

17. OUTLOOK⁽¹⁾

The consolidated results of the Company for 2009 will continue to reflect the changes undertaken by both the Weston Foods and Loblaw operating businesses. With the divestitures of the dairy business in 2008 and the U.S. fresh bakery business in January 2009, the Company has significant holdings of cash and short term investments denominated in Canadian and United States currencies and will therefore be subject to earnings volatility caused by changes in short term interest rates and U.S. foreign exchange currency fluctuations. The Company will continue to assess its strategic options for the deployment of the proceeds of these divestitures.

The remaining Weston Foods operating businesses are expected to deliver satisfactory operating performance in 2009 despite challenging market conditions. Reported earnings will continue to be impacted by volatility in commodity markets.

Loblaw remains confident in its approach and will continue to focus on making measured progress on its key transformation priorities, including food renewal, store enhancements, product innovation, infrastructure, and customer value. During 2009, Loblaw will step up investments in information technology and supply chain which will increase the associated expense by approximately \$100 million. This investment, coupled with the continuing economic challenges and competitive pressures, are expected to challenge results in 2009.

(1) This outlook should be read in conjunction with the Forward-Looking Statements section of this MD&A on page 5.