

Q3/09 Fact Sheet



Loblaws' mission is to be Canada's best food, health and home retailer by exceeding customer expectations through innovative products at great prices.

ABOUT LOBLAW COMPANIES LIMITED

Loblaws Companies Limited (the "Company"), a subsidiary of George Weston Limited, is **Canada's largest food distributor** and a **leading provider of drugstore, general merchandise and financial products and services**.

Loblaws is one of the largest private-sector employers in Canada. **With more than 1,000 corporate and franchised stores from coast to coast, Loblaws and its franchisees employ over 139,000 full-time and part-time employees.** We have 609 corporate and 427 franchised stores in every province and territory in Canada, served by 21 company and five third-party-operated distribution centres.

Through our portfolio of store formats, Superstore, Great Food, Hard Discount and Wholesale, we are committed to providing Canadians with a **wide, growing and successful range of products and services** to meet the everyday household demands of Canadian consumers. Loblaws is known for the **quality, innovation and value** of our food offering. We offer **Canada's strongest control label program**, including the unique *President's Choice*®, *PC*®, *no name*® and *Joe Fresh Style*® brands. In addition, the Company makes available to consumers *President's Choice Financial*® services and offers the *PC* points loyalty program.

\$9.5 billion in sales in Q3/09

\$0.69 in earnings per share in Q3/09

(0.6%) same store sales growth in Q3/09

\$378 million in operating income in Q3/09

2009 OBJECTIVES

In 2009, the Company will focus on cost control, conserving cash and managing capital expenditures. It will continue to concentrate on growing the business while focusing on its immediate priorities of food renewal, store enhancements, product innovation, infrastructure and customer value, including:

- an event-driven marketing calendar;
- a 300-store renovation program;
- a renewed focus on in-store customer service;
- the celebration of *President's Choice* 25th anniversary, which includes the rollout of 250 improved and 1,000 repackaged products;
- the relaunch of the Company's value-based *no name* brand, introducing more than 750 redesigned products; and
- dedicated investment to support information technology and supply chain infrastructure improvements.

SHAREHOLDER INFORMATION

TSX: L

Year-End 2009: January 2, 2010

Share Price (at October 10, 2009): \$31.54

Market Capitalization (at October 10, 2009): \$8.7 billion

Common Shares Outstanding (at October 10, 2009): 276,635,333

TRANSFER AGENT

Computershare Investor Services Inc.
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HEAD OFFICE

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CONTACT INFORMATION

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SELECTED BANNERS

Great Food:



Superstore:



Hard Discount:



INVESTMENT HIGHLIGHTS – Q3 2009

The Company continues to progress in its turnaround efforts, focusing on food offering enhancements, product innovation, store renovations, infrastructure improvements and increasing customer value.

In the third quarter of 2009:

- sales growth in food and drugstore was modest;
- sales growth in apparel was moderate while sales of other general merchandise declined significantly;
- gas bar sales declined as a result of lower retail gas prices, despite moderate volume growth; and
- internal retail food price inflation was below food price inflation as measured by *The Consumer Price Index for Food Purchased from Stores* and lower than the second quarter of 2009.

Gross profit as a percentage of sales in the third quarter of 2009 was 22.9%, an increase of 80 basis points compared to 22.1% in the third quarter of the prior year. The improvement was primarily attributable to improved buying synergies, more disciplined vendor management, sales mix, lower fuel costs and the efficiency of transportation operations. Increased investments in pricing partially offset the improvement.

Operating income in the third quarter of 2009 included a charge related to the effect of stock-based compensation net of equity forwards of \$5 million in 2009 compared with \$9 million in 2008. The effect on basic net earnings per common share was \$0.03 (2008 – \$0.04).

The Company incurred an incremental cost of \$25 million in the third quarter of 2009 related to its previously announced investment in information technology and supply chain, which negatively affected basic net earnings per common share by \$0.06.

Operating income and operating margin were positively influenced by improved gross profit, lower labour and supply chain costs and lower net stock-based compensation charge, partially offset by the previously announced incremental investment in information technology and supply chain.

On September 28, 2009, the Company finalized its acquisition of T&T, Canada's largest Asian retailer of \$225 million. \$191 million was funded by cash and the remainder by \$34 million of preferred shares issued by T&T to a vendor prior to the acquisition, the value of which will increase with favourable performance of the T&T business. The results of T&T's operations included in the Company's third quarter operation results were not significant.

Q3 2009 FINANCIAL HIGHLIGHTS

FOR THE PERIODS ENDED OCTOBER 10, 2009 AND OCTOBER 4, 2008 (UNAUDITED) (\$ MILLIONS EXCEPT WHERE OTHERWISE INDICATED)	2009 (16 WEEKS)	2008 (16 WEEKS – RESTATE ²)	% Change
Sales	\$ 9,473	\$ 9,493	(0.2)%
Gross profit	2,165	2,097	3.2%
Operating income	378	312	21.2%
Net earnings	189	157	20.4%
Basic net earnings per common share (\$)	0.69	0.57	21.1%
Same-store sales growth (%)	(0.6)%	3.0%	
Operating margin	4.0%	3.3%	
EBITDA ¹	\$ 557	\$ 490	13.7%
EBITDA margin ¹	5.9%	5.2%	

¹ See Non-GAAP Financial Measures on page 13 of our 2009 Third Quarter Report to Shareholders, available at www.loblaw.ca.

² See note 2 to the unaudited interim consolidated financial statements on page 20 of our 2009 Third Quarter Report to Shareholders, available at www.loblaw.ca.

MANAGEMENT BOARD

Galen G. Weston Executive Chairman
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Richard Dickson Senior Vice President, Information Technology
Mark Butler Executive Vice President, Central Operations
Barry K. Columb Executive Vice President, Financial Services
Roy R. Conliffe Executive Vice President, Labour Relations
Gordon A.M. Currie Chief Legal Officer
Sarah R. Davis Executive Vice President, Finance
Grant Froese Executive Vice President, Merchandising
Craig R. Hutchison Senior Vice President, Marketing
S. Jane Marshall Executive Vice President, Real Estate Loblaw Properties Limited
Judy A. McCrie Executive Vice President, Human Resources
Peter K. McMahon Executive Vice President, Supply Chain and Information Technology
Arnu Misra Executive Vice President, Operations
Dalton T. Philips Chief Operating Officer
Robert G. Vaux Chief Financial Officer

BOARD OF DIRECTORS

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Paviter S. Binning ²
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Thomas C. O'Neill , B. COMM., F.C.A. ^{2*}
Karen Radford , B.SC., M.B.A. ⁵
John D. Wetmore , B. MATH. ^{2,4}

¹ Executive Committee

² Audit Committee

³ Governance, Employee Development, Nominating and Compensation Committee

⁴ Pension and Benefits Committee

⁵ Environmental, Health and Safety Committee

* Chair of the Committee

SELECTED CONTROL LABELS

