

Financial Highlights⁽¹⁾

Years ended December 31

(\$ millions except where otherwise indicated)

	2007	2006
Operating Results		
Sales	32,815	32,167
Sales excluding the impact of tobacco sales and VIEs ⁽²⁾	31,346	30,361
Adjusted EBITDA ⁽²⁾	2,079	2,324
Operating income	1,094	537
Adjusted operating income ⁽²⁾	1,408	1,643
Interest expense and other financing charges	165	253
Net earnings from continuing operations	563	110
Cash Flow		
Cash flows from operating activities of continuing operations	1,673	1,452
Free cash flow ⁽²⁾	620	27
Capital investment	722	1,121
Per Common Share (\$)		
Basic net earnings from continuing operations	3.92	0.43
Adjusted basic net earnings from continuing operations ⁽²⁾	4.26	4.98
Financial Ratios		
Adjusted EBITDA margin ⁽²⁾	6.6%	7.7%
Operating margin	3.3%	1.7%
Adjusted operating margin ⁽²⁾	4.5%	5.4%
Return on average total assets ⁽²⁾	6.7%	3.2%
Return on average common shareholders' equity	12.7%	1.3%
Net debt (excluding Exchangeable Debentures) ⁽²⁾ to equity	0.96:1	0.96:1
Reportable Operating Segments		
Weston Foods		
Sales	4,296	4,350
Operating income	366	256
Adjusted operating income ⁽²⁾	382	325
Operating margin	8.5%	5.9%
Adjusted operating margin ⁽²⁾	8.9%	7.5%
Return on average total assets ⁽²⁾	9.9%	6.6%
Loblaws		
Sales	29,384	28,640
Sales excluding the impact of tobacco sales and VIEs ⁽²⁾	27,915	26,834
Operating income	728	281
Adjusted operating income ⁽²⁾	1,026	1,318
Operating margin	2.5%	1.0%
Adjusted operating margin ⁽²⁾	3.7%	4.9%
Return on average total assets ⁽²⁾	5.7%	2.2%

(1) For financial definitions and ratios refer to the Glossary beginning on page 114.

(2) See Non-GAAP Financial Measures beginning on page 55.