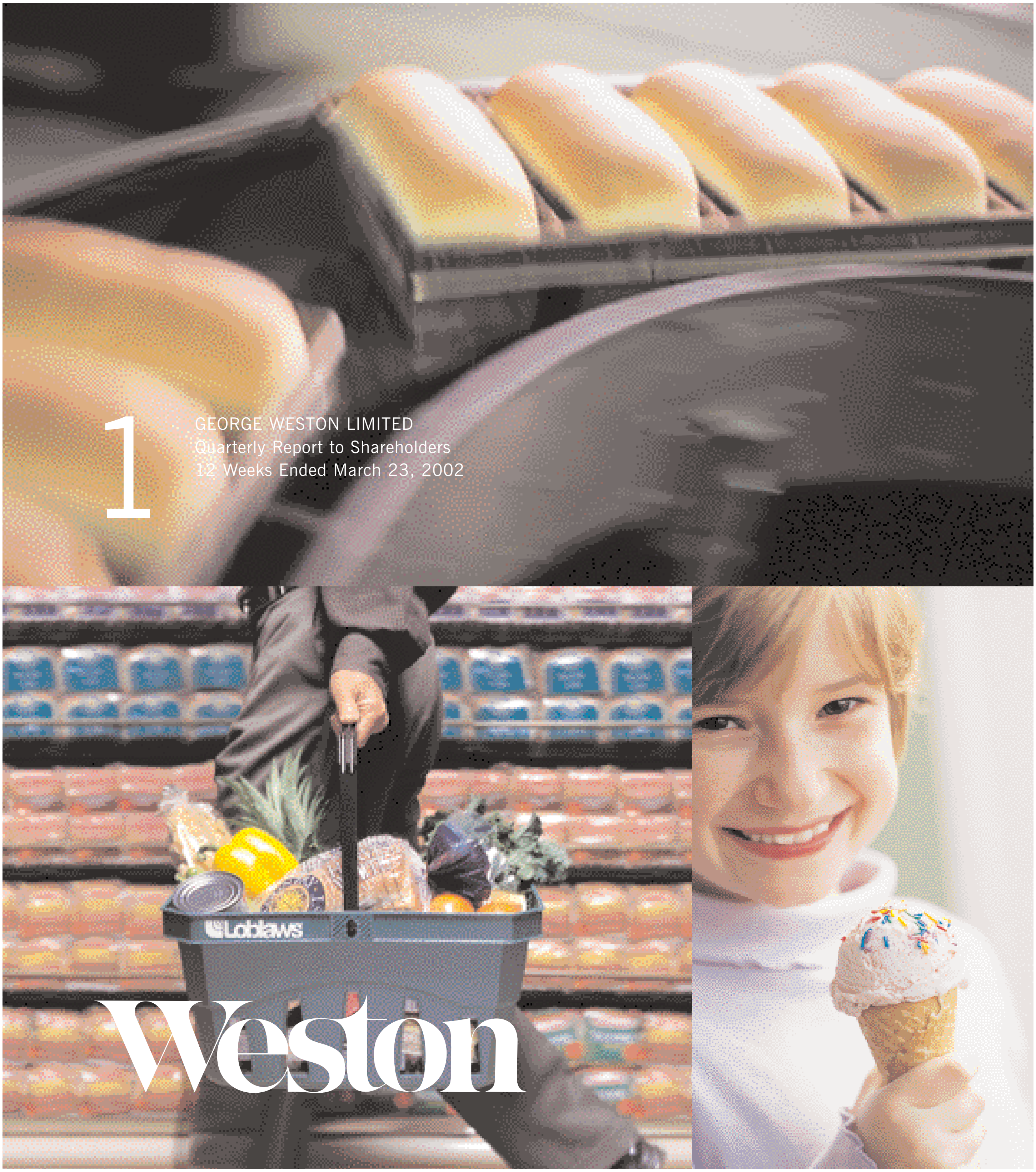

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GEORGE WESTON LIMITED

Quarterly Report to Shareholders

12 Weeks Ended March 23, 2002

Weston

George Weston Limited's first quarter net earnings per share increased 40% to 80 cents, compared to 57 cents in 2001. Adjusting for the discontinuance of goodwill charges, net earnings per share increased 17 cents or 27% over last year. Trailing year net earnings per share, excluding goodwill charges, unusual items in the fourth quarter 2001 and the effect of the 2000 budgeted income tax rate changes, improved 19% to $4.44 from $3.74 earned during the corresponding period at the end of the first quarter of 2001.

During the first quarter of 2002, the Company completed the sale of the Western portion of Bestfoods Baking (including certain license and distribution arrangements) to Grupo Bimbo, S.A. de C.V. for cash proceeds of U.S. $610 million or approximately Cdn. $950 million, which were used for debt repayment.

Operating Highlights

Sales for the first quarter increased 17% or $880 million over last year to $6.0 billion. **Food Processing** sales for the first quarter of $1.2 billion were 71% higher than last year. The 2001 acquisition of Bestfoods Baking (renamed George Weston Bakeries Inc.) contributed additional sales in line with expectations. Excluding the effect of this acquisition and the 2001 Connors dispositions, sales were 6% ahead of last year for the quarter. The North American fresh and frozen baking operations and Neilson Dairy enjoyed another successful period of solid volume growth with generally firm pricing. The *Heritage* fresh salmon operation continued to suffer through a period of extremely depressed world market prices for fresh salmon although overall pricing has improved slightly as compared with the fourth quarter of 2001. **Food Distribution**, operated by Loblaw Companies, had sales of $5.0 billion for the quarter, an increase of 9% over last year. Strong sales growth was experienced in all banners across the country with same-store sales for the quarter increasing over 5%. Food price inflation remained low for the quarter.

Operating income (earnings before interest, income taxes and goodwill charges) increased 29% or $67 million to $302 million for the first quarter. Excluding the $17 million net charge as a result of implementing the new Canadian accounting standard for stock-based compensation and other stock-based payments in 2002, operating income increased 36% over 2001. **Food Processing** operating income of $70 million was more than double last year's level of $33 million, driven by our 2001 United States acquisition and sales growth and improved operating efficiencies of the existing business. The continued softness in fresh salmon market prices adversely affected the *Heritage* fresh salmon operation's profitability for the quarter. Operating margin (operating income divided by sales) increased to 5.9% for the quarter from 4.8% in 2001. **Food Distribution** operating income increased 15% to $232 million for the quarter. Operating margin improved to 4.7% from 4.4% in 2001 for the quarter due to increased sales, better sales mix management and a continued focus on cost control and operating efficiencies.

Interest expense for the quarter increased 33% to $61 million as a result of increased net average borrowing levels, from the 2001 Bestfoods Baking acquisition, partially offset by a decline in borrowing rates. Interest coverage (operating income divided by interest expense) of 5.0 times for the quarter compared to 5.1 times for the comparable period in the prior year. The effective income tax rate of 34.9% decreased as compared to the prior year, in line with declining Canadian federal and provincial income tax rates and the fair value impact of the Loblaw Companies equity forward contracts.

The Company's financial position and cash flow remain strong. As expected, the 2001 Bestfoods Baking acquisition temporarily increased the debt to equity ratio above our internal 1:1 guideline. The ratio at the end of the first quarter was 1.36:1, excluding the Domtar Exchangeable Debentures, as compared to 1.07:1 last year.

Capital investment during the quarter totaled $227 million as the Company continues to be committed to maintaining and renewing its asset base and investing for growth across North America. Projected 2002 capital investment remains at approximately $1.4 billion. Operating cash flow, excluding the first quarter cyclical working capital investment, improved to $302 million from $211 million in 2001, principally from improved earnings.

During the first quarter of 2002, the Company issued $250 million of 5.90% Medium Term Notes ("MTN") due 2009 and $150 million of 7.10% MTN due 2032. During the quarter, the Company also issued $8 million of Series B Debentures at a weighted average interest rate of 2.61% due on demand. Subsequent to the quarter end, the Company issued 10.6 million 5.15% Preferred Shares, Series II for $25.00 per share for net proceeds of $260 million. Also during the quarter, Loblaw Companies issued $200 million of 6.85% MTN due 2032. Subsequent to the quarter end, Loblaw Companies redeemed its $61 million Series 8, 10% Debentures.

As discussed in the Company's 2001 Annual Report, in the first quarter of 2002, the Company implemented the new Canadian accounting standard for stock-based compensation and other stock-based payments. The effect of implementing this standard was a cumulative decrease to consolidated retained earnings of $55 million, net of future income tax recoverable of $28 million, which includes the Company's portion of the decrease to consolidated retained earnings of Loblaw Companies of $25 million, net of future income tax recoverable of $23 million and the fair value impact of equity forward contracts. In addition, the implementation of this standard resulted in a $17 million net pre-tax charge to the 2002 consolidated statement of earnings reflecting the first quarter cost of the stock options outstanding.

In July 2001, the Company implemented the new Canadian accounting standard for goodwill and other intangible assets for the acquisition of Bestfoods Baking. The standard applies to goodwill and intangible assets acquired in an acquisition on or after July 1, 2001, as well as to all acquisitions prior to July 1, 2001 effective for fiscal years beginning on or after January 1, 2002. Accordingly, in the first quarter of 2002, the Company implemented this standard for all goodwill and intangible assets existing prior to July 1, 2001.

During the first quarter of 2002, the Company renewed its Normal Course Issuer Bid to purchase on the Toronto Stock Exchange or enter into equity derivative contracts for up to 6,573,395 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. During the quarter, the Company entered into equity derivative agreements based on 78,300 of its common shares at an average price of $103.00 per share. Subsequent to quarter end, the Company entered into equity derivative agreements based on 526,700 of its common shares at an average price of $116.79 per share.

Outlook

Solid sales and operating income growth are expected for the remainder of 2002. Food Processing continues to benefit from the United States integration and growth opportunities, while steady growth is being achieved in Canada. Depressed world market prices for salmon may slightly dampen income. Food Distribution maintains its relentless investment program and drive for sales and operating income growth.

W. Galen Weston
Chairman

Richard J. Currie
President

Toronto, Canada
May 8, 2002

Consolidated Statements of Earnings

(unaudited)

($ millions)	12 Weeks Ended March 23, 2002	March 24, 2001
Sales	**$ 5,998**	$ 5,118
Operating Expenses		
Cost of sales, selling and administrative expenses	**5,583**	4,792
Depreciation	**113**	91
	5,696	4,883
Operating Income	**302**	235
Interest expense (income)		
Short term	**(8)**	(9)
Long term	**69**	55
	61	46
Earnings Before the Following:	**241**	189
Income taxes	**84**	68
	157	121
Goodwill charges (2001 – net of tax of $1) (note 1)		12
	157	109
Minority interest	**49**	34
Net Earnings for the Period	**$ 108**	$ 75
Net Earnings per Common Share ($)		
Basic	**$ .80**	$ .57
Diluted	**$ .79**	$ .56
Basic before goodwill charges, net of minority interest impact	**$ .80**	$ .63
Diluted before goodwill charges, net of minority interest impact	**$ .79**	$ .62
Market value – period end	**$ 112.60**	$ 88.15
Actual and weighted average common shares outstanding (in millions)	**131.5**	131.5

Consolidated Statements of Retained Earnings

(unaudited)

($ millions)	12 Weeks Ended March 23, 2002	March 24, 2001
Retained Earnings, Beginning of Period	**$ 3,260**	$ 2,801
Impact of implementing new accounting standard (notes 1 and 2)	**(55)**	
Net earnings for the period	**108**	75
Stock option plan cash payments (2001 – net of tax of $3)		(5)
Net subsidiary stock option plan cash payments (2001 – net of tax of $3)		(3)
Dividends declared per common share – 24¢ (2001 – 20¢)	**(31)**	(26)
Dividends declared per preferred share – 40¢	**(4)**	
Retained Earnings, End of Period	**$ 3,278**	$ 2,842

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

Consolidated Balance Sheets

($ millions)	As at March 23, 2002 (unaudited)	December 31, 2001
Assets		
Current Assets		
Cash and cash equivalents	**$ 704**	$ 743
Short term investments	**624**	518
Accounts receivable	**1,068**	863
Inventories	**1,717**	1,780
Business held for sale		934
Current future income taxes	**170**	168
Prepaid expenses and other assets	**53**	54
	4,336	5,060
Fixed Assets	**6,360**	6,255
Goodwill	**3,339**	3,339
Franchise Investments and Other Receivables	**289**	317
Future Income Taxes	**123**	129
Intangibles and Other Assets	**1,235**	1,177
	$ 15,682	$ 16,277
Liabilities		
Current Liabilities		
Bank indebtedness	**$ 58**	$ 152
Commercial paper	**977**	466
Accounts payable and accrued liabilities	**2,976**	3,407
Current income taxes	**84**	179
Short term bank loans	**55**	1,367
Long term debt due within one year	**80**	82
	4,230	5,653
Long Term Debt	**5,504**	4,908
Future Income Taxes	**102**	122
Other Liabilities	**800**	591
Minority Interest	**1,402**	1,377
	12,038	12,651
Shareholders' Equity		
Share Capital	**305**	305
Retained Earnings	**3,278**	3,260
Cumulative Foreign Currency Translation Adjustment	**61**	61
	3,644	3,626
	$ 15,682	$ 16,277

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

Consolidated Cash Flow Statements
(unaudited)

($ millions)	12 Weeks Ended March 23, 2002	March 24, 2001
Operations		
Net earnings before minority interest	**$ 157**	$ 109
Depreciation and amortization	**113**	104
Future income taxes	**9**	(4)
Other	**23**	2
	302	211
Changes in non-cash working capital	**(611)**	(618)
Cash Flows used in Operating Activities before the following:	**(309)**	(407)
Acquisition restructuring and other charges, including income tax recoveries	**(37)**	(21)
Cash Flows used in Operating Activities	**(346)**	(428)
Investment		
Fixed asset purchases	**(227)**	(191)
Short term investments	**(106)**	(100)
Proceeds from fixed asset sales	**7**	4
Business acquisitions		(14)
Business dispositions	**938**	
Change in franchise investments, other receivables and credit card receivables	**15**	
Net changes in other items	**7**	(12)
Cash Flows from (used in) Investing Activities	**634**	(313)
Financing		
Commercial paper	**511**	587
Short term bank loans	**(1,312)**	
Long term debt – Issued	**600**	350
– Retired	**(4)**	(100)
Subsidiary share capital – Retired		(1)
Dividends – To shareholders	**(30)**	(26)
– To minority shareholders		(10)
Other	**2**	(10)
Cash Flows (used in) from Financing Activities	**(233)**	790
Increase in Cash	**55**	49
Cash, Beginning of Period	**591**	703
Cash, End of Period	**$ 646**	$ 752
Cash Position		
Cash	**$ 646**	$ 752
Short term investments	**624**	518
Commercial paper	**(977)**	(1,290)
Cash position	**$ 293**	$ (20)
Other Cash Flow Information		
Net interest paid	**$ 47**	$ 52
Net income taxes paid	**$ 158**	$ 117

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 2001 Annual Report.

Stock-Based Compensation Plan Effective January 1, 2002, the Company implemented the new standard issued by the Canadian Institute of Chartered Accountants ("the CICA") on stock-based compensation and other stock-based payments. The standard was applied retroactively without restatement of prior period consolidated financial statements for stock options outstanding at January 1, 2002 that allow for settlement in cash at the option of the holder. The cumulative effect of implementation was a decrease to consolidated retained earnings of $55 million, net of future income tax recoverable of $28 million, which includes the Company's portion of the decrease to consolidated retained earnings of Loblaw Companies of $25 million, net of future income tax recoverable of $23 million and the fair value impact of equity forward contracts. Compensation cost attributable to stock options that allow for settlement in cash at the option of the holder is measured using the intrinsic value method. The compensation cost that has been charged against operating income for the first quarter was $17 million, net of the fair value impact of equity derivative contracts.

The Company accounts for stock options that are settled by the issuance of common shares as capital transactions and no compensation cost is recorded. Consideration paid by employees on the exercise of a stock option is credited to common share capital. The pro forma effect of accounting for these awards under the fair value based accounting method is disclosed in Note 2.

Goodwill and Intangible Assets In July 2001, the Company implemented the new standard issued by the CICA on goodwill and other intangible assets for the acquisition of Bestfoods Baking. This standard applies to goodwill and intangible assets acquired in business combinations completed on or after July 1, 2001 as well as to all business combinations prior to July 1, 2001 effective for fiscal years beginning on or after January 1, 2002. Accordingly, effective January 1, 2002, the Company implemented this standard for all goodwill and intangible assets existing prior to July 1, 2001.

Under the new standard, goodwill is no longer amortized but instead requires that the book value of goodwill be tested annually for impairment. In addition, the amortization of intangible assets with indefinite lives is no longer required while intangible assets with limited lives will be amortized over their estimated useful lives. Intangible assets not subject to amortization also require an annual test for impairment. Any permanent impairment in the book value of goodwill or intangible assets is to be written off against earnings.

The standard was implemented prospectively and as a result, the amortization of goodwill ceased. A review of business combinations prior to July 1, 2001 was performed by the Company with no changes required to the book values of goodwill and no previously unrecognized intangible assets were recorded. The Company has also performed the annual impairment test for goodwill and has determined that there is no impairment of the book value of goodwill. Had this new standard been applied in the quarter ended March 24, 2001, net earnings would have increased by $8 million for the first quarter of 2001.

Notes
(unaudited)

2. Stock-Based Compensation Plan

The Company maintains a stock option plan for certain employees. Under the plan, 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. The Company has 2,510,308 common stock options outstanding at the end of the first quarter.

During the first quarter of 2002, the Company granted 226,000 stock options that call for settlement by the issuance of common shares at a weighted average exercise price per share of $100.00. The weighted average grant-date fair value of these options has been estimated using the Black-Scholes model for pricing options assuming weighted average expected dividend yields of .96% annually, weighted-average risk free interest rate of 3.3%, weighted-average expected common stock price volatility of 26.0% and a weighted-average expected option life of 3 years. Had the fair-value based accounting method been used for these stock options granted in the first quarter of 2002, the Company's net earnings for the quarter would have decreased by $.4 million with a minimal impact to basic and diluted net earnings per common share. These impacts on net earnings and basic and diluted earnings per common share exclude the effect of stock options granted before January 1, 2002.

3. Segmented Information

	12 Weeks Ended	
($ millions)	**March 23, 2002**	March 24, 2001
Sales		
Food Processing	**$ 1,186**	$ 694
Food Distribution	**4,951**	4,545
Inter Group	**(139)**	(121)
Consolidated	**$ 5,998**	$ 5,118
Operating Income		
Food Processing	**$ 70**	$ 33
Food Distribution	**232**	202
Consolidated	**$ 302**	$ 235

	As at	
($ millions)	**March 23, 2002**	December 31, 2001
Total Assets (1)		
Food Processing	**$ 5,012**	$ 5,954
Food Distribution	**10,302**	9,955
Consolidated	**$ 15,314**	$15,909

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

George Weston Limited

Corporate Profile

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

Investor Relations

Shareholders, security analysts and investment professionals should direct their 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

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