

**6. INTEREST EXPENSE AND OTHER FINANCING CHARGES**

	2007	2006
Interest on long term debt	\$ 386	\$ 393
Interest expense on financial derivative instruments (note 24)	21	15
Other financing charges <sup>(1)</sup>	(167)	(96)
Net short term interest income (note 11)	(53)	(38)
Capitalized to fixed assets	(22)	(21)
Interest expense and other financing charges	\$ 165	\$ 253

- (1) Other financing charges for 2007 include non-cash income of \$141 (2006 – \$73) related to the fair value adjustment of Weston’s forward sale agreement for 9.6 million Loblaw common shares which was entered into during 2001 and matures in 2031. The fair value adjustment of the forward contract is a non-cash item resulting from fluctuations in the market price of the underlying Loblaw shares that Weston owns. Weston does not record any change in the market price associated with the Loblaw shares it owns. Any cash paid under the forward contract could be offset by the sale of Loblaw common shares. Also included in other financing charges is forward accretion income of \$42 (2006 – \$40) net of the forward fee of \$16 (2006 – \$17) associated with Weston’s forward sale agreement.

During 2007, net interest expense of \$362 was recorded related to the financial assets and financial liabilities not classified as held-for-trading. In addition, \$86 (2006 – \$74) of income from cash, cash equivalents and short term investments, the majority of which are denominated in United States dollars and are held or managed by Glenhuron Bank Limited (“Glenhuron”), a wholly owned subsidiary of Loblaw in Barbados, was recognized in net short term interest income.

Interest paid in 2007 was \$554 (2006 – \$566), and interest received in 2007 was \$186 (2006 – \$169).