

Financial Highlights

CONSOLIDATED INFORMATION – CONTINUING OPERATIONS^(1,2)

Years ended December 31⁽³⁾

(\$ millions except where otherwise indicated)

| | 2008 | 2007 |
|---|--------|--------|
| Operating Results | | |
| Sales | 32,088 | 30,607 |
| EBITDA ⁽⁴⁾ | 1,837 | 1,525 |
| Operating income | 1,192 | 875 |
| Interest expense and other financing charges | 360 | 175 |
| Net earnings from continuing operations | 645 | 374 |
| Cash Flow | | |
| Cash flows from operating activities of continuing operations | 985 | 1,368 |
| Free cash flow ⁽⁴⁾ | (219) | 379 |
| Fixed asset purchases | 807 | 658 |
| Per Common Share (\$) | | |
| Basic net earnings from continuing operations | 4.63 | 2.46 |
| Basic net earnings | 6.08 | 3.92 |
| Financial Ratios | | |
| EBITDA margin ⁽⁴⁾ | 5.7% | 5.0% |
| Operating margin | 3.7% | 2.9% |
| Return on average total assets ⁽⁴⁾ | 8.3% | 6.2% |
| Return on average common shareholders' equity | 13.3% | 7.9% |
| Net debt (excluding Exchangeable Debentures) ⁽⁴⁾ to equity | 0.58:1 | 0.96:1 |
| Reportable Operating Segments | | |
| Weston Foods | | |
| Sales | 2,197 | 2,088 |
| Operating income | 154 | 147 |
| Operating margin | 7.0% | 7.0% |
| Return on average total assets ⁽⁴⁾ | 11.0% | 10.5% |
| Loblaws | | |
| Sales | 30,802 | 29,384 |
| Operating income | 1,038 | 728 |
| Operating margin | 3.4% | 2.5% |
| Return on average total assets ⁽⁴⁾ | 8.1% | 5.7% |

(1) For financial definitions and ratios refer to the Glossary beginning on page 110.

(2) Certain prior year's information was reclassified to conform with the current year's presentation (see note 1 to the consolidated financial statements). Results of Weston Foods' U.S. fresh bakery business have been reclassified as discontinued operations.

(3) 2008 was a 53-week year.

(4) See non-GAAP financial measures beginning on page 46.