George Weston Limited
Preliminary Report to Shareholders

Year Ended December 31, 2004

Q4

Weston

FORWARD-LOOKING STATEMENTS

This Quarterly Report for George Weston Limited ("Weston") and its subsidiaries (collectively referred to as the "Company"), including the Management's Discussion and Analysis ("MD&A"), contains certain forward-looking statements. Such statements relate to, among other things, sales growth, the integration of operations of acquired businesses, the restructuring and cost reduction initiatives, 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, consumer trends, changes in the Company's relationships with its suppliers, pricing pressures and other competitive factors, the availability and cost of raw materials and ingredients, fuels, utilities and employee benefits, the results of the Company's ongoing 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 Weston's 2003 Annual Report. Consequently, actual results and events may vary significantly from those included in, contemplated or implied by such statements. In evaluating forward-looking statements, readers should specifically consider the various factors which could cause actual events or results to differ materially from such forward-looking statements.

Report to Shareholders

George Weston Limited continued to compete successfully in very challenging markets during the fourth quarter of 2004. Loblaw Companies Limited ("Loblaw") reported strong results with earnings per share up 15% for both the fourth quarter and year-to-date in its recently released fourth quarter report. Weston Foods operating income for the quarter, before restructuring charges, strengthened over results in the first two quarters of the year and were consistent with third quarter results. However, the consolidated operating performance was negatively impacted by two significant non-operational events. Baking industry conditions have changed significantly over the past year and the Company continues to execute on opportunities to improve the long term competitive position of its North American baking operations, which has resulted in restructuring charges during 2004. In addition, consistent with Weston's strategy of focusing primarily on its core business segments of baking and food and general merchandise distribution, the Company decided to actively market for sale the Fisheries business. This resulted in a non-cash impairment charge for this now discontinued operation.

Fourth quarter basic net loss per common share was $0.05 compared to basic net earnings per common share of $1.87 in 2003 and was negatively impacted in 2004 by $1.86 due to a number of factors:

- The Company decided to renew its search for a buyer of the Fisheries segment and has therefore recognized a loss of $1.20 per common share which includes a non-cash impairment charge of $1.14 per common share for this now discontinued operation.
- After completing a review of the carrying value of the production and intangible assets of the Weston Foods *Entenmann's* business in the United States, the Company has recognized a non-cash impairment charge of $0.31 per common share.
- In its continuing efforts to streamline its baking operations, Weston Foods has recognized restructuring and accelerated depreciation charges of $0.06 per common share primarily related to the closure of three plants and a distribution centre.
- Due to a change in accounting standards, the Company is required to take a non-cash charge of $0.42 per common share relating to the accounting for Weston's 2001 forward sale agreement of Loblaw common shares which is offset on an economic basis.
- Lastly, the Company recorded income of $0.13 per common share in the fourth quarter of 2004 related to net stock-based compensation costs compared to a corresponding income of $0.06 per common share in the fourth quarter of 2003.

Sales for the 12 week fourth quarter of 2004 decreased 2.3% to $7.1 billion from $7.2 billion for the 13 week fourth quarter of 2003. Sales were impacted negatively by the 0.7% sales decrease in the Food Distribution operating segment, operated by Loblaw and by the sales decrease of 12.1% in the Weston Foods operating segment which includes a negative impact of approximately 8% due to foreign currency translation. The extra week in 2003 negatively impacted sales growth in 2004 by approximately 7.5%. On a comparable 12 week basis, sales growth for the fourth quarter of 2004 was approximately 5.2%.

Operating income was $524 million for the fourth quarter of 2004, compared to $543 million in 2003, a decline of 3.5%, impacted negatively by 3.3% due to higher restructuring and other charges in the fourth quarter of 2004 as compared to the fourth quarter of 2003. Consolidated operating margin for the fourth quarter of 2004 was 7.4%, including the above restructuring and other charges, compared to 7.5% in 2003. The 2004 consolidated operating margin was impacted positively by an increase in the Food Distribution operating margin to 8.3% from 7.6% in 2003 and negatively by the decline in Weston Foods operating margin, including the impact of restructuring and other charges, to negative 0.4% from 5.9% in 2003. Weston Foods operating margin for the fourth quarter of 2004 was impacted negatively by 4.9% due to the higher restructuring and other charges incurred during the fourth quarter of 2004 as compared to the fourth quarter of 2003.

Interest expense and other financing charges for the fourth quarter of 2004 increased primarily as a result of the non-cash charge of $83 million due to the adoption of the new accounting standard which prospectively changed the accounting for Weston's 2001 forward sale agreement of Loblaw common shares. The effective income tax rate for the fourth quarter of 2004 was relatively unchanged from the same period last year.

For the 2004 year, basic net earnings per common share of $3.11 declined by 46.4% compared to $5.80 in 2003. The decline is primarily attributable to the negative impact of $2.46 relating to the combined impact of the Fisheries loss from discontinued operations, the impairment and restructuring charges incurred by the Weston Foods operating segment and higher interest expense due to the change in the accounting standard relating to Weston's 2001 forward sale agreement of Loblaw common shares. Sales for the 52 week year ended December 31, 2004 increased 2.7% to $29.8 billion from $29.0 billion in the 53 week year in 2003. The 2004 sales growth was negatively impacted by approximately 2.0% due to the impact of the extra week in 2003.

In the year ahead Loblaw will look to reach several new important milestones. This will include the combination of several administrative and operating offices into a new facility, internal reorganizations involving the merchandising, procurement and operations groups and the continued assessment of the supply chain network. These initiatives are expected to provide significant future opportunities for Loblaw but may, in the interim, require costs to be incurred which will be quantified over the next several months as options are assessed. Loblaw continues to follow its well established strategies to ensure its long term growth and expects continued good sales and net earnings growth in 2005.

Weston Foods will continue to review additional opportunities for restructuring and cost reduction initiatives in 2005. These initiatives will require costs to be incurred in order to realize cost savings opportunities going forward. Cash flow generation is anticipated to remain strong and a return to operational earnings growth for 2005 is expected as the benefits from restructuring and cost reduction activities initiated during 2004 begin to be realized.

W. Galen Weston

W. Galen Weston
Chairman and President

Toronto, Canada
February 11, 2005

The following MD&A for George Weston Limited should be read in conjunction with Weston's 2004 unaudited interim period consolidated financial statements and the accompanying notes included on pages 24 to 40 of this Quarterly Report and the annual consolidated financial statements and the accompanying notes for the year ended December 31, 2003 and the related annual MD&A included in Weston's 2003 Annual Report. Weston's 2004 unaudited interim period consolidated financial statements and the accompanying notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are reported in Canadian dollars. A glossary of terms and ratios used throughout this Quarterly Report can be found on page 94 of Weston's 2003 Annual Report. In addition, this Quarterly Report includes the following term: return on average shareholder's equity, which is defined as net earnings from continuing operations available to common shareholders divided by average total common shareholders' equity. As discussed in Note 1 to the unaudited interim period consolidated financial statements, the implementation of new accounting standards, namely Section 3110, "Asset Retirement Obligations" and Emerging Issues Committee ("EIC") Abstract 144, "Accounting by a Customer (Including a Reseller) for Certain Considerations Received from a Vendor" ("EIC 144") resulted in a restatement of certain prior periods' information. In addition, as a result of management's approved plan to actively market for sale the remaining Fisheries operations, the financial results for the Fisheries segment have been classified and reported separately as discontinued operations within the unaudited interim period consolidated financial statements and the Fisheries segment results for prior periods have been restated accordingly. The information in this MD&A is current to February 11, 2005, unless otherwise noted.

CONSOLIDATED RESULTS OF OPERATIONS

The 52 week reporting cycle followed by the Company periodically necessitates a 53 week fiscal year, which occurred last year in 2003. As a result, the fourth quarter of 2003 was 13 weeks in duration while the current year's quarter was 12 weeks.

Sales Sales for the fourth quarter of 2004 decreased 2.3%, or $165 million, to $7.1 billion from $7.2 billion in 2003 with year-to-date sales of $29.8 billion, 2.7% ahead of last year. The extra week in 2003 negatively impacted 2004 sales growth in the fourth quarter of 2004 by approximately 7.5% and on a year-to-date basis by approximately 2%. The impact of foreign currency translation on the Weston Foods operating segment had a negative impact of approximately 1% on consolidated sales for the fourth quarter of 2004 and on a year-to-date basis. The Company's consolidated sales for the fourth quarter of 2004 were impacted by each of its reportable operating segments as follows:

- Negatively by 1.7% due to the sales decline of 12.1% at Weston Foods, which includes a negative impact of foreign currency translation of approximately 8%, due to the appreciation of the Canadian dollar relative to the United States dollar and a negative impact of approximately 7.5% due to the additional week in 2003.
- Negatively due to the sales decline of 0.7% at Food Distribution, including the negative impact of 7.5% due to the additional week in 2003 partially offset by same-store sales growth of 1.4% on an equivalent 12 week basis.

Operating Income Operating income for the fourth quarter of 2004 decreased 3.5% to $524 million compared to $543 million in 2003, including income of $17 million (2003 – $6 million) for stock-based compensation net of the impact of the related equity derivatives. Furthermore, as discussed in the Weston Foods operating results section below, the operating results for the fourth quarter of 2004 include the impact of charges related to restructuring and exit costs associated with certain cost reduction initiatives undertaken and asset impairment charges incurred by the Weston Foods operating segment. The Company's operating income for the fourth quarter of 2004 was impacted by each of its reportable operating segments as follows:

- Negatively by 12.0% due to an operating income decline of 106.6% at Weston Foods, primarily due to a $75 million charge related to the impairment of fixed assets and intangible assets of the *Entenmann's* business in the United States and the restructuring and exit costs associated with cost reduction initiatives approved during the fourth quarter compared to a restructuring and exit cost charge of $35 million in the comparable period of 2003. In addition, operating margins were lower in 2004 including the positive impact of lower stock-based compensation cost net of the impact of the related equity derivatives.
- Positively by 8.5% due to an operating income increase of 9.5% at Food Distribution, primarily due to improvements in operating margins combined with lower stock-based compensation cost net of the impact of the related equity derivatives. In addition, operating income for the fourth quarter of 2004 included fixed asset impairment charges of $6 million compared to $3 million in 2003. The fourth quarter of 2003 included an extra week of earnings and a $25 million charge from the voluntary early retirement offer accepted by employees in Ontario, Canada affected by *The Real Canadian Superstore ("The RCSS")* labour arrangement.

Operating income for 2004 year-to-date decreased 2.7%, or $50 million, to $1,782 million compared to $1,832 million last year, including income of $3 million (2003 – $11 million) for stock-based compensation net of the impact of the related equity derivatives. In addition, 2004 operating income includes a charge of $136 million related to asset impairments in the Weston Foods and Food Distribution operating segments as well as restructuring and exit costs associated with cost reduction activities undertaken within the Weston Foods operating segment. Operating income for 2003 included a $35 million restructuring and exit charge recognized by the Weston Foods operating segment as a result of the closure and rationalization of fresh bakery facilities and production lines as well as a $25 million charge recognized by the Food Distribution operating segment resulting from the voluntary early retirement offer accepted by employees in Ontario, Canada affected by *The RCSS* labour arrangement.

The Company's consolidated operating margin of 7.4% for the fourth quarter of 2004 compared to 7.5% in 2003 and the year-to-date consolidated operating margin of 6.0% in 2004 was less than the 6.3% in 2003. The consolidated EBITDA (see Supplementary Financial Information beginning on page 22) margin for the fourth quarter of 2004 increased to 9.5% from 9.2% in 2003 and the 2004 year-to-date consolidated EBITDA margin of 8.1% compared to 8.2% in 2003.

The consolidated operating margin declined in the fourth quarter of 2004 and on a year-to-date basis due to the operating income impact of each of the Company's reportable operating segments as described above.

Interest Expense and Other Financing Charges Interest expense and other financing charges for the fourth quarter of 2004 increased $86 million, or 110.3%, to $164 million from $78 million in 2003. The increase is explained as follows:

- Interest on long term debt decreased $5 million, or 5.0% to $95 million from $100 million in 2003 as a result of lower weighted average interest rates and the impact of the 53rd week in 2003 partially offset by an increase in average long term borrowing levels.
- Interest on financial derivative instruments includes the net positive effect of the Company's interest rate swaps, cross currency basis swaps and equity derivatives of $5 million (2003 – $10 million).
- During the fourth quarter of 2004, a non-cash expense of $83 million was recorded in other financing charges representing the fair value adjustment of Weston's forward sale agreement for 9.6 million common shares of its subsidiary, Loblaw (the "underlying Loblaw shares"). The Company began recognizing this charge prospectively in the third quarter of 2004 due to the implementation of the amendment to EIC Abstract 56, "Exchangeable Debentures" ("EIC 56"), which became effective at the beginning of the third quarter of 2004. This fair value adjustment is based on the fluctuations in the market price of the underlying Loblaw shares and is a non-cash item that will ultimately be offset by the recognition of any gain on Weston's disposition of the underlying Loblaw shares (see the Accounting Standards Implemented in 2004 section below and Note 3 to the unaudited interim period consolidated financial statements).
- During the fourth quarter of 2004, $5 million (2003 – $8 million) of interest expense was capitalized to fixed assets.

Interest expense and other financing charges year-to-date increased $172 million to $438 million from $266 million in 2003 as a result of the $101 million non-cash fair value adjustment of Weston's forward sale agreement for 9.6 million Loblaw shares, an increase in average long term borrowing levels and the lower net positive effect of the Company's interest rate swaps, cross currency basis swaps and equity derivatives partially offset by the impact of the 53rd week in 2003.

Income Taxes The Company's effective income tax rate for the fourth quarter of 2004 increased to 21.4% from 20.4% in the same period in 2003. The increase is explained as follows:

- A reduction of $34 million to the income tax provision in 2003 due to the favourable resolution of an income tax issue previously accrued for by the Company.
- Declining Canadian federal statutory income tax rate.
- The 2003 $7 million charge for an adjustment to future income tax balances due to the increase in corporate income tax rates in Ontario, Canada.

The Company's effective income tax rate for year-to-date 2004 decreased to 27.4% from 27.8% in the same period in 2003. The decrease is explained as follows:

- Declining Canadian federal statutory income tax rate.
- Loblaw's successful resolution in the first quarter of 2004 of certain income tax matters from a previous year of $14 million.
- The income tax impact related to stock-based compensation and the associated equity derivatives.
- The 2003 $7 million charge for an adjustment to future income tax balances due to the increase in corporate income tax rates in Ontario, Canada.
- A reduction in the fourth quarter of 2003 of $34 million to the income tax provision due to the favourable resolution of an income tax issue previously accrued for by the Company.

The Company's effective income tax rate also varies as the proportion of taxable income by jurisdiction varies from period to period.

Net Earnings from Continuing Operations Net earnings from continuing operations for the fourth quarter of 2004 decreased $104 million, or 40.3%, to $154 million from $258 million in 2003 and year-to-date decreased $201 million, or 24.9%, to $606 million from $807 million in 2003. Basic net earnings from continuing operations per common share for the fourth quarter of 2004 decreased $0.77 or 40.1%, to $1.15 from $1.92 in 2003 and year-to-date decreased $1.42, or 24.0%, to $4.49 from $5.91 in 2003. The fourth quarter of 2004 basic net earnings from continuing operations per common share of $1.15 included a negative impact of $0.66 per common share as a result of the following factors:

- A charge of $0.31 per common share related to the impairment of fixed assets and intangible assets associated with the Weston Foods E*ntenmann's* business in the United States.
- A further charge of $0.06 per common share related to restructuring and exit activities and accelerated depreciation for other Weston Foods bakery facilities.
- A non-cash charge of $0.42 per common share relating to the accounting for Weston's 2001 forward sale agreement of Loblaw common shares.
- Income of $0.13 per common share related to net stock-based compensation compared to a corresponding income of $0.06 per common share in the fourth quarter of 2003.

On a year-to-date basis, the 2004 basic net earnings from continuing operations per common share of $4.49 included a negative impact of $1.08 per common share as a result of the following factors:

- A charge of $0.31 per common share related to the impairment of fixed assets and intangible assets associated with the Weston Foods *Entenmann's* business in the United States.
- A further charge of $0.27 per common share related to restructuring and exit activities and accelerated depreciation for other Weston Foods bakery facilities.

- A non-cash charge of $0.51 per common share relating to the accounting for Weston's 2001 forward sale agreement of Loblaw common shares.
- Income of $0.01 per common share related to net stock-based compensation compared to a corresponding income of $0.08 per common share in 2003.

Discontinued Operations The Fisheries segment continued to experience challenges throughout 2004 including depressed fresh salmon market prices and demand impacted by the negative publicity directed toward the farmed salmon industry earlier this year, continued supply volatility in the market and the significant appreciation of the Canadian dollar as compared to the United States dollar. The outlook for the Fisheries segment, given current market conditions is for continued operating losses. During the third quarter of 2004, Weston sold all of the Fisheries' operations in Chile for cash proceeds of $20 million which resulted in a loss of $9 million. During the fourth quarter of 2004, management and the Board of Directors approved a strategic plan to actively market for sale the remaining Fisheries operations. Accordingly, the results of the Fisheries segment have been classified and reported separately as discontinued operations in the unaudited interim period consolidated financial statements and the Fisheries segment results for prior years have been restated accordingly. The loss from discontinued operations for the fourth quarter of 2004, net of income taxes, was $155 million compared to $6 million in 2003 and includes a charge of $147 million, net of income taxes, relating to the impairment of assets. On a year-to-date basis, the loss from discontinued operations, net of income taxes, of $178 million, compared to $15 million in 2003 including the charge related to the impairment of assets and the sale of the operations in Chile incurred in 2004.

Net (Loss) Earnings Net loss for the fourth quarter of 2004 of $1 million compared to net earnings of $252 million in 2003 and year-to-date net earnings of $428 million compared to $792 million last year. Basic net loss per common share for the fourth quarter of 2004 of $0.05 compared to basic net earnings per common share of $1.87 in 2003 including a loss from discontinued operations per common share of $1.20 compared to $0.05 in 2003. Year-to-date 2004 net earnings per common share of $3.11 compared to $5.80 last year including a loss from discontinued operations per common share of $1.38 in 2004 compared to $0.11 in 2003.

REPORTABLE OPERATING SEGMENTS

Weston Foods

Sales Weston Foods sales for the fourth quarter of 2004 of $916 million decreased 12.1%, or $126 million compared to 2003, negatively impacted by approximately 8% due to foreign currency translation and negatively impacted by approximately 7.5% due to the extra week in 2003. Adjusted for the impact of the extra week in 2003, overall volume increased by approximately 1% for the fourth quarter supported by the acquisition of Boulangerie Gadoua Ltée ("Gadoua") in Quebec, Canada which accounted for approximately 2% of the volume growth for the fourth quarter. The introduction of new and expanded product offerings, the execution of successful promotion activities, strong frozen pie sales in the United States and the continued growth in whole grain and premium products was offset by the continued negative sales trend in traditional white flour based products and lower sales of fresh-baked sweet goods. Price increases in key product categories and changes in product mix contributed positively by approximately 3% to sales growth for the fourth quarter of 2004.

On a year-to-date basis, sales for 2004 of $4.3 billion were 4.2% behind 2003, negatively impacted by approximately 6% due to foreign currency translation and negatively impacted by approximately 2% due to the extra week in 2003. Adjusted for the impact of the extra week in 2003, overall volume increased by approximately 1% with changes in product sales mix and price increases contributing positively by approximately 3% to year-to-date sales growth.

Operating Income Weston Foods operating loss for the fourth quarter of 2004 of $4 million compared to operating income of $61 million in 2003. Operating margin declined to negative 0.4% from 5.9% in 2003 and EBITDA margin also declined to 3.3% from 8.8% in 2003, both impacted negatively by 4.9% due to higher restructuring and other charges during the fourth quarter of 2004 as compared to 2003. Fourth quarter operating results include the impact of a $66 million charge related to the impairment of fixed assets and intangible assets within the *Entenmann's* business in the United States and $9 million (2003 – $35 million) of restructuring and exit costs associated with certain cost reduction initiatives approved during the fourth quarter of 2004. In addition, the positive impact of lower stock-based compensation costs net of the impact of the related equity derivatives positively impacted Weston Foods operating income growth by approximately 15% during the fourth quarter of 2004 while the negative impact of foreign currency translation negatively impacted Weston Foods operating income growth by approximately 5% during the fourth quarter of 2004.

During the fourth quarter of 2004, an impairment review of the production assets employed in Weston Foods fresh-baked sweet goods category in the United States, which related primarily to the *Entenmann's* business, was performed as a result of the significant decline in the profitability of this category in 2004. The production assets reviewed included land, building, machinery and equipment associated with three of Weston Foods' bakery facilities located in Bayshore and Albany, New York and Carlisle, Pennsylvania. Weston Foods' profitability in the United States fresh-baked sweet goods category remains challenged and continues to be negatively affected by:

- Changing consumer eating and shopping preferences;
- A high fixed cost manufacturing and distribution structure;
- Continuing commodity and people related cost pressures; and
- A difficult pricing environment for products in the category.

As a result of the impairment review, it was determined that the carrying value exceeded the estimated undiscounted cash flows expected from the use and eventual disposition of these production assets. Accordingly, a $48 million non-cash pre-tax impairment charge was recognized in the fourth quarter of 2004 which was measured as the excess of the impaired assets carrying value over its estimated fair value. Fair value was determined using appraised values based on prices for similar assets. The impaired assets are primarily related to production assets held in the Bayshore, New York facility.

Also during the fourth quarter of 2004, Weston Foods completed its annual impairment assessment of its indefinite life intangible assets. As described in the critical accounting estimates section of this MD&A, the assessment required management to make assumptions regarding projected future sales, terminal growth rates, royalty rates and discount rates to determine the estimated fair value of the intangible assets and compare them to their carrying value. As part of the annual impairment assessment of the *Entenmann's* brand name, management reduced its previous estimate of the royalty rate used in the calculation of estimated fair value as Weston Foods' profitability in the fresh-baked sweet goods category has declined significantly and remains challenged as a result of the factors described above. As a result, the Company recorded an $18 million non-cash pre-tax impairment loss to reduce the carrying value of Weston Foods' *Entenmann's* brand name to estimated fair value. On a combined basis, the impairment charges, related to the *Entenmann's* business, represented approximately 25% of the carrying value of that business.

Weston Foods management continues to review cost reduction and other strategic initiatives, in particular related to the fresh-baked sweet goods and biscuit categories in the United States, to ensure a low cost operating structure and an improving competitive cost position. Initiatives currently under review include manufacturing asset and distribution network optimization. Certain of these initiatives have been initiated and are in progress or nearing completion while others are still in the planning stages. Individual actions will be initiated as plans are finalized and approved. During the fourth quarter of 2004, Weston Foods finalized a plan for the closure of its frozen-baked goods facility in St. Louis, Missouri. The facility closure is expected to be completed by the end of the first quarter of 2005. Other significant actions implemented included the closure of two plants and one distribution centre in Canada. During the fourth quarter of 2004, the Company recognized $9 million of restructuring charges and $2 million of accelerated depreciation with respect to these approved restructuring plans. The restructuring charges consisted of $2 million of fixed asset write-downs and $7 million of employee severance and other exit related cash costs.

Sales growth during the fourth quarter of 2004, including volume and price improvements, positively impacted operating income and margin for the quarter. This was offset by the negative impact of higher ingredient, energy and employee related benefit costs, as a result of the continued significant inflation being experienced in these cost areas, as well as higher spending in consumer promotions. In addition, higher ingredient, production and distribution costs, incurred as a result of the complexities associated with the change in the product sales mix, continued to negatively impact operating margin during the fourth quarter. In the near term, the contribution from the new products introduced in 2004 and the growth in whole grain premium products is not expected to fully compensate for the declines being experienced in the traditional white flour based bakery products.

Weston Foods year-to-date operating income of $138 million was 63.1% below 2003. Operating margin declined to 3.2% from 8.3% in 2003 and EBITDA margin also declined to 6.6% from 11.5% in 2003, inclusive of the 2.0% negative impact due to higher restructuring and other charges incurred during 2004. In addition, the net combined negative impact of foreign currency translation and higher stock-based compensation costs net of the impact of the related equity derivatives reduced Weston Foods operating income growth by approximately 2% on a year-to-date basis. Although operating income for the quarter was positively impacted by increased sales volume and prices, this was more than offset by the restructuring and impairment charges incurred and higher operating costs as noted above.

On September 27, 2004, Weston purchased all of the issued and outstanding common shares of Boulangerie Gadoua Ltée, a bakery business operated in Quebec, Canada, for $59 million consisting of cash consideration of $46 million, $6 million in Weston common shares issued from treasury and assumed debt of $7 million, subject to certain adjustments. The acquisition was accounted for using the purchase method. During the fourth quarter of 2004, Weston completed the Gadoua valuation analysis and recorded the purchase equation including intangible assets of $27 million and goodwill of $21 million. As a result, Weston has recorded the assets and liabilities at their fair values (see Note 4 to the unaudited interim period consolidated financial statements for further details). Operating results of Gadoua have been included in the Company's consolidated financial statements since September 27, 2004 and did not have a significant impact on Weston Foods year-to-date results for 2004.

Food Distribution

Sales Food Distribution sales for the fourth quarter of $6.3 billion decreased 0.7% or $44 million compared to 2003. On a comparable 12 week basis, fourth quarter sales growth was 6.8%. Excluding the impact of the additional week in 2003, all regions across the country experienced solid sales growth over the prior year. Consistent with prior quarters, retail sales growth in general merchandise categories continued to surpass that of food reflecting the Company's expansion in its breadth of offering.

Fourth quarter same-store sales growth was 1.4% on an equivalent 12 week basis. During the fourth quarter of 2004, 29 new corporate and franchised stores were opened and 20 stores were closed, resulting in an increase of 1.2 million square feet of net retail square footage.

Year-to-date sales of $26.2 billion were 3.9% ahead of 2003. On a comparable 52 week basis, sales were 5.9% ahead of last year. In the last two quarters of 2004, on an equivalent 52 week basis, the absolute sales increase over the prior year gained momentum while same-store sales growth remained relatively consistent at 1.5% over the prior year. National food price inflation ranged from between 1% to 2% for the year, increasing during the fourth quarter. During 2004, same-store sales have been somewhat impacted by the repositioning being undertaken in certain markets where Loblaw holds relatively larger market shares. For the year, 86 new corporate and franchised stores were opened and 71 stores were closed resulting in a net increase of 3.4 million square feet or 8.0% from last year. The weighted average net retail square footage increased 6.4% and is below the absolute increase due to the timing of store openings and closures.

Operating Income Food Distribution operating income for the fourth quarter of $528 million increased 9.5%, or $46 million, compared to 2003. Operating margin for the quarter improved to 8.3% from 7.6% in the comparable period of 2003. EBITDA margin improved to 10.2% from 9.0% in 2003. Income of $8 million related to the stock-based compensation net of the impact of the associated equity forwards was included in the quarter as compared to $3 million in 2003. The fourth quarter of 2003 included an extra week of earnings and a $25 million charge from the voluntary early retirement offer accepted by Ontario employees affected by *The RCSS* labour arrangement. The gross margin percentage for the quarter was relatively flat when compared to the same quarter last year as the investment in selling prices in certain markets was offset by improved buying synergies. The improvement in operating margins also resulted from the continued focus on administrative cost control and the efficiency improvements in supply chain operations in addition to the efficiencies gained from leveraging off an increasing sales base. Operating income also included fixed asset impairment charges of $6 million (2003 – $3 million) for the quarter and $16 million (2003 – $4 million) for the year. In addition, operating income included accelerated depreciation charges of $2 million for the quarter and $6 million for the year. This increase resulted mainly from the repositioning of the Ontario banner portfolio with the addition of *The RCSS* banner.

Operating income for 2004 year-to-date increased $186 million, or 12.8%, to $1,644 million, with an operating margin of 6.3% as compared to 5.8% in the corresponding period in 2003. The $25 million charge taken for *The RCSS* labour arrangement in 2003 and improvements in cost control and efficiencies in 2004 consistent with those described above also contributed to the increase in the full year operating margin. EBITDA margin year-to-date improved to 8.1% from 7.3% in 2003. The gross margin percentage for 2004 improved mainly due to buying synergies. *President's Choice Financial* services, which includes President's Choice Bank, a wholly owned subsidiary of Loblaw, contributed to the increase in operating income for both the quarter and year-to-date. The income associated with the credit card portfolio and other financial offerings was partially offset by increased loyalty program and other operating expenses.

CONSOLIDATED FINANCIAL CONDITION

Financial Ratios The Company's net debt (excluding the Exchangeable Debentures) (see Supplementary Financial Information beginning on page 22) to equity ratio at the end of 2004 was 1.26:1 compared to 1.16:1 at year end 2003. The increase in 2004 in this ratio from the comparable period in 2003 resulted from higher average debt levels and the negative impact of the change in the cumulative foreign currency translation adjustment due to the appreciation of the Canadian dollar relative to the United States dollar. The interest coverage ratio based on continuing operations at the end of 2004 was 4.1 times compared to 6.9 times last year due to lower operating income and higher interest expense and other financing charges, including the $101 million non-cash charge related to the fair value adjustment of Weston's forward sale agreement for 9.6 million Loblaw common shares.

The Company's return on average total assets (see Supplementary Financial Information beginning on page 22) at the end of 2004 of 11.4% was lower than the year end 2003 return of 12.3% primarily due to lower operating income in 2004. The Company's return on average common shareholders' equity of 14.8% at the end of 2004 declined compared to 20.0% at year end 2003 primarily due to lower net earnings from continuing operations including the impact of lower Weston Foods operating results and higher interest expense and other financing charges including the $101 million non-cash charge related to the fair value adjustment of Weston's forward sale agreement for 9.6 million Loblaw common shares.

Dividends On January 1, 2004, common dividends of $0.36 per common share and preferred dividends of $0.32 per preferred share, Series II were paid as declared by Weston's Board of Directors (the "Board"). On December 15, 2004, preferred dividends of $.36 per preferred share, Series I were paid as declared by the Board. The quarterly common dividend per share increased by 20% over the prior year.

Outstanding Share Capital Weston's outstanding share capital is comprised of common shares and preferred shares. An unlimited number of common shares are authorized and 128.9 million common shares were outstanding at quarter end. An unlimited number of preferred shares Series I and Series II are authorized and 9.4 million preferred shares Series I and 10.6 million preferred shares Series II were outstanding at quarter end. During the third quarter of 2004, Weston issued from treasury 58,733 common shares as partial consideration for the acquisition of Gadoua. Further information on the Company's outstanding share capital is provided in Note 13 to the unaudited interim period consolidated financial statements.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows from Operating Activities of Continuing Operations Fourth quarter 2004 cash flows from operating activities were $1,017 million compared to $658 million in the comparable period of 2003. The change resulted mainly from the change in non-cash working capital, primarily accounts payable and accrued liabilities. On a year-to-date basis, cash flows from operating activities were $1,576 million compared to $1,294 million in 2003. The year-to-date increase over the last year is primarily attributable to the improvements in the change in non-cash working capital, primarily accounts payable and accrued liabilities combined with the Company's decrease in defined benefit pension plan contributions of $46 million (primarily due to higher voluntary lump sum contributions made in 2003).

On an annual basis, the cash flows from operating activities of $1.6 billion exceeded the Company's 2004 capital investment activity of approximately $1.4 billion.

Cash Flows used in Investing Activities of Continuing Operations Fourth quarter 2004 cash flows used in investing activities were $410 million compared to $437 million in the comparable period of 2003. On a year-to-date basis, cash flows used in investing activities were $1,335 million compared to $1,367 million in 2003. The decrease for the quarter compared to last year is mainly due to lower fixed asset purchases. Cash flows used in investing activities for 2003 were impacted by proceeds of $338 million resulting from the Company terminating certain financial derivatives.

Capital investment for the fourth quarter of 2004 totaled $373 million (2003 – $504 million) and $1.4 billion (2003 – $1.5 billion) year-to-date as the Company continues its commitment to maintain and renew its asset base and invest for growth within North America.

During the fourth quarter of 2004, Loblaw, through its wholly owned subsidiary President's Choice Bank, securitized $25 million (2003 – $20 million) of credit card receivables under its securitization program and $227 million (2003 – $202 million) year-to-date, yielding a nominal gain. At the end of the year, $785 million of the total credit card receivable portfolio of $968 million was securitized.

Cash Flows used in/from Financing Activities of Continuing Operations Fourth quarter 2004 cash flows used in financing activities were $480 million compared to $433 million in 2003. During the fourth quarter, Loblaw repaid its $100 million of 6.35% Series 1997 Provigo Inc. Debenture as it matured. On a year-to-date basis, cash flows used in financing activities were $87 million compared to cash flows from financing activities of $138 million in 2003. This change in the year is due to issuing less debt in 2004 offset by the repurchase of less Weston common shares relative to the same period last year.

The reduction in a portion of the United States denominated cash, cash equivalents and short term investments, held by Loblaw, resulted in a corresponding decrease in a portion of Loblaw's outstanding cross currency basis swaps and in a minimal net earnings impact. During the first quarter of 2004, Weston issued $200 million of 5.05% Medium Term Notes ("MTN") due 2014 and Loblaw issued $200 million of 6.15% MTN due 2035, both pursuant to their respective 2003 Base Shelf Prospectuses. Weston also repaid its $200 million Series A, 7.45% Debentures which matured during the first quarter of 2004.

Subsequent to year end, Loblaw issued $300 million of 5.90% MTN due 2036, to refinance the $100 million of 6.35% of Provigo Inc. Debenture which matured in the fourth quarter of 2004 and the Loblaw $200 million of 6.95% MTN which matured in the first quarter of 2005. Loblaw currently has $45 million of MTN capacity available to be issued pursuant to its 2003 Base Shelf Prospectus.

During the first quarter of 2004, Weston renewed its Normal Course Issuer Bid ("NCIB") to purchase on the Toronto Stock Exchange or enter into equity derivatives to purchase up to 6,442,692 of its common shares, representing approximately 5% of the common shares outstanding. Weston, 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 first quarter of 2004, Weston purchased for cancellation 587,200 of its common shares for $59 million, pursuant to its NCIB. Pursuant to its NCIB, Loblaw purchased for cancellation 576,100 of its common shares for $35 million during 2004.

During the second quarter of 2004, Weston entered into interest rate swap contracts with a notional value of $200 million, which mature in 2014. These interest rate swaps were designated as a fair value hedge of the $200 million of 5.05% MTN due 2014. Under the terms of the interest rate swaps, Weston will receive a fixed interest rate of 4.8% and pay a floating interest rate.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected consolidated financial information derived from Weston's unaudited interim period consolidated financial statements for each of the eight most recently completed quarters. This information was prepared in accordance with Canadian GAAP and was reported in Canadian dollars. Each of the quarters presented were 12 weeks in duration except for the third quarter which was 16 weeks in duration for each of 2004 and 2003 and the fourth quarter of 2003 which was 13 weeks in duration due to the 53 week fiscal year in 2003.

Quarterly Financial Information (1) (unaudited)

	Fourth Quarter		Third Quarter		Second Quarter		First Quarter	
($ millions except where otherwise indicated)	**2004**	2003	2004	2003	2004	2003	2004	2003
Sales	**$ 7,072**	$ 7,237	$ 9,260	$ 8,721	$ 6,915	$ 6,708	$ 6,551	$ 6,355
Net earnings from continuing operations	**$ 154**	$ 258	$ 185	$ 216	$ 142	$ 193	$ 125	$ 140
Net (loss) earnings	**$ (1)**	$ 252	$ 168	$ 213	$ 140	$ 193	$ 121	$ 134
Net earnings from continuing operations per common share ($)								
Basic	**$ 1.15**	$ 1.92	$ 1.37	$ 1.56	$ 1.06	$ 1.42	$ .91	$ 1.01
Diluted	**$ 1.14**	$ 1.91	$ 1.37	$ 1.55	$ 1.06	$ 1.42	$ .91	$ 1.01
Net (loss) earnings per common share ($)								
Basic	**$ (.05)**	$ 1.87	$ 1.24	$ 1.55	$ 1.04	$ 1.42	$ .88	$ .96
Diluted	**$ (.06)**	$ 1.86	$ 1.24	$ 1.54	$ 1.04	$ 1.42	$ .88	$ .96

(1) The implementation of EIC 144 has not resulted in a material change in the current and prior year's quarterly net earnings.

Sales growth in 2004 has been impacted by the negative impact of the 53rd week in 2003, the foreign currency translation and pricing activity at Weston Foods. As well for Food Distribution, overall food price inflation during the first half of the year was nominal and included the effects of food price deflation in certain markets while food price inflation trended upwards in the latter half of the year. The overall decrease in net earnings for 2004 was impacted as follows:

- Positively by the impact of the cost control and operating efficiency improvements and buying synergies at Food Distribution.
- Negatively by the impact of asset impairment charges, restructuring and exit activity charges and higher operating costs at Weston Foods.
- Negatively by higher stock-based compensation cost net of the impact of the related equity derivatives.
- Negatively by the increase in interest expense and other financing charges.
- Positively by the decline in income tax expense.
- Negatively by the discontinuing of the Fisheries segment including an impairment charge related to Fisheries assets held for sale.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. Management continually evaluates the estimates and assumptions it uses. These estimates and assumptions are based on management's historical experience, best knowledge of current events and conditions and activities that the Company may undertake in the future. Actual results could differ from these estimates. The estimates and assumptions described in this section depend upon subjective or complex judgments about matters that may be uncertain and changes in those estimates and assumptions could materially impact the consolidated financial statements.

Pension, Post-Retirement and Post-Employment Benefits Certain estimates and assumptions are used in actuarially determining the Company's defined pension and other benefit plans expense and accrued benefit plan obligations. These estimates and assumptions include management's best estimate of the expected long term rate of return on plan assets, salary escalation, retirement ages, expected growth of health care costs and discount rates. Market values are used to value benefit plan assets.

Three significant assumptions used to calculate the pension and other benefit plans expense and the related benefit obligations are the discount rate, the expected long term rate of return on plan assets and the expected growth rate of health care costs. These assumptions depend on various underlying factors such as economic conditions, investment performance, employee demographics and mortality rates. These assumptions may change in the future and may result in material changes in the pension and other benefit plans expense, and in accrued benefit plan assets and liabilities and could therefore materially affect the Company's operating income and consolidated balance sheet. The magnitude of any immediate impact is mitigated by the fact that net actuarial gains and losses in excess of more than 10% of the greater of the accrued benefit plan obligation and the market value of the benefit plan assets are amortized on a straight-line basis over the average remaining service period of the active employees. Changes in financial market returns and interest rates could also result in changes in funding requirements for the Company's defined benefit pension plans.

The discount rate is based on current market interest rates, assuming a portfolio of Corporate AA bonds with terms to maturity that, on average, match the terms of the obligation. The appropriate discount rate is determined at September 30 every year. For 2004, the discount rate for pension benefit plans and other benefit plans expense was 6.3% and 6.1% respectively, compared to 6.6% and 6.4% respectively in 2003. The expected long term rate of return on plan assets for pension benefit plans for each of 2004 and 2003 was 8.0%. The expected growth rate in health care costs was based on external data and the Company's own historical trends for health care costs and was, in 2004, consistent with that of 2003. A table illustrating the sensitivity of a 1% change in each of these significant assumptions on the accrued benefit plan obligations and benefit plan expense for pension and other benefit plans is included on page 52 of the MD&A section of Weston's 2003 Annual Report.

Goodwill and Indefinite Life Intangible Assets Goodwill is not amortized and is assessed for impairment at the reporting unit level at least annually. Any potential goodwill impairment is identified by comparing the fair value of a reporting unit to its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is considered not to be impaired. If the carrying value of the reporting unit exceeds its fair value, potential goodwill impairment has been identified and must be quantified by comparing the estimated fair value of the reporting unit's goodwill to its carrying value. Fair value of goodwill is estimated in the same manner as goodwill is determined at the date of acquisition in a business acquisition, that is, the excess of the fair value of the reporting unit over the fair value of the identifiable net assets of the reporting unit. Any goodwill impairment will result in a reduction in the carrying value of goodwill on the consolidated balance sheet and in the recognition of a non-cash impairment charge in operating income.

The Company determines the fair value of its reporting units by using a discounted cash flow model corroborated by other valuation techniques such as market multiples. The process of determining these fair values requires management to make estimates and assumptions of a long term nature including, but not limited to, projected future sales, earnings and capital investment, discount rates and terminal growth rates. Projected future sales, earnings and capital investment are consistent with strategic plans presented to the Company's Board of Directors. Discount rates are based on an industry weighted average cost of capital. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

Intangible assets with indefinite lives, primarily consisting of Weston Foods' trademarks and brand names, are assessed for impairment at least annually. Any potential intangible asset impairment is identified by comparing the fair value of the indefinite life intangible asset to its carrying value. If the fair value of the intangible asset exceeds its carrying value, the intangible asset is not considered to be impaired. If the carrying value of the intangible asset exceeds its fair value, impairment is identified as the difference between the fair value and the carrying value and will result in a reduction in the carrying value of the intangible assets on the consolidated balance sheet and in the recognition of a non-cash impairment charge in operating income.

The Company determines the fair value of its trademarks and brand names by using the "Relief from Royalty Method", a discounted cash flow model. The process of determining the fair values requires management to make assumptions of a long term nature regarding projected future sales, terminal growth rates, royalty rates and discount rates. Projected future sales are consistent with strategic plans presented to Weston's Board and discount rates are based on an industry after-tax cost of equity. These estimates and assumptions may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

During the fourth quarter of 2004, the Company performed the annual goodwill and indefinite life intangible assets impairment tests and determined that there was no impairment to the carrying value of the goodwill or indefinite life intangible assets except for the *Entenmann's* brand name (see Notes 2 and 10 to the unaudited interim period consolidated financial statements) and the Fisheries goodwill and intangible assets (see Note 7 to the unaudited interim period consolidated financial statements).

Income Taxes Future income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Future income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and future income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment. The financial statement carrying values of assets and liabilities are subject to accounting estimates inherent in those balances. The income tax bases of assets and liabilities are based upon the interpretation of income tax legislation across various jurisdictions. The current and future income tax assets and liabilities are also impacted by expectations about future operating results and the timing of reversal of temporary differences as well as possible audits of tax filings by the regulatory authorities. Management believes it has adequately provided for income taxes based on current available information.

On an ongoing basis, future income tax assets are reviewed to determine if a valuation allowance is required and if it is deemed more likely than not that the future income tax assets will not be realized based on taxable income projections, a valuation allowance is recorded.

Changes or differences in these estimates or assumptions may result in changes to the current or future income tax balances on the consolidated balance sheet, a charge or credit to income tax expense and may result in cash payments or receipts.

Fixed Assets Fixed assets to be held and used are reviewed for impairment when events or circumstances indicate that their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposition. An impairment loss is measured as the amount by which the fixed assets carrying value exceeds the fair value. As discussed in Note 2 to the unaudited interim period consolidated financial statements, the Company reviewed certain fixed assets for impairment in the Weston Foods and Food Distribution operating segments due to circumstances that indicated that their carrying values may not be recovered. The Company made assumptions about the sum of the undiscounted cash flows of certain fixed assets and determined they were less than their carrying value resulting in the recognition of an impairment loss. In estimating future cash flows the Company uses its internal plans. These plans reflect the Company's best estimate but may change in the future due to uncertain competitive and economic market conditions or changes in business strategies.

ACCOUNTING STANDARDS IMPLEMENTED IN 2004

Effective January 1, 2004, the Company implemented the new accounting standards concerning fixed assets, derivative instruments and asset retirement obligations issued by the Canadian Institute of Chartered Accountants as discussed below:

- Section 3063, "Impairment of Long-lived Assets", addresses the recognition, measurement and disclosure of impairment of long-lived assets held-for-use. Long-lived assets are reviewed for impairment when events or circumstances indicate that their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposal. An impairment loss is measured as the amount by which the long-lived assets' carrying value exceeds the fair value. Accordingly, the Company reviews long-lived assets for impairment annually. Asset groups are reviewed for impairment at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. For purposes of annually reviewing Weston's long-lived assets for impairment, manufacturing assets are grouped together by major production category where cash flows are largely dependent on each other. For purposes of annually reviewing Loblaw's store assets for impairment, store net cash flows are grouped together by primary market areas where cash flows are largely dependent on each other. Primary markets are regional areas where Loblaw operates a number of store formats within close proximity to each other. If an indicator of impairment exists, such as sustained negative operating cash flows, then an estimate of undiscounted future cash flows of each such major production category for Weston or store for Loblaw is prepared and compared to its carrying value. If Weston's manufacturing assets or Loblaw's store assets are determined to be impaired, the impairment loss is measured as the excess of the carrying value over its fair value. In addition, the Company evaluates the carrying value of Weston's manufacturing assets and Loblaw's store assets whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. These events or changes in circumstances include a commitment to close, retire or transfer manufacturing assets for Weston and to close, relocate or convert a Loblaw store where the carrying value of the assets is greater than the expected future cash flows.

The standard was applied prospectively during the first quarter of 2004 with no material impact on the Company's financial condition or results of operations. During the fourth quarter of 2004, the Company recognized asset impairment charges (see Notes 2 and 7 to the unaudited interim period consolidated financial statements).

- Accounting guideline ("AcG") 13, "Hedging Relationships", addresses the identification, designation, documentation and effectiveness of hedging relationships for the purposes of applying hedge accounting and provides guidance with respect to the discontinuance of hedge accounting. Financial derivative instruments not designated within an AcG 13 compliant hedging relationship are measured at fair value with changes in fair value recorded in the consolidated statement of earnings in accordance with the EIC Abstract 128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments".

  Pursuant to the requirements of AcG 13, the Company has formally identified and documented the following hedging relationships: Weston's 3% Exchangeable Debentures as a hedge of the anticipated disposal of the Domtar investment; cross currency basis swaps and interest rate swaps as cash flow hedges against its exposure to fluctuations in the foreign currency exchange rate and interest rates on a portion of its United States dollar denominated assets, principally cash equivalents and short term investments held by Loblaw; Loblaw's interest rate swaps as a cash flow hedge of the variable interest rate exposure on commercial paper; commodity futures as a hedge of anticipated commodity purchases; and the electricity forward contract as a cash flow hedge of price volatility of the Company's electricity costs in Ontario, Canada. During the second quarter of 2004, Weston entered into interest rate swaps designated as a fair value hedge of the $200 million of 5.05% MTN due 2014. Effectiveness tests were also performed to establish that both at inception and prospectively the hedging relationships will be effective. The accounting policies for hedging relationships that meet the requirements prescribed by AcG 13 are consistent with those described in the notes to Weston's audited annual consolidated financial statements for the year ended December 31, 2003.

Hedging relationships that ceased to be eligible for hedge accounting under AcG 13 were discontinued as of January 1, 2004 except for Weston's forward sale agreement for 9.6 million Loblaw common shares as discussed below. The financial derivative instruments in the hedging relationships that ceased to be eligible for hedge accounting and were previously recorded on an accrual basis were fair valued as of January 1, 2004 and the resulting fair value loss was deferred and is being amortized over the original hedge term of approximately three years. The resulting impact on the Company's financial condition and results of operation was not material. Subsequent changes in the fair value of these financial derivative instruments is being recognized in interest expense and other financing charges prospectively.

Effective the third quarter of 2004, hedge accounting is no longer permissible for Weston's forward sale agreement for 9.6 million Loblaw common shares as a result of the March 2004 amendment to EIC 56, "Exchangeable Debentures". EIC 56 was amended to conform with the provisions of AcG 13, which deal with items ineligible for hedge accounting, by rescinding, effective the first fiscal period commencing after July 1, 2004, the ability to use hedge accounting if an entity's investment in the underlying shares is consolidated or is accounted for by the equity method. As a result of adopting this amendment to EIC 56, during 2004, Weston recognized a non-cash charge, which was included in consolidated interest expense and other financing charges, representing the fair value adjustment of Weston's forward sale agreement for 9.6 million Loblaw common shares from the beginning of the third quarter. The fair value adjustment is based on fluctuations in the market price of the underlying Loblaw shares and is a non-cash item that will ultimately be offset by the recognition of any gain on Weston's disposition of the 9.6 million Loblaw common shares. Prior to the amendment to EIC 56, the fair value adjustment was deferred and recorded in the consolidated balance sheet in other assets and other liabilities. According to the transitional provisions, the non-cash fair value adjustment as of the effective date of the amendment to EIC 56, of $125 million, will remain deferred and included in other assets on the consolidated balance sheet and will be recognized in net earnings at maturity or upon termination of the forward sale agreement.

- Section 3110, "Asset Retirement Obligations", establishes standards for the recognition, measurement and disclosure of legal obligations associated with the cost to retire long-lived assets. A liability associated with the retirement of long-lived assets is recorded at its estimated fair value in the period in which the legal obligation is incurred and a corresponding asset is capitalized as part of the related asset and depreciated over its useful life. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted to reflect the passage of time and changes in the estimated future costs underlying the obligation.

Accordingly, the Company has recognized a discounted liability associated with obligations arising from provisions in certain lease agreements regarding the exiting of leased properties at the end of the respective lease terms. As well, the Company has recognized a discounted liability associated with environmental decommissioning and remediation as required by environmental regulations which require that certain assets be decommissioned and/or remediated in a specified manner. The standard was implemented retroactively with restatement of the prior period consolidated financial statements. The cumulative effect of implementation was a decrease to opening retained earnings for 2003 of $9 million (net of future income taxes recoverable of $5 million and minority interest of $1 million), an increase in fixed assets of $3 million and an increase in other liabilities of $17 million. The impact on net earnings for each of 2003 and 2004 was not material.

- EIC Abstract 144, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor" ("EIC 144") was issued in January 2004. EIC 144 provides that cash consideration received from a vendor is presumed to be a reduction in the cost of the vendor's products or services and should, therefore, be characterized as a reduction in the cost of sales and the related inventory when recognized in the customer's income statement and balance sheet. Certain exceptions apply if the consideration is a payment for assets or services delivered to the vendor or for reimbursements of selling costs incurred to promote the vendor's products, provided that certain conditions are met. EIC 144 requires retroactive application to all financial statements for annual and interim periods ending after August 15, 2004. Accordingly, in the third quarter of 2004, the Company implemented EIC 144 retroactively with restatement of the comparative periods for the current and the prior year.

  The Company receives allowances from certain of its vendors whose products it purchases for resale. These allowances are received for a variety of buying and/or merchandising activities, including vendor programs such as volume purchase allowances, purchase discounts, listing fees and exclusivity allowances. As a result of implementing EIC 144 the timing of recognition of certain vendor allowances has changed. Upon retroactive implementation of EIC 144, the Company recorded a decrease to opening retained earnings for 2003 of $24 million (net of current future income taxes recoverable of $11 million and minority interest of $14 million), a decrease to inventory of $32 million and an increase in accounts payable and accrued liabilities of $17 million. Current and prior annual and quarterly net earnings were not materially impacted.

FUTURE ACCOUNTING STANDARDS

AcG 15, "Consolidation of Variable Interest Entities", provides guidance for applying consolidation principles to entities that are subject to control on a basis other than ownership through voting interests. The Company has identified a number of entities that may be variable interest entities ("VIEs") and is continuing to evaluate which of these entities the Company may be required to consolidate commencing in the first quarter of fiscal 2005. The independent trust which provides financing loans to Loblaw's independent franchisees had previously been identified as a VIE. During the fourth quarter of 2004, structural changes were made to the independent trust. The Company believes that under the new structure, consolidation of the independent trust with the Company will not be required under the existing accounting standards. The Company continues to assess the implications of AcG 15 on certain other arrangements, including independent franchise arrangements and certain third party warehousing arrangements. Some of the Company's independent franchisees may be VIEs and, therefore may be subject to consolidation by the Company.

The consolidation of these VIEs will have no impact on the underlying risks to the Company. The Company will complete its assessment of the implication of AcG 15 and implement this guidance in the first quarter of fiscal 2005.

OUTLOOK

In the year ahead Loblaw will look to reach several new important milestones. This will include the combination of several administrative and operating offices into a new facility, internal reorganizations involving the merchandising, procurement and operations groups and the continued assessment of the supply chain network. These initiatives are expected to provide significant future opportunities for Loblaw but may, in the interim, require costs to be incurred which will be quantified over the next several months as options are assessed. Loblaw continues to follow its well established strategies to ensure its long term growth and expects continued good sales and net earnings growth in 2005.

Weston Foods will continue to review additional opportunities for restructuring and cost reduction initiatives in 2005. These initiatives will require costs to be incurred in order to realize cost savings opportunities going forward. Cash flow generation is anticipated to remain strong and a return to operational earnings growth for 2005 is expected as the benefits from restructuring and cost reduction activities initiated during 2004 begin to be realized.

ADDITIONAL INFORMATION

Additional information, including reports, information circulars and annual information forms for both Weston and Loblaw have been filed electronically through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.

SUPPLEMENTARY FINANCIAL INFORMATION

The Company reports its financial results in accordance with Canadian GAAP. However, the Company has included certain non-GAAP financial measures and ratios which it believes provide useful information to both management and readers of this Quarterly Report in measuring the financial performance and financial condition of the Company. These measures do not have a standardized meaning prescribed by GAAP and, therefore, may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to other financial measures determined in accordance with Canadian GAAP.

EBITDA The Company believes EBITDA is useful as an indicator of its operational performance and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

The following tables reconcile EBITDA to Canadian GAAP measures reported in the unaudited consolidated statements of earnings:

	Quarter Ended Dec. 31, 2004			Quarter Ended Dec. 31, 2003 restated (note 1)		
($ millions)	**Weston Foods(1)**	**Food Distribution(2)**	**Consolidated**	Weston Foods(1)	Food Distribution(2)	Consolidated
Operating Income	**$ (4)**	**$ 528**	**$ 524**	$ 61	$ 482	$ 543
Depreciation and amortization	**34**	**117**	**151**	31	94	125
EBITDA	**$ 30**	**$ 645**	**$ 675**	$ 92	$ 576	$ 668

	Year Ended Dec. 31, 2004			Year Ended Dec. 31, 2003 restated (note 1)		
($ millions)	**Weston Foods(1)**	**Food Distribution(2)**	**Consolidated**	Weston Foods(1)	Food Distribution(2)	Consolidated
Operating Income	**$ 138**	**$1,644**	**$1,782**	$ 374	$ 1,458	$ 1,832
Depreciation and amortization	**147**	**473**	**620**	144	393	537
EBITDA	**$ 285**	**$ 2,117**	**$2,402**	$ 518	$ 1,851	$ 2,369

(1) Operating income for the fourth quarter of 2004 and year-to-date 2004 includes restructuring and other charges of $75 and $119 (2003 - $35 and $35), respectively.

(2) Operating income for the fourth quarter of 2004 and year-to-date 2004 includes restructuring and other charges of $6 and $17 (2003 - $28 and $29), respectively.

The following table provides additional financial information:

	As at	
	Dec. 31, 2004	Dec. 31, 2003
Market price per common share ($)	**$ 109.71**	$ 103.71
Actual common shares outstanding (in millions)	**128.9**	129.4
Weighted average common shares outstanding (in millions)	**128.9**	131.9

Net Debt The Company calculates net debt as the sum of long term debt and short term debt less cash, cash equivalents and short term investments and believes this measure is useful in evaluating the amount of leverage employed by the Company. The Company calculates net debt excluding exchangeable debentures as net debt (as calculated above) less exchangeable debentures and believes this measure is also useful in evaluating the amount of leverage employed by the Company as the exchangeable debentures can be settled with the Company's investment in Domtar common shares included in other assets.

The following table reconciles net debt and net debt excluding exchangeable debentures to Canadian GAAP measures reported in the unaudited consolidated balance sheets:

($ millions)	As at **Dec. 31, 2004 (unaudited)**	Dec. 31, 2003 restated (note 1)
Bank indebtedness	**$ 123**	$ 108
Commercial paper	**840**	696
Short term bank loans	**102**	67
Long term debt due within one year	**222**	307
Long term debt	**6,004**	5,829
Less:		
Cash and cash equivalents	**1,008**	965
Short term investments	**388**	545
Net debt	**5,895**	5,497
Less: Exchangeable debentures	**373**	374
Net debt excluding exchangeable debentures	**$ 5,522**	$ 5,123

Total Assets The Company uses the return on average total assets ratio to measure the performance of operating assets and therefore excludes cash, cash equivalents, short term investments, current assets held for sale, long term assets held for sale, and the Domtar investment from the total assets used in this measure. The Company believes this results in a more accurate measure of the performance of its operating assets.

The following table reconciles total assets used in the return on average total assets measure to Canadian GAAP measures reported in the unaudited consolidated balance sheets:

($ millions)	As at **Dec. 31, 2004 (unaudited)**	Dec. 31, 2003 restated (note 1)
Total assets	**$ 17,904**	$ 17,386
Less:		
Cash and cash equivalents	**1,008**	965
Short term investments	**388**	545
Current assets held for sale	**62**	179
Long term assets held for sale	**11**	89
Domtar investment	**365**	367
Total assets	**$ 16,070**	$ 15,241

Consolidated Statements of Earnings

(unaudited)	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2004**	Dec. 31, 2003 restated (note 1)	**Dec. 31, 2004**	Dec. 31, 2003 restated (note 1)
Sales	**$ 7,072**	$ 7,237	**$ 29,798**	$ 29,021
Operating Expenses				
Cost of sales, selling and administrative expenses	**6,316**	6,506	**27,260**	26,588
Depreciation and amortization	**151**	125	**620**	537
Restructuring and other charges (note 2)	**81**	63	**136**	64
	6,548	6,694	**28,016**	27,189
Operating Income	**524**	543	**1,782**	1,832
Interest Expense and Other Financing Charges (note 3)	**164**	78	**438**	266
Earnings from Continuing Operations Before the Following:	**360**	465	**1,344**	1,566
Income Taxes (note 5)	**77**	95	**368**	435
	283	370	**976**	1,131
Minority Interest	**129**	112	**370**	324
Net Earnings from Continuing Operations	**154**	258	**606**	807
Discontinued Operations (note 7)	**(155)**	(6)	**(178)**	(15)
Net (Loss) Earnings	**$ (1)**	$ 252	**$ 428**	$ 792
Net Earnings (Loss) per Common Share ($) - Basic				
Continuing Operations (note 6)	**$ 1.15**	$ 1.92	**$ 4.49**	$ 5.91
Discontinued Operations	**$ (1.20)**	$ (0.05)	**$ (1.38)**	$ (0.11)
Net (Loss) Earnings	**$ (0.05)**	$ 1.87	**$ 3.11**	$ 5.80
Net Earnings (Loss) per Common Share ($) - Diluted				
Continuing Operations (note 6)	**$ 1.14**	$ 1.91	**$ 4.48**	$ 5.89
Discontinued Operations	**$ (1.20)**	$ (0.05)	**$ (1.38)**	$ (0.11)
Net (Loss) Earnings	**$ (0.06)**	$ 1.86	**$ 3.10**	$ 5.78

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

Consolidated Statements of Retained Earnings

(unaudited)	Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2004**	Dec. 31, 2003
Retained Earnings, Beginning of Year	**$ 4,046**	$ 3,712
Impact of implementing new accounting standards (note 1)	**(33)**	(33)
Retained Earnings, Beginning of Year as Restated	**$ 4,013**	$ 3,679
Net earnings	**428**	792
Premium on common shares purchased for cancellation (note 13)	**(58)**	(273)
Dividends declared		
Per common share – $1.44 (2003 – $1.20)	**(186)**	(158)
Per preferred share – Series I – $1.45 (2003 – $1.45)	**(13)**	(13)
– Series II – $1.29 (2003 – $1.29)	**(14)**	(14)
Retained Earnings, End of Year	**$ 4,170**	$ 4,013

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

Consolidated Balance Sheets

($ millions)	As at Dec. 31, 2004 (unaudited)	Dec. 31, 2003 restated (note 1)
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,008**	$ 965
Short term investments	**388**	545
Accounts receivable (note 8)	**920**	861
Inventories	**1,979**	1,914
Future income taxes	**175**	186
Prepaid expenses and other assets	**48**	50
Current assets held for sale (note 7)	**62**	179
Total Current Assets	**4,580**	4,700
Fixed Assets	**8,256**	7,665
Goodwill and Intangible Assets (note 10)	**3,456**	3,518
Future Income Taxes	**107**	72
Other Assets	**1,494**	1,342
Long Term Assets Held for Sale (note 7)	**11**	89
Total Assets	**$ 17,904**	$ 17,386
LIABILITIES		
Current Liabilities		
Bank indebtedness	**$ 123**	$ 108
Commercial paper	**840**	696
Accounts payable and accrued liabilities	**3,079**	3,060
Income taxes	**91**	181
Short term bank loans	**102**	67
Long term debt due within one year (note 12)	**222**	307
Current liabilities of operations held for sale (note 7)	**22**	8
Total Current Liabilities	**4,479**	4,427
Long Term Debt (note 12)	**6,004**	5,829
Future Income Taxes	**282**	244
Other Liabilities	**693**	656
Long Term Liabilities of Operations Held for Sale (note 7)		3
Minority Interest	**2,066**	1,797
Total Liabilities	**13,524**	12,956
SHAREHOLDERS' EQUITY		
Share Capital (notes 13 and 14)	**614**	608
Retained Earnings	**4,170**	4,013
Cumulative Foreign Currency Translation Adjustment (note 15)	**(404)**	(191)
Total Shareholders' Equity	**4,380**	4,430
Total Liabilities and Shareholders' Equity	**$ 17,904**	$ 17,386

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

Consolidated Cash Flow Statements

(unaudited)		Quarters Ended		Years Ended	
($ millions)		**Dec. 31, 2004**	Dec. 31, 2003 restated (note 1)	**Dec. 31, 2004**	Dec. 31, 2003 restated (note 1)
Operating Activities					
Net earnings from continuing operations before minority interest		**$ 283**	$ 370	**$ 976**	$ 1,131
Depreciation and amortization		**151**	125	**620**	537
Restructuring and other charges (note 2)		**81**	63	**136**	64
Future income taxes		**(71)**	28	**(37)**	90
Change in non-cash working capital		**505**	77	**(201)**	(483)
Other		**68**	(5)	**82**	(45)
Cash Flows from Operating Activities of Continuing Operations		**1,017**	658	**1,576**	1,294
Investing Activities					
Fixed asset purchases		**(373)**	(504)	**(1,425)**	(1,502)
Short term investments		**7**	122	**136**	(199)
Proceeds on termination of financial derivatives					338
Proceeds from fixed asset sales		**65**	32	**118**	88
Business acquisition (note 4)				**(46)**	
Credit card receivables, after securitization (note 8)		**(100)**	(84)	**(34)**	(16)
Franchise investments and other receivables		**2**	11	**(25)**	(47)
Other		**(11)**	(14)	**(59)**	(29)
Cash Flows used in Investing Activities of Continuing Operations		**(410)**	(437)	**(1,335)**	(1,367)
Financing Activities					
Bank indebtedness		**51**	47	**21**	63
Commercial paper		**(412)**	(377)	**144**	(19)
Short term bank loans	– Issued	**8**	9	**35**	34
Long term debt (note 12)	– Issued		200	**400**	755
	– Retired	**(103)**	(1)	**(305)**	(103)
Share capital (note 13)	– Issued				1
	– Retired		(259)	**(59)**	(275)
Subsidiary share capital	– Issued				2
	– Retired (note 10)		(31)	**(35)**	(76)
Dividends	– To shareholders	**(4)**	(3)	**(205)**	(178)
	– To minority shareholders	**(20)**	(15)	**(80)**	(63)
Other			(3)	**(3)**	(3)
Cash Flows (used in) from Financing Activities of Continuing Operations		**(480)**	(433)	**(87)**	138
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents		**(38)**	(35)	**(77)**	(237)
Cash Flows from (used in) Continuing Operations		**89**	(247)	**77**	(172)
Cash Flows used in Discontinued Operations (note 7)		**(13)**	(6)	**(34)**	(20)
Change in Cash and Cash Equivalents		**76**	(253)	**43**	(192)
Cash and Cash Equivalents, Beginning of Period		**932**	1,218	**965**	1,157
Cash and Cash Equivalents, End of Period		**$ 1,008**	$ 965	**$ 1,008**	$ 965

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, 2003, except for the changes described below. Under Canadian GAAP, additional disclosure is required in annual financial statements and accordingly the unaudited interim period consolidated financial statements should be read together with the audited annual consolidated financial statements and the accompanying notes included in George Weston Limited's 2003 Annual Report.

Basis of Consolidation

The interim financial statements include the accounts of George Weston Limited ("Weston") and its subsidiaries (collectively referred to as the "Company") with provision for minority interest. Weston's interest in the voting share capital of its subsidiaries is 100% except for Loblaw Companies Limited ("Loblaw"), which was 61.8% at year end compared to 61.7% at year end 2003.

Effective January 1, 2004, the Company implemented the new accounting standards concerning fixed assets, derivative instruments and asset retirement obligations issued by the Canadian Institute of Chartered Accountants as discussed below:

Fixed Assets

Section 3063, "Impairment of Long-lived Assets", addresses the recognition, measurement and disclosure of impairment of long-lived assets held-for-use. Long-lived assets are reviewed for impairment when events or circumstances indicate that their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposal. An impairment loss is measured as the amount by which the long-lived assets' carrying value exceeds the fair value. Accordingly, the Company reviews long-lived assets for impairment annually. Asset groups are reviewed for impairment at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. For purposes of annually reviewing Weston's long-lived assets for impairment, manufacturing assets are grouped together by major production category where cash flows are largely dependent on each other. For purposes of annually reviewing Loblaw's store assets for impairment, store net cash flows are grouped together by primary market areas where cash flows are largely dependent on each other. Primary markets are regional areas where Loblaw operates a number of store formats within close proximity to each other. If an indicator of impairment exists, such as sustained negative operating cash flows, then an estimate of undiscounted future cash flows of each such major production category for Weston or store for Loblaw is prepared and compared to its carrying value. If Weston's manufacturing assets or Loblaw's store assets are determined to be impaired, the impairment loss is measured as the excess of the carrying value over its fair value. In addition, the Company evaluates the carrying value of Weston's manufacturing assets and Loblaw's store assets whenever events or changes in circumstances indicate that the carrying value of assets may not be recoverable. These events or changes in circumstances include a commitment to close, retire or transfer manufacturing assets for Weston and to close, relocate or convert a Loblaw store where the carrying value of the assets is greater than the expected future cash flows.

The standard was applied prospectively during the first quarter of 2004 with no material impact on the Company's financial condition or results of operations. During the fourth quarter of 2004, the Company recognized asset impairment charges (see Notes 2 and 7).

Assets to be disposed of are classified as held for sale, presented separately on the balance sheet and would no longer be depreciated. Assets held for sale are recognized at the lower of carrying value or fair value. A write down is recognized in operating income or, if the plan of disposal meets the requirements of discontinued operations, the write down is recognized in discontinued operations (see Note 7).

Derivative Instruments
Accounting guideline ("AcG") 13, "Hedging Relationships", addresses the identification, designation, documentation and effectiveness of hedging relationships for the purposes of applying hedge accounting and provides guidance with respect to the discontinuance of hedge accounting. Financial derivative instruments not designated within an AcG 13 compliant hedging relationship are measured at fair value with changes in fair value recorded in the consolidated statement of earnings in accordance with the Emerging Issues Committee ("EIC") Abstract 128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments".

Pursuant to the requirements of AcG 13, the Company has formally identified and documented the following hedging relationships: Weston's 3% Exchangeable Debentures as a hedge of the anticipated disposal of the Domtar investment; cross currency basis swaps and interest rate swaps as cash flow hedges against its exposure to fluctuations in the foreign currency exchange rate and interest rates on a portion of its United States dollar denominated assets, principally cash equivalents and short term investments held by Loblaw; Loblaw's interest rate swaps as a cash flow hedge of the variable interest rate exposure on commercial paper; commodity futures as a hedge of anticipated commodity purchases; and the electricity forward contract as a cash flow hedge of price volatility of the Company's electricity costs in Ontario, Canada. During the second quarter of 2004, Weston entered into interest rate swaps designated as a fair value hedge of the $200 million of 5.05% MTN due 2014. The effectiveness tests were also performed to establish that both at inception and prospectively the hedging relationships will be effective. The accounting policies for hedging relationships that meet the requirements prescribed by AcG 13, are consistent with those described in the notes to Weston's audited annual consolidated financial statements for the year ended December 31, 2003.

Hedging relationships that ceased to be eligible for hedge accounting under AcG 13 were discontinued as of January 1, 2004 except for Weston's forward sale agreement for 9.6 million Loblaw common shares as discussed below. The financial derivative instruments in the hedging relationships that ceased to be eligible for hedge accounting and were previously recorded on an accrual basis were fair valued as of January 1, 2004 and the resulting fair value loss was deferred and is being amortized over the original hedge term of approximately three years. The resulting impact on the Company's financial condition and results of operation was not material. Subsequent changes in the fair value of these financial derivative instruments will be recognized in interest expense and other financing charges prospectively.

Effective the third quarter of 2004, hedge accounting is no longer permissible for Weston's forward sale agreement for 9.6 million Loblaw common shares (the "underlying Loblaw shares") as a result of the March 2004 amendment to EIC Abstract 56, "Exchangeable Debentures" ("EIC 56"). EIC 56 was amended to conform with the provisions of AcG 13, which deal with items ineligible for hedge accounting, by rescinding the ability to use hedge accounting if an entity's investment in the underlying shares is consolidated or is accounted for by the equity method. The effective date to cease the hedge accounting described is the first fiscal period commencing after July 1, 2004. As a result of adopting this amendment to EIC 56, during 2004, Weston recognized a non-cash charge, included in consolidated interest expense and other financing charges, representing the fair value adjustment of Weston's forward sale agreement for 9.6 million Loblaw common shares from the beginning of the third quarter. The fair value adjustment is based on fluctuations in the market price of the underlying Loblaw shares and is a non-cash item that will ultimately be offset by the recognition of any gain on Weston's disposition of the 9.6 million Loblaw common shares. Prior to the amendment to EIC 56, the fair value adjustment was deferred and recorded in the consolidated balance sheet in other assets and other liabilities. According to the transitional provisions, the non-cash fair value adjustment as of the effective date of the amendment to EIC 56, of $125 million, will remain deferred and included in other assets on the consolidated balance sheet and will be recognized in net earnings at maturity or upon termination of the forward sale agreement.

Asset Retirement Obligations

Section 3110, "Asset Retirement Obligations", establishes standards for the recognition, measurement and disclosure of legal obligations associated with the cost to retire long-lived assets. A liability associated with the retirement of long-lived assets is recorded at its estimated fair value in the period in which the legal obligation is incurred and a corresponding asset is capitalized as part of the related asset and depreciated over its useful life. Subsequent to the initial measurement of the asset retirement obligation, the obligation is adjusted to reflect the passage of time and changes in the estimated future costs underlying the obligation.

Accordingly, the Company has recognized a discounted liability associated with obligations arising from provisions in certain lease agreements regarding the exiting of leased properties at the end of the respective lease terms. As well, the Company has recognized a discounted liability associated with environmental decommissioning and remediation as required by environmental regulations which require that certain assets be decommissioned and/or remediated in a specified manner. The standard was implemented retroactively with restatement of the prior period consolidated financial statements. The cumulative effect of implementation was a decrease to opening retained earnings for 2003 of $9 million (net of future income taxes recoverable of $5 million and minority interest of $1 million), an increase in fixed assets of $3 million and an increase in other liabilities of $17 million. The impact on net earnings for each of 2003 and 2004 was not material.

Vendor Allowances

EIC Abstract 144, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor" ("EIC 144") was issued in January 2004. EIC 144 provides that cash consideration received from a vendor is presumed to be a reduction in the cost of the vendor's products or services and should, therefore, be characterized as a reduction in the cost of sales and the related inventory when recognized in the customer's income statement and balance sheet. Certain exceptions apply if the consideration is a payment for assets or services delivered to the vendor or for reimbursements of selling costs incurred to promote the vendor's products, provided that certain conditions are met. EIC 144 requires retroactive application to all financial statements for annual and interim periods ending after August 15, 2004. Accordingly, in the third quarter of 2004, the Company implemented EIC 144 retroactively with restatement of the comparative periods for the current and the prior year.

The Company receives allowances from certain of its vendors whose products it purchases for resale. These allowances are received for a variety of buying and/or merchandising activities, including vendor programs such as volume purchase allowances, purchase discounts, listing fees and exclusivity allowances. As a result of implementing EIC 144 the timing of recognition of certain vendor allowances has changed. Upon retroactive implementation of EIC 144, the Company recorded a decrease to opening retained earnings for 2003 of $24 million (net of current future income taxes recoverable of $11 million and minority interest of $14 million), a decrease to inventory of $32 million and an increase in accounts payable and accrued liabilities of $17 million. Current and prior year annual and quarterly net earnings were not materially impacted.

Use of Estimates and Assumptions
The preparation of financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's historical experience, best knowledge of current events and conditions and activities that the Company may undertake in the future. Actual results could differ from these estimates.

Certain estimates such as those related to pension, post-retirement and post-employment benefits, goodwill, indefinite life intangible assets, income taxes and impairment of fixed assets depend upon subjective or complex judgments about matters that may be uncertain and changes in those estimates could materially impact the consolidated financial statements.

Comparative Information
Certain prior period's information was reclassified to conform with the current period's presentation and was restated due to the implementation of Section 3110 and EIC 144 as described above and due to discontinuing the Fisheries segment (see Note 7).

2. Restructuring and Other Charges

Fixed Assets and Other Exit Costs

Weston Foods
Management continues to undertake a series of cost reduction initiatives to ensure a low cost operating structure. Certain of these initiatives have been initiated and are in progress or nearing completion while others are still in the planning stages. Individual actions will be initiated as plans are finalized and approved. During the third quarter of 2004, major actions implemented included the completion of the Northlake, Illinois and Buffalo, New York bakery facility closures and the exiting of the fresh waffle business in the United States as well as the consolidation of two bakery facilities into one in Ontario, Canada. As a result of these initiatives and other various distribution outsourcing and overhead reduction projects, Weston Foods recorded total restructuring charges of approximately $44 million. These charges consisted of $34 million of fixed asset write-downs and $10 million of employee severance and other exit related cash costs.

During the fourth quarter of 2004, Weston Foods finalized a plan for the closure of its frozen-baked goods facility in St. Louis, Missouri. The facility closure is expected to be completed by the end of the first quarter of 2005. Other significant actions implemented included the closure of two plants and one distribution centre in Canada. During the fourth quarter of 2004, the Company recognized $9 million of restructuring charges and $2 million of accelerated depreciation with respect to these approved restructuring plans. The restructuring charges consisted of $2 million of fixed asset write-downs and $7 million of employee severance and other exit related cash costs.

During 2004, approximately $4 million of the severance and other cash exit costs were paid. Included in fixed assets on the consolidated balance sheet is $11 million of assets held for sale.

During the fourth quarter of 2004, an impairment review of the production assets employed in Weston Foods fresh-baked sweet goods category in the United States, which related primarily to the *Entenmann's* business, was performed as a result of the significant decline in the profitability of this category in 2004. The production assets reviewed included land, building, machinery and equipment associated with three of Weston Foods' bakery facilities located in Bayshore and Albany, New York and Carlisle, Pennsylvania. Weston Foods' profitability in the United States fresh-baked sweet goods category remains challenged and continues to be negatively affected by:

- Changing consumer eating and shopping preferences;
- A high fixed cost manufacturing and distribution structure;
- Continuing commodity and people related cost pressures; and
- A difficult pricing environment for products in the category.

As a result of the impairment review, it was determined that the carrying value exceeded the estimated undiscounted cash flows expected from the use and eventual disposition of these production assets. Accordingly, a $48 million non-cash pre-tax impairment charge was recognized in the fourth quarter of 2004 which was measured as the excess of the impaired assets carrying value over its estimated fair value. Fair value was determined using appraised values based on prices for similar assets. The impaired assets are primarily related to production assets held in the Bayshore, New York bakery facility.

In 2003, Weston Foods recognized in operating income a net pre-tax charge of $35 million relating to the rationalization of fresh bakery production lines in the United States and the closure of two bakery facilities in Canada. This charge consisted of $14 million of employee severance costs of which $2 million had been paid in 2003. The restructuring activities from 2003 were substantially completed by the end of the third quarter of 2004 and a further $9 million of employee severance costs has been paid in 2004.

Food Distribution

Fixed asset impairment charges related to Food Distribution of $6 million (2003 – $3 million) for the fourth quarter and $16 million (2003 – $4 million) year-to-date were recognized in restructuring and other charges. In addition, accelerated depreciation of $2 million for the fourth quarter and $6 million year-to-date were recognized in depreciation and amortization. These charges were primarily as a result of an evaluation of the carrying value of fixed assets upon the occurrence of a change in circumstances including a commitment to close, relocate or convert a store. The majority of the charges in 2004 resulted from the repositioning of the Ontario banner portfolio. The fair values were determined using quoted market prices where available, independent offers to purchase where available or prices for similar assets.

Intangible Assets

During the fourth quarter of 2004, Weston Foods completed its annual impairment assessment of its indefinite life intangible assets. As described in the critical accounting estimates section of the attached Management's Discussion and Analysis, the assessment required management to make assumptions regarding projected future sales, terminal growth rates, royalty rates and discount rates to determine the estimated fair value of the intangible assets and compare them to their carrying value. As part of the annual impairment assessment of the *Entenmann's* brand name, management reduced its previous estimate of the royalty rate used in the calculation of estimated fair value as Weston Foods' profitability in the fresh-baked sweet goods category has declined significantly and remains challenged as a result of the factors described above. As a result, the Company recorded an $18 million non-cash pre-tax impairment loss to reduce the carrying value of Weston Foods' *Entenmann's* brand name to estimated fair value.

Special Voluntary Early Retirement Program
In connection with the labour arrangement at Loblaw for *The Real Canadian Superstore* in Ontario, Canada, a charge of $25 million was recognized in operating income during the fourth quarter of 2003 relating to the voluntary early retirement offers accepted by certain employees of Locals 1000A and 1977 of the United Food and Commercial Workers ("UFCW") union. During the first quarter of 2004, a net charge of $1 million was recognized in operating income, representing an adjustment to the 2003 charge net of an additional amount associated with the acceptance of a voluntary early retirement offer by certain employees of Local 175 of the UFCW union. Approximately $5 million of this accrual was paid by the end of 2003. During 2004, $19 million of payments were made including $2 million of payments made during the fourth quarter. At year end 2004, $2 million remains outstanding.

3. Interest Expense and Other Financing Charges

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2004**	Dec. 31, 2003	**Dec. 31, 2004**	Dec. 31, 2003
Interest on long term debt	**$ 95**	$ 100	**$ 412**	$ 397
Interest on financial derivative instruments	**(5)**	(10)	**(28)**	(84)
Other financing charges (1)	**79**	(5)	**82**	(20)
Net short term interest		1	**(7)**	6
Capitalized to fixed assets	**(5)**	(8)	**(21)**	(33)
Interest expense and other financing charges	**$ 164**	$ 78	**$ 438**	$ 266

(1) Other financing charges includes a non-cash expense of $83 million for the fourth quarter and $101 million year-to-date related to the fair value adjustment of Weston's forward sale agreement for 9.6 million Loblaw common shares which was entered into during 2001 and matures in 2031. This non-cash charge was recognized prospectively in interest and other financing charges for the first time during the third quarter of 2004 due to the implementation of the amendment to EIC 56, which became effective at the beginning of the third quarter (see Note 1). The fair value adjustment is based on the fluctuations in the market value of the underlying Loblaw shares and is a non-cash item that will ultimately be offset by the recognition of any gain on Weston's disposition of the underlying Loblaw shares. Prior to the amendment to EIC 56, the fair value adjustment was deferred and recorded in the balance sheet in other assets and other liabilities. Also included in other financing charges is income of $4 million (2003 – $5 million) for the fourth quarter and income of $19 million (2003 – $20 million) on a year-to-date basis related to the forward fee net of the forward accretion income associated with Weston's forward sale agreement.

Net interest paid in the fourth quarter and year-to-date was $99 million and $359 million (2003 – $104 million and $300 million), respectively.

4. Business Acquisition

On September 27, 2004, Weston purchased all of the issued and outstanding common shares of Boulangerie Gadoua Ltée ("Gadoua"), a bakery business operated in Quebec, Canada, for $59 million consisting of $46 million of cash consideration, $6 million in Weston common shares issued from treasury and assumed debt of $7 million, subject to certain adjustments.

The acquisition was accounted for using the purchase method. During the fourth quarter of 2004, Weston completed the Gadoua valuation analysis and recorded the purchase equation including goodwill of $21 million. Operating results of Gadoua have been included in the Company's consolidated financial statements since September 27, 2004.

Details of the purchase equation including total consideration paid and net assets acquired at their fair value, are summarized below:

($ millions)	As at Sept. 27, 2004
Current assets	$ 12
Fixed assets	19
Intangible assets	27
Current liabilities	(9)
Other liabilities	(3)
Long term debt	(7)
Future income taxes	(8)
Net assets acquired	31
Goodwill	21
	52
Less non-cash consideration:	
Weston common shares issued	(6)
Cash consideration	$ 46

5. Income Taxes

During the first quarter of 2004, Loblaw recognized a $14 million reduction to the income tax provision as a result of the successful resolution of certain income tax matters from a previous year.

During the fourth quarter of 2003, the Ontario government enacted both the repeal of the income tax rate reductions of 1.5% scheduled for each of 2004, 2005 and 2006 and the increase in the provincial income tax rate of 14% in 2004 from 12.5% in 2003. Therefore, future income tax balances were adjusted resulting in a $7 million charge to future income tax expense in 2003.

Net income taxes paid in the fourth quarter and year-to-date were $81 million and $441 million (2003 – $52 million and $400 million), respectively.

6. Basic and Diluted Net Earnings from Continuing Operations per Common Share

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2004**	Dec. 31, 2003 restated (note 1)	**Dec. 31, 2004**	Dec. 31, 2003 restated (note 1)
Net earnings from continuing operations	**$ 154**	$ 258	**$ 606**	$ 807
Prescribed dividends on preferred shares	**(6)**	(7)	**(27)**	(27)
Net earnings from continuing operations available to common shareholders	**$ 148**	$ 251	**$ 579**	$ 780
Weighted average common shares outstanding (in millions)	**128.9**	131.0	**128.9**	131.9
Dilutive effect of stock-based compensation (in millions) (1)	**.3**	.4	**.3**	.4
Diluted weighted average common shares outstanding (in millions)	**129.2**	131.4	**129.2**	132.3
Basic net earnings from continuing operations per common share ($)	**$ 1.15**	$ 1.92	**$ 4.49**	$ 5.91
Dilutive effect of stock-based compensation per common share ($)	**(.01)**	(.01)	**(.01)**	(.02)
Diluted net earnings from continuing operations per common share ($)	**$ 1.14**	$ 1.91	**$ 4.48**	$ 5.89

(1) 193,000 (2003 – 204,000) of stock options at an exercise price of $100.00 per common share were outstanding at the end of 2004 but were not recognized in the computation of diluted net earnings from continuing operations per common share because the options' exercise price was greater than the average market price of the common shares for the year.

7. Discontinued Operations

During the third quarter of 2004, Weston sold all of the Fisheries' operations in Chile for cash proceeds of $20 million which resulted in a pre-tax loss of $9 million.

In December 2004, management approved a strategic plan to actively market for sale the remaining Fisheries operations. The operating results of the Fisheries segment are included in discontinued operations. In addition, the assets and liabilities relating to the Fisheries segment have been recorded at the lower of cost or fair value less costs to sell, resulting in an after-tax impairment charge of $147 million recognized in discontinued operations, and are classified as held for sale.

Certain financial information has been reclassified in prior periods to present this segment as discontinued operations on the consolidated statements of earnings, as assets held for sale and liabilities of operations held for sale on the consolidated balance sheets and as cash flows used in discontinued operations on the consolidated cash flow statements.

The results of discontinued operations presented in the consolidated statements of earnings were as follows:

($ millions)	Quarters Ended Dec. 31, 2004	Quarters Ended Dec. 31, 2003	Years Ended Dec. 31, 2004	Years Ended Dec. 31, 2003
Sales	**$ 39**	$ 40	**$ 164**	$ 177
Operating loss	**10**	9	**29**	20
Loss on disposal			**9**	
Impairment charge	**194**		**194**	
Loss before the following	**204**	9	**232**	20
Income tax recovery	**49**	3	**54**	5
Loss from discontinued operations	**$ 155**	$ 6	**$ 178**	$ 15

The assets held for sale and related liabilities were as follows as at year end:

($ millions)	Years Ended Dec. 31, 2004	Years Ended Dec. 31, 2003
Current assets held for sale:		
Accounts receivable	**$ 20**	$ 74
Inventories	**41**	103
Prepaid expenses and other assets	**1**	2
	$ 62	$ 179
Long term assets held for sale:		
Fixed assets	**$ 10**	$ 47
Goodwill and intangible assets		24
Other assets	**1**	18
	$ 11	$ 89
Current liabilities of operations held for sale:		
Accounts payable and accrued liabilities	**$ 22**	$ 8
Long term liabilities of operations held for sale:		
Long term debt		$ 3

The cash flows used in discontinued operations were as follows:

($ millions)	Quarters Ended Dec. 31, 2004	Quarters Ended Dec. 31, 2003	Years Ended Dec. 31, 2004	Years Ended Dec. 31, 2003
Cash flows used in operations	**$ (13)**	$ (4)	**$ (39)**	$ (11)
Cash flows (used in) from investing		(2)	**7**	(8)
Cash flows used in financing			**(2)**	(1)
Cash flows used in discontinued operations	**$ (13)**	$ (6)	**$ (34)**	$ (20)

8. Credit Card Receivables

During the fourth quarter of 2004, Loblaw, through its wholly owned subsidiary President's Choice Bank, securitized $25 million (2003 – $20 million) of credit card receivables, under its securitization program and $227 million (2003 – $202 million) year-to-date, yielding a nominal gain.

9. Sale-leaseback Transaction

On December 21, 2004, Loblaw completed two sale-leaseback transactions involving two of its warehouses. Under the transaction, the land, buildings and building improvements at the locations were sold for total cash consideration of $44 million and leased back for an initial term of 5 years, with specified renewal options for up to 15 years. These leasebacks are accounted for as operating leases. The $14 million gain on the sale-leaseback transactions was deferred and is being amortized over the initial lease terms.

10. Goodwill and Intangible Assets

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

	As at			
			Dec. 31, 2004	Dec. 31, 2003 restated (note 1)
($ millions)	**Weston Foods**	**Food Distribution**	**Total**	Total
Goodwill, beginning of year	**$ 1,269**	**$ 1,724**	**$ 2,993**	$ 3,338
Goodwill acquired during the year	**21**	**30**	**51**	44
Adjusted purchase price allocation				(125)
Impact of foreign currency translation	**(87)**		**(87)**	(264)
Goodwill, end of year	**1,203**	**1,754**	**2,957**	2,993
Trademarks and brand names (1)	**482**		**482**	523
Other intangible assets	**17**		**17**	2
Goodwill and intangible assets	**$ 1,702**	**$ 1,754**	**$ 3,456**	$ 3,518

(1) Includes the acquisition of *Gadoua* trademarks and brand names of $15, the negative impact of the impairment charge for the *Entenmann's* trademarks and brand names of $18 (see Note 2) and the negative impact of foreign currency translation of $38 (2003 – $104).

When Loblaw purchases its own common shares, the Company accounts for the purchase as a step-by-step purchase of Loblaw. During 2004, Loblaw purchased 576,100 of its common shares for $35 million pursuant to its Normal Course Issuer Bid ("NCIB"), which resulted in the Company recognizing $16 million of goodwill.

During the first quarter of 2004, Westfair Foods Ltd. ("Westfair"), a subsidiary of Loblaw, redeemed its Class A shares at a price of $350 per share for cash consideration of $8 million. The transaction was accounted for as a step-by-step purchase of Westfair, which resulted in Food Distribution recognizing $8 million of goodwill.

In the normal course of business, Loblaw may acquire from time to time franchisee stores and convert them to corporate stores. During 2004, Loblaw acquired 5 franchisee businesses (2003 – 15 franchisee businesses). The acquisitions were accounted for using the purchase method of accounting with the results of the businesses acquired included in the Company's consolidated financial statements from the date of acquisition. The fair value of the net assets acquired consisted of a nominal amount of fixed assets (2003 – $7 million) other assets, principally inventory of $2 million (2003 – $6 million) and goodwill of $6 million (2003 – $8 million) for cash consideration of $6 million (2003 – $11 million), net of accounts receivable due from the franchisees of $2 million (2003 – $10 million).

11. Pension, Post-Retirement and Post-Employment Benefits

The Company's total net benefit plan cost recognized in operating income was $33 million and $191 million (2003 – $49 million and $213 million) for the fourth quarter and year-to-date respectively. The total net benefit plan cost included costs for the Company's defined benefit pension and other benefit plans, defined contribution pension plans and multi-employer pension plans.

12. Long Term Debt

During the first quarter of 2004, Weston issued $200 million of 5.05% Medium Term Notes ("MTN") due 2014 and repaid its $200 million of Series A, 7.45% Debentures and Loblaw issued $200 million of 6.15% MTN due 2035 and repaid its $100 million of 6.35% Series 1997 Provigo Inc. Debenture as it matured.

Subsequent to year end 2004, Loblaw issued $300 million of 5.90% MTN due 2036 and the $200 million of 6.95% MTN matured.

13. Share Capital

During the first quarter of 2004, Weston purchased for cancellation 587,200 of its common shares for $59 million, pursuant to its NCIB.

During the third quarter of 2004, Weston issued, from treasury, 58,733 common shares in connection with the acquisition of Gadoua (see Note 4).

14. Stock-Based Compensation
During 2004, Weston issued 8,604 (2003 – 18,812) common shares for cash consideration of $.4 million (2003 – $.8 million) on the exercise of stock options and paid the share appreciation value of $12 million (2003 – $14 million) on the exercise of 249,427 (2003 – 269,039) stock options and share appreciation rights. In addition, 67,891 (2003 – 39,702) stock options and share appreciation rights were forfeited or cancelled during 2004. Loblaw issued 3,000 (2003 – 93,200) common shares for cash consideration of $.1 million (2003 – $2 million) on the exercise of stock options and paid the share appreciation value of $33 million (2003 – $28 million) on the exercise of 985,395 (2003 – 802,701) stock options. In addition, 97,673 (2003 – 140,056) of Loblaw's stock options were forfeited or cancelled during 2004. Loblaw granted 45,000 stock options with a weighted average exercise price of $65.45 per common share under its existing stock option plan during 2004.

The following table summarizes the Company's cost recognized in operating income related to its stock-based compensation plans and related equity derivatives:

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2004**	Dec. 31, 2003	**Dec. 31, 2004**	Dec. 31, 2003
Stock option plans/share appreciation right plan cost	**$ 48**	$ 37	**$ 31**	$ 76
Equity derivatives gain	**(65)**	(43)	**(34)**	(87)
Net stock-based compensation income	**$ (17)**	$ (6)	**$ (3)**	$ (11)

At the end of the fourth quarter 2004, a total of 1,679,172 (2003 – 2,005,094) stock options and share appreciation rights were outstanding, which represented approximately 1.4% (2003 – 1.5%) of Weston's issued and outstanding common shares and was within the Company's guideline of 5%.

Subsequent to year end 2004, Loblaw granted 2,152,252 stock options under its current stock option plan, that allow for settlement in shares or in the share appreciation value in cash at the option of the employee, to 231 employees with an exercise price of $69.63 per common share. Including stock option grants issued subsequent to year end, total stock options outstanding represent approximately 2.4% of Loblaw's issued and outstanding common shares.

Restricted Share Unit ("RSU") Plan
Effective January 1, 2005 Loblaw adopted a RSU plan for certain key employees. Under the RSU plan, performance periods of three years in duration are designated and commence on the date on which RSUs are awarded to each participant ("Award Date"). In respect of each such designated performance period, a participant is granted a number of RSUs, where each unit has a value equal to one Loblaw common share at the time of grant. Each RSU will be paid out no later than December 30 of the third calendar

year following the applicable Award Date. Each RSU entitles the participant to receive a cash payment in the amount calculated with respect to the weighted average trading price of a Loblaw common share on the Toronto Stock Exchange in the three days immediately preceding the end of the performance period for each RSU, which is November 30 of the third calendar year following the applicable award date.

Subsequent to year end 2004, Loblaw awarded 376,645 RSUs to 231 employees.

15. Cumulative Foreign Currency Translation Adjustment

During 2004, the change in the cumulative foreign currency translation adjustment from year end 2003 decreased shareholders' equity by $213 million. This change was due to the negative impact of translating the Company's investment in self-sustaining foreign operations in the United States as a result of the strengthening of the Canadian dollar relative to the United States dollar since year end 2003.

16. Financial Instruments

During the second quarter of 2004, Weston entered into interest rate swap contracts with a notional value of $200 million which mature in 2014. These interest rate swaps were designated as a fair value hedge of the $200 million of 5.05% MTN due 2014. Under the terms of the interest rate swaps, Weston will receive a fixed interest rate of 4.8% and pay a floating interest rate.

17. Contingencies, Commitments and Guarantees

Indemnification Provisions

During 2004, Weston was served with a statement of claim in the amount of $20 million for taxes owing and alleging a breach of tax related representations and warranties dealing with years prior to the 1998 sale of Weston's forest product business. The claim is being defended.

18. Segment Information

The Company has two reportable operating segments: Weston Foods and Food Distribution. The accounting policies of the segments are the same as those described herein and in the Company's 2003 Annual Report. The Company measures each segment's performance based on operating income. No segment is reliant on any single external customer.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2004**	Dec. 31, 2003 restated (note 1)	**Dec. 31, 2004**	Dec. 31, 2003 restated (note 1)
Sales				
Weston Foods	**$ 916**	$ 1,042	**$ 4,335**	$ 4,523
Food Distribution	**6,329**	6,373	**26,209**	25,220
Intersegment	**(173)**	(178)	**(746)**	(722)
Consolidated	**$ 7,072**	$ 7,237	**$ 29,798**	$ 29,021
Operating Income				
Weston Foods (1)	**$ (4)**	$ 61	**$ 138**	$ 374
Food Distribution (2)	**528**	482	**1,644**	1,458
Consolidated	**$ 524**	$ 543	**$ 1,782**	$ 1,832

(1) Operating income for the fourth quarter of 2004 and year-to-date 2004 includes restructuring and other charges of $75 and $119 (2003 – $35 and $35), respectively (see Note 2).

(2) Operating income for the fourth quarter of 2004 and year-to-date 2004 includes restructuring and other charges of $6 and $17 (2003 – $28 and $29), respectively (see Note 2).

Corporate Profile

George Weston Limited ("Weston") is a Canadian public company founded in 1882 and is one of North America's largest food processing and distribution companies. Weston, a holding company, operates through its subsidiaries and has two reportable operating segments: Weston Foods and Food Distribution. 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, Canada's largest food distributor, concentrates on food retailing and is increasing its offering of general merchandise products and services.

Trademarks

George Weston Limited and its subsidiaries own a number of trademarks. These trademarks are exclusive property of Weston and its subsidiary companies. Trademarks where used in this report are in italics.

Investor Relations

Shareholders, security analysts and investment professionals should direct their requests to Mr. Geoffrey H. Wilson, Senior Vice President, Industry and Investor Relations at the Company's Executive Office or by e-mail at investor@weston.ca.

This Quarterly Report is available electronically through the Company's website at www.weston.ca. The Company holds an analyst call shortly following the release of its quarterly results, details of which are provided on the Company's website. The call will be archived in the Investor Zone section of the Company's website. Additional information has been filed electronically with various securities regulators in Canada and is available through SEDAR.

This Quarterly Report 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. Additional information on Loblaw Companies Limited has been filed electronically with various securities regulators in Canada and is available through SEDAR.

Ce rapport est disponible en français .

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