George Weston Limited Q3/2003

Quarterly Report to Shareholders
40 Weeks Ended October 4, 2003

Weston

Management's Discussion and Analysis

George Weston Limited's (the "Company") third quarter 2003 basic net earnings per common share increased 13% to $1.55 compared to $1.37 in 2002. Sales increased 3% to $8.8 billion and operating income increased 9% to $505 million, with operating margin increasing to 5.8% from 5.4% last year.

The impact of foreign currency translation due to the strengthening Canadian dollar on the Weston Foods operating segment negatively impacted consolidated sales by approximately 2% and operating income by approximately 4% for the third quarter. Adjusting for this negative currency impact, consolidated sales increased 5% and operating income increased 13%. The Company continues to focus on the successful implementation of its operating and financial strategies.

Consolidated Results of Operations

Sales Sales for the third quarter of 2003 increased 3%, to $8.8 billion, from $8.5 billion last year. Sales were impacted positively by the Food Distribution, operated by Loblaw Companies Limited ("Loblaw"), sales increase of 7% and negatively by the Weston Foods sales decline of 12%. The Weston Foods sales decline is attributable to the negative impact of foreign currency translation.

On a year-to-date basis, sales increased 5% compared to last year with Food Distribution sales 8% ahead of last year and Weston Foods sales 6% behind last year attributable to the negative impact of foreign currency translation.

Operating Income Operating income for the third quarter of 2003 increased 9%, or $42 million, to $505 million and operating margin for the quarter improved to 5.8% from 5.4% in 2002. The increase over last year was primarily the result of a 15% increase in Food Distribution operating income partially offset by a 12% decline in Weston Foods operating income. The Weston Foods decline is attributable to the negative impact of foreign currency translation combined with stock-based compensation cost net of the impact from equity derivatives.

Operating income for 2003 year-to-date increased 12%, or $133 million, to $1.3 billion with an operating margin of 5.8% compared to 5.5% in 2002. On a year-to-date basis, Food Distribution operating income increased 15% while Weston Foods operating income was flat with 2002. Fisheries continued to experience operating losses for the quarter and on a year-to-date basis although at a reduced rate compared to 2002.

During the third quarter, the Company was impacted by the significant power interruption in Ontario and parts of Northeastern United States and by the effects of a hurricane in Atlantic Canada. The Company's third quarter results were not materially affected as it maintains insurance coverage which provides for the reimbursement of losses resulting from these events.

Interest Expense Interest expense for the third quarter of 2003 increased $6 million, or 8%, to $78 million from $72 million in 2002. Interest on long term debt increased by $9 million to $122 million as a result of an increase in average long term borrowing levels. Other long term interest income of $37 million (2002 – $26 million) includes the net positive effect of the Company's and Loblaw's interest rate, currency and equity derivative agreements. Net short term interest expense of $4 million compares to interest income of $5 million in 2002 due to a combination of higher average short term Canadian borrowing and lower average short term United States investment rates partially offset by higher average short term United States investment levels. During the third quarter of 2003, $11 million (2002 – $9 million) of interest expense was capitalized to fixed assets.

Interest expense year-to-date decreased $1 million to $188 million, from $189 million in 2002, as a result of an increase in average short term United States investment levels combined with the net positive effect of the Company's and Loblaw's interest rate, currency and equity derivative agreements partially offset by an increase in average long term borrowing levels and lower average short term United States investment rates.

Income Taxes The Company's year-to-date effective income tax rate decreased to 31.0% compared to 33.3% in 2002, as a result of the declining Canadian federal and provincial income tax rates and the income tax impact of fair valuing the Loblaw equity forwards.

Net Earnings Net earnings for the third quarter of 2003 increased $23 million, or 12%, to $213 million from $190 million in 2002 and increased 18% to $540 million year-to-date. Basic net earnings per common share, for the third quarter of 2003, increased 18 cents, or 13%, to $1.55 from $1.37 in 2002 and increased 58 cents, or 17%, to $3.93 year-to-date.

Reportable Operating Segments

Weston Foods Operating Results

Sales Weston Foods sales for the third quarter of $1.3 billion declined 12%, or $180 million, compared to last year with year-to-date sales of $3.5 billion 6% behind 2002. Foreign currency translation negatively impacted Weston Foods sales by approximately 14% for the quarter and 7% on a year-to-date basis. Adjusting for this negative impact, Weston Foods sales for the third quarter and year-to-date were 2% and 1% ahead of last year, respectively. Overall volume improved slightly for the third quarter compared to last year and was 1% ahead of last year on a year-to-date basis. Sales during the third quarter were impacted by growth with core customers in Canada, the introduction of new products and product line extensions, the continued strategic positioning with alternate retail formats and foodservice channels and strong promotional sales support programs offset by the negative impact of the continued sluggish sales environment in the United States and the rationalization of lower volume products.

Operating Income Weston Foods operating income for the third quarter of $113 million decreased 12% compared to last year with year-to-date operating income of $313 million flat with 2002. The impact of foreign currency translation combined with stock-based compensation cost net of the impact from equity derivatives, negatively impacted Weston Foods operating income by approximately 17% for the quarter and 1% on a year-to-date basis. Adjusting for this negative impact, Weston Foods operating income for the third quarter and year-to-date increased 5% and 1%, respectively. Operating margin for the quarter and year-to-date improved to 8.9% and 9.0% compared to 8.8% and 8.4% in 2002, respectively. EBITDA margin for the quarter and year-to-date also improved to 12.2% and 12.2% from 11.9% and 11.4% in 2002, respectively. For the third quarter, operating income was impacted by sales volume growth, the continued realization of anticipated synergies from the integration of George Weston Bakeries and the on-going focus on lower operating costs partially offset by higher commodity, energy and defined benefit pension plan costs.

Food Distribution Operating Results

Sales Food Distribution sales for the third quarter of $7.7 billion increased 7% compared to last year with year-to-date sales of $18.8 billion 8% ahead of 2002. All regions experienced sales growth over the prior year in line with expectations. New store construction was delayed through much of the summer in Ontario, pending the completion of negotiations with several unions. Construction has now recommenced, which will bring with it increased sales growth. Loblaw continues to invest strategically in lower prices in its markets.

The increase in third quarter sales resulted from a 4.3% same-store sales growth in the quarter and, over the latest four quarters, a 1.9 million increase in net retail square footage from 66 new corporate and franchised stores opened net of 57 stores closed. During the third quarter of 2003, 14 new corporate and franchised stores were opened and 18 stores were closed resulting in a net increase of .3 million square feet.

In the first three quarters of 2003, a total of 39 new corporate and franchised stores were opened and 41 stores were closed, resulting in a cumulative net increase of .9 million square feet.

Consistent with 2002 and the first two quarters of 2003, national food price inflation remained low.

Operating Income Food Distribution operating income for the third quarter of $395 million increased 15% compared to last year with year-to-date operating income of $976 million also 15% ahead of 2002. Operating margin for the quarter and year-to-date improved to 5.1% and 5.2% compared to 4.8% and 4.9% in 2002, respectively. EBITDA margin for the quarter and year-to-date improved to 6.7% and 6.8% from 6.3% and 6.4% in 2002, respectively. An improvement in overall sales mix management at the store level, a focus on administrative cost control and operating efficiencies and reduced product costs from buying synergies partially offset by investments in lower selling prices and higher defined benefit pension plan costs, contributed to the net improvement in margins.

Fisheries Operating Results

Sales Fisheries sales for the third quarter of $50 million decreased 37%, or $29 million, compared to last year primarily due to decreased harvest volumes, as a result of the timing of harvests this year as compared to last year, partially offset by improved salmon market prices.

Operating Income Fisheries experienced a loss of $3 million for the third quarter compared to a loss of $9 million in 2002 and a loss of $11 million year-to-date compared to $16 million in 2002. Although prices have improved compared to last year and the level of operating losses has decreased compared to last year, a return to profitability remains dependent on further price improvements.

Consolidated Financial Condition

Financial Ratios The Company's net debt to equity ratio (excluding the Exchangeable Debentures) of 1.05:1 at the end of the third quarter of 2003 compared to the 1.06:1 ratio in the same period of 2002. Shareholders' equity increased $245 million year-to-date, or 6%, to $4.6 billion. The interest coverage ratio improved to 6.8 times compared to 6.1 times at the end of the third quarter of 2002, due to higher operating income and lower interest expense.

The Company's rolling year return on average total assets improved to 11.8% at the end of the third quarter of 2003 from 11.4% for the comparable period of 2002 and was also higher than the year end 2002 return of 11.5%. The Company's rolling year return on average shareholders' equity was 18.9% at the end of the third quarter of 2003 compared to 19.8% in the comparable period of 2002 and improved slightly compared to the year end 2002 return of 18.3% mainly due to increased earnings.

Dividends As declared by the Company's Board of Directors (the "Board"), a quarterly common dividend of 30 cents per common share and a quarterly preferred dividend of 32 cents per preferred share, Series II were paid on October 1, 2003. On September 15, 2003, a quarterly preferred dividend of 36 cents per preferred share, Series I was also paid as declared by the Board.

Liquidity and Capital Resources

Cash Flows from Operating Activities In the third quarter of 2003 cash flows from operating activities were $385 million compared to $569 million in the third quarter of 2002. On a year-to-date basis, cash flows from operating activities were $628 million compared to $734 million in 2002. The quarter decrease resulted mainly from a change in non-cash working capital; primarily accounts receivables and inventories as well as an increase in defined benefit pension plan contributions of $76 million. Year-to-date defined benefit pension plan contributions increased to $124 million from $6 million in 2002.

On an annual basis, the cash flows from operating activities is expected to fund a significant portion of the Company's anticipated 2003 capital investment activity of approximately $1.6 billion.

Cash Flows used in Investing Activities In the third quarter of 2003 cash flows used in investing activities were $677 million compared to $911 million in 2002. During the third quarter of 2003, as a result of the significant strengthening of the Canadian dollar, the Company terminated currency derivatives that were identified as a hedge against its exposure to currency exchange rate fluctuations primarily resulting from the acquisition of George Weston Bakeries in 2001. Also during this quarter, the Company terminated interest rate derivatives that were related to these currency derivatives. In respect of these transactions, the Company received, and included in cash flows used in investing activities, cash proceeds of $338 million ($317 million on termination of the currency derivatives and $21 million on termination of the interest rate derivatives) which will be used to purchase common shares of the Company and to repay short term debt (see Note 11 to the unaudited interim period consolidated financial statements).

On a year-to-date basis, cash flows used in investing activities were $935 million compared to $315 million in 2002 impacted by the proceeds on termination of financial derivatives received in 2003 and the proceeds from the disposition of the western portion of George Weston Bakeries received in 2002.

Capital investment for the third quarter of 2003 amounted to $469 million (2002 – $469 million) and $1 billion (2002 – $927 million) year-to-date, as the Company continues its commitment to maintain and renew its asset base and invest in growth across North America.

During the third quarter of 2003, Loblaw, through its wholly owned subsidiary President's Choice Bank, securitized $28 million (2002 – $110 million) of credit card receivables, under its securitization program, and $182 million (2002 – $184 million) year-to-date. The securitizations yielded a minimal loss based on assumptions consistent with those disclosed in Note 8 to the consolidated financial statements included in the Company's 2002 Annual Report.

Cash Flows from Financing Activities In the third quarter of 2003 cash flows from financing activities were $118 million compared to $78 million in 2002. On a year-to-date basis, cash flows from financing activities were $570 million compared to cash flows used in financing activities of $309 million in 2002. The change is primarily due to the repayment during 2002 of the short term unsecured credit facility used to finance the 2001 George Weston Bakeries acquisition partially offset by preferred shares issued in 2002. The Company issued marginally less commercial paper and long term debt in 2003 than in 2002.

During the first quarter of 2003, the Company issued $100 million of 6.69% Medium Term Notes ("MTN") due 2033 and Loblaw issued $200 million of 6.54% MTN due 2033 both pursuant to their respective 2001 Base Shelf Prospectuses.

During the second quarter of 2003, the Company filed a new Base Shelf Prospectus, which permits the Company to issue an aggregate principal amount up to $750 million of MTN. Loblaw's 2001 Base Shelf Prospectus expired on May 24, 2003. During the second quarter, Loblaw filed a new Base Shelf Prospectus, which permits Loblaw to issue an aggregate principal amount up to $1.0 billion of MTN. Under this new 2003 Base Shelf Prospectus, Loblaw issued $55 million of 5.86% MTN due 2043 during the third quarter of 2003 and $200 million of 6.05% MTN due 2034 during the second quarter of 2003. Loblaw also repaid its $100 million of 6.60% MTN, which matured during the second quarter of 2003. Loblaw currently has $745 million of MTN available to be issued.

During the first quarter of 2003, the Company renewed its Normal Course Issuer Bid ("NCIB") to purchase on the Toronto Stock Exchange or enter into equity derivative contracts to purchase up to approximately 5% of its common shares outstanding. The Company, in accordance with the rules and by-laws of the Toronto Stock Exchange, may purchase its shares at the then market prices of such shares.

During the second quarter of 2003, the Company purchased for cancellation 180,800 of its common shares for $16 million, pursuant to its NCIB. During the first quarter of 2003, the Company entered into equity swaps to buy 886,700 of its common shares, at an average price of $92.49 with an initial term of six years, pursuant to its NCIB.

Subsequent to the end of the third quarter of 2003, the Company agreed to purchase for cancellation approximately two million of its common shares (representing approximately 1.5% of the Company's outstanding common shares) pursuant to an offer received from Wittington Investments, Limited ("Wittington"), the Company's majority shareholder thereby reducing Wittington's beneficial ownership to 62%. The agreed upon price will be equal to the lesser of 96% of the volume weighted average price for the Company's common shares for the last 20 business days and 96% of the volume weighted average closing price for the three business days immediately prior to the closing of the purchase, subject to the price not being less than $95 per common share. The purchase is expected to close on or before December 1, 2003.

The Company and Board of Directors have concluded that it is in the best interest of the Company to purchase its common shares and this transaction represents an opportunity to purchase a significant number of its common shares at a price below market price. This offer was reviewed and approved by an independent committee of directors, established by the Company's Board of Directors. The Company has obtained from the Ontario Securities Commission an exemption from the issuer bid rules in connection with this purchase.

Risks and Risk Management

During the third quarter of 2003, the Company terminated cross currency basis swaps that previously limited its exposure to foreign currency exchange rate fluctuations on its United States dollar denominated net investment in self-sustaining foreign operations ("U.S. net investment"). As a result, foreign currency exchange rate adjustments on translation of the Company's U.S. net investment, that are recognized within the cumulative foreign currency translation adjustment included in Shareholder's Equity, will no longer be offset. The Company continues to monitor its current and anticipated exposure to fluctuations in foreign currency exchange rates, specifically those related to its U.S. net investment, and may consider entering into currency derivative agreements as appropriate to manage this exposure.

Other operating and financial risks and risk management strategies as disclosed on pages 33 to 38 in the Management's Discussion and Analysis ("MD&A") included in the Company's 2002 Annual Report remain substantially unchanged.

Accounting Standards Implemented in 2003

Effective January 1, 2003, the Company implemented the Accounting Guideline 14 – "Disclosure of Guarantees" issued by the Canadian Institute of Chartered Accountants (see Note 12 to the unaudited interim period consolidated financial statements). This guideline requires the Company to disclose significant information about guarantees it has provided without regard to the likelihood that the Company will have to make any payment under those guarantees.

Outlook

Our expectation for the remainder of 2003 is for continued strength in sales and earnings growth rates for Food Distribution with overall sales and earnings growth impacted by the challenges and uncertainties faced by Weston Foods' customers and competitors in the United States.

W. Galen Weston
Chairman and President

Toronto, Canada
November 12, 2003

Supplementary Information

This quarterly MD&A should be read in conjunction with the Company's unaudited interim period consolidated financial statements and the accompanying notes and the Company's 2002 Annual Report. A glossary of terms used throughout this Quarterly Report can be found on page 70 of the Company's 2002 Annual Report. In addition, this Quarterly Report includes the following terms: "rolling year return on average total assets", which is defined as operating income for the latest four quarters divided by average total assets excluding cash, cash equivalents and short term investments and "rolling year return on average shareholders' equity", which is defined as net earnings available to common shareholders for the latest four quarters divided by average total common shareholders' equity.

Supplementary Financial Information

The Company has included information on EBITDA because it believes certain readers of this Quarterly Report use this measure as a means of measuring financial performance. The term does not have a standardized meaning prescribed by Canadian generally accepted accounting principles ("GAAP") and, therefore, may not be comparable to similarly titled measures presented by other publicly traded companies. This measure should not be construed as an alternative to other earnings measures determined in accordance with Canadian GAAP.

The following tables reconcile EBITDA to the Canadian GAAP measures reported in the Consolidated Statements of Earnings.

	16 Weeks Ended Oct. 4, 2003				16 Weeks Ended Oct. 5, 2002			
($ millions)	**Weston Foods**	**Food Distribution**	**Fisheries**	**Consolidated**	Weston Foods	Food Distribution	Fisheries	Consolidated
Operating income	**$ 113**	**$ 395**	**$ (3)**	**$ 505**	$ 128	$ 344	$ (9)	$ 463
Depreciation	**42**	**122**	**2**	**166**	45	109	2	156
EBITDA	**$ 155**	**$ 517**	**$ (1)**	**$ 671**	$ 173	$ 453	$ (7)	$ 619

	40 Weeks Ended Oct. 4, 2003				40 Weeks Ended Oct. 5, 2002			
($ millions)	**Weston Foods**	**Food Distribution**	**Fisheries**	**Consolidated**	Weston Foods	Food Distribution	Fisheries	Consolidated
Operating income	**$ 313**	**$ 976**	**$ (11)**	**$ 1,278**	$ 313	$ 848	$ (16)	$ 1,145
Depreciation	**113**	**299**	**7**	**419**	109	268	7	384
EBITDA	**$ 426**	**$ 1,275**	**$ (4)**	**$ 1,697**	$ 422	$ 1,116	$ (9)	$ 1,529

The following table provides additional quarterly financial information.

	As at	
	Oct. 4, 2003	Oct. 5, 2002
Market price per common share ($)	**$ 99.51**	$ 102.50
Actual common shares outstanding (in millions)	**132.1**	132.0
Weighted average common shares outstanding (in millions)	**132.2**	131.9

Forward-Looking Statements

This Quarterly Report, including this MD&A, contains certain forward-looking statements. Such statements relate to, among other things, sales growth, the integration of operations of acquired businesses, the expansion and growth of the Company's business, future capital expenditures and the Company's business strategies. Forward-looking statements are subject to inherent uncertainties and risks including but not limited to: general industry and economic conditions, changes in the Company's relationships with its suppliers, pricing pressures and other competitive factors, the availability and cost of raw materials, fuels and utilities, the results of the Company's on-going efforts to improve cost effectiveness, the rates of return on the Company's pension plan assets, changes in the regulatory requirements affecting the Company's business and the availability and terms of financing. Other risks are outlined in the Operating and Financial Risks and Risk Management sections of the MD&A included in the Company's 2002 Annual Report. Consequently, actual results and events may vary significantly from those included, contemplated or implied by such forward-looking statements.

Consolidated Statements of Earnings

(unaudited)

($ millions except where otherwise indicated)	16 Weeks Ended Oct. 4, 2003	16 Weeks Ended Oct. 5, 2002	40 Weeks Ended Oct. 4, 2003	40 Weeks Ended Oct. 5, 2002
Sales	**$ 8,768**	$ 8,509	**$ 21,921**	$ 20,831
Operating Expenses				
Cost of sales, selling and administrative expenses	**8,097**	7,890	**20,224**	19,302
Depreciation	**166**	156	**419**	384
	8,263	8,046	**20,643**	19,686
Operating Income	**505**	463	**1,278**	1,145
Interest Expense (note 2)	**78**	72	**188**	189
Earnings Before the Following:	**427**	391	**1,090**	956
Income Taxes	**130**	128	**338**	318
Minority Interest	**84**	73	**212**	179
Net Earnings	**$ 213**	$ 190	**$ 540**	$ 459
Net Earnings per Common Share ($) (note 4)				
Basic	**$ 1.55**	$ 1.37	**$ 3.93**	$ 3.35
Diluted	**$ 1.54**	$ 1.36	**$ 3.92**	$ 3.32

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

Consolidated Statements of Retained Earnings

(unaudited)

($ millions except where otherwise indicated)	40 Weeks Ended Oct. 4, 2003	40 Weeks Ended Oct. 5, 2002
Retained Earnings, Beginning of Period	**$ 3,712**	$ 3,260
Impact of implementing new accounting standard		(55)
Net earnings	**540**	459
Premium on common shares purchased for cancellation (note 9)	**(16)**	(12)
Dividends declared		
Per common share – 90¢ (2002 – 72¢)	**(119)**	(95)
Per preferred share – Series I – $1.09 (2002 – $1.13)	**(10)**	(11)
– Series II – 97¢ (2002 – 61¢)	**(10)**	(7)
Retained Earnings, End of Period	**$ 4,097**	$ 3,539

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

Consolidated Balance Sheets

($ millions)	As at Oct. 4, 2003 (unaudited)	Dec. 31, 2002
Assets		
Current Assets		
Cash and cash equivalents (note 5)	**$ 1,218**	$ 1,157
Short term investments (note 5)	**689**	398
Accounts receivable	**998**	964
Inventories	**2,104**	1,994
Future income taxes	**169**	144
Prepaid expenses and other assets	**67**	48
Total Current Assets	**5,245**	4,705
Fixed Assets	**7,466**	7,053
Goodwill and Intangible Assets (notes 6 & 7)	**3,720**	3,988
Future Income Taxes	**24**	43
Other Assets	**1,074**	874
Total Assets	**$ 17,529**	$ 16,663
Liabilities		
Current Liabilities		
Bank indebtedness	**$ 65**	$ 61
Commercial paper	**1,073**	715
Accounts payable and accrued liabilities	**3,044**	3,344
Income taxes	**148**	164
Short term bank loans	**58**	33
Long term debt due within one year (note 8)	**209**	110
Total Current Liabilities	**4,597**	4,427
Long Term Debt (note 8)	**5,735**	5,391
Future Income Taxes	**226**	146
Other Liabilities	**612**	728
Minority Interest	**1,732**	1,589
Total Liabilities	**12,902**	12,281
Shareholders' Equity		
Share Capital (notes 9 & 10)	**610**	609
Retained Earnings	**4,097**	3,712
Cumulative Foreign Currency Translation Adjustment	**(80)**	61
Total Shareholders' Equity	**4,627**	4,382
Total Liabilities and Shareholders' Equity	**$ 17,529**	$ 16,663

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

Consolidated Cash Flow Statements

(unaudited)

($ millions)		16 Weeks Ended Oct. 4, 2003	16 Weeks Ended Oct. 5, 2002	40 Weeks Ended Oct. 4, 2003	40 Weeks Ended Oct. 5, 2002
Operating Activities					
Net earnings before minority interest		**$ 297**	$ 263	**$ 752**	$ 638
Depreciation		**166**	156	**419**	384
Future income taxes		**16**	28	**59**	60
Change in non-cash working capital		**(50)**	131	**(502)**	(311)
Acquisition restructuring and other charges, including income tax recoveries			(21)	**(60)**	(87)
Other		**(44)**	12	**(40)**	50
Cash Flows from Operating Activities		**385**	569	**628**	734
Investing Activities					
Fixed asset purchases		**(469)**	(469)	**(1,003)**	(927)
Short term investments		**(539)**	(455)	**(321)**	(340)
Proceeds on termination of financial derivatives (note 11)		**338**		**338**	
Proceeds from fixed asset sales		**36**	12	**57**	25
Business dispositions			19		960
Credit card receivables, after securitization		**(9)**	4	**68**	(13)
Franchise investments and other receivables		**(23)**	(15)	**(58)**	(4)
Other		**(11)**	(7)	**(16)**	(16)
Cash Flows used in Investing Activities		**(677)**	(911)	**(935)**	(315)
Financing Activities					
Bank indebtedness		**23**	1	**16**	(43)
Commercial paper		**157**	189	**358**	459
Short term bank loans	– Issued	**8**	9	**25**	25
	– Retired				(1,367)
Long term debt	– Issued (note 8)	**55**		**555**	600
	– Retired (note 8)	**(1)**		**(103)**	(67)
Share capital	– Issued	**1**		**1**	283
	– Retired (note 9)		(12)	**(16)**	(12)
Subsidiary share capital	– Issued (note 10)	**1**		**2**	
	– Retired (note 6)	**(4)**	(5)	**(45)**	(5)
Dividends	– To shareholders	**(94)**	(76)	**(175)**	(138)
	– To minority shareholders	**(32)**	(25)	**(48)**	(38)
Other		**4**	(3)		(6)
Cash Flows from (used in) Financing Activities		**118**	78	**570**	(309)
Effect of foreign currency exchange rate changes on cash and cash equivalents (note 5)		**22**		**(202)**	24
Change in Cash and Cash Equivalents		**(152)**	(264)	**61**	134
Cash and Cash Equivalents, Beginning of Period		**1,370**	1,141	**1,157**	743
Cash and Cash Equivalents, End of Period		**$ 1,218**	$ 877	**$ 1,218**	$ 877

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

1. Summary of Significant Accounting Policies

Basis of Presentation

The unaudited interim period consolidated financial statements (the "interim financial statements") were prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of application with those used in the preparation of the audited annual consolidated financial statements for the year ended December 31, 2002, except for the changes described below. Under Canadian GAAP, additional disclosure is required in annual financial statements and accordingly the interim financial statements should be read together with the audited annual consolidated financial statements and the accompanying notes included in George Weston Limited's 2002 Annual Report.

Basis of Consolidation

The interim financial statements include the accounts of George Weston Limited and its subsidiaries (the "Company") with provision for minority interest. The Company's interest in the voting share capital of its subsidiaries is 100% except for Loblaw Companies Limited ("Loblaw"), which was 61.6% at the end of the third quarter compared to 61.4% at year end 2002.

Stock-Based Compensation

Effective April 6, 2003, the Company amended its Employee Share Ownership Plan, which allows employees to acquire the Company's common shares through payroll deductions for up to 5% of their gross regular earnings. The Company will now contribute 15% of each employee's contribution to the plan, which will be recognized in operating income as a stock-based compensation cost when the contribution is made.

Comparative Information

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

2. Interest Expense

	16 Weeks Ended		40 Weeks Ended	
($ millions)	**Oct. 4, 2003**	Oct. 5, 2002	**Oct. 4, 2003**	Oct. 5, 2002
Interest on long term debt	**$ 122**	$ 113	**$ 297**	$ 279
Other long term interest (note 11)	**(37)**	(26)	**(89)**	(56)
Net long term interest	**85**	87	**208**	223
Net short term interest	**4**	(6)	**5**	(11)
Capitalized to fixed assets	**(11)**	(9)	**(25)**	(23)
Interest expense	**$ 78**	$ 72	**$ 188**	$ 189

Net interest paid in the third quarter and year-to-date was $53 million and $196 million (2002 – $59 million and $203 million), respectively.

3. Income Taxes

Net income taxes paid in the third quarter and year-to-date were $97 million and $348 million (2002 – $63 million and $286 million), respectively.

4. Basic and Diluted Net Earnings per Common Share

($ millions except where otherwise indicated)	16 Weeks Ended Oct. 4, 2003	16 Weeks Ended Oct. 5, 2002	40 Weeks Ended Oct. 4, 2003	40 Weeks Ended Oct. 5, 2002
Net earnings	**$ 213**	$ 190	**$ 540**	$ 459
Prescribed dividends on preferred shares	**(8)**	(9)	**(20)**	(17)
Net earnings available to common shareholders	**$ 205**	$ 181	**$ 520**	$ 442
Weighted average common shares outstanding (in millions)	**132.2**	131.9	**132.2**	131.9
Dilutive effect of stock-based compensation (in millions) (1)	**.5**	1.0	**.5**	1.0
Diluted weighted average common shares outstanding (in millions)	**132.7**	132.9	**132.7**	132.9
Basic net earnings per common share ($)	**$ 1.55**	$ 1.37	**$ 3.93**	$ 3.35
Dilutive effect of stock-based compensation per common share ($)	**(.01)**	(.01)	**(.01)**	(.03)
Diluted net earnings per common share ($)	**$ 1.54**	$ 1.36	**$ 3.92**	$ 3.32

(1) 204,000 of stock options at an exercise price of $100.00 per common share were outstanding at the end of the third quarter but were not recognized in the computation of diluted net earnings per common share for the third quarter of 2003 because the options' exercise price was greater than the average market price of the common shares.

5. Cash, Cash Equivalents and Short Term Investments

The Company recorded an unrealized foreign currency exchange rate adjustment of $231 million year-to-date as a result of translating its United States dollar denominated cash, cash equivalents and short term investments of which $202 million related to cash and cash equivalents. The portion of this change in cash, cash equivalents and short term investments related to Loblaw amounts to $172 million and is offset by the unrealized foreign currency exchange rate adjustment on Loblaw's cross currency basis swaps which was recorded in other assets. The remaining balance of $59 million relates to the translation of cash, cash equivalents and short term investments held by the Company's self-sustaining foreign operations which is recorded in cumulative foreign currency translation adjustment.

6. Business Acquisitions

During the first quarter of 2003, the Company acquired a specialty bakery for $6 million, which resulted in the Company recognizing $2 million of goodwill.

When Loblaw purchases its own common shares, the Company accounts for the purchase as a step-by-step purchase of Loblaw. During the first quarter of 2003, Loblaw purchased for cancellation 730,000 of its common shares for $41 million pursuant to its Normal Course Issuer Bid ("NCIB"), which resulted in the Company recognizing $19 million of goodwill. During the third quarter of 2003, Loblaw purchased for cancellation 56,800 of its common shares for $4 million pursuant to its NCIB, which resulted in the Company recognizing a nominal amount of goodwill.

Subsequent to quarter end, Loblaw purchased for cancellation 88,700 of its common shares for $6 million.

7. Goodwill and Intangible Assets

Changes in the carrying value of goodwill and intangible assets were as follows:

($ millions)	Weston Foods	Food Distribution	Fisheries	As at Oct. 4, 2003 Total	Dec. 31, 2002 Total
Goodwill, beginning of period	**$ 1,656**	**$ 1,682**	**$ 9**	**$ 3,347**	$ 3,339
Goodwill acquired during the period	**2**	**20**		**22**	8
Impact of foreign currency translation	**(210)**			**(210)**	
Goodwill, end of period	**1,448**	**1,702**	**9**	**3,159**	3,347
Trademarks and brand names	**627**			**627**	627
Other intangible assets	**2**			**2**	
Marine site licences			**15**	**15**	14
Impact of foreign currency translation	**(83)**			**(83)**	
Goodwill and intangible assets	**$ 1,994**	**$ 1,702**	**$ 24**	**$ 3,720**	$ 3,988

8. Long Term Debt

During the first quarter of 2003, the Company issued $100 million of 6.69% Medium Term Notes ("MTN") due 2033 and Loblaw issued $200 million of 6.54% MTN due 2033. Loblaw issued $200 million of 6.05% MTN due 2034 and repaid its $100 million 6.60% MTN during the second quarter of 2003. During the third quarter, Loblaw issued $55 million of 5.86% MTN due 2043.

9. Share Capital

NCIB

During the second quarter of 2003, the Company purchased for cancellation 180,800 of its common shares for $16 million, pursuant to its NCIB.

Subsequent to the end of the third quarter of 2003, the Company agreed to purchase for cancellation approximately two million of its common shares (representing approximately 1.5% of the Company's outstanding common shares) pursuant to an offer received from Wittington Investments, Limited ("Wittington"), the Company's majority shareholder thereby reducing Wittington's beneficial ownership to 62%. The agreed upon price will be equal to the lesser of 96% of the volume weighted average price for the Company's common shares for the last 20 business days and 96% of the volume weighted average closing price for the three business days immediately prior to the closing of the purchase, subject to the price not being less than $95 per common share. The purchase is expected to close on or before December 1, 2003.

The Company and Board of Directors have concluded that it is in the best interest of the Company to purchase its common shares and this transaction represents an opportunity to purchase a significant number of its common shares at a price below market price. This offer was reviewed and approved by an independent committee of directors, established by the Company's Board of Directors. The Company has obtained from the Ontario Securities Commission an exemption from the issuer bid rules in connection with this purchase.

10. Stock-Based Compensation

The Company recognized in operating income a compensation cost related to its stock option plans of $2 million (2002 – income of $31 million) in the third quarter and $39 million (2002 – $21 million) year-to-date and a loss on the fair value impact of equity derivatives of $3 million (2002 – $34 million) in the third quarter and a gain of $45 million (2002 – loss of $7 million) year-to-date.

During the first quarter of 2003, the Company granted 685,129 stock options to 91 employees at an exercise price of $93.35 per common share under its existing stock option plan, which allows for settlement in cash at the option of the employee. During the first three quarters, the Company issued 18,812 common shares for cash consideration of $.8 million on the exercise of stock options. No new stock options were granted during the second and third quarters of 2003. During the first three quarters of 2003, the Company paid the share appreciation value of $7 million (2002 – $9 million), net of tax of $4 million (2002 – $5 million) on the exercise of 216,256 (2002 – 202,536) stock options. In addition, 32,702 stock options were forfeited or cancelled during 2003. During the first three quarters, Loblaw issued 93,200 common shares for cash consideration of $2 million on the exercise of stock options. During the first three quarters, Loblaw paid the share appreciation value of $10 million (2002 – $12 million), net of tax of $6 million (2002 – $8 million) on the exercise of 526,240 (2002 – 611,927) stock options. In addition, 140,056 of Loblaw's stock options were forfeited or cancelled during 2003.

During the first quarter of 2003 the Company granted 252,285 share appreciation rights to 63 employees at an exercise price of $93.35 per common share under its existing share appreciation right plan, which will be settled in cash. As well, 7,000 share appreciation rights were forfeited or cancelled during 2003. No share appreciation rights were exercised.

During 2002, the Company granted 226,000 stock options to 18 employees at an exercise price per common share of $100.00, which will be settled by issuing common shares. The grant-date fair value of these stock options was estimated using the Black-Scholes model for pricing options assuming an expected dividend yield of .96% annually, an average risk free interest rate of 3.3%, an average expected common stock price volatility of 26.0% and an average expected option life of three years. If the fair value method had been used for these stock options in 2003, the Company's net earnings would have decreased by $.9 million, with a minimal impact to basic and diluted net earnings per common share. This impact on net earnings and basic and diluted net earnings per common share excludes the effect of 239,115 stock options that were granted before January 1, 2002, which will be settled by issuing common shares.

At the end of the third quarter of 2003, a total of 2,057,877 (2002 – 1,948,313) stock options and share appreciation rights were outstanding and represented approximately 1.6% (2002 – 1.5%) of the Company's issued and outstanding common shares, which is within regulatory guidelines.

11. Financial Instruments

Cross Currency Basis Swaps

During the third quarter of 2003, the Company terminated cross currency basis swaps which had exchanged a notional $2.9 billion of Canadian dollar debt for United States dollar debt. Cash proceeds of $317 million were received, which resulted from a realized foreign currency exchange rate gain of $336 million ($275 million, net of tax) recognized in the cumulative foreign currency translation adjustment and a loss of $19 million ($16 million, net of tax) recognized in interest expense. These cross currency basis swaps were identified as a hedge against foreign currency exchange rate fluctuations on the Company's United States dollar denominated net investment in self-sustaining foreign operations.

Interest Rate Swaps

During the third quarter of 2003, the Company terminated interest rate swaps which had converted a notional $2.4 billion of Canadian floating interest rate exposure to receive a 5.1% fixed rate and a notional $1.6 billion (U.S. $1.2 billion) of United States floating interest rate exposure to pay a 4.5% fixed interest rate. The termination of these interest rate swaps resulted in cash proceeds and a gain of $21 million ($13 million, net of tax) recognized in interest expense this quarter. These interest rate swaps were entered into to partially offset the Company's exposure to floating interest rates which resulted from the cross currency basis swaps that were also terminated during the third quarter of 2003.

Equity Swaps and Forwards

During the first quarter of 2003, the Company entered into equity swaps to buy 886,700 of its common shares at an average forward price of $92.49 per common share, with an initial term of six years, pursuant to its NCIB. Also, Loblaw entered into equity forwards to buy 1,103,500 of its common shares at an average forward price of $56.39 per common share, with an initial term of 10 years, pursuant to its NCIB.

12. Guarantees

Effective January 1, 2003, the Company implemented Accounting Guideline 14 – "Disclosure of Guarantees", issued by the Canadian Institute of Chartered Accountants, which requires a guarantor to disclose in its notes to the consolidated financial statements significant information about guarantees it has provided. Under this guideline, a guarantee is defined as a contract or indemnification agreement, which requires the Company to make payments (cash, financial instruments, other assets, the Company's own shares or the provision of services) to a third party contingent on future events. These payments are contingent on either (i) changes in an underlying interest rate, security price, commodity price, foreign exchange rate or other variables that are related to an asset, liability or an equity security of the guaranteed party, (ii) the failure of another entity to perform under an obligating agreement or (iii) the failure of another party to pay its indebtedness when due (a "Guarantee"). The disclosures are required even when the likelihood of the guarantor having to make any payment under the Guarantee is remote.

The Company has provided to third parties the following significant Guarantees:

Standby Letters Of Credit

Loblaw has established a standby letter of credit for the benefit of an independent Trust with respect to the credit card receivables securitization program of President's Choice Bank, a wholly owned subsidiary of Loblaw. This standby letter of credit could be drawn upon in the event of a major decline in the income flow from or in the value of the securitized credit card receivables, after the cash reserve account established pursuant to the securitization agreement has been depleted. Loblaw believes that the likelihood of this occurrence is remote. The aggregate gross potential liability under this arrangement, which represents 15% of the securitized credit card receivables amount, is approximately $81 million.

A standby letter of credit has been established by Loblaw in the amount of $35 million for the benefit of an independent Trust which provides loans to Loblaw's franchisees for their purchase of inventory and fixed assets. In the event that a franchisee defaults on its loan and Loblaw has not, within a specified time period, (i) assumed the loan, (ii) purchased the assets over which security has been taken, or (iii) increased the amount of the standby letter of credit by the outstanding amount under the loan, the Trust may draw upon this standby letter of credit.

Lease Obligations

In connection with historical dispositions of certain of its assets, the Company has assigned leases to third parties. The Company remains contingently liable for these lease obligations in the event any of the assignees are in default of their lease obligations. The estimated amount for minimum rent, which does not include other lease related expenses such as property tax and common area maintenance charges, is $184 million.

Indemnification Provisions

The Company from time to time enters into agreements in the normal course of its business, such as service arrangements and leases, and in connection with business or asset acquisitions or dispositions. These agreements by their nature may provide for indemnification of counterparties. These indemnification provisions may be in connection with breach of representations and warranties and for future claims for certain liabilities, including liabilities related to tax and environmental matters. The terms of these indemnification provisions vary in duration and can extend for an unlimited period of time. Given the nature of these indemnification provisions, the Company is unable to reasonably estimate its total maximum potential liability as certain indemnification provisions do not provide for a maximum potential amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

13. Segment Information

The Company has three reportable operating segments: Weston Foods, Food Distribution and Fisheries. The accounting policies of the segments are the same as those described herein and in the Company's 2002 Annual Report. The Company measures each segment's performance based on operating income. No segment is reliant on any single external customer.

	16 Weeks Ended		40 Weeks Ended	
($ millions)	**Oct. 4, 2003**	Oct. 5, 2002	**Oct. 4, 2003**	Oct. 5, 2002
Sales				
Weston Foods	**$ 1,275**	$ 1,455	**$ 3,481**	$ 3,713
Food Distribution	**7,673**	7,178	**18,847**	17,437
Fisheries	**50**	79	**147**	171
Intersegment	**(230)**	(203)	**(554)**	(490)
Consolidated	**$ 8,768**	$ 8,509	**$ 21,921**	$ 20,831
Operating Income				
Weston Foods	**$ 113**	$ 128	**$ 313**	$ 313
Food Distribution	**395**	344	**976**	848
Fisheries	**(3)**	(9)	**(11)**	(16)
Consolidated	**$ 505**	$ 463	**$ 1,278**	$ 1,145

Corporate Profile

George Weston Limited ("Weston") is a broadly based Canadian company founded in 1882 and is one of North America's largest food processing and distribution companies. Weston has three reportable operating segments: Weston Foods, Food Distribution and Fisheries. The Weston Foods segment is primarily engaged in the baking and dairy industries within North America. The Food Distribution segment, which is operated by Loblaw Companies Limited ("Loblaw"), Canada's largest food distributor, concentrates on food retailing and is increasing its offering of non-food products and services. The Fisheries segment is primarily engaged in the hatching, growing and processing of Atlantic fresh farmed salmon in North America and Chile.

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.
This Quarterly Report to Shareholders includes selected information on Loblaw Companies Limited, a subsidiary of the Company and a public reporting company with shares trading on the Toronto Stock Exchange.

Weston

22 St. Clair Avenue East
Toronto, Canada M4T 2S7
Tel: 416.922.2500
Fax: 416.922.4395
www.weston.ca

Ce rapport est disponible en français.