Report to Shareholders[1]

2009 was a successful year for George Weston Limited, with positive results generated in both operating segments, Loblaw Companies Limited and Weston Foods. Loblaw continued to make good progress on its key transformational priorities. 2009 was also an exciting and historic year for Weston Foods with the sale of the fresh bread and baked goods business in the United States resulting in a significant gain for the Company. This transaction, together with the sale of the dairy and bottling operations in the fourth quarter of 2008, positions the Company to take advantage of opportunities to drive shareholder value.

Basic net earnings per common share for 2009 were $7.68 compared to $6.10 in 2008. Basic net earnings per common share from continuing operations were $0.64 compared to $4.65 in 2008. Sales decreased 0.8% to $31.8 billion from $32.1 billion in 2008. Each of these reported measures was impacted by the sale of the dairy and bottling operations in 2008, foreign exchange losses and a number of other notable items.

The Weston Foods operating segment achieved strong financial results from its continuing operations despite soft sales in a challenging market. Weston Foods reported sales for 2009 decreased 23.3% compared to the same period in 2008. After taking into account the impact of the sale of the dairy and bottling operations, the additional week of operating results in 2008 and foreign currency translation, sales were relatively flat. Strong product innovation contributed positively to branded sales in 2009, with the introduction of new products such as *Gadoua MultiGo*, *Country Harvest Vitality*, *D'Italiano Thintini* and the recently launched *Wonder Invisibles*. These introductions were well received by consumers.

Weston Foods operating income in 2009 decreased 20.1% to $123 million from $154 million in 2008, again influenced by the sale of the dairy and bottling operations, a non-cash goodwill impairment charge and a number of other notable items. After taking into account these items, operating income in 2009 was strong compared to 2008. The benefits realized from cost and productivity improvements, lower input and fuel costs and the combined effect of price increases implemented in 2008 and changes in sales mix contributed to positive earnings growth for the Weston Foods segment. Operating margin for 2009 was 7.3% compared to 7.0% in 2008.

(1) To be read in conjunction with Forward-Looking Statements on page 5 of this Annual Report.

Weston Foods continues to evaluate strategic and cost reduction initiatives related to its manufacturing assets and distribution networks with the objective of ensuring a low cost operating structure. Initiatives are in place to help drive best practices, which are expected to result in the continued improvement of processes as well as lower costs.

As disclosed in the Loblaw Companies Limited Annual Report, Loblaw sales for 2009 were $30.7 billion compared to $30.8 billion for 2008, representing a decrease of 0.2%. Same-store sales declined 1.1%. Sales and same-store sales were negatively impacted by 1.8% due to the extra selling week in 2008. In 2009, Loblaw continued to progress in its turnaround efforts, focusing on food offering enhancements, product innovation, store renovations, infrastructure improvements and increasing customer value. Operating income for 2009 was $1,197 million compared to $1,044 million in 2008, resulting in an increase in operating margin to 3.9% in 2009 from 3.4% in 2008.

With the divestitures of the dairy business in 2008 and the U.S. fresh bakery business in January 2009, George Weston Limited has strategically well positioned companies with leading market positions in food retail and baking in Canada, U.S. frozen baking and biscuit manufacturing businesses and a significant amount of cash. The remaining Weston Foods operating businesses are expected to deliver satisfactory operating performance in 2010. To help offset economic pressures, the Company is continuing its efforts to reduce costs through improved efficiencies and productivity, and grow sales by optimizing product mix and product innovation to meet changing consumer buying preferences. Loblaw continues to expect sales and margins to be challenged by deflation and increased competitive intensity as it enters 2010. Loblaw plans to step up its investment in information technology and supply chain which will negatively impact operating income in 2010.

On behalf of the Board of Directors and shareholders, I thank our loyal customers for their support and our more than 143,000 employees for their dedication and continued commitment to the Company.

[*signed*]
W. Galen Weston
Chairman and President