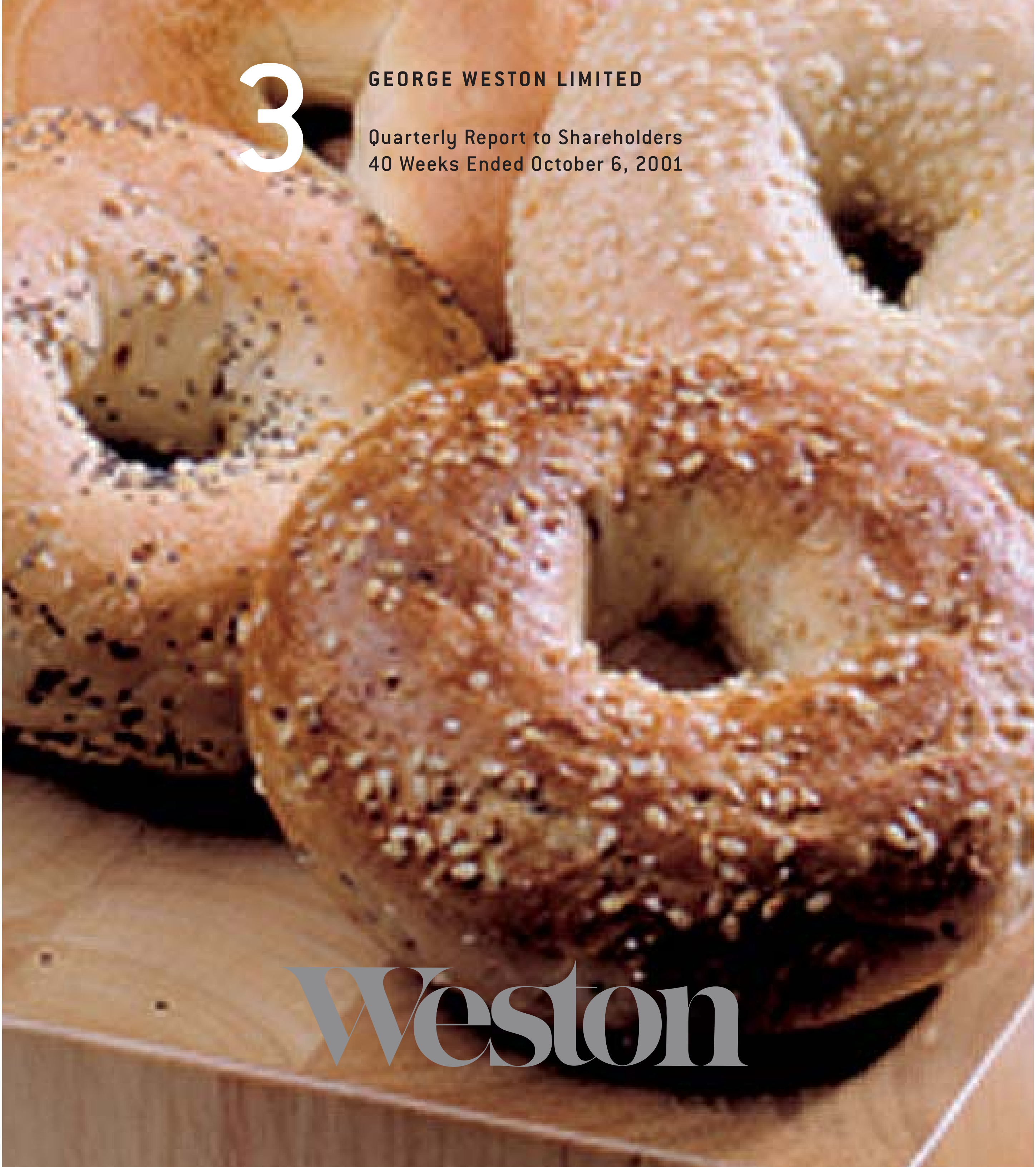

3

GEORGE WESTON LIMITED

Quarterly Report to Shareholders
40 Weeks Ended October 6, 2001

Weston

Bagels are a significant and growing product of our North American baking operations, including the Country Harvest bagel featured here.

REPORT TO SHAREHOLDERS

George Weston Limited's third quarter net earnings per share increased 21% to $1.09, compared to 90 cents in 2000. Excluding the effect of the 2000 budgeted income tax rate changes, trailing year net earnings per share improved 22% to $3.81 from $3.12 earned during the corresponding period at the end of the third quarter of 2000.

The acquisition of Bestfoods Baking Co., Inc. ("Bestfoods Baking") in the United States, from Unilever was completed on July 30, 2001 at a price of U.S. $1.765 billion or approximately Cdn. $2.7 billion in cash. The business was renamed George Weston Bakeries Inc. The integration with the existing businesses is well underway except for the western portion of the acquired business, consisting principally of the *Oroweat* business, with bakeries in Texas, Colorado, California and Oregon which has been put up for sale. All other baking assets will be retained.

The acquisition is being accounted for using the purchase method. A complete valuation analysis is in progress and a final purchase equation is expected to be recorded by year end. For the third quarter, the Company has recorded the assets and liabilities acquired at their book values. The book value of the western assets being sold is reported as "Business held for resale". Operating results for the quarter included 9 weeks of operation for George Weston Bakeries Inc. excluding the results for the western portion of that business.

Subsequent to quarter end, the Company sold 4.2 million Loblaw Companies Limited common shares at a price of $48.50 per common share reducing its ownership to 61% from 63%. In a separate transaction, the Company arranged for secured debt financing whereby 9.6 million of Loblaw common shares were pledged as collateral. Gross receipts of both transactions totalling approximately $669 million will be used by the Company for debt repayment and general corporate purposes.

Also, subsequent to quarter end, the Company completed the planned sale of the Connors canned seafood business. On October 26, 2001 the Company filed a Prospectus for an initial public offering of the Connors Bros. Income Fund, which closed on November 8, 2001. The net proceeds of $139 million will also be used for debt repayment.

The Company is proceeding with its marketing efforts to divest its *Heritage* fresh farmed salmon operation but has stated its intention to retain its Neilson Dairy operation.

Operating Highlights

Sales increased 12% or $833 million to $7.8 billion in the quarter and 9% or $1.5 billion year-to-date. **Food Processing** sales of $1.3 billion were 45% higher than last year with year-to-date sales of $2.7 billion, 25% ahead of 2000. Excluding the effect of the Bestfoods Baking acquisition, sales were 5% above last year for the quarter. The dairy operation and the fresh and frozen baking operation continue to reflect solid volume growth as well as firm pricing. Fresh farmed salmon market prices remain temporarily very depressed due to the current world market excess supply. **Food Distribution**, operated by Loblaw Companies, had sales of $6.7 billion for the quarter, an increase of 7% over last year and $16.2 billion year-to-date, also an increase of 7%. Strong sales growth was evident across the country including positive improvements in Quebec as the rationalization program continues. Same-store sales increased 4% for the quarter. Third quarter sales growth rate over last year has accelerated as compared to growth in the first half of the year.

Operating income increased 27% or $85 million to $405 million for the quarter and 22% or $171 million year-to-date. **Food Processing** third quarter operating income of $111 million was 54% higher than the $72 million earned in 2000 supported by our 2001 United States acquisitions, sales growth and improved operating efficiencies. The 2000 acquisitions have been integrated for a complete year and are contributing to earnings growth as expected. Fisheries profitability was adversely affected by the continued softness in fresh farmed salmon market prices. Return on sales for the quarter improved to 8.8% in 2001 compared to 8.3% last year. **Food Distribution** operating income for the quarter increased $46 million or 19% to $294 million. Operating margin for the quarter improved to 4.4% from 4.0% in 2000, from better mix management and cost control. Operating improvements for both segments, excluding the acquisition, were consistent with the first half of the year.

Interest expense for the quarter increased 50% to $81 million and 29% year-to-date as a result of increased average net borrowing levels, partially offset by a decline in borrowing rates. Interest coverage (operating income divided by interest expense) for the quarter declined to 5.0 times from 5.9 last year, and to 5.6 times from 6.0 year-to-date. The effective income tax rate for the quarter and year-to-date remained consistent with prior years levels.

The Company's financial position and cash flow remain strong. As expected, the Bestfoods Baking acquisition has temporarily increased the debt to equity ratio at the end of the third quarter above our internal 1:1 guideline. The ratio this year at 1.89:1, excluding the Domtar Exchangeable Debentures compares to 0.97:1 last year at this time. The proceeds from the recent sale by the Company of 4.2 million of its Loblaw common shares and the Connors canned seafood business, combined with the planned sale of the *Oroweat* operations and the fresh farmed salmon business are expected to return the debt to equity ratio to within our internal guideline in the near future.

In last year's first quarter, the Company adopted, retroactively without restatement, the new Canadian accounting standards for "Income Taxes" and "Employee Future Benefits". The combined effect of the initial adoption was a decrease in retained earnings of $98 million in 2000.

Capital investment during the quarter totalled $407 million and $857 million year-to-date as the Company continues to maintain and renew its asset base. Operating cash flow for the third quarter increased to $395 million from $361 million in 2000 due to improvements in earnings. Cash flows from operations, excluding the effect of acquisitions, are expected to approximate capital investment in 2001.

During the quarter, the Company filed a Base Shelf Prospectus for the issue of up to $1.5 billion in debt securities and preferred shares. The Company simultaneously filed a Prospectus Supplement pursuant to the Base Shelf Prospectus for the issuance of up to $1.0 billion of Medium Term Notes ("MTN"). Subsequent to quarter end, the Company issued $200 million of MTN with an interest rate of 5.25% due 2006 and $300 million of MTN with an interest rate of 6.45% due 2011.

During the third quarter of 2001, $100 million of Loblaw Companies' 7.34% MTN matured. This third quarter activity is in addition to the activity in the first half of the year which included the issuance of an aggregate amount of $1.04 billion of MTN with interest rates ranging from 6.0% to 7.1% and maturity dates ranging from 2008 to 2016, the redemption of $50 million of debentures and the maturity of $100 million of debentures.

Subsequent to quarter end, the Company entered into currency derivative agreements to exchange an amount of $3.1 billion Canadian dollar debt for United States dollar debt. The derivatives are a hedge against exchange rate fluctuations on the Company's United States dollar denominated net assets.

REPORT TO SHAREHOLDERS

During the first quarter, the Company renewed its Normal Course Issuer Bid to purchase on The Toronto Stock Exchange up to 6,572,970 of its common shares, representing approximately 5% of the common shares outstanding. The Company, in accordance with the rules and by-laws of The Toronto Stock Exchange, may purchase its common shares at the then market prices of such shares.

Outlook

The outlook for the remainder of 2001 and into 2002 is for continued strong sales and earnings growth from the base operations, in both Food Distribution and in Baking, augmented by the results of the George Weston Bakeries Inc. operations. We look forward to many opportunities ahead in the United States baking industry.

W. GALEN WESTON
Chairman

RICHARD J. CURRIE
President

Toronto, Canada
November 20, 2001

CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited)

($ millions)	16 Weeks Ended October 6, 2001	16 Weeks Ended October 7, 2000	40 Weeks Ended October 6, 2001	40 Weeks Ended October 7, 2000
SALES	**$ 7,788**	$ 6,955	**$ 18,478**	$ 16,946
OPERATING EXPENSES				
Cost of sales, selling and administrative expenses	**7,246**	6,518	**17,203**	15,880
Depreciation	**137**	117	**321**	283
	7,383	6,635	**17,524**	16,163
OPERATING INCOME	**405**	320	**954**	783
Interest expense (income)				
Short term	**4**	(14)	**(18)**	(24)
Long term	**77**	68	**187**	155
	81	54	**169**	131
EARNINGS BEFORE THE FOLLOWING:	**324**	266	**785**	652
Income taxes				
Provision	**114**	90	**275**	226
Other (note 3)			**(1)**	(12)
	114	90	**274**	214
	210	176	**511**	438
Goodwill charges (note 4)	**16**	17	**41**	40
	194	159	**470**	398
Minority interest	**51**	41	**128**	105
NET EARNINGS FOR THE PERIOD	**$ 143**	$ 118	**$ 342**	$ 293
PER COMMON SHARE ($)				
Basic net earnings	**$ 1.09**	$ .90	**$ 2.60**	$ 2.23
Diluted net earnings	**$ 1.08**	$ .89	**$ 2.57**	$ 2.21
Market value – period end	**$101.85**	$ 75.80	**$ 101.85**	$ 75.80
Weighted average common shares outstanding (in millions)	**131.5**	131.5	**131.5**	131.5
Actual common shares outstanding (in millions)	**131.5**	131.5	**131.5**	131.5

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(unaudited)

($ millions)	40 Weeks Ended October 6, 2001	40 Weeks Ended October 7, 2000
RETAINED EARNINGS, BEGINNING OF PERIOD	**$ 2,801**	$ 2,525
Impact of adopting new accounting standards		(98)
Net earnings for the period	**342**	293
Premium on common shares purchased for cancellation		(8)
Stock option plan cash payments, net of tax of $4 (2000 – $.6)	**(7)**	(1)
Net subsidiary stock option plan cash payments, net of tax of $4 (2000 – $3)	**(4)**	(3)
Dividends declared per common share – 60¢ (2000 – 50¢)	**(79)**	(66)
RETAINED EARNINGS, END OF PERIOD	**$ 3,053**	$ 2,642

See accompanying notes to the unaudited interim period consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

($ millions)		As at October 6, 2001 (unaudited)	As at December 31, 2000
ASSETS			
Current Assets	Cash and cash equivalents	**$ 814**	$ 852
	Short term investments	**550**	418
	Accounts receivable	**971**	597
	Inventories	**1,809**	1,594
	Business held for resale (note 6)	**188**	
	Prepaid expenses and other assets	**85**	81
	Current future income taxes	**184**	191
		4,601	3,733
Franchise Investments and Other Receivables		**298**	198
Fixed Assets		**6,076**	4,896
Future Income Taxes		**82**	77
Goodwill		**4,089**	2,073
Other Assets		**527**	444
		$15,673	$ 11,421
LIABILITIES			
Current Liabilities	Bank indebtedness		$ 149
	Commercial paper	**$ 943**	703
	Accounts payable and accrued liabilities	**2,748**	2,689
	Current income taxes	**57**	105
	Short term bank loans (note 6)	**2,788**	
	Long term debt due within one year	**12**	260
		6,548	3,906
Long Term Debt		**4,022**	2,986
Other Liabilities		**447**	311
Future Income Taxes		**210**	157
Minority Interest		**1,252**	1,157
		12,479	8,517
SHAREHOLDERS' EQUITY			
Common Share Capital		**77**	77
Retained Earnings		**3,053**	2,801
Cumulative Foreign Currency Translation Adjustment		**64**	26
		3,194	2,904
		$15,673	$11,421

See accompanying notes to the unaudited interim period consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

(unaudited)

($ millions)	16 Weeks Ended October 6, 2001	16 Weeks Ended October 7, 2000	40 Weeks Ended October 6, 2001	40 Weeks Ended October 7, 2000
OPERATIONS				
Net earnings before minority interest	**$ 194**	$ 159	**$ 470**	$ 398
Depreciation and amortization	**154**	136	**365**	326
Future income taxes	**26**	1	**42**	16
Other	**10**		**14**	3
	384	296	**891**	743
Changes in non-cash working capital	**11**	65	**(503)**	(323)
Cash Flows from Operating Activities before the following:	**395**	361	**388**	420
Acquisition restructuring and other charges, including income tax recoveries	**8**	(1)	**(38)**	(41)
Cash Flows from Operating Activities	**403**	360	**350**	379
INVESTMENT				
Fixed asset purchases	**(407)**	(322)	**(857)**	(655)
Short term investments	**(115)**	(254)	**(132)**	(228)
Proceeds from fixed asset sales	**10**	3	**40**	9
Business acquisitions (note 6)	**(2,737)**		**(2,751)**	(239)
Changes in franchise investments, other receivables and credit card receivables	**(175)**	(6)	**(196)**	10
Net changes in other items	**10**	6	**(4)**	2
Cash Flows used in Investing Activities	**(3,414)**	(573)	**(3,900)**	(1,101)
FINANCING				
Commercial paper	**241**	157	**240**	466
Short term bank loans (note 6)	**2,788**		**2,788**	
Long term debt – Issued		100	**1,040**	750
– Retired	**(100)**	(6)	**(252)**	(112)
Common share capital – Issued		1		8
– Retired				(8)
Subsidiary common share capital – Issued		1		12
– Retired	**1**			(2)
Dividends – To shareholders	**(52)**	(46)	**(105)**	(81)
– To minority shareholders	**(11)**	(18)	**(31)**	(26)
Other	**(34)**	(2)	**(19)**	(11)
Cash Flows from Financing Activities	**2,833**	187	**3,661**	996
Increase (decrease) in Cash	**(178)**	(26)	**111**	274
Cash, Beginning of Period	**992**	805	**703**	505
Cash, End of Period	**$ 814**	$ 779	**$ 814**	$ 779
Cash position: Cash	**$ 814**	$ 779	**$ 814**	$ 779
Short term investments	**550**	540	**550**	540
Commercial paper	**(943)**	(1,110)	**(943)**	(1,110)
Cash position	**$ 421**	$ 209	**$ 421**	$ 209
Other cash flow information				
Net interest paid	**$ 81**	$ 66	**$ 190**	$ 141
Net income taxes paid	**$ 67**	$ 24	**$ 257**	$ 186

Cash is defined as cash and cash equivalents net of bank indebtedness.
See accompanying notes to the unaudited interim period consolidated financial statements.

NOTES
(unaudited)

(1) BASIS OF PRESENTATION

The unaudited interim period consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles. The preparation of financial data is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. These unaudited interim period consolidated financial statements should be read together with the audited annual consolidated financial statements and the accompanying notes included in the Company's 2000 Annual Report.

For 2001, the Company adopted the new Canadian Institute of Chartered Accountants accounting standards, Section 1751 "Interim Financial Statements" and Section 3500 "Earnings per Share" ("EPS"), retroactively with restatement of the prior period. Section 3500 requires the presentation of basic and diluted EPS on the face of the income statement regardless of the materiality of the difference between them. In addition, the Company is required to use the "treasury stock method" to compute the dilutive effect of options versus the "if converted method".

Certain prior period's information was reclassified to conform with the current period's presentation.

(2) STOCK OPTIONS

The Company has granted common stock options, 2,518,680 of which were outstanding at period end. Stock options have up to a 7 year term, are exercisable at the designated common share price and vest 20% cumulatively on each anniversary date of the grant after the first anniversary. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option or option holders may elect to receive in cash the share appreciation value equal to the excess of the market price at the date of exercise over the specified option price.

(3) INCOME TAXES

In accordance with the income tax accounting standard, the cumulative effects of a change in federal or provincial income tax rates on future income tax assets and liabilities are included in the Company's consolidated financial statements at the time of substantial enactment. The effect of the reduction in the Ontario provincial income tax rate of 1.5% for each of 2002, 2003, 2004 and 2005 was reported as a $1 million reduction to future income tax expense in 2001.

(4) GOODWILL CHARGES

Goodwill charges include income tax recovery of $3 million (2000 - $3 million) for the 40 weeks ended October 6, 2001.

(5) SEGMENTED INFORMATION

($ millions)	16 Weeks Ended October 6, 2001	16 Weeks Ended October 7, 2000	40 Weeks Ended October 6, 2001	40 Weeks Ended October 7, 2000
SALES				
Food Processing	**$1,264**	$ 872	**$ 2,678**	$ 2,135
Food Distribution	**6,703**	6,255	**16,233**	15,230
Inter Group	**(179)**	(172)	**(433)**	(419)
Consolidated	**$7,788**	$6,955	**$18,478**	$16,946
OPERATING INCOME				
Food Processing	**$ 111**	$ 72	**$ 221**	$ 156
Food Distribution	**294**	248	**733**	627
Consolidated	**$ 405**	$ 320	**$ 954**	$ 783

($ millions)	As at October 6, 2001	As at December 31, 2000
TOTAL ASSETS [1]		
Food Processing	**$ 5,456**	$ 1,957
Food Distribution	**9,849**	9,096
Consolidated	**$15,305**	$ 11,053

[1] Excludes the $368 million investment in Domtar common shares, which is effectively hedged as a result of issuing the 3% Exchangeable Debentures.

(6) BUSINESS ACQUISITION

On July 30, 2001, the Company purchased all of the issued and outstanding common shares of Bestfoods Baking Co., Inc. ("Bestfoods Baking") and certain trademarks used in the business of Bestfoods Baking for $2.746 billion (U.S. $1.765 billion) cash, subject to certain adjustments. The cash consideration and acquisition costs were financed by way of an unsecured credit facility with a series of tranches maturing between 9 and 15 months from July 25, 2001, the date of the advance.

Following the acquisition, the Company announced that it would begin exploring opportunities to sell the western operations of Bestfoods Baking consisting of the *Oroweat* brand and related assets, including bakeries in Texas, Colorado, California and Oregon (collectively, "BF West"). The Company is retaining all other baking assets acquired in the acquisition.

(6) BUSINESS ACQUISITION (continued)

The acquisition was accounted for using the purchase method. The timing of the acquisition date relative to the quarter end was such that a determination or estimation of the fair value of the assets and liabilities acquired was not possible. As a result, the Company has recorded the assets and liabilities acquired at their book values. The book value of BF West's net assets is reported as "Business held for resale" and reduced by the net earnings of that business. The July 30, 2001 U.S. dollar balance sheet of Bestfoods Baking was translated at the exchange rate in the currency derivative agreements used to hedge the purchase consideration for Bestfoods Baking. The purchase price allocation will be finalized by year end 2001 and any gain or loss on the sale of BF West will be reflected as an adjustment to the purchase equation presented below.

Details of the purchase equation as at July 30, 2001, including total consideration paid and net assets acquired at their book value, are summarized below:

($ millions)	As at July 30, 2001
Current assets	$ 212
Business held for resale	192
Fixed assets	660
Other assets (including Bestfoods Baking goodwill of $613)	650
Current liabilities	(320)
Long term debt	(3)
Other liabilities	(76)
Net assets acquired	1,315
Goodwill and intangibles	1,422
Cash consideration (including acquisition costs of $16)	$ 2,737

(7) LONG TERM DEBT

On October 4, 2001, the Company filed a Base Shelf Prospectus for the issue of up to $1.5 billion in debt securities and preferred shares. The Company simultaneously filed a Prospectus Supplement to the Base Shelf Prospectus for the issuance of up to $1.0 billion of Medium Term Notes ("MTN").

Subsequent to quarter end, the Company issued $200 million of MTN with an interest rate of 5.25% due 2006 and $300 million of MTN with an interest rate of 6.45% due 2011.

(8) CONTINGENCIES

In May, 1995, a state court civil action was commenced in Alaska against 2 subsidiaries of the Company and 71 other companies engaged in either processing sockeye salmon or purchasing processed salmon originating in Bristol Bay, Alaska. The suit was brought by 9 fishermen as a class action, alleging violations of the anti-trust laws of the State of Alaska. During the quarter, all claims against the Company were settled for U.S. $3.5 million.

(9) SUBSEQUENT EVENTS

On October 10, 2001, the Company entered into a transaction to sell 4.2 million of its Loblaw Companies Limited ("Loblaw") common shares at a price of $48.50 per common share pursuant to a Prospectus filed by Loblaw. This sale was completed on October 23, 2001, reducing the Company's ownership in Loblaw to 61% from 63%. In a separate transaction on October 10, 2001, a wholly owned subsidiary of the Company arranged, through a Canadian chartered bank, secured debt financing for approximately $465 million whereby 9.6 million of Loblaw common shares were pledged as collateral. This transaction was completed on November 8, 2001. Gross receipts from both transactions totalled approximately $669 million and will be used by the Company for debt repayment and general corporate purposes.

Subsequent to quarter end, the Company completed the planned sale of the Connors canned seafood business. On October 26, 2001 the Company filed a Prospectus for an initial public offering of the Connors Bros. Income Fund, which closed on November 8, 2001. The net proceeds of $139 million will also be used by the Company for debt repayment.

In addition, subsequent to quarter end, the Company entered into currency derivative agreements to exchange an amount of $3.1 billion Canadian dollar debt for United States dollar debt. The derivatives are a hedge against exchange rate fluctuations on the Company's United States dollar denominated net assets.

GEORGE WESTON LIMITED

Corporate Profile

George Weston Limited is a broadly based Canadian company founded in 1882. It operates in two distinct business segments through Food Processing, which encompasses fresh and frozen bakeries, biscuit and dairy operations, as well as fish processing; and Food Distribution, operated by Loblaw Companies Limited, the largest food distributor in Canada.

Investor Relations

Shareholders, security analysts and investment professionals should direct their inquiries or requests to Mr. Geoffrey H. Wilson, Vice President, Industry and Investor Relations at the Company's Executive Office.

Additional financial information has been filed electronically with various securities regulators in Canada through SEDAR.

Ce rapport est disponible en français.

Weston

22 St. Clair Avenue East
Toronto, Canada M4T 2S7
T. 416.922.2500
F. 416.922.4395
www.weston.ca