



Worth switching supermarkets for.™

Loblaw Companies Limited 2008 Annual Report

BUSINESS REVIEW

- > Financial Highlights
- > Mission Statement
- > Message to Shareholders
- > Loblaw At a Glance
- > 2008 Highlights



- > Corporate Governance Practices
- > Board of Directors
- > Our Leadership



PRINTER FRIENDLY VERSION

- > Review of Operations
 - > Edging Forward
 - > Renewed Focus on Food
 - > Improving Value for Our Customers
 - > Innovation Is at the Heart of Our Offer
 - > Emphasis on Shopkeeping
 - > Leveraging Our Experience – Store Enhancement Pilots
 - > Commitment to Foundational Infrastructure
 - > A Great Place to Work – Real Programs to Build On
 - > Financial Services Celebrates 10 Years



- > Corporate Social Responsibility
 - > Respect the Environment
 - > Source with Integrity
 - > Make a Positive Difference in Our Community
 - > Reflect Our Nation's Diversity
 - > Be a Great Place to Work



FINANCIAL REVIEW

- > Management's Discussion and Analysis
- > Financial Results
- > Notes to the Consolidated Financial Statements
- > Glossary of Terms



- > Shareholder and Corporate Information
- > Our Banners
- > Why Invest?



Financial Highlights¹

FOR THE YEARS ENDED JANUARY 3, 2009 AND DECEMBER 29, 2007
(\$ MILLIONS EXCEPT WHERE OTHERWISE INDICATED)

	2008 (53 WEEKS)	2007 (52 WEEKS)
OPERATING RESULTS		
Sales	\$ 30,802	\$ 29,384
Operating expenses	29,756	28,648
Operating income	1,046	736
Interest expense and other financing charges	263	252
Net earnings	545	330
CASH FLOW		
Cash flows from operating activities	989	1,245
Free cash flow ²	(49)	402
Fixed asset purchases	750	613
PER COMMON SHARE (\$)		
Basic and diluted net earnings	1.99	1.20
Dividend rate at year end	0.84	0.84
Cash flows from operating activities ²	3.61	4.55
Book value	21.26	20.22
Market price at year end	35.23	34.07
FINANCIAL RATIOS		
EBITDA ²	1,631	1,324
EBITDA margin ²	5.3%	4.5%
Operating margin	3.4%	2.5%
Return on average total assets ²	8.2%	5.8%
Return on average shareholders' equity	9.4%	6.0%
Interest coverage	3.7:1	2.7:1
Net debt ² to equity	.54:1	.67:1
OPERATING STATISTICS		
Retail square footage (in millions)	49.8	49.6
Corporate square footage (in millions)	37.7	38.2
Franchise square footage (in millions)	12.1	11.4
Average corporate store size (square feet)	61,900	60,800
Average franchise store size (square feet)	28,400	28,000
Corporate stores sales per average square foot (\$)	624	591
Same-store sales growth	4.2%	2.4%
Number of corporate stores	609	628
Number of franchised stores	427	408
Percentage of corporate real estate owned	74%	73%
Percentage of franchise real estate owned	48%	46%

¹ For financial definitions and ratios refer to the Glossary of Terms on page 83 of the 2008 Annual Report – Financial Review.

² See Non-GAAP Financial Measures on page 33 of the 2008 Annual Report – Financial Review.

FORWARD-LOOKING STATEMENTS

This Annual Report contains forward-looking statements about Loblaw Companies Limited's (the "Company") objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Words such as "anticipate", "expect", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions, as they relate to the Company and its management, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect the Company's current expectations concerning future results and events. These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the possibility that the Company's plans and objectives will not be achieved. These risks and uncertainties include, but are not limited to, those discussed in the forward-looking statements disclaimer found on page 2 of the 2008 Annual Report – Financial Review and the Risks and Risk Management Section of the Management's Discussion and Analysis on pages 18 to 26 of the Annual Report – Financial Review. These forward-looking statements reflect management's current assumptions regarding these risks and uncertainties and their respective impact on the Company. Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this Annual Report. The Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

<< BACK | HOME | SEARCH | NEXT >>

> Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION

Financial Highlights

> **Mission Statement**

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

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

To reach our goal, we must become a centralized, marketing-led organization with an unrelenting focus on our customers, our products and our stores. We will continue to leverage our scale and develop our capacity for consistent execution to drive profitable growth. At all of our stores from coast to coast, with the support and enthusiasm of every colleague and franchisee, we will offer a combination of promotions, products, customer service and value that cannot be found anywhere else – that is what will make Loblaw **Worth switching supermarkets for.**



Fellow Shareholders,

In 2008, we held true to the high-level strategies of “Making Loblaw the Best Again”. We continued our efforts to simplify and sharpen Loblaw, fix the basics that matter to customers, restore innovation, and grow Loblaw through our “Formula for Growth”.

Two years ago, we set out on a path to make Loblaw the best retailer in Canada again. Our mission is to be Canada’s best food, health and home retailer by exceeding customer expectations through innovative products at great prices. We will achieve it by transforming into a centralized marketing-led organization that leverages the scale of our existing asset base to drive profitable growth.

In 2008, we held true to the high-level strategies of “Making Loblaw the Best Again”. We continued our efforts to:

- **Simplify and sharpen Loblaw**, by making accountabilities clear, centralizing where it counts and making people’s jobs easier to do.
- **Continue to fix the basics that matter to customers**, like availability and value for money, while fixing the basics that matter financially, like improving gross margins and maintaining our cost base.
- **Restore innovation** to the heart of our culture in food and across all our control label products – making our brands and assortments worth switching supermarkets for while improving their profitability.
- **Grow Loblaw through our Formula for Growth** while carefully managing cash.

Loblaw made progress in 2008. Our sales, which included a 53rd week, were \$30,802 million for the year, an increase of 4.8%. Net earnings increased 65.2% to \$545 million, and basic net earnings per share were \$1.99, a 65.8% increase compared with \$1.20 in fiscal 2007.

Having completed our major restructuring in 2007, we were able for the first time ever to leverage our national scale by negotiating significant cost of goods reductions in order to offset planned margin investment. We also executed three successful national marketing events, which drove sales and market share growth. Across the country, store operations embedded their new operating model and exceeded planned targets in shrink, labour, store expenses, and availability.

Progress continued in our efforts to rebuild our supply chain and IT infrastructure. We successfully opened four new distribution centres, and finished the year with service levels running consistently ahead of last year. We also finalized our IT roadmap and announced our key software vendors.

We continued to improve our price position by format and pricing index management is now effectively embedded in the organization. This effort has translated into customer value perceptions that are in line with the strategy in each of the formats.

<< BACK | HOME | SEARCH | NEXT >>

Financial Highlights

Mission Statement

> Message to Shareholders

1 2

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

<< BACK | HOME | SEARCH | NEXT >>

Financial Highlights

Mission Statement

> Message to Shareholders

1 2

Loblaws at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

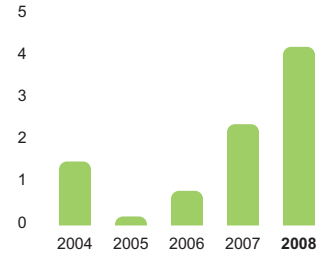
Management’s Discussion and Analysis

Financial Results

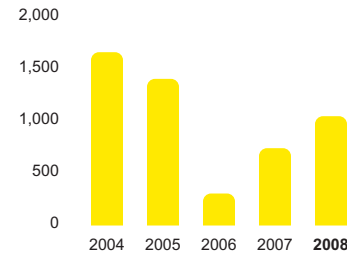
Notes to the Consolidated
Financial Statements

Glossary of Terms

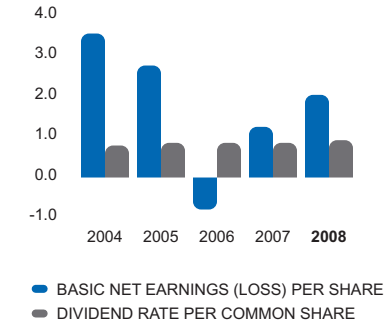
SAME-STORE SALES GROWTH (%)



OPERATING INCOME (\$ MILLIONS)



BASIC NET EARNINGS (LOSS) PER SHARE AND DIVIDEND RATE PER COMMON SHARE (\$)



However, Loblaws faced some setbacks too. Our restructuring effort succeeded in centralizing the business, but not simplifying it. This was particularly evident in the merchandising and replenishment areas of the business. Complex processes and poor IT systems resulted in excessive work loads and too many errors. The Company is not yet the effective selling organization it should be. It continues to be the “nearly company”, capable of doing most things once, but not consistently.

In April, we made three key management changes, appointing a new President, a new Chief Merchandising Officer and a new Chief Financial Officer. This streamlined our reporting structure and provided greater clarity and focus to roles and accountabilities throughout the Company. But we lost considerable time in our renewal and are running six to nine months behind where we expected to be.

In 2009, in the face of economic uncertainty and a tough competitive environment, we will build upon the foundation that was laid in 2008, while still managing costs tightly, conserving cash prudently and spending capital wisely. With the hard work and commitment of our colleagues and franchisees, we will also concentrate on our customers by staying focused on price, by continually improving the range and quality of the products we offer, and by providing an in-store experience that no one else can match – making Loblaws worth switching supermarkets for.

GALEN G. WESTON, EXECUTIVE CHAIRMAN



Loblaw at a Glance

ABOUT US

Loblaw Companies Limited, 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.

Loblaw is one of the largest private-sector employers in Canada. With more than 1,000 corporate and franchised stores from coast to coast, Loblaw and its franchisees employ over 139,000 full-time and part-time employees. Through our portfolio of store formats, 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. Loblaw 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.

CUSTOMER AND COLLEAGUE FOCUS

Over
13 million

Canadians shop
with us every week

40

customer and colleague e-mails
answered, on average, each week by
Galen Weston at *Ask Galen*

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

> Loblaw at a Glance

1 2

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

> Loblaw at a Glance

1 2

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION

CONTROL LABEL ADVANTAGE

Loblaw supports customers in their pursuit of a healthy lifestyle, environmental stewardship, great quality and great value through an assortment of control labels that include:



Our *President's Choice* and *no name* control brands are the

#1

and

#2

consumer packaged goods brands by sales in Canada, respectively*

*Source: AC Nielsen Market Track, 2008

WHERE TO FIND US

SUPERSTORE



GREAT FOOD



HARD DISCOUNT



WHOLESALE

609
corporate and
427

franchised stores in every province and territory in Canada

21

banners across the country

21

Company and

5

third-party-operated distribution centres service our stores

2008 Highlights

<< BACK | HOME | SEARCH | NEXT >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

> 2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION

FINANCIAL PERFORMANCE

\$30,802

million in sales (53 weeks), up 4.8% over fiscal 2007.

Operating income of

\$1,046

million, an increase of 42.1% compared with \$736 million in fiscal 2007.

\$545

million in net earnings, up from \$330 million last year – a 65.2% increase.

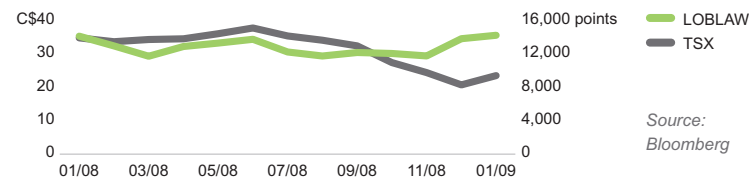
\$230

million returned to common shareholders through declared dividends.

\$1.99

in earnings per share, up 65.8% from 2007.

In the midst of our ongoing turnaround and an uncertain economy, Loblaw outperformed the TSX Index.



SHOPKEEPING

We successfully launched a series of pilot programs across all of our formats including the rollout of the “**Back to Best**” initiative to 18 stores in the Greater Toronto Area.

More than **1,000** new colleagues were hired and trained as part of the “Back to Best” rollout. This was part of a larger investment in enhancing customer service that also included extended hours across key departments.



26,662,929 kg of fresh produce, approximately 1,900 truck loads, shipped on average per week.

Completed **8 Superstore** refurbishments in Western Canada.

Renovated **115** stores.

12 no frills conversions in the West completed to date.

200,000 retail square feet added in 2008.

INNOVATION

Marked the **25th anniversary** of the *Holiday Insider’s Report*® by bringing back a selection of old *President’s Choice* favourites.



Yellow and Black Are Back – redesigned **783 no name** products with the classic yellow and black packaging.

527 new *President’s Choice* products were launched and **350** existing *President’s Choice* products were redesigned.



98 new *PC Blue Menu*® and *PC Organics* products introduced in 2008.



Joe is #1 – *Joe Fresh Style* was the #1 brand in unit volume in children’s apparel and basics by the end of November 2008.

Source: NPD Group, rolling 12 months ending 11/08

Over **1,000** items price checked every week in stores from coast to coast to ensure competitive positioning.

SUPPLY CHAIN



Opened **four new** distribution centres – Vancouver, Calgary, Ajax and Caledon – to support supply chain improvements.

CORPORATE SOCIAL RESPONSIBILITY

Loblaw was named **#1 retailer** and #5 overall in the *Corporate Knights* 2008 Best 50 Corporate Citizens in Canada.

Source: Corporate Knights – The Canadian Magazine for Responsible Business

FINANCIAL SERVICES



President’s Choice Financial was ranked the **Highest in Customer Satisfaction** Among Midsize Retail Banks, two years in a row by J.D. Power and Associates.¹

¹ *President’s Choice Financial* received the highest numerical score among the midsize retail banks in the proprietary J.D. Power and Associates 2007–2008 Canadian Retail Banking Customer Satisfaction StudiesSM. 2008 study based responses from 10,823 retail banking customers measuring five banks. Proprietary study results are based on experiences and perceptions of consumers surveyed in March–April and June–July 2008. Your experiences may vary. Visit jdpower.com.

Review of Operations

EDGING FORWARD

In 2008, Loblaw improved its performance on many key metrics. There's still work to do, but we are edging forward.

Guided by our Formula for Growth, we moved to *simplify* our structure by streamlining our operations and fully leveraging our national scale. We restored *innovation* to the heart of our culture in food, control labels, and our customers' store experience. And we moved to *grow* our business, guided by eight key strategies that we identified as Best Format; Fresh First; Control Label Advantage; 10% Joe; Health, Home and Wholesome; Priced Right; Always Available; and Friendly Colleagues Motivated to Serve.

Last year, we made measured progress against this plan. At the start of 2008, we found that while we had centralized our business, we had not done enough to simplify it. For the first time, Loblaw was in a position to leverage its national scale in order to achieve cost and operating efficiencies, but we were hampered by complex processes and poor IT systems. Subsequently, we were able to begin addressing these challenges and regain our momentum. We significantly improved availability, decreased shrink, and met our targets to reduce cost of goods sold and goods not for resale.

In 2009, Loblaw plans to continue to edge forward. There will be challenges, including global economic uncertainty and an increasingly intense competitive environment, but we are confident we can meet them. To drive profitability, we will concentrate on growing sales through existing assets rather than new builds, and we will increase our hurdle rates for all projects. We will also tightly manage inventory and vendor payment terms and focus on generating stable earnings.

In addition to watching costs, we will pay equal attention to understanding and meeting our customers' needs. Loblaw provides a variety of store formats – from hard discount to superstore to conventional – to give customers choice. And, with our market-leading control brands, we will offer the best value, the freshest produce, the most innovative food products, and the most stylish and affordable assortment of casual clothing and goods for the home.

Working as a truly national organization, Loblaw will stay focused on food renewal, on re-establishing our value advantage in the minds of consumers, and on providing products and services that customers cannot find anywhere else. We will make sure that Loblaw is worth switching supermarkets for.

On the following pages, we review our performance across our banners and businesses against our key areas of focus as we continue to edge forward.



Loblaws Empress Market, Toronto, Ontario.

<< BACK | HOME | SEARCH | NEXT >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

> Review of Operations

1 2 3 4 5 6 7 8

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaws at a Glance

2008 Highlights

> Review of Operations

1 2 3 4 5 6 7 8

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

Renewed Focus on Food

Loblaws made substantial progress in 2008 toward our goal of providing the best food of any Canadian grocer. To that end, we worked to improve quality sourcing, supply chain management, quality assurance, inspection, and rotation disciplines. We introduced new standards for perishables presentation and new production planning tools for in-store fresh departments. These improvements translated into better sales, improved customer satisfaction and reduced shrink.

we **love** the holidays too!



Galen Weston and Laval, Quebec farmer Jocelyn Gibouleau.

We successfully executed our first three national marketing events. Our *Grown Close to Home™*, *Big Brands* and *we love the holidays too™* events showed the power of integrated marketing campaigns to drive sales and market share. We will build on that success in 2009 with a powerful year-long event calendar that allows for better planning by merchants and even better execution by our in-store teams.

Improving Value for Our Customers

During the year, we focused on our commitment to provide the best value for money when compared to all relevant shopping choices. We completed price adjustments and re-established our value advantage in all our formats. Each week, we price check more than 1,000 of our key value items and are confident we have our pricing position right.

New in-store price messaging in our conventional stores encourages customers to *eat well save more™*, while at our *Superstores*, customers are assured they are getting products at *prices you can trust™*. These messages support the improvements in value perception in all our banners from coast to coast.

eat well
save more



“The merchant team is obsessed with delivering great products at great prices to our customers.”

– FRANK ROCCHETTI, CHIEF MERCHANDISING OFFICER

<< BACK | HOME | SEARCH | NEXT >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

> Review of Operations

1 2 3 4 5 6 7 8

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

Innovation Is at the Heart of Our Offer

From *no name* and *President’s Choice* to *Joe Fresh Style* and *PC Home*, our roster of control label brands provides Loblaw with an unmatched strategic advantage. We are leaders in developing outstanding control label products that compete head to head with national brands while still providing customers with exceptional value. Sales of control label products increased by 7.2% year over year.

Introduced by Loblaw in 1978 and 1984, respectively, our *no name* and *President’s Choice* brands were breakthrough ideas in retailing. Today, we offer more than 5,700 control label food products under leading brands like *PC Organics*, *G.R.E.E.N.*®, *PC Blue Menu*, *President’s Choice* and *no name*. Our control label brands continue to set benchmarks for innovation. In 2009, we will conduct a full review of all *President’s Choice* and *no name* products, optimizing our assortment and increasing margin where appropriate.

A CRISP PERFORMANCE

Sales of *President’s Choice* Apple Crisp and *PC Blue Menu* Apple Crisp soared to 428,000 units – a 1,500% increase in sales over the previous year – following the signature TV campaign featuring Loblaw Executive Chairman Galen G. Weston and our vendors Dean and Scott Chudleigh.



POWERHOUSE FOOD BRANDS

Loblaw launched 527 new *President’s Choice* products in 2008, and redesigned the packaging for 350 existing *President’s Choice* products. In addition to improving the products’ presence on the shelf, the redesigned packaging brought the products into better alignment with *President’s Choice* brand standards. This is an important consideration because in 2008, we also began preparations for the 25th anniversary of *President’s Choice*, which will be one of our key marketing programs for 2009.

Late in 2008, and carrying over into the first quarter of 2009, we created fresh interest in our pioneering, value-based *no name* control label brand by reintroducing the iconic yellow and black packaging to 783 *no name* products. This redesign will be applied to our remaining *no name* products over the course of 2009.

The enduring appeal of *President’s Choice* and *no name* is proven by AC Nielsen Market Track, which has identified them, respectively, as the #1 and #2 consumer packaged goods brands by sales in Canada in 2008.

INSIDER’S REPORT 25TH ANNIVERSARY – REMEMBERING 25 DELICIOUS YEARS

2008 was a year for great memories as Loblaw celebrated the 25th anniversary of the *Holiday Insider’s Report* by bringing back eight favourite *President’s Choice* items from the past at their original prices. The program helped deliver strong sales over the eight-week in-store celebration of the *we love the holidays too* marketing program. Our *PC Dulce De Leche* Cheesecake was our number one new *PC* offering in the holiday season, with sales of \$2.5 million in its first two months.



Financial Highlights

Mission Statement

Message to Shareholders

Loblaws at a Glance

2008 Highlights

> Review of Operations

1 2 3 4 5 6 7 8

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

Review of Operations

JOE FRESH STYLE

We believe that *Joe Fresh Style* will become a \$1-billion brand in casual apparel and related merchandise. Guided by this belief, in 2008, we added 100,000 square feet of selling space, expanded distribution into Quebec and Atlantic Canada and produced over 10,000 products. 2008 was our first full year of offering kids' apparel, intimates, and accessories alongside our established apparel lines. *Joe Fresh Style* was the #1 brand in unit volume in children's apparel and basics and the #2 brand in units in apparel and basics when combining men's, women's and children's apparel and basics by the end of November 2008.*



In 2009, we intend to roll the *Joe Fresh Style* concept out to another 50 stores, bringing the total to 343, and in March a new line of *Joe Fresh Beauty*™ cosmetics will join the family.

PC HOME

We develop *PC Home* products by applying our better-quality-for-less-money formula to the everyday items that shoppers need around the house. 2008 was a year of learning and foundation building for the brand. It was also the first full year that Canadian designer and *Joe Fresh Style* creator Joe Mimran and his team took on the job of developing the majority of our home product assortment. We successfully piloted a new *Home* concept in three *Superstores* and two conventional stores. Our goal for 2009 is to make the concept available in 55 stores across the country.



Loblaws Victoria Park Market, Toronto.

MAKING HEALTHY, RESPONSIBLE CHOICES AVAILABLE TO ALL CANADIANS

In 2008, Loblaws launched *PC Blue Menu* Omega-3 Granola Cereal and sold more than 88,000 units during the four-week introductory period. This cereal brings a lot to the table. Not only does it have plenty of fruit, nuts, and seeds, like any granola, but it also contains a multi-grain blend of whole grain oats, whole grain wheat and Salba®, a nutrient-rich seed discovered by the Aztecs and appreciated today for its health benefits.



G.R.E.E.N. 3x Concentrate Coldwater Laundry Detergent is the first control label product of its kind in Canada that is as effective as the leading national brand. It not only gets clothes clean in cold water, but because it is concentrated, less detergent is required for an average laundry load. This allowed us to reduce both the volume of detergent and the amount of packaging required. *G.R.E.E.N.* 3x gives consumers the opportunity to choose an environmentally responsible product without compromising on value or quality.



PC Organics was the first to launch organic baby food in Canada in 2001. In 2008, we offered jars of *PC Organics* baby food at prices comparable to non-organic national brands. Continuing to innovate, we expanded the line to offer soy-based formula, and plan to launch toddlers' snacks and two dozen frozen entrees for babies toward the end of 2009.



* Source: NPD Group, rolling 12 months ending 11/08

<< BACK | HOME | SEARCH | NEXT >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

> Review of Operations

1 2 3 4 5 6 7 8

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION

Emphasis on Shopkeeping

In 2008, Loblaw stores across the country embraced their new operating model and exceeded planned targets in shrink, labour, store-controllable expenses and availability.

We remain committed to providing the best availability of any food, drug and home retailer, and as of 2008, our “Always Available” program has been rolled out to approximately 389 stores. Every store in the program now has a designated availability manager who is responsible for monitoring the in-store replenishment process. Shelf availability has improved by 51% year over year and is now consistently on par with industry best practices.



We are also committed to giving our in-store colleagues the skills and knowledge they need to provide excellent service and improve productivity. Loblaw has established 16 Learning Stores across Canada, where colleagues get a mix of hands-on and classroom training. In 2008, over 60,000 in-store colleagues received training as part of the Learning Store program, ranging from a “refresher” on basic processes for existing colleagues, to an intensive six-week program for new department managers, assistant store managers and store managers.

In 2009, we will build on the foundation the team established in 2008, and deliver a major improvement in customer service in every format.

Leveraging Our Experience – Store Enhancement Pilots

In 2008, we invested in pilot programs in each of our three main formats, with a particular focus on conventional stores in the Greater Toronto Area, Western Canada *Real Canadian Superstores*, and *no frills*.

CONVENTIONAL STORES

In spring 2008, Loblaw launched a “Back to Best” initiative to make 18 key Greater Toronto Area *Great Food* stores the best conventional stores in Canada in terms of standards and customer service. We added labour hours in key departments, and launched innovations to substantially improve our offers in meat, seafood and produce. We also invested in initiatives aimed at increasing colleague engagement and morale, and moved to revitalize the in-store experience by installing new signage and attractive displays and hosting special events like in-store recipe demonstrations by professional chefs.

The results from our “Back to Best” program have met our expectations, and in 2009 we plan to start applying the lessons we learned to our other stores.



“The operations team is dedicated to running better stores and delivering better customer service by improving product availability, reducing shrink and increasing productivity.”

– DALTON PHILIPS, CHIEF OPERATING OFFICER



“Back to Best” all-natural meat.

“Back to Best” salad bar.

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

> Review of Operations

1 2 3 4 5 6 7 8

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

SUPERSTORES

We renovated eight *Real Canadian Superstores* in Western Canada in 2008, and three in Ontario. These updates are intended to enhance productivity and ultimately profitability. Footage dedicated to general merchandise was reallocated to food, drug and apparel and to providing wider aisles, which will improve our customers’ shopping experience. We also proudly opened our environmental flagship store in Scarborough, Ontario, incorporating energy-efficient equipment and processes and engaging in a unique energy demonstration project with the federal government.

By the end of 2009, we will have renovated a total of 21 *Superstores* in Western Canada.



Motion-activated LED lights at Scarborough Loblaw Superstore.

HARD DISCOUNT

In 2007, we began converting *Extra Foods* stores in Western Canada to our hard discount Ontario banner, *no frills*. This change included the introduction of more tightly focused assortments, market-beating low prices and the *no frills* signature yellow and black graphics. In terms of both consumer response and sales, the results of this change have been positive, and at the end of 2008, there were 12 *no frills* operating in Western Canada.

In addition to converting eight to 12 additional *Extra Foods* stores to the *no frills* banner in 2009, we believe there is also an opportunity to add incremental footage in Western Canada. To date, 10 new *no frills* locations have been identified and the first location will be opened in Q3 of 2009, with two additional new locations to follow later in the year.

In 2008, *no frills* Ontario added 14 more stores, and closed the year with 148 stores in total, leaving Loblaw well positioned to serve the growing needs of discount-oriented shoppers.

In 2009, working across all of our main formats, we will build on the success of these investments and upgrade 300 stores.

As our renovation team gains experience, the renovation process becomes faster, less expensive and less disruptive, all of which have a positive impact on customers’ experience.



no frills Okotoks, Alberta.

<< BACK | HOME | SEARCH | NEXT >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

> Review of Operations

1 2 3 4 5 6 7 8

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

Commitment to Foundational Infrastructure

SUPPLY CHAIN

Loblaw made some significant progress in 2008 in terms of increasing the capacity of our supply chain and improving its efficiency. The warehouse operations and transport team achieved its objectives and met all its operating metrics.



Colleague Grant Erdman, Maple Grove Distribution Centre, Cambridge, Ontario.

We completed the design and build stage of our supply chain transformation. To meet growing demand in high-volume areas of the country, new distribution centres were opened in Vancouver, Calgary, Ajax and Caledon. We also reconfigured all of our distribution centres, giving them a more store-like layout that helped streamline the replenishment process. These changes have had a positive impact, enabling us to finish the year with service levels running consistently ahead of those achieved in 2007.

While we reached some important milestones in 2008, we still have work to do. In 2009, we will deliver consistently improving service levels while continuing to upgrade our warehouse network.

INFORMATION TECHNOLOGY

In 2008, we finalized our IT plan and announced the selection of key vendors. We also made initial investments in the systems needed to support our *Joe Fresh Style* business, build a company-wide master data file and establish overall infrastructure stability.

Our goal is to move from design to implementation by installing finance and general ledger modules, along with warehouse and distribution centre components by the end of 2010. Order and forecasting modules are scheduled to come online in January 2011.



“We spent 2008 improving supply chain fundamentals using proven technologies and processes. Effectively serving stores is our number one priority.”

– PETER MCMAHON, EXECUTIVE VICE PRESIDENT,
SUPPLY CHAIN AND
INFORMATION TECHNOLOGY

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

> Review of Operations

1 2 3 4 5 6 7 8

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

A Great Place to Work – Real Programs to Build On

One of Loblaw’s guiding corporate social responsibility principles is to “Be a Great Place to Work”. In 2008, we invested in programs aimed at helping us achieve this goal. These initiatives included a national colleague engagement survey, Learning Stores, daily colleague huddles, communication boards, town halls for store support centres, and a colleague discount card.

We understand that it will take time for most of these programs to become part of “the way we do business”, but we also know that their successful implementation will lead to increased colleague engagement, improved colleague recruitment and retention, and better customer service.



Colleague Cheryl Cole with customers Mary and Bill Hall at Loblaws Victoria Park Market, Toronto, Ontario.

Financial Services Celebrates 10 Years

Marking a decade of offering Canadians a better way to shop for financial services, *President’s Choice Financial* celebrated its 10th anniversary in 2008. Every day, over three million *President’s Choice Financial* customers benefit from no fees, low rates, high interest, tax-free savings and free groceries. *President’s Choice Financial* services include chequing and savings accounts, mortgages, RRSPs, mutual funds, loans and lines of credit, all of which are provided by the direct banking division of a major Canadian chartered bank. *President’s Choice Bank*, a subsidiary of the Company, offers the *President’s Choice Financial* MasterCard®. In 2008, Ipsos Reid ranked the *PC Financial* MasterCard as the highest in customer satisfaction among primary cardholders.

Insurance products available through *President’s Choice Services Inc.* include *President’s Choice Financial* pet insurance and *President’s Choice Financial* travel insurance.

Measured against the other 44 Canadian banks, *PC Financial* is now the 11th largest based on total funds under management, and the third largest MasterCard issuer.

With Canada’s only true no-fee daily bank account, *PC Financial* saved its customers \$160 million in fees in 2008 relative to what they would have paid for similar products from our competitors. Over the course of its 10-year history, *PC Financial* has paid its customers \$811 million in interest through its high-interest savings account, while the *PC* points program has awarded approximately \$450 million in free groceries and other rewards for health, beauty, home and living.



Corporate Social Responsibility

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

> Corporate Social Responsibility

1 2 3

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION

Meeting our corporate social responsibility obligations is the way we do business at Loblaw.

We have established a framework through which we pursue our corporate social responsibility (CSR) activities and have linked our commitments to our business plan through five pillars: Respect the Environment; Source with Integrity; Make a Positive Difference in Our Community; Reflect Our Nation's Diversity; and Be a Great Place to Work. Below, we review key highlights of the year and share a success story for each of our pillars.



Respect the Environment

We are committed to reducing the environmental impact of our products and operations by driving innovation in product development, waste reduction, energy efficiency and sustainable construction.

2008 KEY ACHIEVEMENTS

Reduced plastic bag consumption by **328 million**

Diverted **70%** of store-generated waste from landfill in 104 corporate stores

SUCCESS STORY: THE FUTURE IS FRIENDLY

In 2008, we opened the Scarborough Loblaw *Superstore*, our first store built to Leadership in Energy and Environmental Design (LEED) standards.

The store's environmentally friendly innovations include a refrigeration system that requires less refrigerant gas and contributes to shrinking the store's carbon footprint by 15%. Reclaimed warmth from the system helps heat the store in winter, and further reduces its carbon footprint. Power-saving, motion-activated LED lights in frozen food display cases also help minimize the store's environmental impact.

Ontario's Chief Energy Conservation Officer presented Loblaw with a Certificate of Recognition for our energy management and conservation efforts.

<< BACK | HOME | SEARCH | NEXT >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

> Corporate Social Responsibility

1 2 3

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms



Source with Integrity

Canadians are increasingly aware of and concerned about the sources of the food they put on their table and the products they use in their homes. We have a responsibility to meet these expectations with respect to safe products, including where they come from and how they are made.

2008 KEY ACHIEVEMENTS

Launched **10** seafood products certified by the Marine Stewardship Council

Performed **193** vendor CSR audits



Make a Positive Difference in Our Community

With over 139,000 colleagues and more than 1,000 corporate and franchised stores from coast to coast, Loblaw has a responsibility to support the communities in which we are located.

2008 KEY ACHIEVEMENTS

President's Choice Children's Charity granted **\$9.5 million** to more than 1,000 families across Canada

President's Choice Children's Charity announced a three-year, **\$3-million** donation to Breakfast for Learning

SUCCESS STORY: GROWN CLOSE TO HOME

Our *Grown Close to Home* campaign delighted customers with fresh, in-season local produce, and sales of Canadian produce grew by 10% during the campaign. We are working with Canadian growers so they can supply our business for years to come.

Last year, we met with growers across Canada to discuss industry developments and outline our requirements. We strengthened relationships, examined opportunities for growth, and invested in technology to standardize our processes and improve our communications with farmers.

Loblaw store colleagues and franchisees embraced the *Grown Close to Home* campaign and, encouraged by its positive results, we look forward to doing even better in 2009.

SUCCESS STORY: CREATIVE PROGRAMS TO HELP OUR KIDS

President's Choice Children's Charity has grown to become one of the largest corporate charities in Canada. Loblaw covers the full cost of administration and operation, ensuring that 100% of every dollar is awarded in the province in which it is donated. An example of how we made a positive difference in our communities is our participation in KidsFest. KidsFest helps economically challenged children across Canada in collaboration with local school boards. We donated \$25,000 in gift cards redeemable for fruit, granola bars and other nutritious snacks for use at program locations from Halifax to Vancouver.

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

> **Corporate Social Responsibility**

1 2 **3**

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION



Reflect Our Nation’s Diversity

Canadians represent the world, originating from every corner of the globe. We aim to create an inclusive workplace for our colleagues and offer products that reflect the diversity of our country.

2008 KEY ACHIEVEMENTS

Established an Inclusion Council to **champion diversity** in the Company

Set **targets** and **strategies** for increasing the percentage of women and people with disabilities in our workforce

SUCCESS STORY: DIVERSE COLLEAGUE RECRUITMENT

Loblaw participates in the Equitek outreach program, which helps companies attract candidates who are less likely to be contacted through traditional recruitment methods. Each day, Equitek uploads job posting links from the Loblaw website and sends them to more than 250 diverse organizations across the country.

We also post jobs to diversitycareers.ca, which attracts four to six million candidate hits per month. The advantage of posting our opportunities on this site is that we gain greater visibility among a broader range of candidates including skilled immigrants/newcomers to Canada, visible minorities, women, aboriginals, persons with disabilities, mature workers, and lesbian, gay, bisexual and transgender people.



Be a Great Place to Work

Over 139,000 colleagues are crucial to our success and represent our greatest strength. Being a great place to work means that our colleagues are empowered and supported to meet and exceed customer expectations. We are building a culture of success and pride that recognizes and rewards our people.

2008 KEY ACHIEVEMENTS

212 colleagues or family members were awarded post-secondary scholarships

19% decline in workplace injuries over 2007

SUCCESS STORY: TELL IT AS IT IS

Our *Tell it as it is* survey gives colleagues the opportunity to provide confidential feedback on the Company, their managers and their jobs. In 2008, the survey was conducted twice and more than 135,000 colleagues responded.

Using the survey results, managers form action planning teams to put the best ideas for their area into action. In 2008, stores and distribution centres were given \$5,000 to \$10,000 each in rapid action funds to make positive changes such as upgrading lunchrooms, organizing team-building activities, purchasing extra equipment to simplify tasks, training and other practical suggestions for improvement. Going forward, the survey will be conducted monthly among different cross-sections of the organization, so that we always know how our colleagues are feeling.

To learn more about our CSR initiatives and other success stories, please see our 2008 Corporate Social Responsibility Report, *The Way We Do Business*, available at www.loblaw.ca in April 2009.

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

> Corporate Governance Practices

1 2

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

The Board of Directors and management of Loblaw Companies Limited are committed to sound corporate governance practices and believe they contribute to the effective management of the Corporation and its achievement of strategic and operational plans, goals and objectives.

The Company’s Board and management believe that sound corporate governance practices contribute to the effective management of the Company and its achievement of strategic and operational plans, goals and objectives. The Company’s approach to corporate governance is generally consistent with Canadian Securities Administrators Corporate Governance Guidelines (the “Guidelines”). The Governance Committee regularly reviews the Company’s corporate governance practices and considers any changes necessary to maintain the Company’s high standards of corporate governance in a rapidly changing environment. Our website, www.loblaw.ca, sets out additional governance information, including the Company’s Code of Business Conduct, its Disclosure Policy and the Mandates of the Board of Directors (the “Board”) and of its committees.

DIRECTOR INDEPENDENCE

The Guidelines provide that a director is independent if he or she has no material relationship with the Company or its affiliates that would reasonably be expected to interfere with the director’s independent judgment.

The independent directors of the Board meet separately on a periodic basis following Board meetings and on other occasions as required or desirable. Additional information relating to each director, including other public company boards on which they serve, as well as their attendance record for all Board and committee meetings, can be found in the Company’s Management Proxy Circular, which is available at www.sedar.com.

BOARD LEADERSHIP

Galen G. Weston is the Executive Chairman of the Company and Allan L. Leighton is the President and Deputy Chairman of the Company. The Board has established a position description which sets out key responsibilities for each of the Executive Chairman and the President and Deputy Chairman.

The Executive Chairman directs the operations of the Board. He chairs each meeting of the Board and is responsible for the management and effective functioning of the Board generally and provides leadership to the Board in all matters.

The Board has also appointed an independent director, Anthony S. Fell, to serve as lead director. The lead director provides leadership to the Board and particularly to the independent directors. He ensures that the Board operates independently of management and that directors have an independent leadership contact.

BOARD RESPONSIBILITIES AND DUTIES

The Board, directly and through its committees, oversees the management of the business and affairs of the Company. A copy of the Board’s mandate can be found at www.loblaw.ca. The Board reviews the Company’s strategy, assigns responsibility to management for achievement of that direction, develops and approves major policy decisions and reviews management’s performance and effectiveness. The Board’s expectations of management are communicated to management directly and through committees of the Board.

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

> Corporate Governance Practices

1 2

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management’s Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION

The Board regularly receives reports on the operating results of the Company, as well as reports on certain non-operational matters, including insurance, pensions, corporate governance, health and safety, legal and treasury matters.

The Board is also subject to the Company’s Code of Business Conduct.

ETHICAL BUSINESS CONDUCT

The Company’s Code of Business Conduct (the “Code”) reflects the Company’s long-standing commitment to high standards of ethical conduct and business practices. The Code is reviewed annually to ensure it is current and reflects best practices in the area of ethical business conduct. All directors, officers and employees of the Company are required to comply with the

Code and must acknowledge their commitment to abide by the Code on a periodic basis. The Code is available on the Company’s website at www.loblaw.ca.

The Company encourages the reporting of unethical behaviour and has established an Ethics Response Line, a toll-free number that any employee or director may use to report conduct which he or she feels violates the Code or otherwise constitutes fraud or unethical conduct. A fraud reporting protocol has also been implemented to ensure that fraud is reported to senior management in a timely manner. In addition, the Audit Committee has endorsed procedures for the anonymous receipt, retention and handling of complaints regarding accounting, internal control or auditing matters. These procedures are available at www.loblaw.ca.

BOARD COMMITTEES

There are five committees of the Board: Audit; Governance, Employee Development, Nominating and Compensation; Pension and Benefits; Environmental, Health and Safety; and Executive. The following is a brief summary of some of the responsibilities of each committee.

AUDIT COMMITTEE

The Audit Committee is responsible for supporting the Board in overseeing the quality and integrity of the Company’s financial reporting and internal controls over financial reporting, disclosure controls, internal audit function and its compliance with legal and regulatory requirements.

GOVERNANCE, EMPLOYEE DEVELOPMENT, NOMINATING AND COMPENSATION COMMITTEE

The Governance Committee is responsible for the identification of new directors for the Board and for the oversight of compensation of directors and executive officers. The Governance Committee is also responsible for developing and maintaining governance practices consistent with high standards of corporate governance. The Board has appointed the Chair of the Governance Committee, who is an independent director, to serve as lead director.

PENSION AND BENEFITS COMMITTEE

The Pension and Benefits Committee is responsible for reviewing the performance and overseeing the administration of the Company’s and its subsidiaries’ pension plans and pension funds.

ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE

The Environmental, Health and Safety Committee is responsible for reviewing and monitoring environmental, food safety and workplace health and safety policies, procedures, practices and compliance.

EXECUTIVE COMMITTEE

The Executive Committee possesses all of the powers of the Board except the power to declare common dividends and certain other powers specifically reserved by applicable law to the Board. The Executive Committee acts only when it is not practicable for the full Board to meet.

Board of Directors

Our Board represents the interests of all Loblaw stakeholders. Through its oversight of the management of the Company and its affairs, the Board actively demonstrates Loblaw's commitment to the principles of transparency, accountability and sound corporate governance.

Galen G. Weston, B.A., M.B.A.^{1*}

Executive Chairman, Loblaw Companies Limited; Former Senior Vice President, Loblaw Companies Limited; Director, Wittington Investments, Limited; Former Director, George Weston Limited.

Allan L. Leighton¹

President and Deputy Chairman, Loblaw Companies Limited; Deputy Chairman, George Weston Limited, Selfridges & Co. Ltd.; Former Chairman, Royal Mail Group; Former President and Chief Executive Officer, Wal-Mart Europe; Director, Brown Thomas Group Limited, BskyB plc, Holt, Renfrew & Co., Limited.

Paul M. Beeston, C.M., B.A., F.C.A.^{2,3}

Interim Chief Executive Officer of Toronto Blue Jays Baseball Team; Former President and Chief Executive Officer, Major League Baseball; Former President, Toronto Blue Jays Baseball Team; Director, *President's Choice* Bank; Chairman, Centre for Addiction and Mental Health.

Gordon A.M. Currie, B.A., LL.B.⁴

Executive Vice President and Chief Legal Officer of the Corporation and George Weston Limited; Former Senior Vice President and General Counsel, Direct Energy; Former Partner, Blake, Cassels & Graydon LLP.

Camilla H. Dalglish, B.A.⁵

Director, The W. Garfield Weston Foundation, The Garfield Weston Foundation (UK); Former President, the Civic Garden Centre; Former Director, The Nature Conservancy of Canada, Royal Botanical Gardens.

Anthony S. Fell, O.C.^{3*,4*}

Former Chairman, RBC Capital Markets Inc.; Former Chairman and Chief Executive Officer, RBC Dominion Securities; Former Deputy Chairman, Royal Bank of Canada; Chairman, Munich Reinsurance Company of Canada; Director, BCE Inc., CAE Inc.

Anthony R. Graham^{1,3,4}

President and Director, Wittington Investments, Limited; President and Chief Executive Officer, Sumarria Inc.; Former Vice Chairman, National Bank Financial; Chairman and Director, *President's Choice* Bank; Director, George Weston Limited, Brown Thomas Group Limited, Graymont Limited, Holt, Renfrew & Co., Limited, Power Corporation of Canada, Power Financial Corporation, Selfridges & Co. Ltd.

John S. Lacey, B.A.

Chairman of the Advisory Board, Tricap Restructuring Fund; Former President and Chief Executive Officer, the Oshawa Group (now part of Sobeys Inc.); Director, TELUS Corporation, Ainsworth Lumber Co. Ltd.; Consultant to the Chairman of the Board of George Weston Limited.

Nancy H.O. Lockhart, O. ONT.^{3,5*}

Chief Administrative Officer, Frum Development Group; Former Vice President, Shoppers Drug Mart Corporation; Former Chair, Canadian Film Centre, Ontario Science Centre; Former President, Canadian Club of Toronto; Director, Canadian Deposit Insurance Corporation, The Stratford Chef's School.

Pierre Michaud, C.M.⁵

Founder, Réno-Dépôt Inc.; Vice Chairman, Laurentian Bank of Canada; Director, Bombardier Recreational Products Inc., Capital GVR Inc., Gaz Métro Inc.

Thomas C. O'Neill, B. COMM., F.C.A.^{2*}

Retired Chairman, PricewaterhouseCoopers Consulting; Former Chief Executive Officer, PricewaterhouseCoopers LLP; Chairman, BCE Inc.; Director, Adecco S.A., Nexen Inc., St. Michael's Hospital, The Bank of Nova Scotia; Former Vice Chair, Board of Governors, Queen's University.

Karen Radford, B.SC., M.B.A.⁵

Executive Vice President and President, TELUS Québec and Partner Solutions; Special Adviser, Youth in Motion; Member, Alberta Children's Hospital Foundation Board of Trustees; President and Co-Founder, Women's Leadership Foundation; Member, TELUS Montreal Community Board, La Fondation du Maire de Montreal pour la Jeunesse.

John D. Wetmore, B. MATH.^{2,4}

Former President and Chief Executive Officer, IBM Canada; Retired Vice President, Contact Centre Development, IBM Americas; Director, Research In Motion Ltd.; Trustee, Resolve Business Outsourcing Income Fund.

NOTES

- 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

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

> Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated Financial Statements

Glossary of Terms

Our Leadership

In our drive to make Loblaw worth switching supermarkets for, we benefit from the strategic vision and active leadership provided by our Management Board. Consisting of individuals with a diverse range of experience, viewpoints and professional expertise, the members of our leadership team share a deep understanding of our industry and a strong commitment to our Company and its continued success.

MANAGEMENT BOARD

Galen G. Weston
Executive Chairman

Allan L. Leighton
President and Deputy Chairman

Catherine A. Booth
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

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

Dalton T. Philips
Chief Operating Officer

Frank Rocchetti
Chief Merchandising Officer

Robert G. Vaux
Chief Financial Officer

Great Food



Superstore



Hard
Discount



<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

> Our Leadership

Shareholder and Corporate Information

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

> **Shareholder and Corporate Information**

Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION

NATIONAL HEAD OFFICE AND SUPPORT CENTRE

Loblaw Companies Limited
1 President's Choice Circle
Brampton, Ontario
Canada L6Y 5S5
Tel: 905-459-2500
Fax: 905-861-2206
Web: www.loblaw.ca

STOCK EXCHANGE LISTING AND SYMBOL

The Company's common shares and second preferred shares are listed on the Toronto Stock Exchange and trade under the symbols "L" and "L.PR.A", respectively.

COMMON SHARES

W. Galen Weston directly and indirectly, through his controlling interest in Weston, owns 63% of the Company's common shares.

At year end 2008 there were 274,173,564 common shares issued and outstanding and 100,901,429 common shares available for public trading.

The average daily trading volume of the Company's common shares for 2008 was 529,242.

PREFERRED SHARES

At year end 2008 there were 9,000,000 second preferred shares issued and outstanding and available for public trading.

The average daily trading volume of the Company's second preferred shares for 2008 was 20,052.

COMMON DIVIDEND POLICY

The declaration and payment of dividends and the amount thereof are at the discretion of the Board, which takes into account the Company's financial results, capital requirements, available cash flow and other factors the Board considers relevant from time to time. Over the long term, the Company's objective is for its dividend payment ratio to be in the range of 20% to 25% of the prior year's basic net earnings per common share adjusted as appropriate for items which are not regarded to be reflective of ongoing operations giving consideration to the year end cash position, future cash flow requirements and investment opportunities.

COMMON DIVIDEND DATES

The declaration and payment of quarterly dividends are made subject to approval by the Board of Directors. The anticipated record and payment for dates in 2009 are:

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

PREFERRED SHARE DIVIDEND DATES

The declaration and payment of quarterly dividends are made subject to approval by the Board of Directors. The anticipated payment dates for 2009 are: January 31, April 30, July 31 and October 31.

NORMAL COURSE ISSUER BID

The Company has a Normal Course Issuer Bid on the Toronto Stock Exchange.

VALUE OF COMMON SHARES

For capital gains purposes, the valuation day (December 22, 1971) cost base for the Company is \$0.958 per common share. The value on February 22, 1994 was \$7.67 per common share.

REGISTRAR AND TRANSFER AGENT

**Computershare
Investor Services Inc.**
100 University Avenue
Toronto, Canada M5J 2Y1
Tel: 416-263-9200
Toll-free: 1-800-663-9097
Fax: 416-263-9394
Toll-free fax: 1-888-453-0330

To change your address, eliminate multiple mailings, or for other shareholder account inquiries, please contact Computershare Investor Services Inc.

INDEPENDENT AUDITORS

KPMG LLP
Chartered Accountants
Toronto, Canada

ANNUAL MEETING OF SHAREHOLDERS

Loblaw Companies Limited Annual Meeting of Shareholders will be held on Wednesday, May 6, 2009, at 11:00 a.m. EST at the Metro Toronto Convention Centre, South Building, 222 Bremner Boulevard, Toronto, Ontario, 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 the Company or the licensor and where used in this report are in italics.

INVESTOR RELATIONS

Shareholders, security analysts and investment professionals should direct their requests to Inge van den Berg, Vice President, Public Affairs and Investor Relations at the Company's National Head Office or by e-mail at investor@loblaw.ca

Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, *President's Choice Bank*. The Company holds an analyst call shortly following the release of its quarterly results. These calls are archived in the Investor Zone section at www.loblaw.ca.

VERSION FRANÇAIS DU RAPPORT

Pour obtenir la version française du rapport annuel de Loblaw Companies Limited, écrire à:

**Computershare
Investor Services Inc.**
100 University Avenue
Toronto, Canada M5J 2Y1
Tel: 416-263-9200
Toll-free: 1-800-663-9097
Fax: 416-263-9394
ou
investor@loblaw.ca

ENVIRONMENTAL SAVINGS SUMMARY

By using 4,990 kg of paper manufactured with a combination of 10% and 30% post-consumer recycled waste fibre for this Annual Report and Financial Review, Loblaw Companies Limited reduced its environmental footprint by:

Wood use:	2,722 kg
Total energy:	16 million BTUs
Greenhouse gases: equivalent	958 kg of CO ₂
Wastewater flow:	33,206 L
Solid waste:	511 kg

Environmental impact savings estimates were made using the Environmental Defense Paper Calculator, www.papercalculator.org. Amounts calculated are approximate based on industry averages.

Our Banners

Friendly colleagues are motivated to serve you in our banners from coast to coast.



<< **BACK** | HOME | SEARCH | **NEXT** >>

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

> Our Banners

Why Invest?

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

Together, we can
help the environment.

Starting April 22, 2009,
plastic bags will cost 5¢.



Why Invest?

<< **BACK** | HOME | SEARCH |

Financial Highlights

Mission Statement

Message to Shareholders

Loblaw at a Glance

2008 Highlights

Review of Operations

Corporate Social Responsibility

Corporate Governance Practices

Board of Directors

Our Leadership

Shareholder and Corporate Information

Our Banners

> **Why Invest?**

2008 Annual Report – Financial Review

Management's Discussion and Analysis

Financial Results

Notes to the Consolidated
Financial Statements

Glossary of Terms

PRINTER FRIENDLY VERSION



"Back to Best" produce hall.

Edging forward.

- Grew sales to **\$30,802 million** in 2008 from \$29,384 million
- Improved net earnings to **\$545 million** in 2008 from \$330 million – a **65.2%** increase
- Renewed focus on **food**
- Set the standard for **innovation and value** by revitalizing *President's Choice* and *no name*
- Realized **cost efficiencies** by leveraging national scale
- Re-established our **value advantage** in all banners
- Improved **store performance** in shrink, availability and productivity
- Progressed in rebuilding our information technology and supply chain **infrastructure**

Our mission is to be Canada's best food, health and home retailer by exceeding customer expectations through innovative products at great prices, and every day we are getting closer to reaching that goal. It's what makes Loblaw **Worth switching supermarkets for.**