

Glossary

Basic net earnings per common share from continuing operations

Net earnings from continuing operations available to common shareholders divided by the weighted average number of common shares outstanding during the year.

Book value per common share

Common shareholders' equity divided by the number of common shares outstanding at year end.

Cash flows from operating activities of continuing operations per common share

Cash flows from operating activities of continuing operations less preferred dividends paid divided by the weighted average number of common shares outstanding during the year.

Cash flows from operating activities of continuing operations to net debt

Cash flows from operating activities of continuing operations divided by net debt (see non-GAAP financial measures beginning on page 51).

Common shareholders' equity

Total shareholders' equity less preferred shares outstanding.

Control label

A brand and associated trademark that is owned by Loblaw for use in connection with its own products and services.

Conversion

A store that changes from one Loblaw banner to another Loblaw banner.

Corporate stores sales per average square foot

Sales by corporate stores divided by the average corporate stores' square footage at year end.

Diluted net earnings per common share from continuing operations

Net earnings from continuing operations available to common shareholders divided by the weighted average number of common shares outstanding during the year minus the dilutive impact of outstanding stock option grants and certain other liabilities.

Dividend rate per common share at year end

Dividend per common share declared in the fourth quarter multiplied by four.

DRIP

Loblaw Dividend Reinvestment Plan.

EBITDA

Operating income before depreciation and amortization (see non-GAAP financial measures beginning on page 51).

EBITDA Margin

EBITDA divided by sales (see non-GAAP financial measures beginning on page 51).

Fixed asset purchases per common share

Fixed asset purchases divided by the weighted average number of common shares outstanding during the year.

Gross margin

Sales less cost of inventories sold including inventory shrinkage divided by sales.

Interest coverage

Operating income divided by interest expense and other financing charges adding back interest capitalized to fixed assets.

Major expansion

Expansion of a store that results in an increase in square footage that is greater than 25% of the square footage of the store prior to the expansion.

Market/book ratio at year end

Market price per common share at year end divided by book value per common share at year end.

Minor expansion

Expansion of a store that results in an increase in square footage that is less than or equal to 25% of the square footage of the store prior to the expansion.

Net debt

Bank indebtedness, short term debt, long term debt due within one year, certain other liabilities, long term debt and the fair value of certain financial derivative liabilities less cash and cash equivalents, short term investments, security deposits included in other assets and the fair value of certain financial derivative assets (see non-GAAP financial measures beginning on page 51).

Net debt to EBITDA

Net debt divided by EBITDA (see non-GAAP financial measures beginning on page 51).

Net debt (excluding Exchangeable Debentures) to equity

Net debt excluding Exchangeable Debentures divided by total shareholders' equity adding back GWL's capital securities (see non-GAAP financial measures beginning on page 51).

Net debt to equity

Net debt divided by total shareholders' equity adding back GWL's capital securities (see non-GAAP financial measures beginning on page 51).

New store

A newly constructed store, conversion or major expansion.

Operating income

Net earnings from continuing operations before gain on disposal of business, minority interest, interest expense and other financing charges and income taxes.

Operating margin

Operating income divided by sales.

Price/earnings from continuing operations ratio at year end

Market price per common share at year end divided by basic net earnings per common share from continuing operations for the year.

Renovation

A capital investment in a store resulting in no change to the store square footage.

Retail sales

Combined sales of stores owned by Loblaw and those owned by Loblaw's independent franchisees.

Retail square footage

Retail square footage includes corporate and independent franchised stores.

Return on average common shareholders' equity

Net earnings from continuing operations available to common shareholders divided by average total common shareholders' equity.

Return on average net assets

Operating income divided by average total assets excluding cash and cash equivalents, short term investments, security deposits included in other assets, accounts payable and accrued liabilities and assets of discontinued operations (see non-GAAP financial measures beginning on page 51).

Same-store sales

Retail sales from the same physical location for stores in operation in that location in both periods being compared but excluding sales from a store that has undergone a conversion or major expansion in the period.

Variable interest entity ("VIE")

An entity that either does not have sufficient equity at risk to finance its activities without subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest (see note 30 to the consolidated financial statements).

Weighted average common shares outstanding

The number of common shares outstanding determined by relating the portion of time within the year the common shares were outstanding to the total time in that year.

Working capital

Total current assets excluding current assets of discontinued operations, less total current liabilities excluding current liabilities of discontinued operations.

Year

The Company's year end is December 31. Activities are reported on a fiscal year ending on the Saturday closest to December 31, usually 52 weeks in duration, but including 53 weeks every 5 to 6 years. 2008 was a 53-week year.