense increased 28% to $143 million from $112 million in 1999. The increase resulted from higher net average borrowing levels, a net decrease in interest rates and the 1999 inclusion of interest income in connection with an income tax refund.

The effective income tax rate decreased to 40.1% from 42.7% in 1999.

above. Each of our ultra-nutritious *President's Choice TGTBT* products was designed to meet specific nutritional criteria.

RESULTS OF OPERATIONS

SALES

Sales increased 7% to $20.1 billion, with good growth in all regions and banners across Canada. These sales include the impact of discontinuing the food service sales operation in Quebec and rationalizing certain non-core Cash and Carry business accounts in Ontario and Quebec. The strategy of significant annual capital investment has proven successful as reflected in the almost 5% same-store sales growth in 2000. In both 2000 and 1999, price inflation was not a significant contributing factor in sales growth.

In 1999, the Company sold 44 stores, principally Loeb, as part of the Provigo acquisition. The applicable sales and earnings from these stores were excluded from the Company's 1999 reported results.

Operating Results

($ millions)	2000	Change	1999
Sales	$20,121	7%	$18,783
Operating income	$ 976	20%	$ 811
Operating margin	4.9%		4.3%
Trading profit (EBITDA)	$ 1,259	17%	$ 1,077
Trading margin	6.3%		5.7%

The 2000 corporate and franchised store capital investment program increased the average net square footage by 4% compared to 1999. Due to the significant number of store openings in the fourth quarter of 2000, the 2000 weighted average net square footage increase was minimal compared to a 5% net increase in the base business in 1999. Both averages include the impact of store openings and closures throughout the year.

Over the past 3 years, the Company's $2.3 billion capital investment program has significantly expanded the store network and strengthened the existing store base through renovation, expansion and/or replacement. Some of these new, larger stores replaced older, smaller, less efficient stores that did not offer the broad range of products and services demanded by today's consumer. During 2000, 71 (1999 – 56) new corporate and franchised stores were opened and 66 (1999 – 96) 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 2000, the average store size increased 6% to 44,600 square feet for corporate stores and was unchanged at 22,000 square feet for franchised stores, many of which are located in smaller cities and towns in rural areas. The capital investment activity benefited all banners and regions in varying degrees.

above. *teddy's choice* infant products offer consumers national brand performance at significant savings.

In 2001, the Company plans to open, expand or remodel more than 120 corporate and franchised stores throughout Canada in a geographic investment pattern similar to that of the last several years, with the exception of continued increased investment in Quebec. This will result in an expected net increase of 8% or 3 million square feet, which should generate additional sales growth.

OPERATING INCOME

Operating income in 2000 grew by $165 million or 20% to $976 million, following a 53% increase in 1999, which included the first full year impact of Provigo. Operating margin improved to 4.9% from 4.3% in 1999, while trading margin increased to 6.3% from 5.7% in 1999. The improvement in margins resulted from an increase in the breadth and mix of store offerings, better store economics, a continued focus on operating and administrative cost containment, the realization of operating and buying synergies from the Provigo and Agora acquisitions, and strong same-store sales growth leveraging off fixed costs. 2000 gross margins remained stable with 1999 levels.

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

In 2001, operating income growth is expected to continue at the pre-acquisition level. Growth will be supported by the maturing of stores opened during the past couple of years, the further development of the Provigo and Agora businesses and continued significant capital investment in retail outlets, distribution networks and support services across Canada.

INTEREST AND INCOME TAXES

In 2000, interest expense increased $31 million or 28% following a $44 million increase in 1999. This was the result of higher average net borrowing levels, a net decrease in interest rates and the 1999 inclusion of interest income in connection with an income tax refund. The positive impact of interest rate derivatives, as discussed in Note 9 to the consolidated financial statements, was partially offset in 2000 by the negative impact of currency derivatives.

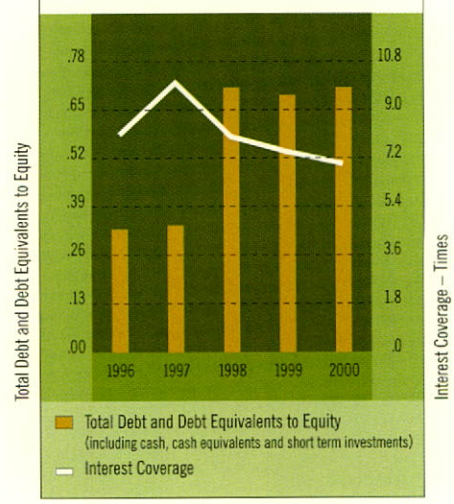
In 2001, net interest expense is expected to increase due to higher average net borrowing levels. Capital investment should approximate cash flows from operating activities in 2001.

The effective income tax rate decreased in 2000 to 40.1% compared to 42.7% in 1999. The decrease was the result of a higher proportion of foreign income taxed at lower effective income tax rates and the effect of the federal and provincial income tax budget changes.

As a result of the new income tax accounting standard implemented in 2000, the cumulative effects of changes in federal or provincial income tax rates on future income tax assets or liabilities were included in the Company's consolidated financial statements at the time of substantial enactment. The effect of the proposed reduction in the Canadian federal income tax rate of 1% in 2001 and 2% for each of 2002, 2003 and 2004 and the reductions in capital gains/losses inclusion rates from three-quarters to two-thirds for all capital gains/losses realized after February 27, 2000 and to one-half for all capital gains/losses realized after October 18, 2000, was reported as a $4 million reduction to future income tax expense in 2000. This amount also includes substantially enacted changes in the Ontario and Alberta provincial budgets.

In 2001, the income tax rate is expected to decline slightly compared to 2000 on the assumption that there will be no other substantially enacted budget changes in federal or provincial income tax rates during 2001.

Total Debt and Debt Equivalents to Equity and Interest Coverage



ACCOUNTING POLICY CHANGES IMPLEMENTED IN 2000

The Canadian Institute of Chartered Accountants ("CICA") issued 2 accounting standards, Section 3465 "Income Taxes" and Section 3461 "Employee Future Benefits", effective for fiscal years beginning on or after January 1, 2000. In 2000, the Company adopted both standards retroactively without restatement of prior periods. In the first quarter of 2000, the cumulative effect of initial adoption was reported as a decrease in retained earnings of $22 million and $130 million (net of future income tax of $100 million) for Sections 3465 and 3461, respectively.

CAPITAL RESOURCES AND LIQUIDITY

The Company maintained a sound financial position in 2000, which is expected to continue in 2001. The 2000 total debt to equity ratio (including cash, cash equivalents and short term investments) of .71:1 increased slightly compared to the 1999 ratio of .69:1. The slight increase occurred because the net increase in shareholders' equity from net earnings retained in the business less the one-time

above. We offer an ever-changing variety of candles and accessories that reflect current lifestyle trends and colours.

net charge to retained earnings related to the new income tax and employee future benefits accounting standards was less than the increase in the Company's net debt level. If the one-time net charge to retained earnings was excluded, the Company's total debt to equity ratio in 2000 would improve to .68:1. The 2001 ratio is expected to improve slightly and will therefore be well within the Company's internal guideline of a less than 1:1 ratio for the thirteenth consecutive year.

The 2000 interest coverage (operating income divided by interest expense) declined to 6.8 times from 7.2 times in 1999. The 1999 interest expense included interest income in connection with an income tax refund. Adjusted for this, the 2000 interest coverage improved slightly compared to 1999.

The 2000 capital investment program reached a new high of $943 million. This was an increase of $141 million or 18% over 1999, reflecting the Company's continuing commitment to invest in growth across Canada including new stores, expansions, significant remodeling and refurbishing while modernizing its warehouse and distribution network. At period end 2000, projects-in-progress, which the Company has effectively committed to complete, total approximately $97 million of the 2001 estimated capital investment of $1.1 billion.

Cash flows from operating activities before acquisition restructuring and other charges increased to $846 million from $791 million in 1999, mainly reflecting improved operating income.

Short term liquidity is provided by a combination of internally generated cash flow, cash, cash equivalents, short term investments, bank indebtedness and access to the commercial paper market. During the first quarter of 2001, the Company was authorized to increase its commercial paper program from $800 million to $1.2 billion. At period end, this program was rated R-1 (low) and A-1 by the Dominion Bond Rating Service ("DBRS") and Standard & Poor's ("S&P"), respectively. Cash, cash equivalents, short term investments and lines of credit extended by several banks totaling $920 million support the Company's commercial paper program. Commercial paper is used primarily for short term financing requirements.

Major Cash Flow Components

($ millions)	2000	Change	1999
Capital investment	$ 943	18%	$ 802
Business acquisition			$ 14
Business disposition			$ 161
Cash flows from operating activities before acquisition restructuring and other charges	$ 846	7%	$ 791
Cash flows from (used in) financing activities	$ 566		$ (73)

Longer term capital resources are provided by direct access to capital markets. At period end, the Company and Provigo Inc.'s Debentures and Notes were rated A (high) by DBRS and A by S&P. The Company has access to longer term capital markets through its Medium Term Notes ("MTN") program. An MTN shelf prospectus is filed, allowing the Company to issue, over a 2 year term, unsecured debt obligations up to a specified principal amount with maturities of not less than 1 year.

During the first quarter of 2000, the Company issued the remaining $200 million of MTN related to its 1999 shelf prospectus. During the second quarter of 2000, the Company filed another shelf prospectus to issue up to $1.0 billion of MTN, from which it issued $560 million in 2000. A further $350 million of MTN was issued during the first quarter of 2001.

During the first quarter of 2000, the Company redeemed its $100 million 5.39% Notes in accordance with their terms and conditions. In the fourth quarter of 2000, the Company announced its intention to redeem in 2001 its $50 million Series 5, 10% Debentures in accordance with their terms and conditions. An additional $200 million of long term debt matures in 2001.

During 1999, the Company issued $300 million of MTN related to its 1998 shelf prospectus and $300 million of MTN related to its 1999 shelf prospectus. These proceeds were used to repay $472 million of the $771 million unsecured credit facility used in the acquisition of Provigo and also improved the Company's 1999 working capital position.

Financial instruments are used to manage the effective interest rate on total debt including underlying commercial paper, short term investments and cash equivalents. 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 2001 cash requirements through internally generated funds, its $1.2 billion commercial paper program and its remaining available MTN facility.

The 2000 period end weighted average interest rate on fixed rate long term debt (excluding capital lease obligations included in other long term debt) was 7.6% as compared to 7.7% in 1999. The MTN issues in 1999 and 2000 reduced the 2000 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 18 years for each at the end of 2000 compared to 20 years for each at the end of 1999. The decrease in the term to maturity mainly reflects the elapse of 1 year in the Company's debt portfolio.

above. Our cosmetics department offers an assortment of popular cosmetics, fragrances and skin treatments reflecting the latest trends for all ages.

Common shareholders' equity reached $3.1 billion in 2000, an increase of $220 million over 1999, primarily a result of $361 million of current period's net earnings being retained in the business, which was offset by the $152 million one-time net charge to retained earnings related to the accounting change in measurement of employee future benefits and income taxes.

During 2000, the Company purchased for cancellation 276,000 (1999 – 630,200) of its common shares for $13 million (1999 – $22 million) pursuant to its Normal Course Issuer Bids ("NCIB"). Under its NCIB, the Company is allowed to enter into forward contracts with respect to its common shares included in the NCIB. At period end 2000, the Company had forward purchase contracts on 2,750,200 of the Company's common shares at an average strike price of $38.66 per share. In addition, the Company intends to renew its NCIB to purchase on The Toronto Stock Exchange or enter into 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.

above. Our Maxi stores offer "le panier le moins cher" and a large selection of quality frozen meals and hors d'oeuvres.

The Company's dividend policy is to maintain a stable dividend payment equal to approximately 20 to 25% of the prior period's normalized net earnings per common share, giving consideration to the period end cash position, future cash flow requirements and investment opportunities.

ACCOUNTING POLICY AND DISCLOSURE CHANGES SUBSEQUENT TO 2000

The CICA has issued 2 accounting standards: Section 1751 "Interim Financial Statements", effective for interim periods in fiscal years commencing on or after January 1, 2001, and Section 3500 "Earnings per Share", effective for fiscal years commencing on or after January 1, 2001.

Section 1751 requires that the Company expand disclosure on its quarterly consolidated financial statements. The Company intends to adopt this standard in the first quarter of 2001.

Section 3500 will change the Company's method of computing its diluted earnings per share ("EPS") when determining the dilutive effect of employee stock options. Adoption of this standard will require the Company to disclose a diluted EPS. The Company intends to adopt this standard in the first quarter of 2001 retroactively with restatement of prior periods.

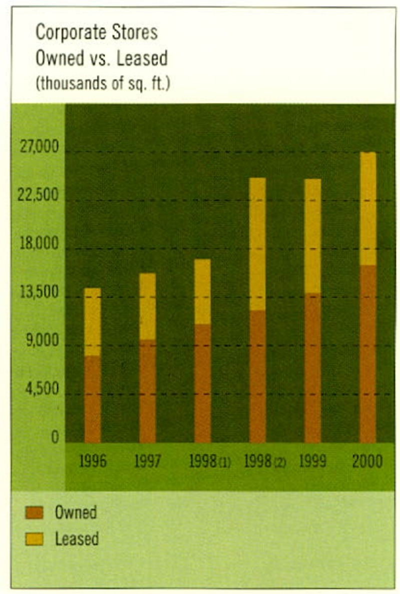
RISK AND RISK MANAGEMENT

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, some of 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, sizes and banners 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 offerings of products typically associated with supermarkets. The Company pursues 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, pursues a 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 offering superior overall value and provide some protection against national brand pricing strategies.

Since 1998, the Company has extended its controlled label offering to include financial services, using the Canadian Imperial Bank of Commerce as a service provider. These financial services are offered at attractive rates and allow customers to earn loyalty points redeemable towards free groceries and other store products. In addition, President's Choice Bank, a subsidiary of the Company, is in the final stages of developing a credit card.

The Company will enter new markets and will review acquisitions when 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 in doing so. The financial strength of the Company and the strategic deployment of its financial resources allow for the successful implementation of these operating strategies. 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 sustainable long term growth.



(1) Excluding acquisitions
(2) Including acquisitions, excluding 1999 dispositions

Low cost, non-union competitors are a threat to the Company's cost structure. The Company is willing to accept the short term costs of labour disruption in order to achieve competitive labour costs for the longer term, which helps to ensure long term sustainable sales and earnings growth. 2000 marked a year of some significant labour negotiations across the Company – specifically in Quebec and Ontario. The negotiations were challenging and resulted in 4 unionized labour strikes, 2 in Ontario and 2 in Quebec. All contracts were successfully settled and will provide labour stability in Loblaws Supermarkets, Zehrs Markets and much of the Provigo business for the next several years. In 2001, 73 labour agreements affecting approximately 12,500 employees will be negotiated, with the single largest agreement covering approximately 2,000 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.

above. *no name* is the leader in bringing consumers national brand quality at affordable prices.

The Company effectively limits its exposure to risk through the combination of appropriate levels of self-insurance and the purchase of integrated insurance solutions. The insurance is arranged on a multi-year basis with reliable, financially stable insurance companies. The Company combines comprehensive loss prevention programs and the active management of claims handling and litigation processes in order to reduce the risk it retains. The utilization of internal professionals is complemented by external technical expertise to ensure efficient management of risks.

The Company endeavours to be socially and environmentally responsible, 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 ensure 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.

OUTLOOK

The Company plans to continue its capital investment program, adding new retail outlets across Canada and continuing to invest in its warehouse and distribution network and systems, while maintaining its reputation for retail innovation and low cost operations. Having substantially completed the integration of Provigo and Agora into the business and realizing the anticipated operating and buying synergies, the Company's sales and earnings growth is expected to continue at the pre-acquisition levels in 2001 and beyond while it maintains a strong balance sheet and cash flow position.

Financial Review

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

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

John A. Lederer	Donald G. Reid	Stephen A. Smith
President	*Executive Vice President*	*Senior Vice President, Controller*

Toronto, Canada March 2, 2001

Auditors' Report

To the Shareholders of Loblaw Companies Limited:

We have audited the consolidated balance sheets of Loblaw Companies Limited as at December 30, 2000 and January 1, 2000 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 December 30, 2000 and January 1, 2000 and the results of its operations and its cash flow for the periods then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Toronto, Canada March 2, 2001

Consolidated Statements of Earnings

52 Weeks Ended December 30, 2000 ($ millions)		2000	1999
Sales		$ 20,121	$ 18,783
Operating Expenses	Cost of sales, selling and administrative expenses	18,862	17,706
	Depreciation	283	266
		19,145	17,972
Operating Income		976	811
Interest Expense (Income)	Long term	172	139
	Other	(29)	(27)
		143	112
Earnings Before Income Taxes		833	699
Income Taxes (note 4)	Provision	321	280
	Other	(4)	
		317	280
Earnings Before Goodwill Charges		516	419
Goodwill Charges, net of tax of $1 (1999 – $1)		43	43
Net Earnings for the Period		$ 473	$ 376
Per Common Share ($)	Earnings before goodwill charges	$ 1.87	$ 1.52
	Net earnings	$ 1.71	$ 1.37

Consolidated Statements of Retained Earnings

52 Weeks Ended December 30, 2000 ($ millions)		2000	1999
Retained Earnings, Beginning of Period		$ 1,721	$ 1,429
	Impact of adopting new accounting standards (note 1)	(152)	
	Net earnings for the period	473	376
	Premium on common shares purchased for cancellation (note 8)	(12)	(20)
	Net stock option plan cash payments, net of tax (note 8)	(3)	(3)
	Dividends declared per common share – 35¢ (1999 – 22¢)	(97)	(61)
Retained Earnings, End of Period		$ 1,930	$ 1,721

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

As at December 30, 2000 ($ millions)		2000	1999
Assets			
Current Assets	Cash and cash equivalents (note 5)	$ 686	$ 481
	Short term investments (note 5)	364	245
	Accounts receivable	381	325
	Inventories	1,310	1,222
	Prepaid expenses and other assets	61	50
	Current future income taxes (note 4)	114	
	Taxes recoverable		92
		2,916	2,415
Franchise Investments and Other Receivables		189	160
Fixed Assets (note 6)		4,174	3,549
Future Income Taxes (note 4)		42	
Goodwill (note 2)		1,641	1,685
Other Assets		63	170
		$ 9,025	$ 7,979
Liabilities			
Current Liabilities	Bank indebtedness	$ 203	$ 296
	Commercial paper	427	428
	Accounts payable and accrued liabilities	2,240	2,066
	Current income taxes	78	
	Long term debt due within one year (note 7)	259	22
		3,207	2,812
Long Term Debt (note 7)		2,377	1,979
Other Liabilities		239	171
Future Income Taxes (note 4)		78	
Deferred Income Taxes			113
		5,901	5,075
Shareholders' Equity			
Common Share Capital (note 8)		1,194	1,183
Retained Earnings		1,930	1,721
		3,124	2,904
		$ 9,025	$ 7,979

See accompanying notes to the consolidated financial statements.

Approved by the Board

W. Galen Weston
Director

Richard J. Currie
Director

Consolidated Cash Flow Statements

52 Weeks Ended December 30, 2000 ($ millions)		2000	1999
Operations	Net earnings	$ 473	$ 376
	Depreciation and amortization	327	310
	Loss on fixed asset sales		6
	Future income taxes	49	
	Deferred income taxes		53
	Other	13	9
		862	754
	Changes in non-cash working capital	(16)	37
Cash Flows from Operating Activities before the following:		846	791
	Acquisition restructuring and other charges, including income tax recoveries	(61)	(135)
Cash Flows from Operating Activities		785	656
Investment	Fixed asset purchases	(943)	(802)
	Short term investments	(119)	(197)
	Proceeds from fixed asset sales	16	21
	Business acquisition (note 2)		(14)
	Business disposition (note 2)		161
	Increase in franchise investments and other receivables	(10)	(27)
	Net decrease (increase) in other items	3	(29)
Cash Flows used in Investing Activities		(1,053)	(887)
Financing	Short term bank loans (note 2)		(770)
	Commercial paper	(1)	197
	Long term debt (note 7)		
	– Issued	760	602
	– Retired	(113)	(14)
	Common share capital (note 8)		
	– Issued	12	3
	– Retired	(13)	(22)
	Dividends	(69)	(61)
	Other	(10)	(8)
Cash Flows from (used in) Financing Activities		566	(73)
Increase (Decrease) in Cash		298	(304)
Cash, Beginning of Period		185	489
Cash, End of Period		$ 483	$ 185
Cash position:	Cash	$ 483	$ 185
	Short term investments	364	245
	Commercial paper	(427)	(428)
	Cash position	$ 420	$ 2
Other cash flow information:	Net interest paid	$ 161	$ 114
	Net income taxes paid	$ 192	$ 200

Cash is defined as cash and cash equivalents net of bank indebtedness.
See accompanying notes to the consolidated financial statements.

note 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.

Cash Equivalents Cash equivalents are highly liquid investments with a maturity of less than 90 days.

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 38 years. Any permanent impairment in value, based on projected cash flows, is written off against net earnings.

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

Financial 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.

Income Taxes Effective January 2, 2000, the Company adopted the new standard issued by The Canadian Institute of Chartered Accountants ("CICA") on accounting for Income Taxes. The standard was applied retroactively without restatement of prior period consolidated financial statements. The cumulative effect of adoption was a decrease in retained earnings of $22. The new income tax accounting standard replaced the concept of deferred income taxes with the asset and liability method of tax allocation. Under the asset and liability method, future income taxes are recognized for 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 which the differences are expected to affect income. Under the deferral method, deferred income taxes resulted from timing differences in the recognition of income statement items for financial statement and income tax purposes.

Pension, Post-Retirement and Post-Employment Benefits Effective January 2, 2000, the Company adopted the new standard issued by the CICA on accounting for Employee Future Benefits. The standard was applied retroactively without restatement of prior period consolidated financial statements. The cumulative effect of adoption was a decrease in retained earnings of $130 (net of future income tax of $100). Under the new standard, the cost of the Company's defined benefit pension plans, post-retirement health, life insurance and other post-employment benefits is accrued as earned, based on actuarial valuations. The Company's pension fund assets are valued at market values and the excess net actuarial gain or loss over 10% of the greater of the accrued benefit obligation and the market value of plan assets is amortized over the average remaining service period of active employees. Employee future benefits are measured using market interest rates on high quality debt instruments. Under the previous standards, defined benefit pension expense was accrued as earned, pension fund assets were valued at market-related values, projected plan benefits were based on management's best estimates of the long term rate of return, and post-retirement health, life insurance and other post-employment benefits were expensed as claims were paid.

Stock Option Plan The Company has a stock option plan as described in Note 8. Consideration paid by employees on the exercise of a stock option is credited to common share capital. For those employees electing to receive the cash differential, the excess of the market price of the common shares at the date of exercise over the specified stock option price, net of the related taxes, is 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.

note 2 Business Acquisition 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 $785 in cash 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. The fair value of the net assets acquired, including acquisition restructuring and other charges, was $(99). In 1999, the Company sold 44 stores, principally Loeb, for proceeds of $161 representing fair value. This sale transaction was recorded as part of the Provigo purchase equation and the applicable sales and earnings from these stores were excluded from the Company's 1999 reported results.

The goodwill arising on this transaction is being amortized over 40 years.

note 3 PENSION, POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

The Company has a number of defined benefit and defined contribution plans providing pension, other retirement and post-employment benefits to most of its employees. The Company also participates in a multi-employer defined benefit plan providing pension benefits. This plan, to which contributions totaled $25 in 2000, is accounted for as a defined contribution plan. The total expense for the Company's defined contribution plans, excluding the multi-employer defined benefit plan, was $5 in 2000.

Information about the Company's defined benefit plans other than the multi-employer defined benefit plan, in aggregate, is as follows:

		2000	
		Pension Benefit Plans	Other Benefit Plans
Change in Accrued Benefit Obligation			
	Balance, Beginning of Period	$ 741	$ 101
	Current service cost	23	6
	Interest cost	49	6
	Benefits paid	(49)	(8)
	Actuarial gains	(45)	(6)
	Settlement gain	(29)	
	Balance, End of Period	$ 690	$ 99
Change in Plan Assets			
	Fair Value, Beginning of Period	$ 732	$ 12
	Actual return on plan assets	170	1
	Employer contributions	8	8
	Employee contributions	2	
	Benefits paid	(49)	(8)
	Settlement gain	(27)	
	Other	(2)	
	Fair Value, End of Period	$ 834	$ 13
Funded Status			
	Plan surplus (deficit)	$ 144	$ (86)
	Unamortized net gain	(159)	(6)
	Accrued benefit liability	$ (15)	$ (92)
Net Benefit Plan Expense			
	Current service cost	$ 21	$ 6
	Interest cost	49	6
	Expected return on plan assets	(55)	(1)
	Settlement gain	(2)	
	Net benefit plan expense	$ 13	$ 11

As at period end 2000, the net aggregate accrued benefit obligation for those pension benefit plans in which the accrued benefit obligation exceeded the fair value of plan assets was $36. There were no plan assets in non-registered pension plans. All of the Company's plans for post-retirement benefits other than pensions and long term disability benefits also had no plan assets. As at period end 2000, the net aggregate accrued benefit obligation for these other benefit plans was $86.

The significant actuarial weighted average assumptions were as follows:

	2000	
	Pension Benefit Plans	Other Benefit Plans
Discount rate	7%	7%
Expected long term rate of return on plan assets	8%	7%
Rate of compensation increase	3%	

For 2000 measurement purposes, a 4% annual rate of increase in the per capita cost of covered health care benefits was assumed.

Under the previous accounting standards, the Company's registered defined benefit pension plans had, as at period end 1999, a present value of accrued pension benefits of $560 and a market-related value of pension fund assets of $738. As at period end 1999, prepaid pension costs of $147 relating to these plans were included in other assets.

note 4 Income Taxes

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

	2000	1999
Combined basic Canadian federal and provincial income tax rate	42.5%	42.5%
Net decrease resulting from:		
Operating in countries with lower effective income tax rates	(3.4)	(1.2)
Non-taxable amounts including capital gains/losses	(.5)	(1.1)
Substantially enacted changes in income tax rates	(.5)	
Other		(.1)
Effective income tax rate before goodwill charges	38.1	40.1
Non-deductible goodwill charges	2.0	2.6
Effective income tax rate	40.1%	42.7%

In accordance with the new income tax accounting standard, the cumulative effects of changes in federal or provincial income tax rates on future income tax assets or liabilities were included in the Company's consolidated financial statements at the time of substantial enactment. The effect of the proposed reduction in the Canadian federal income tax rate of 1% in 2001 and 2% for each of 2002, 2003 and 2004 and the reductions in capital gains/losses inclusion rates from three-quarters to two-thirds for all capital gains/losses realized after February 27, 2000 and to one-half for all capital gains/losses realized after October 18, 2000, was reported as a $4 million reduction to future income tax expense. This amount also includes substantially enacted changes in the Ontario and Alberta provincial budgets.

The income tax effects of temporary differences that gave rise to significant portions of the future income tax assets and future income tax liabilities are presented below:

		2000
Future Income Tax Assets		
	Accounts payable and accrued liabilities	$ 105
	Long term debt (including amounts due within one year)	20
	Other liabilities	28
	Losses carried forward (expiring 2007)	10
	Other	3
		$ 166
Future Income Tax Liabilities		
	Fixed assets	$ 76
	Other	12
		$ 88

note 5 Cash, Cash Equivalents and Short Term Investments

Cash, cash equivalents, short term investments, bank indebtedness and the Company's commercial paper program form an integral part of the Company's cash management.

The Company had $1,037 (1999 – $714) in cash, cash equivalents and short term investments held by its wholly owned non-Canadian subsidiaries. Short term investments are carried at the lower of cost or quoted market value and consist primarily of United States government securities, commercial paper, bank deposits and repurchase agreements. The income from these investments of $55 (1999 – $35) was included as a reduction of other interest expense. Cash and cash equivalents of $686 (1999 – $481) include short term investments with a maturity of less than 90 days, and short term investments of $364 (1999 – $245) have a maturity of greater than 90 days.

note 6 Fixed Assets

	2000			1999		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Properties held for development	$ 217		$ 217	$ 246		$ 246
Properties under development	192		192	114		114
Land	923		923	687		687
Buildings	2,084	$ 428	1,656	1,713	$ 367	1,346
Equipment and fixtures	1,866	1,032	834	1,660	885	775
Leasehold improvements	507	177	330	510	160	350
	5,789	1,637	4,152	4,930	1,412	3,518
Capital leases – buildings and equipment	82	60	22	85	54	31
	$ 5,871	$ 1,697	$ 4,174	$ 5,015	$ 1,466	$ 3,549

Interest capitalized to fixed assets during the year was $20 (1999 – $17).

note 7 Long Term Debt

		2000	1999
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 1997, 6.35%, due 2004	100	100
	Series 1996, 8.70%, due 2006	125	125
	Other	22	32
Loblaw Companies Limited Notes			
	5.39% to 2000 and 7.91% thereafter, redeemed in 2000		100
	7.34%, due 2001	100	100
	6.20%, BA Range Note, due 2002	10	
	6.60%, due 2003	100	
	6.95%, due 2005	200	
	5.75%, due 2009	125	125
	7.10%, due 2010	300	
	6.00%, due 2014	100	100
	6.65%, due 2027	100	100
	6.45%, due 2028	200	200
	6.50%, due 2029	175	175
	11.40%, due 2031 – principal	151	151
	– effect of coupon repurchase	6	11
	8.75%, due 2033	200	200
	6.45%, due 2039	200	200
	7.00%, due 2040	150	
Other at a weighted average interest rate of 11.19%, due 2001 to 2040		61	71
Total long term debt		2,636	2,001
Less due within one year		259	22
		$ 2,377	$ 1,979

The 5 year schedule of repayment of long term debt based on the earlier of maturity or first retraction date is as follows: 2001 – $259; 2002 – $16; 2003 – $106; 2004 – $106; 2005 – $215.

Loblaw Companies Limited Debentures and Notes During 2000, the Company redeemed its $100 5.39% Notes as was announced subsequent to period end 1999. Prior to period end 2000, the Company announced its intention to redeem the Series 5, $50 10% Debentures during 2001. Accordingly, the Series 5 Debentures were included in the amount due within one year.

Provigo Inc. Debentures – Other The $22 (1999 – $32) represents the unamortized portion of the adjustment to fair value the Provigo Debentures. This adjustment was recorded as part of the Provigo purchase equation and was 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 Debentures.

Subsequent to period end 2000, the Company issued $350 of Notes with an interest rate of 6.50% due 2011.

note 8 Common Share Capital ($)

	Number of Shares		Common Share Capital ($ millions)	
	2000	1999	2000	1999
Common shares issued (authorized – unlimited)	276,245,314	274,910,365	$ 1,194	$ 1,183
Weighted average common shares outstanding	276,003,195	275,076,485		

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.

Stock Option Plan The Company maintains a stock option plan for certain employees. Under the plan, the Company may grant options for up to 20,400,000 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. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option or, for those options granted after 1997, option holders may elect to receive in cash the share appreciation value equal to the excess of the market price at the date of exercise over the specified option price. In 2000, the Company issued 1,610,949 common shares (1999 – 591,450) for cash consideration of $12 million (1999 – $3 million) on the exercise of stock options and paid the share appreciation value of $7 million, net of tax of $5 million (1999 – $3 million, net of tax of $2 million), on 450,893 stock options (1999 – 138,635).

A summary of the status of the Company's stock option plan and activity is presented below:

	2000		1999	
	Options (number of shares)	Weighted Avg. Exercise Price/Share	Options (number of shares)	Weighted Avg. Exercise Price/Share
Outstanding options, beginning of period	3,798,072	$ 15.243	4,452,882	$ 13.542
Granted	3,484,200	$ 32.102	162,480	$ 35.600
Exercised	(2,061,842)	$ 9.941	(730,085)	$ 9.538
Forfeited/Cancelled	(187,150)	$ 26.235	(87,205)	$ 14.107
Outstanding options, end of period	5,033,280	$ 28.676	3,798,072	$ 15.243
Options exercisable, end of period	517,190	$ 19.893	2,092,118	$ 9.952

The following table summarizes information about the Company's outstanding stock options:

	2000				
	Outstanding Stock Options			Exercisable Stock Options	
Range of Exercise Prices	Number of Options Outstanding	Weighted Avg. Remaining Contractual Life (years)	Weighted Avg. Exercise Price/Share	Number of Exercisable Options	Weighted Avg. Exercise Price/Share
$ 14.250 – $ 24.500	1,497,654	4	$ 20.222	488,098	$ 18.956
$ 32.000 – $ 43.800	3,535,626	6	$ 32.257	29,092	$ 35.600

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

Normal Course Issuer Bids ("NCIB") During 2000, the Company purchased for cancellation 276,000 (1999 – 630,200) of its common shares for $13 million (1999 – $22 million) pursuant to its NCIB. In addition, the Company intends to renew its NCIB to purchase on The Toronto Stock Exchange or enter into 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.

Forward Contracts As at period end 2000, the Company had forward contracts to purchase 2,750,200 of its common shares at an average strike price of $38.66 per share. The method of settlement, cash or common shares, is at the discretion of the Company.

note 9 Financial Instruments

Currency Derivatives The Company has entered into currency derivative agreements to exchange an amount of $915 Canadian dollar debt for United States dollar debt. The derivatives are a hedge against exchange rate fluctuations on United States dollar net assets, principally cash equivalents and short term investments. The derivatives mature as follows: 2001 – $85; 2002 – $90; 2003 – $49; 2004 – $344; thereafter to 2010 – $347. 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 2000, a currency adjustment of $57 (1999 – $58) was included in other liabilities.

Interest Rate Derivatives The Company has entered into interest rate derivative agreements converting a net notional $693 of 6.95% fixed rate debt into floating rate debt. The net maturities are as follows: 2001 – $25; 2002 – $16; 2003 – $188; 2004 – $327; thereafter to 2013 – $137.

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, cash equivalents, short term investments, accounts receivable, bank indebtedness, commercial paper, accounts payable and accrued liabilities 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 rates for derivatives of the same remaining maturities.

	2000		1999	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long term debt	$ 2,636	$ 2,678	$ 2,001	$ 1,988
Interest rate derivatives net asset		$ 14		$ 9

note 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 their 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 $1.3 billion ($1.6 billion gross net of $268 of expected sub-lease income). Net payments for each of the next 5 years and thereafter are as follows: 2001 – $147; 2002 – $136; 2003 – $131; 2004 – $124; 2005 – $119; thereafter to 2056 – $607. Gross rentals under leases assigned to others for which the Company is contingently liable amount to $237.

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 2000.

Related Party Transactions The Company's majority shareholder, George Weston Limited, its subsidiaries and its affiliates 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 represented about 3% of the 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, cash equivalents 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.

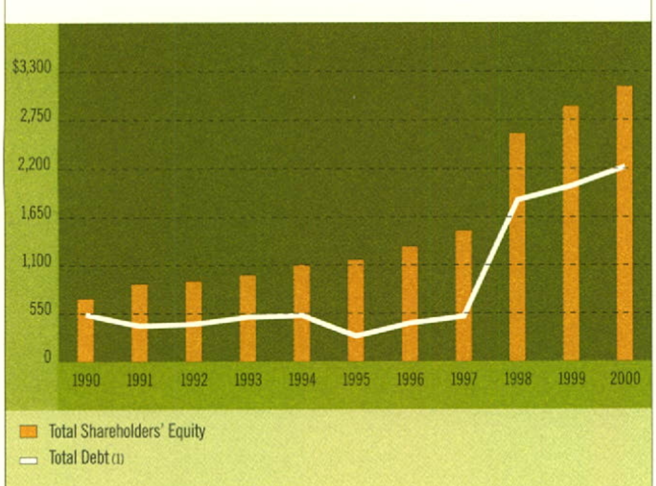
At period end 2000, the Company had a net loan payable to the Company's majority shareholder, George Weston Limited, of $61 (1999 – $136) included in bank indebtedness. The interest expense was based on market interest rates and was included in other interest expense.

Eleven Year Summary

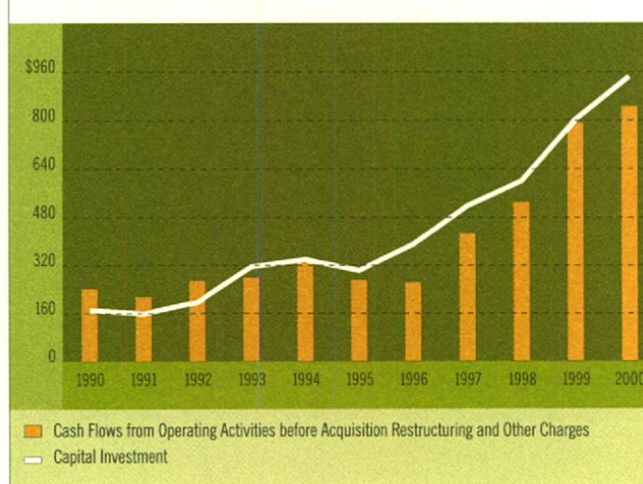
($ millions)	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
Sales and Earnings											
Sales	**20,121**	18,783	12,497	11,008	9,848	9,854	10,000	9,356	9,262	8,533	8,417
Trading profit (EBITDA)	**1,259**	1,077	712	573	481	449	410	326	313	328	324
Operating income	**976**	811	529	428	361	322	274	203	197	223	220
Interest expense	**143**	112	68	44	46	54	63	54	62	63	71
Net earnings	**473**	376	261	213	174	147	126	90	76	99	89
Financial Position											
Working capital	**(291)**	(397)	(707)	202	154	179	29	148	145	262	50
Fixed assets	**4,174**	3,549	3,194	2,093	1,738	1,491	1,603	1,414	1,231	1,115	1,078
Goodwill	**1,641**	1,685	1,363	38	40	42	44	49	52	54	58
Total assets	**9,025**	7,979	7,105	4,013	3,531	3,197	3,042	2,743	2,504	2,362	2,282
Total debt (1)	**2,216**	1,999	1,842	513	435	287	525	506	426	397	536
Total shareholders' equity	**3,124**	2,904	2,595	1,495	1,311	1,160	1,105	985	916	884	718
Cash Flow											
Cash flows from operating activities before acquisition restructuring and other charges	**846**	791	530	426	262	270	328	279	269	215	242
Capital investment	**943**	802	599	517	389	302	339	315	198	159	171

(1) Total debt is defined as total debt and debt equivalents less cash, cash equivalents 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, cash equivalents 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.

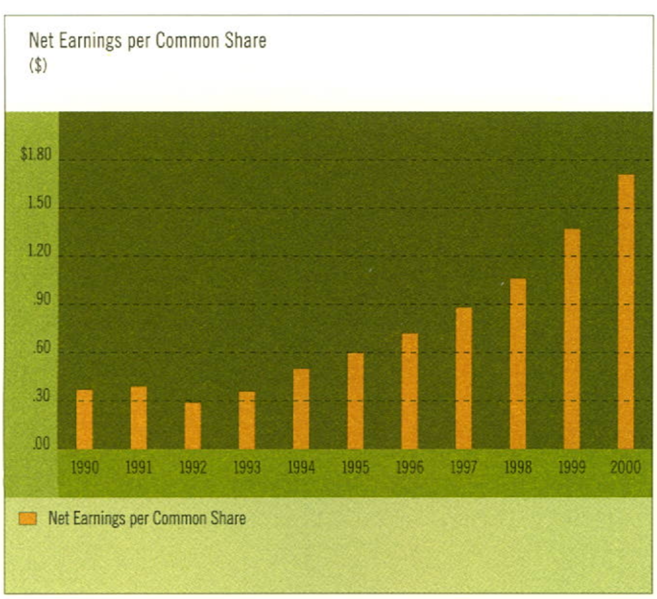
Capital Structure
($ millions)



Capital Investment and Cash Flows from Operating Activities
($ millions)



	2000	1999	1998	1997	1996	1995	1994	1993	1992	1991	1990
PER COMMON SHARE ($)											
Earnings before goodwill charges	**1.87**	1.52	1.06	.88	.73	.61	.50	.37	.30	.40	.39
Net earnings	**1.71**	1.37	1.06	.88	.72	.60	.50	.36	.29	.39	.37
Dividend rate (period end)	**.40**	.24	.20	.16	.12	.12	.09	.08	.08	.08	.07
Cash flows from operating activities before acquisition restructuring and other charges (2)	**3.07**	2.88	2.15	1.76	1.08	1.12	1.35	1.15	1.11	.90	1.07
Capital investment	**3.42**	2.92	2.43	2.14	1.62	1.25	1.41	1.34	.83	.70	.79
Book value	**11.31**	10.56	9.46	6.08	5.35	4.74	4.27	3.79	3.52	3.17	2.66
Market value (period end)	**50.50**	35.25	37.40	26.00	14.25	10.29	7.96	7.63	6.50	5.75	6.13
FINANCIAL RATIOS											
Returns on sales (%)											
Trading profit (EBITDA)	**6.3**	5.7	5.7	5.2	4.9	4.6	4.1	3.5	3.4	3.8	3.8
Operating income	**4.9**	4.3	4.2	3.9	3.7	3.3	2.7	2.2	2.1	2.6	2.6
Net earnings	**2.4**	2.0	2.1	1.9	1.8	1.5	1.3	1.0	.8	1.2	1.1
Return on average total assets (%) (3)	**12.8**	11.9	10.9	14.2	13.6	12.3	10.6	8.6	9.0	10.5	10.5
Return on average common shareholders' equity (%) (3)	**15.7**	13.7	12.8	15.3	14.2	13.4	12.5	9.7	8.8	13.4	14.6
Interest coverage on total debt (1)	**6.8**	7.2	7.8	9.7	7.9	6.0	4.3	3.7	3.1	3.5	3.0
Total debt (1) to shareholders' equity (3)	**.71**	.69	.71	.34	.33	.25	.48	.51	.46	.45	.75
Cash flows from operating activities before acquisition restructuring and other charges to total debt (1)	**.38**	.40	.29	.83	.60	.94	.62	.58	.63	.54	.45
Price/net earnings ratio (period end)	**29.5**	25.8	35.3	29.6	19.8	17.2	15.9	21.2	22.4	14.7	16.6
Market/book ratio (period end)	**4.5**	3.3	4.0	4.3	2.7	2.2	1.9	2.0	1.9	1.8	2.3



Results by Quarter

($ millions)	2000	1999
Sales		
1st Quarter	$ 4,287	$ 4,162
2nd Quarter	4,688	4,254
3rd Quarter	6,255	5,772
4th Quarter	4,891	4,595
	$ 20,121	$ 18,783
Operating Income		
1st Quarter	$ 175	$ 152
2nd Quarter	208	177
3rd Quarter	250	211
4th Quarter	343	271
	$ 976	$ 811
Net Earnings		
1st Quarter	$ 77	$ 62
2nd Quarter	95	77
3rd Quarter	113	91
4th Quarter	188	146
	$ 473	$ 376
Earnings before Goodwill Charges per Common Share ($)		
1st Quarter	$ .32	$ .26
2nd Quarter	.38	.32
3rd Quarter	.46	.38
4th Quarter	.71	.56
	$ 1.87	$ 1.52
Net Earnings per Common Share ($)		
1st Quarter	$ .28	$ .23
2nd Quarter	.34	.28
3rd Quarter	.41	.33
4th Quarter	.68	.53
	$ 1.71	$ 1.37
Trading Profit (EBITDA)		
1st Quarter	$ 238	$ 213
2nd Quarter	272	238
3rd Quarter	338	294
4th Quarter	411	332
	$ 1,259	$ 1,077
Capital Investment		
1st Quarter	$ 108	$ 166
2nd Quarter	177	156
3rd Quarter	297	225
4th Quarter	361	255
	$ 943	$ 802

Certain prior 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 and the Daily Bread Food Bank, sponsoring numerous charitable fundraising activities and initiating work experience programs for the physically and intellectually challenged. The following are some examples of our community involvement in 2000:

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.

Camp Trillium
Offers and promotes recreational experiences to bring children with cancer and their families together to help the healing process and enhance their quality of life.

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 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.

Children's Wish Foundation
Dedicated to fulfilling favourite wishes for children afflicted with high risk, life threatening illnesses.

Covenant House Toronto
Provides a safe, healthy refuge for runaways and homeless people between the ages of 16 and 21.

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

Food Marketing Institute Foundation
Seeks to ensure continued quality and efficiency in the food system while operating for charitable, educational and scientific purposes.

Grand River Hospital Foundation
Supporting the hospital's redevelopment of its parent and children's services and programs and its paediatric facilities.

Institut de Cardiologie de Montréal
Provides rehabilitation conditions that best meet patients' needs and contributes to the research and prevention of cardiovascular disease.

The Montreal Cosmodome
Offers children classroom instruction and hands-on activities in the Canada Space Camp (Cosmodome).

United Way
Helps promote the organized capacity of people to care for one another.

Winnipeg Symphony Orchestra
Sponsorship of "The Real Canadian Superconcerts for Families."

YMCA
A multi-service community centre with a commitment to the development of its members in spirit, mind and body.

Yonge Street Mission
Responds 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, Holt, Renfrew & Co., Limited,
Brown Thomas Group Limited;
President, The W. Garfield Weston Foundation;
Director, Associated British Foods plc,
Canadian Imperial Bank of Commerce;
Advisory Board, Columbia University.

Richard J. Currie, C.M., M.B.A., LL.D., P.Eng.[2]
President and Director,
George Weston Limited;
President, 07/16/76 to 12/31/00,
Loblaw Companies Limited;
Director, Loblaw Companies Limited,
Imperial Oil Limited, BCE Inc.,
Teleglobe Inc.

John M. Cassaday, M.B.A.[1,4]
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,
The Nature Conservancy of Canada,
Fortnum & Mason plc;
Former President, The Civic Garden Centre.

Robert J. Dart, B. Comm., F.C.A.[1]
Vice Chairman, Wittington Investments, Limited;
Former Senior Tax Partner,
Price Waterhouse Canada;
Former President, Wittington Investments, Limited;
Director, George Weston Limited,
Holt, Renfrew & Co., Limited,
Brown Thomas Group Limited,
Canadian Arthritis Network.

Anne L. Fraser, B.Sc., LL.D.[4]
Education Consultant, University of Victoria;
Associate and Governor, Dalhousie University;
Associate, Faculties of Management, Engineering
and Fine Arts, University of Calgary;
Director, George Weston Limited, Crestar Energy,
Neurosciences Canada, Pier 21 Society.

Anthony R. Graham[2,3,5]
President, Wittington Investments, Limited;
President and Chief Executive Officer, Sumarria Inc.;
Former Vice Chairman and Director,
National Bank Financial; Chairman and Director,
President's Choice Bank;
Director, George Weston Limited, Holt, Renfrew
& Co., Limited, Power Technology Investment
Corporation, Wittington Investments, Limited,
Graymont Limited.

Pierre Michaud[4*,5*]
Chairman and Director,
Provigo Inc., Réno-Dépôt Inc.;
Director, Capital d'Amérique,
Laurentian Bank of Canada,
Canada Pension Plan Investment Board,
Old Port of Montreal Corporation Inc.,
Montreal Expos Baseball Team.

G. Joseph Reddington, B.A., J.D.[3*]
Chairman, Chief Executive Officer and Director,
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., President's
Choice Bank, Holt, Renfrew & Co., Limited,
Leon's Furniture Limited, Strongco Inc.

Joseph H. Wright, B.A.[1,3]
Advisory Partner, Crosbie & Company Inc.;
Former President and Chief Executive Officer,
Swiss Bank Corporation (Canada);
Director, President's Choice Bank,
Fantom Technologies, Sarnia Hydro.

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

* Chairman of the Committee

Corporate Officers (includes age and years of service)

W. Galen Weston, O.C.
60 and 29 years
Chairman of the Board

Richard J. Currie, C.M.
63 and 29 years
President,
07/16/76 to 12/31/00

John A. Lederer
45 and 24 years
President, 01/01/01

David K. Bragg
52 and 17 years
Executive
Vice President

Serge K. Darkazanli
58 and 26 years
Executive
Vice President

Donald G. Reid
51 and 21 years
Executive
Vice President

Robert G. Chenaux
57 and 25 years
Senior Vice President,
Corporate Brand
Development

Roy R. Conliffe
50 and 19 years
Senior Vice President,
Labour Relations

Stewart E. Green
56 and 24 years
Senior Vice President,
Secretary

David R. Jeffs
43 and 22 years
Senior Vice President,
Sourcing and
Procurement

Richard P. Mavrinac
48 and 18 years
Senior Vice President,
Finance

Stephen A. Smith
43 and 15 years
Senior Vice President,
Controller

Robert A. Balcom
39 and 7 years
Vice President,
General Counsel

J. Bradley Holland
37 and 7 years
Vice President,
Taxation

Michael N. Kimber
45 and 16 years
Vice President,
Legal Counsel

Louise M. Lacchin
43 and 17 years
Vice President,
Treasurer

Glenn D. Leroux
46 and 14 years
Vice President,
Risk Management

Lucy J. Paglione
41 and 17 years
Vice President,
Pension and Benefits

Mark A. Rodrigues
43 and 14 years
Vice President,
Internal Audit Services

George D. Seslija
45 and 21 years
Vice President,
Real Estate
Development

Franca Smith
37 and 12 years
Vice President,
Financial Control

Geoffrey H. Wilson
45 and 14 years
Vice President,
Industry and Investor
Relations

Ann Marie Yamamoto
40 and 14 years
Vice President,
Information Technology

Marian M. Burrows
46 and 22 years
Assistant Secretary

Walter H. Kraus
38 and 12 years
Director,
Environmental Affairs

Joyce C. Lee
29 and 4 years
Controller,
Financial Reporting

Patrick MacDonell
31 and 5 years
Assistant Treasurer

Irene Pinheiro
33 and 7 years
Controller,
Planning and Analysis

Lisa R. Swartzman
30 and 7 years
Assistant Treasurer

Shareholder Information

Executive Office
22 St. Clair Avenue East
Toronto, Canada
M4T 2S7
Tel: (416) 922-8500
Fax: (416) 922-7791
Internet: www.loblaw.com

Stock Listing
The Toronto Stock Exchange

Share Symbol
"L"

Common Shares
63% of the common shares are owned beneficially by George Weston Limited.

Total outstanding at period end:	276,245,314
Available for public trading at period end:	102,468,663
Average daily trading volume:	325,022

Common Dividend Policy
It is the Company's policy to maintain a stable dividend payment equal to approximately 20 to 25% of the prior period'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

Registrar and Transfer Agent
Computershare Trust Company of Canada
100 University Avenue
Toronto, Canada
M5J 2Y1

General Counsel
Borden Ladner Gervais LLP
Toronto, Canada

Auditor
KPMG LLP
Toronto, Canada

Annual General Meeting
Wednesday, May 2, 2001
Pier 21 Society
Kenneth C. Rowe Heritage Hall
Halifax, Canada

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 regulators in Canada through SEDAR.

Ce rapport est disponible en français.

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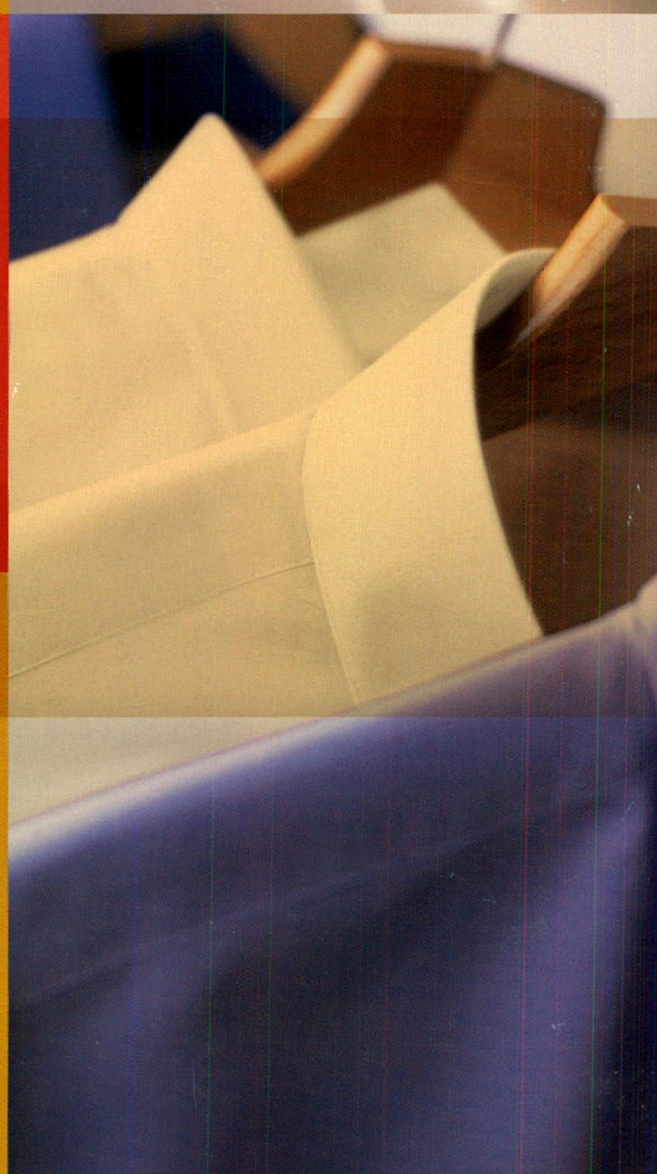
Loblaws

LOBLAW COMPANIES LIMITED



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