George Weston Limited
Quarterly Report to Shareholders

12 Weeks Ended March 26, 2005

Q1

Weston

FORWARD-LOOKING STATEMENTS

This Quarterly Report for George Weston Limited ("Weston") and its subsidiaries (collectively, the "Company"), including this Management Discussion and Analysis ("MD&A"), contains forward-looking statements which reflect management's expectations regarding the Company's objectives, plans, goals, strategies, future growth, results of operations, performance and business prospects and opportunities. Forward-looking statements are typically identified by words or phrases such as "anticipates", "expects", "believes", "estimates", "intends" and other similar expressions.

These forward-looking statements are not facts, but only predictions. Although the Company believes that these statements are based on information and assumptions, which are current, reasonable and complete, these statements are necessarily subject to a number of factors that could cause actual results to vary significantly from the estimates, projections and intentions. Such differences may be caused by factors which include, but are not limited to, changes in consumer spending, preferences and consumer's nutritional and health related concerns, changes in the competitive environment including changes in pricing and market strategies of the Company's competitors and the entry of new competitors and expansion of current competitors, the ability to realize anticipated cost savings, the Company's relationship with its employees, results of labour negotiations including the terms of future collective bargaining agreements, changes to the regulatory environment in which the Company operates now or in the future, performance of third party service providers, the ability of the Company to attract and retain key executives, the success rate of the Company in developing and introducing new products and entering new markets and supply and quality control issues with vendors. A discussion of these and other risks and uncertainties is included in the Operating and Financial Risks and Risk Management sections of the MD&A included in Weston's 2004 Annual Report. The Company cautions that the list of factors is not exhaustive.

Potential investors and other readers are urged to consider these factors carefully in evaluating these forward-looking statements and are cautioned not to place undue reliance on them. The forward-looking statements included in this Quarterly Report, including this MD&A are made only as of the date of this Quarterly Report and the Company does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events contained in these forward-looking statements may or may not occur. The Company cannot assure that projected results or events will be achieved.

Report to Shareholders

George Weston Limited's first quarter 2005 results reflect transformational changes being undertaken by both the Weston Foods and Food Distribution operating businesses in order to position the businesses for strong growth in the future. While this has resulted in significant restructuring charges in the quarter, the underlying operational results in terms of sales, earnings growth and cash flow generation were positive. Both business segments are making good progress in further improving their long term competitive position.

First quarter basic net earnings from continuing operations per common share were $0.73, a decrease of 19.8% compared to $0.91 in 2004, including the negative impact of $0.39 per common share as a result of the following factors:

- a charge of $0.15 per common share ($31 million pre-tax) primarily related to the plan to restructure the Weston Foods United States biscuit operations announced earlier this year;
- a charge of $0.17 per common share ($56 million pre-tax) primarily related to Loblaw Companies Limited's ("Loblaw") special provision for the previously announced reorganization of its supply chain network, merchandising and procurement operations groups as well as costs associated with the establishment of its new head office to open in Brampton, Ontario in the third quarter of 2005;
- a non-cash charge of $0.03 per common share related to the accounting for Weston's 2001 forward sale agreement of Loblaw common shares which is offset on an economic basis; and
- a charge of $0.04 per common share related to net stock-based compensation.

Last year's basic net earnings from continuing operations per common share of $0.91 included the following factors:

- a charge of $0.09 per common share related to net stock-based compensation; and
- the positive impact of approximately $0.07 per common share due to an income tax credit of $14 million related to Loblaw's successful resolution of certain prior year's income tax matters.

Sales increased 6.4% to $7.0 billion for the quarter as a result of the following sales trends in the operating businesses:

- a sales increase of 4.5% at Weston Foods, offset by the negative impact of foreign currency translation which reduced Weston Foods sales growth by approximately 5.6% resulting in a reported sales decline of 1.1%; and
- a sales increase of 7.9% at Loblaw including the positive impact of approximately 1.2% related to the consolidation of certain Loblaw independent franchisees, pursuant to new accounting standards.

On a consolidated basis, the negative impact on sales growth due to foreign currency translation of approximately 1% was offset by the positive impact of approximately 1% from the consolidation of certain Loblaw independent franchisees.

Report to Shareholders

Operating income for the first quarter of 2005 was $292 million, including restructuring and other charges of $87 million, compared to $350 million in 2004, a decline of 16.6%. Higher restructuring and other charges in the first quarter of 2005 as compared to 2004 negatively impacted operating income growth by 23.7%. Consolidated operating margin for the quarter was 4.2% compared to 5.3% in 2004, impacted negatively by 1.2% due to the restructuring and other charges.

The 2005 consolidated operating margin was impacted by the decrease in the Weston Foods operating margin to 3.4% from 4.5% in 2004 and by the decrease in the Food Distribution operating margin to 4.2% from 5.3% in 2004, both impacted negatively, by 3.0% and 0.9% respectively, due to the restructuring and other charges incurred in the first quarter of 2005.

In a continuing effort to streamline the Weston Foods baking operations, a plan to restructure the United States biscuit operations was announced earlier this year. This plan will result in the closure of two production facilities in the United States and once completed, is expected to result in lower manufacturing costs within its biscuit operations in the United States. In addition, Weston Foods continues to evaluate strategic and other cost reduction initiatives, particularly related to the fresh-baked sweet goods category in the United States to ensure a low cost operating structure and an improving competitive cost position.

Loblaw has commenced a reorganization of its supply chain network, merchandising and procurement operations as well as the move to its new Brampton, Ontario head office. Upon completion of these initiatives, Loblaw expects to have a much more efficient supply chain network and operating cost structure. The implementation of these structural changes is consistent with Loblaw's long term strategy and may constrain operating margin expansion for the year.

Interest expense and other financing charges increased 10.1% to $87 million from $79 million in 2004, primarily from the non-cash charge of $6 million as a result of the new accounting standard relating to the forward sale agreement of Loblaw common shares. The effective income tax rate decreased to 23.9% compared to 29.2% in first quarter of 2004 primarily due to the impact of the restructuring charges and the allocation of taxable income in tax jurisdictions in which the Company operates.

Loblaw continues to follow its well established strategies, investing appropriately to ensure its long term growth. Continued good sales growth is expected for the rest of the year in addition to good net earnings growth with some quarterly fluctuations resulting from the execution of its transformative initiatives. Loblaw remains positive in its outlook as the business builds on its strengths for the future.

The outlook for the remainder of the year for Weston Foods is for continued growth in sales with cash flow generation anticipated to remain strong. The benefits from restructuring and cost reduction activities initiated in 2004 are expected to result in a return to operational earnings growth for 2005.

W. Galen Weston

W. Galen Weston
Chairman and President

Toronto, Canada
May 9, 2005

Management's Discussion and Analysis

The following MD&A for George Weston Limited should be read in conjunction with Weston's 2005 unaudited interim period consolidated financial statements and the accompanying notes included on pages 18 to 32 of this Quarterly Report and the audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2004 and the related annual MD&A included in Weston's 2004 Annual Report. Weston's 2005 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. As a result of implementing Accounting Guideline 15, "Consolidation of Variable Interest Entities", ("AcG 15") effective January 1, 2005, these consolidated financial statements include the accounts of George Weston Limited and its subsidiaries and variable interest entities ("VIEs") which the Company is required to consolidate. A more comprehensive discussion regarding the implementation of AcG 15 is included in the section "New Accounting Standards" below. A glossary of terms and ratios used throughout this Quarterly Report can be found on page 98 of Weston's 2004 Annual Report. In addition, this Quarterly Report includes the following terms: "rolling year return on average total assets", which is defined as operating income for the latest four quarters divided by average total assets excluding cash, cash equivalents, short term investments and assets held for sale; and "rolling year return on average shareholders' equity", which is defined as net earnings from continuing operations available to common shareholders for the latest four quarters divided by average total common shareholders' equity. The information in this MD&A is current to May 9, 2005, unless otherwise noted.

CONSOLIDATED RESULTS OF OPERATIONS

Sales Sales for the first quarter of 2005 increased 6.4%, or $421 million, to $7.0 billion from $6.6 billion in 2004, including the positive impact of approximately 1.0% related to the consolidation of certain Loblaw independent franchisees as required by AcG 15. The impact of foreign currency translation due to the strengthening Canadian dollar on the Weston Foods operating segment negatively impacted consolidated sales by approximately 1% for the first quarter. The Company's consolidated sales were impacted by each of its reportable operating segments as follows:

- Marginally due to a sales decline of 1.1% at Weston Foods, due primarily to the negative impact of foreign currency translation which negatively impacted Weston Foods reported sales growth by approximately 5.6%.
- Positively by 6.8% due to sales growth of 7.9% at Food Distribution, operated by Loblaw, with all regions across the country experiencing good sales growth over the prior year.

Operating Income Operating income for the first quarter of 2005 was $292 million, including restructuring and other charges of $87 million, compared to $350 million in 2004, a decline of 16.6%. Higher restructuring and other charges in the first quarter of 2005 as compared to the first quarter of 2004 negatively impacted operating income growth by 23.7%. As discussed in the Weston Foods and Food Distribution operating result sections below, the restructuring and other charges relate to certain cost reduction and reorganization initiatives undertaken by both operating segments. In addition, operating income includes an $8 million (2004 – $12 million) charge for stock-based compensation net of the impact of the related equity derivatives. The Company's operating income was impacted by each of its reportable operating segments as follows:

- Negatively by 3.4% due to an operating income decline of 25.5% at Weston Foods, as a result of the $31 million of restructuring and other charges primarily related to the plan to restructure the Weston Foods United States biscuit operations. Weston Foods' operating margin for 2005 was impacted positively by sales growth combined with the benefits being realized from restructuring and cost reduction activities initiated during 2004.
- Negatively by 13.2% due to an operating income decline of 15.2% at Food Distribution, due to the $56 million of restructuring and other charges primarily related to the reorganization of its supply chain network, merchandising and procurement operations as well as the move to its new Brampton, Ontario head office expected to open in the third quarter of 2005. In addition, operating income was negatively impacted as indirect costs associated with these restructuring initiatives were absorbed during the quarter.

The Company's 2005 consolidated operating margin decreased to 4.2% from 5.3% in 2004 and the consolidated EBITDA (see Supplementary Financial Information beginning on page 16) margin decreased to 6.4% from 7.4% in 2004, both negatively impacted by 1.2% due to higher restructuring and other charges in the first quarter of 2005.

Interest Expense and Other Financing Charges Interest expense and other financing charges for the first quarter of 2005 increased $8 million, or 10.1%, to $87 million from $79 million in 2004. The increase is explained as follows:

- Interest on long term debt of $94 million was consistent with 2004 as a result of an increase in average long term borrowing levels offset by lower average borrowing rates.
- 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 $3 million (2004 – $7 million).
- In the first quarter of 2005, a non-cash expense of $6 million was recorded in other financing charges representing the fair value adjustment of Weston's forward sale agreement for 9.6 million Loblaw common shares (the "underlying Loblaw shares"). The Company began to recognize this charge prospectively during the third quarter of 2004 due to the implementation of the amendment to Emerging Issues Committee Abstract 56, "Exchangeable Debentures". The 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.
- Net short term interest income of $1 million compared to interest expense of $2 million in 2004.
- During the first quarter of 2005, $5 million (2004 – $5 million) of interest expense was capitalized to fixed assets.

Income Taxes The Company's effective income tax rate decreased to 23.9% compared to 29.2% in the first quarter of 2004 as a result of the change in the proportion of taxable income across different tax jurisdictions including the effect of restructuring and other charges. The impact of restructuring and other charges on the income tax rate was approximately 3.8%. The 2004 first quarter successful resolution of certain previous year's income tax matters by Loblaw, reduced income tax expense in 2004 by $14 million. The income tax impact of stock-based compensation and the related equity derivatives was a net $4 million income tax recovery in the first quarter of 2005 compared to a net $3 million income tax expense in 2004.

Net Earnings from Continuing Operations Net earnings from continuing operations for the first quarter of 2005 decreased $24 million, or 19.2%, to $101 million from $125 million in 2004. Basic net earnings from continuing operations per common share for the first quarter of 2005 decreased $0.18, or 19.8%, to $0.73 from $0.91 in 2004. The first quarter of 2005 basic net earnings from continuing operations per common share of $0.73 included a negative impact of $0.39 per common share as a result of the following factors:

- a charge of $0.15 per common share ($31 million pre-tax) primarily related to the plan to restructure the Weston Foods United States biscuit operations announced earlier this year;
- a charge of $0.17 per common share ($56 million pre-tax) primarily related to Loblaw's special provision for the previously announced reorganization of its supply chain network, merchandising and procurement operations groups as well as costs associated with the establishment of its new head office to open in Brampton, Ontario in the third quarter of 2005;
- a non-cash charge of $0.03 per common share related to the accounting for Weston's 2001 forward sale agreement of Loblaw common shares which is offset on an economic basis; and
- a charge of $0.04 per common share related to net stock-based compensation.

Last year's basic net earnings from continuing operations per common share of $0.91 included the following factors:

- a charge of $0.09 per common share related to net stock-based compensation; and
- the positive impact of approximately $0.07 per common share due to an income tax credit of $14 million related to Loblaw's successful resolution of certain prior year's income tax matters.

Discontinued Operations The loss from discontinued operations for the first quarter of 2005, net of income taxes, was $1 million compared to $4 million in 2004.

Net Earnings Net earnings for the first quarter of 2005 decreased $21 million, or 17.4%, to $100 million from $121 million in 2004 primarily due to the decrease in net earnings from continuing operations. Basic net earnings per common share for the first quarter of 2005 decreased $0.16, or 18.2%, to $0.72 from $0.88 in 2004 due to the decrease in net earnings.

REPORTABLE OPERATING SEGMENTS

Weston Foods

Sales Weston Foods sales for the first quarter of 2005 of $1.0 billion decreased 1.1% compared to 2004, as a result of a sales increase of 4.5% offset by the negative impact of foreign currency translation which impacted Weston Foods reported sales growth by approximately 5.6%. Overall volume increased by approximately 1.7% for the first quarter of 2005 primarily due to the acquisition of Boulangerie Gadoua Ltée ("Gadoua") in Quebec, Canada in the third quarter of 2004. Price increases in key product categories and changes in product mix contributed positively to sales growth by approximately 2.8% for the first quarter of 2005.

Fresh bakery sales contributed positively to overall sales growth in the first quarter driven by both volume and price increases. Volume growth was achieved as a result of the 2004 acquisition of Gadoua in Quebec, Canada, the introduction of new and expanded products and the growth in whole grain and private label products which more than offset volume declines in white flour based branded products and the exit of the *Thomas'* waffle category at the end of the third quarter of 2004.

Sales in the fresh-baked sweet goods category declined slightly in the first quarter resulting from volume decreases, partially offset by sales price increases. This category, primarily sold under the *Entenmann's* brand, continued to experience a challenging sales environment in the quarter particularly for full-size cake and danish products.

Frozen bakery sales contributed positively to overall sales growth in the first quarter primarily due to higher sales volume. Dairy sales contributed positively to overall sales growth in the first quarter as a result of the improvement in sales mix as growth continues to be experienced in value-added products combined with sales price increases. Weston Foods' United States biscuit category contributed negatively to overall sales growth in the first quarter of 2005 primarily due to lower Girl Scout cookie sales, which was negatively impacted by lower sales volume.

Operating Income Weston Foods operating income for the first quarter of $35 million decreased 25.5% compared to 2004, impacted negatively by 65.9% due to the restructuring and other charges of $31 million incurred in the first quarter of 2005. The negative impact of foreign currency translation combined with lower stock-based compensation costs net of the impact of the related equity derivatives negatively impacted Weston Foods operating income growth by approximately 1% during the first quarter. Operating margin for the first quarter of 2005 declined to 3.4% from 4.5% in 2004 and EBITDA margin declined to 6.6% from 7.7% in 2004, both impacted negatively by 3.0% and 2.7% respectively, due to the restructuring and other charges incurred in the first quarter of 2005.

Operating income and margin for the first quarter of 2005 were positively impacted by sales growth, including volume, price and mix improvements, combined with the benefits being realized from restructuring and cost reduction activities initiated during 2004, which has resulted in lower manufacturing costs. This was partially offset by continuing cost pressures, although at lower rates of increase as compared to 2004, related to certain key ingredients and packaging costs as well as higher energy and employee health related benefits costs. In addition to increases in energy and employee health related benefit costs, distribution costs were higher compared to 2004 as Weston Foods continues to work on focusing manufacturing capacity for more efficient production runs. Weston Foods' profitability in the United States fresh-baked sweet goods category improved compared to last year, however, challenges remain as a result of changing consumer eating and shopping preferences and a high fixed cost manufacturing and distribution structure.

Weston Foods management continues to evaluate strategic and other cost reduction initiatives, particularly related to the fresh-baked sweet goods category in the United States and reducing administrative costs, to ensure a low cost operating structure and an improving competitive cost position. Initiatives currently being evaluated include manufacturing asset and distribution network optimization. Individual actions will be initiated and additional charges may be taken as plans are finalized and approved. During the first quarter of 2005, Weston Foods announced a plan to restructure its United States biscuit operations. This plan will result in the closure of two biscuit facilities located in Elizabeth, New Jersey and Richmond, Virginia over the next 12 to 18 months. Employment at both facilities will be phased down as the majority of the production is relocated to a new facility in Virginia and an existing Weston Foods facility already operating in South Dakota. Once completed, this initiative is anticipated to result in lowering manufacturing costs and strengthening Weston Foods' competitive position within its biscuit operations in the United States.

As a result of this restructuring, Weston Foods expects to recognize certain one-time exit and start-up costs of approximately $50 million over the next 12 to 18 months including employee related severance and benefit costs, production equipment relocations, training and other facility start-up related costs. In addition, Weston Foods expects to recognize accelerated depreciation on assets currently held-for-use of approximately $25 million over the next 12 to 18 months. During the first quarter of 2005, Weston Foods recognized $28 million of restructuring charges and $3 million of accelerated depreciation primarily related to this restructuring plan. Both these charges were included in restructuring and other charges in the 2005 first quarter consolidated statement of earnings.

Food Distribution

Sales Food Distribution sales for the first quarter of $6.1 billion increased 7.9% or $447 million compared to last year, including an increase of 1.2% or $65 million in sales relating to the consolidation of certain independent franchisees as required by AcG 15. All regions across the country experienced good sales growth over the prior year.

The following factors further explain the change in sales over the prior year:

- same-store sales growth of 2.4% including the impact of the repositioning being undertaken in certain markets where Loblaw holds relatively larger market shares and the ongoing roll out of *The Real Canadian Superstore* banner in Ontario, Canada;
- national food price inflation of approximately 2% for the first quarter of 2005 compared to a nominal amount in 2004;
- retail sales growth in general merchandise categories which continue to outpace that of food;
- strong gas bar sales; and
- an increase of 3.3 million square feet of net retail square footage, during the latest four quarters, related to the opening of 88 new corporate and franchised stores and the closure of 71 stores, inclusive of stores which have undergone conversions and major expansions; during the first quarter of 2005, 14 new corporate and franchised stores were opened and 17 stores were closed resulting in a net increase of .4 million square feet or .9%.

Operating Income Food Distribution operating income for the first quarter of $257 million decreased 15.2%, or $46 million, compared to last year, impacted negatively by 17.2% due to the restructuring and other charges incurred in 2005 as compared to 2004. Operating margin declined to 4.2% from 5.3% in 2004 and EBITDA margin decreased to 6.2% from 7.2% in 2004, both impacted negatively by 0.9% due to higher restructuring and other charges.

Operating income and margin for the first quarter of 2005 were positively impacted by gross profit improvements in 2005 compared to 2004 due in part to buying synergies and product mix partially offset by an increase in inventory shrinkage levels. *President's Choice Financial* services also contributed to the improvement. During the first quarter of 2005, a significant number of operational realignments were undertaken in the supply chain network, information systems and other support services. Progress continued on reorganizations affecting the merchandising, procurement and operations groups including the transfer of the general merchandise operations from Calgary, Alberta to the new office facility in Brampton, Ontario and on the implementation of a national information technology platform. While these initiatives were undertaken with the long term goal of becoming more efficient and effective, some short term costs associated with these initiatives above those incremental costs identified in restructuring and other charges were incurred in the quarter, including higher store operating costs.

The consolidation of certain independent franchisees identified as VIEs for which Loblaw is the primary beneficiary resulted in an increase in the gross profit as retail gross profit is greater than those of wholesale gross profit. This additional gross profit was offset by additional operating expenses and resulted in an immaterial net impact on operating income but a decline of .1 of a percentage point in operating margin.

During the first quarter of 2005, after completion of a detailed assessment of its supply chain network, management of Loblaw approved a comprehensive plan to restructure its supply chain operations nationally. This plan is expected to reduce future operating costs, provide a smoother flow of products, better service levels to stores and further enable Loblaw to achieve its targeted operating efficiencies. The plan involves the closure of six distribution centres and the relocation of certain activities to new distribution centres. Costs accrued in the first quarter relate primarily to employees whose positions will be directly impacted by the restructuring. Further costs related to fixed asset impairment and accelerated depreciation and closure costs as well as additional employee costs will be recorded as appropriate criteria are met. Total restructuring costs are expected to approximate $90 million by the end of 2007 and will provide significant annual savings to Loblaw.

In addition, Loblaw is in the process of combining several administrative and operating offices from across southern Ontario and reorganizing its merchandising, procurement and operations groups including the transfer of the general merchandise operations from Calgary, Alberta to the new Ontario office facility. These additional restructuring costs are expected to total approximately $25 million and will be substantially incurred by the third quarter of this year. Operational cost savings from this streamlining will be realized starting in 2006.

During the first quarter of 2005, Food Distribution recorded restructuring and other charges of $56 million of which $51 million was related to the supply chain network, $4 million related to the office move and reorganization of the support operations functions and $1 million related to store closure costs. Further information on Food Distribution's restructuring and other charges is provided in Note 2 to the unaudited interim period consolidated financial statements.

CONSOLIDATED FINANCIAL CONDITION

Financial Ratios The Company's net debt (excluding the Exchangeable Debentures) (see Supplementary Financial Information beginning on page 16) to equity ratio for the first quarter of 2005 was 1.37:1 compared to 1.27:1 in the same period of 2004 and 1.26:1 at year end 2004. The increase in this ratio for the first quarter from the comparable period in 2004 resulted primarily from the increase in debt levels as well as the decrease in shareholders' equity resulting from the translation of the Company's investment in self-sustaining foreign operations in the United States due to the significant appreciation of the Canadian dollar relative to the United States dollar.

The consolidation of VIEs by the Company and the resulting incremental debt included on the consolidated balance sheet accounted for approximately one third of the increase in the net debt (excluding the Exchangeable Debentures) to equity ratio from year end 2004. Pursuant to the requirements of AcG 15, the consolidated balance sheet as at March 26, 2005 includes bank indebtedness and loans payable of VIEs consolidated by the Company. The loans payable represent financing obtained by eligible Loblaw independent franchisees through a structure involving independent trusts to facilitate the purchase of the majority of their inventory and fixed assets, consisting mainly of fixturing and equipment. The independent funding trust within the structure finances its activities through the issuance of short term asset-backed notes to third party investors. These loans payable which total approximately $121 million at the end of the first quarter of 2005, have an average term to maturity of 7 years, are due and payable on demand under certain predetermined circumstances and are secured through a general security agreement made by the independent franchisees in favour of the independent funding trust. Interest is charged on a floating rate basis and prepayment of the loans may be made without penalty.

As disclosed in the annual MD&A and in Note 20 of the consolidated financial statements for the year ended December 31, 2004 included in Weston's 2004 Annual Report, a standby letter of credit has been provided by a major Canadian bank for the benefit of the independent funding trust equal to approximately 10% of the total principal amount of the loans outstanding at any point in time. Loblaw has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit. In the event of a default by an independent franchisee the independent funding trust may assign the loan to Loblaw and draw upon the standby letter of credit. No amount has ever been drawn on the standby letter of credit.

The interest coverage ratio for the first quarter of 2005 declined to 3.4 times compared to 4.4 times in the first quarter of 2004 primarily due to the $87 million charge relating to the restructuring and other charges.

The Company's rolling year return on average total assets (see Supplementary Financial Information beginning on page 16) at the end of the first quarter of 2005 of 10.9% was lower than the return of 12.1% in the comparable period of 2004 and the year end 2004 return of 11.4%. The Company's rolling year return on average common shareholders' equity was 14.6% at the end of the first quarter of 2005 compared to 20.0% in the comparable period of 2004 and compared to the year end 2004 return of 14.8%. Both returns were negatively impacted by the restructuring and other charges recorded in the first quarter of 2005.

Dividends On April 1, 2005, 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 March 15, 2005, preferred dividends of $0.36 per preferred share, Series I were paid as declared by the Board. The quarterly common dividend was maintained at the 2004 dividend rate.

Outstanding Share Capital Weston's outstanding share capital is comprised of common shares and preferred shares. An unlimited number of common shares is authorized and 129.0 million common shares were outstanding at the end of the first quarter of 2005. 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 the end of the first quarter of 2005. Subsequent to quarter end, Weston issued 8.0 million preferred shares Series III for total proceeds of $194 million. Further information on the Company's outstanding share capital is provided in Note 11 to the unaudited interim period consolidated financial statements.

During the first quarter of 2005, Weston renewed its Normal Course Issuer Bid to purchase on the Toronto Stock Exchange or enter into equity derivatives to purchase up to 6,451,911 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.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows used in Operating Activities of Continuing Operations First quarter 2005 cash flows used in operating activities were $162 million compared to $287 million in the comparable period of 2004, an improvement of $125 million. The change resulted from an improvement in the non-cash working capital change offset by a decline in net earnings from continuing operations before minority interest.

On an annual basis, the cash flows from operating activities are expected to fund a large portion of the Company's 2005 funding requirements including the anticipated capital investment activity of approximately $1.4 billion. The investment in non-cash working capital is expected to decline and net earnings before minority interest and depreciation and amortization are expected to increase by the end of the year.

Cash Flows from (used in) Investing Activities of Continuing Operations First quarter 2005 cash flows from investing activities were $124 million compared to cash flows used in investing activities of $170 million in 2004. The shortening term to maturity profile of the Company's short term investment portfolio resulted in a shift from short term investments to cash and cash equivalents and in the change in cash flows used in investing activities in the first quarter of 2005.

Capital investment for the first quarter of 2005 totaled $256 million (2004 – $240 million) as the Company continues its commitment to maintain and renew its asset base and invest for growth within North America.

During the first quarter of 2005, Loblaw, through its wholly owned subsidiary President's Choice Bank ("PC Bank"), securitized $10 million (2004 – $55 million) of credit card receivables under its securitization program yielding a minimal loss based on the assumptions disclosed in Note 9 of the consolidated financial statements for the year ended December 31, 2004 included in Weston's 2004 Annual Report.

Cash Flows from Financing Activities of Continuing Operations First quarter 2005 cash flows from financing activities were $470 million compared to $513 million in 2004. During the first quarter of 2005, Loblaw issued $300 million of 5.90% Medium Term Notes ("MTN") due 2036, under its 2003 Base Shelf Prospectus, to refinance the $100 million of 6.35% Provigo Inc. Debenture that matured in the fourth quarter of 2004 and the $200 million of 6.95% MTN that matured in the current quarter. In addition, $53 million of the 3% Exchangeable Debenture were exchanged for Domtar Inc. common shares. A corresponding reduction in the investment in Domtar Inc. was recorded.

During the first quarter of 2005, Weston terminated its interest rate swaps with a notional value of $200 million which were designated as a fair value hedge of the $200 million of 5.05% MTN due 2014. The gain realized on the termination of these swaps of $5 million, will be deferred over the remaining term of the initial hedge and recognized in interest expense and other financing charges.

Subsequent to quarter end, Weston filed a new base shelf prospectus under which it may issue Preferred Shares and MTN in an aggregate amount not to exceed $1 billion. In addition, Weston issued 8.0 million preferred shares series III for total proceeds of $194 million under its new base shelf prospectus.

Tax Matters Regular audits of the remittance of commodity taxes including the goods and services tax, provincial sales taxes and tobacco taxes by federal and provincial tax authorities are in progress. The Company has received proposed assessments as a result of some of these audits and is working with the tax authorities to reach an appropriate resolution. At this time, it is not possible to estimate the outcome of these proposed assessments.

QUARTERLY RESULTS OF OPERATIONS

The following is a summary of selected consolidated financial information derived from the Company'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 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)

	First Quarter		Fourth Quarter		Third Quarter		Second Quarter	
($ millions except where otherwise indicated)	**2005**	2004	2004	2003	2004	2003	2004	2003
Sales	**$ 6,972**	$ 6,551	$ 7,072	$ 7,237	$ 9,260	$ 8,721	$ 6,915	$ 6,708
Net earnings from continuing operations	**$ 101**	$ 125	$ 154	$ 258	$ 185	$ 216	$ 142	$ 193
Net earnings (loss)	**$ 100**	$ 121	$ (1)	$ 252	$ 168	$ 213	$ 140	$ 193
Net earnings from continuing operations per common share ($)								
Basic	**$ .73**	$ .91	$ 1.15	$ 1.92	$ 1.37	$ 1.56	$ 1.06	$ 1.42
Diluted	**$ .73**	$ .91	$ 1.14	$ 1.91	$ 1.37	$ 1.55	$ 1.06	$ 1.42
Net earnings (loss) per common share ($)								
Basic	**$ .72**	$ .88	$ (.05)	$ 1.87	$ 1.24	$ 1.55	$ 1.04	$ 1.42
Diluted	**$ .72**	$ .88	$ (.06)	$ 1.86	$ 1.24	$ 1.54	$ 1.04	$ 1.42

(1) The implementation of Emerging Issues Committee Abstract 144, "Accounting by a Customer (Including a Reseller) for Certain Consideration received from a Vendor", ("EIC 144") on a retroactive basis with restatement did not result in a material change in the quarterly net earnings. During the first quarter of 2005, the Company implemented AcG 15 retroactively without restatement as described in the section "New Accounting Standards" below.

Sales growth in the first quarter of 2005 has been positively impacted by continued sales momentum in Loblaw from same-store sales growth of 2.4% which included an inflationary impact of approximately 2% and by pricing and mix improvements at Weston Foods, offset by the negative impact of foreign currency translation at Weston Foods. Effective the first quarter of 2005, the Company adopted AcG 15 retroactively without restatement which resulted in an increase in sales of approximately 1.0% over the last year's first quarter and no material impact on net earnings.

The overall decrease in net earnings for the first quarter of 2005 was impacted as follows:

- negatively by the impact of restructuring and other charges incurred by Weston Foods and Food Distribution;

- positively by operating margin improvements at Weston Foods due to sales growth combined with the benefits being realized from restructuring and cost reduction activities initiated in 2004; and
- negatively by the increase in interest expense and other financing charges.

NEW ACCOUNTING STANDARDS

Effective January 1, 2005, the Company implemented the following accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"):

- Accounting Guideline 15, "Consolidation of Variable Interest Entities", issued by the CICA in June 2003 and amended in September 2004 requires the consolidation of certain entities that are subject to control on a basis other than through ownership of a majority of voting interests.

  AcG 15 defines a variable interest entity as an entity that either does not have sufficient equity at risk to finance its activities without subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest. AcG 15 requires the primary beneficiary to consolidate VIEs.

  AcG 15 considers an entity to be the primary beneficiary of a VIE if it holds variable interests that expose it to a majority of the VIE's expected losses or entitle it to receive a majority of the VIE's expected residual returns or both.

  Prior to AcG 15, the Company consolidated all entities that it controlled through ownership of a majority of voting interests. Effective January 1, 2005, the Company implemented AcG 15, retroactively without restatement of prior periods and as a result, the Company consolidates entities in which it has control through ownership of a majority of the voting interests as well as all VIEs for which it is the primary beneficiary.

  Upon implementation of AcG 15, the Company identified the following significant VIEs:

  Independent Franchisees Loblaw enters into various forms of franchise agreements that generally require the franchisee to purchase inventory from Loblaw and pay certain fees in exchange for services provided by Loblaw and for the right to use certain trademarks and licenses owned by Loblaw. Independent franchisees generally lease the land and building from Loblaw, and when eligible, may obtain financing through a structure involving independent trusts to facilitate the purchase of the majority of their inventory and fixed assets, consisting mainly of fixturing and equipment. These trusts are administered by a major Canadian bank. Under the terms of certain franchise agreements, Loblaw may also lease equipment to independent franchisees. Independent franchisees also may obtain financing through operating lines of credit with traditional financial institutions or through issuing preferred shares or notes payable to Loblaw. Loblaw monitors the financial condition of its independent franchisees and provides for estimated losses or write-downs on its notes receivable or investments when appropriate. Upon implementation of AcG 15, the Company determined that 121 of Loblaw's independent franchisee stores met the criteria for VIEs that require consolidation by the Company pursuant to AcG 15.

Warehouse and Distribution Agreement Loblaw has entered into a warehousing and distribution agreement with a third party to provide to Loblaw distribution and warehousing services from a dedicated facility. The amount of costs incurred by the third party in operating this facility were previously recorded in the Company's consolidated financial statements as a result of its fees for service arrangements with the third party. Loblaw has no equity interest in this third party; however, the terms of the agreement with the third party are such that the Company has determined that the third party meets the criteria for a VIE that requires consolidation by the Company.

Accordingly, the Company has included the results of these independent franchisees and this third party entity that provides distribution and warehousing services in its unaudited interim period consolidated financial statements effective January 1, 2005.

Details of the amounts recorded upon implementation and the effect on the opening consolidated balance sheet as at January 1, 2005 are summarized below and include the impact of both the independent franchisees and the warehouse and distribution entity:

Condensed Consolidated Balance Sheet as at January 1, 2005

	Consolidated balance sheet as at January 1, 2005 before AcG 15 impact	Impact of the implementation of AcG 15	Consolidated balance sheet as at January 1, 2005 after AcG 15 impact
Cash and cash equivalents	$ 1,008	$ 20	$ 1,028
Short term investments	388		388
Accounts receivable	920	(73)	847
Inventories	1,979	78	2,057
Other current assets	285	4	289
Total current assets	4,580	29	4,609
Fixed assets	8,256	136	8,392
Goodwill	3,456	3	3,459
Other assets	1,612	(51)	1,561
Total assets	$ 17,904	$ 117	$ 18,021
Total current liabilities	$ 4,479	$ 48	$ 4,527
Long term debt	6,004	96	6,100
Other liabilities	975	(8)	967
Minority interest	2,066	(1)	2,065
Total liabilities	13,524	135	13,659
Common share capital	614		614
Retained earnings	4,170	(18)	4,152
Cumulative foreign currency translation adjustment	(404)		(404)
Total liabilities and shareholders' equity	$ 17,904	$ 117	$ 18,021

The impact of AcG 15 on the opening consolidated balance sheet can be further explained as follows:

- An after-tax, one-time charge of $18 million (net of income taxes of $12 million and minority interest of $11 million) was recorded upon implementation and resulted mainly from delaying the recognition of vendor monies to when the related inventories of the independent franchisees are sold to their customers, the excess of the independent franchisees' accumulated losses over the allowance for doubtful accounts previously recorded by the Company and the reversal of initial franchise fees initially recognized upon the sale of franchises to third parties.
- Accounts receivable due from the independent franchisees and the investment in preferred shares of the independent franchisees were eliminated upon consolidation; cash and cash equivalents, inventories and fixed assets financed by long term debt (a portion of which is due within one year) were recorded.
- An increase in fixed assets and total current liabilities in respect of the warehouse and distribution entity.
- Minority interest representing the common stakeholder's equity in the respective VIEs.

The impact from the consolidation of these VIEs on the consolidated balance sheet as at March 26, 2005 was not significantly different than the impact on the opening consolidated balance sheet as outlined above. The impact on the consolidated statement of earnings for the 12 weeks ended March 26, 2005 was predominantly an increase in sales. The impact on net earnings for the first quarter of 2005 was not material.

The consolidation of these VIEs by the Company does not result in any change to its tax, legal or credit risks nor does it result in the Company assuming any obligations of these third parties.

Independent Trust Loblaw has also identified that it holds a variable interest, by way of a standby letter of credit, in an independent trust which is used to securitize credit card receivables for PC Bank. In these securitizations, PC Bank sells a portion of its credit card receivables to the independent trust in exchange for cash. Although this independent trust has been identified as a VIE, it was determined that Loblaw is not the primary beneficiary and therefore this VIE is not subject to consolidation by the Company. The Company's maximum exposure to loss as a result of its involvement with this independent trust is disclosed in the annual MD&A and in Notes 9 and 20 to the consolidated financial statements for the year ended December 31, 2004 included in Weston's 2004 Annual Report.

- EIC Abstract 150, "Determining Whether an Arrangement Contains a Lease", ("EIC 150") addresses arrangements comprising a transaction or a series of transactions that do not take the legal form of a lease but convey a right to use a tangible asset in return for a payment or a series of payments. EIC 150 provides guidance for determining whether these types of arrangements contain a lease within the scope of CICA section 3065, "Leases", and should be accounted for accordingly. The assessment should be based on whether the fulfillment of the arrangement is dependent on the use of specific tangible assets and whether the arrangement conveys the right to control the use of the tangible assets. This assessment should be made at inception of the arrangement and only reassessed if certain conditions are met. EIC 150 is effective for arrangements entered into or modified as of the beginning of the first quarter of 2005 and did not have any impact in the first quarter of 2005. The Company will continue to monitor whether the implications of EIC 150 are applicable to transactions undertaken by the Company.

- Section 3500, “Earnings per Share”, previously expected to be effective for the first quarter of 2005 is now expected to be issued in the third quarter of 2005.
- Section 1506, “Changes in Accounting Policies and Estimates and Errors”, is now expected to be finalized in the second quarter of 2005.

OUTLOOK

Loblaw continues to follow its well established strategies, investing appropriately to ensure its long term growth. Continued good sales growth is expected for the rest of the year in addition to good net earnings growth with some quarterly fluctuations resulting from the execution of its transformative initiatives. Loblaw remains positive in its outlook as the business builds on its strengths for the future.

The outlook for the remainder of the year for Weston Foods is for continued growth in sales with cash flow generation anticipated to remain strong. The benefits from restructuring and cost reduction activities initiated in 2004 are expected to result in a return to operational earnings growth for 2005.

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 interim period consolidated statements of earnings:

	12 Weeks Ended Mar. 26, 2005		
($ millions)	**Weston Foods**	**Food Distribution**	**Consolidated**
Operating income	**$ 35**	**$ 257**	**$ 292**
Depreciation and amortization	**30**	**120**	**150**
Accelerated depreciation (1)	**3**		**3**
EBITDA	**$ 68**	**$ 377**	**$ 445**

	12 Weeks Ended Mar. 27, 2004 restated (2)		
($ millions)	Weston Foods	Food Distribution	Consolidated
Operating income	$ 47	$ 303	$ 350
Depreciation and amortization	33	103	136
EBITDA	$ 80	$ 406	$ 486

(1) Accelerated depreciation is included in restructuring and other charges in the consolidated statements of earnings as discussed in note 2 to the unaudited interim period consolidated financial statements.

(2) Certain prior year's information was reclassified to conform with the current year's presentation and was restated due to discontinuing the Fisheries segment as discussed in notes 1 and 6 to the unaudited interim period consolidated financial statements.

The following table provides additional financial information:

	As at	
	Mar. 26, 2005	Mar. 27, 2004
Market price per common share ($)	**$ 106.71**	$ 98.15
Actual common shares outstanding (in millions)	**129.0**	128.9
Weighted average common shares outstanding (in millions)	**129.0**	129.1

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 interim period consolidated balance sheets:

	As at	
($ millions)	**Mar. 26, 2005**	Mar. 27, 2004 restated (1)
Bank indebtedness	**$ 132**	$ 111
Commercial paper	**1,277**	1,114
Short term bank loans	**111**	76
Long term debt due within one year	**31**	307
Long term debt	**6,344**	6,029
Less:		
Cash and cash equivalents	**1,470**	1,034
Short term investments	**35**	538
Net debt	**6,390**	6,065
Less: Exchangeable debentures	**320**	373
Net debt excluding exchangeable debentures	**$ 6,070**	$ 5,692

(1) Certain prior year's information was restated due to discontinuing the Fisheries segment as discussed in note 6 to the unaudited interim period consolidated financial statements.

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, 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 interim period consolidated balance sheets:

	As at	
($ millions)	**Mar. 26, 2005**	Mar. 27, 2004 restated (1)
Total assets	**$ 18,236**	$ 17,636
Less:		
Cash and cash equivalents	**1,470**	1,034
Short term investments	**35**	538
Current assets held for sale	**64**	170
Long term assets held for sale	**11**	94
Domtar investment	**314**	367
Total assets	**$ 16,342**	$ 15,433

(1) Certain prior year's information was reclassified to conform with the current year's presentation and was restated due to the implementation of EIC 144, in the third quarter of 2004, as discussed in note 1 to the unaudited interim period consolidated financial statements and due to discontinuing the Fisheries segment as discussed in note 6 to the unaudited interim period consolidated financial statements.

Consolidated Statements of Earnings

(unaudited)	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 26, 2005**	Mar. 27, 2004 restated (note 1)
Sales	**$ 6,972**	$ 6,551
Operating Expenses		
Cost of sales, selling and administrative expenses	**6,443**	6,061
Depreciation and amortization	**150**	136
Restructuring and other charges (note 2)	**87**	4
	6,680	6,201
Operating Income	**292**	350
Interest Expense and Other Financing Charges (note 3)	**87**	79
Earnings from Continuing Operations Before the Following:	**205**	271
Income Taxes (note 4)	**49**	79
	156	192
Minority Interest	**55**	67
Net Earnings from Continuing Operations	**101**	125
Discontinued Operations (note 6)	**(1)**	(4)
Net Earnings	**$ 100**	$ 121
Net Earnings per Common Share ($) - Basic and Diluted		
Continuing Operations (note 5)	**$ .73**	$ .91
Discontinued Operations	**$ (.01)**	$ (.03)
Net Earnings	**$ .72**	$ .88

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

Consolidated Statements of Retained Earnings

(unaudited)	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 26, 2005**	Mar. 27, 2004
Retained Earnings, Beginning of Period	**$ 4,170**	$ 4,037
Impact of implementing new accounting standards (note 1)	**(18)**	(24)
Retained Earnings, Beginning of Period as Restated	**$ 4,152**	$ 4,013
Net earnings	**100**	121
Premium on common shares purchased for cancellation		(58)
Dividends declared		
Per common share – $0.36 (2004 – $0.36)	**(46)**	(46)
Per preferred share – Series I – $0.36 (2004 – $0.36)	**(4)**	(4)
– Series II – $0.32 (2004 – $0.32)	**(3)**	(3)
Retained Earnings, End of Period	**$ 4,199**	$ 4,023

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

Consolidated Balance Sheets

($ millions)	As at Mar. 26, 2005 (unaudited)	Dec. 31, 2004
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,470**	$ 1,008
Short term investments	**35**	388
Accounts receivable (note 7)	**879**	920
Inventories	**2,013**	1,979
Future income taxes	**188**	175
Prepaid expenses and other assets	**75**	48
Current assets of operations held for sale (note 6)	**64**	62
Total Current Assets	**4,724**	4,580
Fixed Assets	**8,502**	8,256
Goodwill and Intangible Assets (note 8)	**3,481**	3,456
Future Income Taxes	**112**	107
Other Assets	**1,406**	1,494
Long Term Assets of Operations Held for Sale (note 6)	**11**	11
Total Assets	**$ 18,236**	$ 17,904
LIABILITIES		
Current Liabilities		
Bank indebtedness	**$ 132**	$ 123
Commercial paper	**1,277**	840
Accounts payable and accrued liabilities	**2,779**	3,079
Income taxes	**27**	91
Short term bank loans	**111**	102
Long term debt due within one year (note 10)	**31**	222
Current liabilities of operations held for sale (note 6)	**21**	22
Total Current Liabilities	**4,378**	4,479
Long Term Debt (note 10)	**6,344**	6,004
Future Income Taxes	**253**	282
Other Liabilities	**722**	693
Minority Interest	**2,096**	2,066
Total Liabilities	**13,793**	13,524
SHAREHOLDERS' EQUITY		
Share Capital (notes 11 and 12)	**619**	614
Retained Earnings	**4,199**	4,170
Cumulative Foreign Currency Translation Adjustment	**(375)**	(404)
Total Shareholders' Equity	**4,443**	4,380
Total Liabilities and Shareholders' Equity	**$ 18,236**	$ 17,904

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

Consolidated Cash Flow Statements

(unaudited) ($ millions)	12 Weeks Ended Mar. 26, 2005	Mar. 27, 2004 restated (note 1)
Operating Activities		
Net earnings from continuing operations before minority interest	**$ 156**	$ 192
Depreciation and amortization	**150**	136
Restructuring and other charges (note 2)	**87**	4
Future income taxes	**(31)**	18
Change in non-cash working capital	**(536)**	(660)
Other	**12**	23
Cash Flows used in Operating Activities of Continuing Operations	**(162)**	(287)
Investing Activities		
Fixed asset purchases	**(256)**	(240)
Short term investments	**355**	14
Proceeds on termination of financial derivatives (note 13)	**5**	
Proceeds from fixed asset sales	**16**	8
Credit card receivables, after securitization (note 7)	**52**	60
Franchise investments and other receivables	**(24)**	1
Other	**(24)**	(13)
Cash Flows from (used in) Investing Activities of Continuing Operations	**124**	(170)
Financing Activities		
Bank indebtedness	**(11)**	2
Commercial paper	**437**	418
Short term bank loans – Issued	**9**	9
Long term debt (note 10) – Issued	**304**	400
– Retired	**(221)**	(200)
Share capital (note 12) – Issued	**5**	
– Retired		(59)
Subsidiary share capital – Issued (note 12)	**1**	
– Retired		(8)
Dividends – To shareholders	**(53)**	(46)
Other	**(1)**	(3)
Cash Flows from Financing Activities of Continuing Operations	**470**	513
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents	**15**	12
Initial impact of Variable Interest Entities	**20**	
Cash Flows from Continuing Operations	**467**	68
Cash Flows (used in) from Discontinued Operations (note 6)	**(5)**	1
Change in Cash and Cash Equivalents	**462**	69
Cash and Cash Equivalents, Beginning of Period	**1,008**	965
Cash and Cash Equivalents, End of Period	**$ 1,470**	$ 1,034

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

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, 2004, 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 2004 Annual Report.

Basis of Consolidation

The interim consolidated 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 the end of the first quarter of 2005 and at year end 2004. Effective January 1, 2005, the Company is required, pursuant to Accounting Guideline 15, "Consolidation of Variable Interest Entities", ("AcG 15") issued by the Canadian Institute of Chartered Accountants ("CICA"), to consolidate certain variable interest entities ("VIEs") that are subject to control on a basis other than through ownership of a majority of voting interest.

Variable Interest Entities

AcG 15 defines a variable interest entity as an entity that either does not have sufficient equity at risk to finance its activities without subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest. AcG 15 requires the primary beneficiary to consolidate VIEs and considers an entity to be the primary beneficiary of a VIE if it holds variable interests that expose it to a majority of the VIE's expected losses or entitle it to receive a majority of the VIE's expected residual returns or both.

Effective January 1, 2005, the Company implemented AcG 15, retroactively without restatement of prior periods and as a result, the Company consolidates entities in which it has control through ownership of a majority of the voting interests as well as all VIEs for which it is the primary beneficiary.

Upon implementation of AcG 15, the Company identified the following significant VIEs:

Independent Franchisees Loblaw enters into various forms of franchise agreements that generally require the independent franchisee to purchase inventory from Loblaw and pay certain fees in exchange for services provided by Loblaw and for the right to use certain trademarks and licenses owned by Loblaw. Independent franchisees generally lease the land and building from Loblaw, and when eligible, may obtain financing through a structure involving independent trusts to facilitate the purchase of the majority of their inventory and fixed assets, consisting mainly of fixturing and equipment. These trusts are administered by a major Canadian bank. Under the terms of certain franchise agreements, Loblaw may also lease equipment to independent franchisees. Independent franchisees also may obtain financing through operating lines of credit with traditional financial institutions or through issuing preferred shares or notes payable to Loblaw. Loblaw monitors the financial condition of its independent franchisees and provides for estimated losses or write-downs on its accounts and notes receivable or investments when appropriate. Upon implementation of AcG 15, the Company determined that 121 of Loblaw's independent franchisee stores met the criteria for VIEs that require consolidation by the Company pursuant to AcG 15.

Warehouse and Distribution Agreement Loblaw has entered into a warehousing and distribution agreement with a third party to provide to Loblaw distribution and warehousing services from a dedicated facility. The amount of costs incurred by the third party in operating this facility were previously recorded in the Company's consolidated financial statements as a result of its fees for service arrangements with the third party. Loblaw has no equity interest in this third party; however, the terms of the agreement with the third party are such that the Company has determined that the third party meets the criteria for a VIE that requires consolidation by the Company.

Accordingly, the Company has included the results of these independent franchisees and this third party entity that provides distribution and warehousing services in its unaudited interim period consolidated financial statements effective January 1, 2005.

Details of the amounts recorded upon implementation and the effect on the opening consolidated balance sheet as at January 1, 2005 are summarized below and include the impact of both the independent franchisees and the warehouse and distribution entity:

Condensed Consolidated Balance Sheet as at January 1, 2005

	Consolidated balance sheet as at January 1, 2005 before AcG 15 impact	Impact of the implementation of AcG 15	Consolidated balance sheet as at January 1, 2005 after AcG 15 impact
Cash and cash equivalents	$ 1,008	$ 20	$ 1,028
Short term investments	388		388
Accounts receivable	920	(73)	847
Inventories	1,979	78	2,057
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Total current assets	4,580	29	4,609
Fixed assets	8,256	136	8,392
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Other assets	1,612	(51)	1,561
Total assets	$ 17,904	$ 117	$ 18,021
Total current liabilities	$ 4,479	$ 48	$ 4,527
Long term debt	6,004	96	6,100
Other liabilities	975	(8)	967
Minority interest	2,066	(1)	2,065
Total liabilities	13,524	135	13,659
Common share capital	614		614
Retained earnings	4,170	(18)	4,152
Cumulative foreign currency translation adjustment	(404)		(404)
Total liabilities and shareholders' equity	$ 17,904	$ 117	$ 18,021

The impact of AcG 15 on the opening consolidated balance sheet can be further explained as follows:

- An after-tax, one-time charge of $18 million (net of income taxes of $12 million and minority interest of $11 million) was recorded upon implementation and resulted mainly from delaying the recognition of vendor monies to when the related inventories of the independent franchisees are sold to their customers, the excess of the independent franchisees' accumulated losses over the allowance for doubtful accounts previously recorded by the Company and the reversal of initial franchise fees initially recognized upon the sale of franchises to third parties.
- Accounts receivable due from the independent franchisees and the investment in preferred shares of the independent franchisees were eliminated upon consolidation; cash and cash equivalents, inventories and fixed assets financed by long term debt (a portion of which is due within one year) were recorded.
- An increase in fixed assets and total current liabilities in respect of the warehouse and distribution entity.
- Minority interest representing the common stakeholder's equity in the respective VIEs.

The impact from the consolidation of these VIEs on the consolidated balance sheet as at March 26, 2005 was not significantly different than the impact on the opening consolidated balance sheet as outlined above. The impact on the consolidated statement of earnings for the 12 weeks ended March 26, 2005 was predominantly an increase in sales of 1.0%. The impact on net earnings for the first quarter of 2005 was not material.

The consolidation of these VIEs by the Company does not result in any change to its tax, legal or credit risks nor does it result in the Company assuming any obligations of these third parties.

Independent Trust Loblaw has also identified that it holds a variable interest, by way of a standby letter of credit, in an independent trust which is used to securitize credit card receivables for President's Choice Bank ("PC Bank"). In these securitizations, PC Bank sells a portion of its credit card receivables to the independent trust in exchange for cash. Although this independent trust has been identified as a VIE, it was determined that Loblaw is not the primary beneficiary and therefore this VIE is not subject to consolidation by the Company. The Company's maximum exposure to loss as a result of its involvement with this independent trust is disclosed in Notes 9 and 20 to Weston's annual audited consolidated financial statements for the year ended December 31, 2004.

Use of Estimates and Assumptions

The preparation of the consolidated 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 valuation of inventories, goodwill, indefinite life intangible assets, income taxes, employee future benefits 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 upon implementation of Emerging Issues Committee Abstract 144, "Accounting by a Customer (Including a Reseller) for Certain Consideration Received from a Vendor", ("EIC 144"). As disclosed in Note 1 of the annual audited consolidated financial statements, the Company implemented EIC 144 retroactively with restatement in the third quarter of 2004 and recorded a decrease to opening retained earnings for 2003 of $24 million (net of future income taxes recoverable of $11 million and minority interest of $14 million). Accordingly, the unaudited interim period consolidated financial statements for the first quarter of 2004 have been restated. In addition, prior period's information was restated due to discontinuing the Fisheries segment (see note 6).

2. Restructuring and Other Charges

The following table summarizes the restructuring and other charges:

	12 Weeks Ended			
			Mar. 26, 2005	Mar. 27, 2004
($ millions)	**Weston Foods**	**Food Distribution**	**Total**	Total
Fixed Asset Impairment		**$ 5**	**$ 5**	$ 3
Accelerated Depreciation	**$ 3**		**3**	
Employee Termination Benefits	**26**	**50**	**76**	
Site Closing Costs and Other	**2**	**1**	**3**	
Special Voluntary Early Retirement Program				1
	$ 31	**$ 56**	**$ 87**	$ 4

Weston Foods
During the first quarter of 2005, Weston Foods announced a plan to restructure its United States biscuit operations. This plan will result in the closure of two biscuit facilities located in Elizabeth, New Jersey and Richmond, Virginia over the next 12 to 18 months. Employment at both facilities will be phased down as the majority of the production is relocated to a new facility in Virginia and an existing Weston Foods facility already operating in South Dakota. Once completed, this initiative is anticipated to result in lowering manufacturing costs and strengthening Weston Foods' competitive position within its biscuit operations in the United States. As a result of this restructuring, Weston Foods expects to recognize certain one-time exit and start-up costs of approximately $50 million over the next 12 to 18 months including employee related severance and benefit costs, production equipment relocations, training and other facility start-up related costs. In addition, Weston Foods expects to recognize accelerated depreciation on assets currently held-for-use of approximately $25 million over the next 12 to 18 months. During the first quarter of 2005, Weston Foods recognized $28 million of restructuring charges and $3 million of accelerated depreciation primarily related to this restructuring plan. Both these charges were included in restructuring and other charges in the 2005 first quarter consolidated statements of earnings.

During the first quarter of 2005, approximately $4 million of severance and other cash exit costs were paid related to restructuring activities.

Food Distribution
During the first quarter of 2005, after completion of a detailed assessment of its supply chain network, management of Loblaw approved a comprehensive plan to restructure its supply chain operations nationally. This plan is expected to reduce future operating costs, provide a smoother flow of products, better service levels to stores and further enable Loblaw to achieve its targeted operating efficiencies. The plan involves the closure of six distribution centres and the relocation of certain activities to new distribution centres. The transfer of the distribution activities of general merchandise to a new facility operated by a third party in Pickering, Ontario, is in progress and is expected to be completed in the third quarter of 2005. In addition, a new distribution centre dedicated to food distribution is expected to open in the second quarter of 2007 in Ajax, Ontario. As a result of these initiatives, it is expected that approximately 1,400 positions will be affected within the supply chain network. The restructuring plan is expected to be completed by the third quarter of 2007 and the total restructuring cost under this plan is estimated to be approximately $90 million. Of the $90 million total estimated cost, approximately $57 million is attributable to employee termination benefits which include severance and additional pension costs resulting from the termination of employees, $13 million to fixed asset impairment and accelerated depreciation of assets relating to this restructuring activity and $20 million to site closing and other costs directly attributable to the restructuring plan. In the first quarter of 2005, Loblaw recognized $51 million of restructuring costs resulting from this plan. This charge is composed of $46 million for employee termination benefits resulting from planned involuntary terminations and $5 million of other costs directly associated with these initiatives.

Loblaw is completing its plan to consolidate several administrative and operating offices from across southern Ontario to a new office facility in Brampton, Ontario and to reorganize the merchandising, procurement and operations groups including the transfer of the general merchandise operations from Calgary, Alberta to the new office facility. As a result, total estimated costs of $25 million will be incurred for costs relating to employee relocations and severance benefits, the majority of which were voluntary. The charge recorded in the first quarter of 2005 was $4 million for employee termination benefits related to voluntary termination benefits, employee outplacement assistance costs and other costs related to these activities. Loblaw expects to complete these restructuring activities by the third quarter of this year.

In addition, Food Distribution recognized fixed asset impairment charges of $1 million (2004 – $3 million) 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.

During the first quarter of 2005, approximately $2 million of severance and other cash exit costs were paid related to the above restructuring activities.

Notes to the Unaudited Interim Period Consolidated Financial Statements

3. Interest Expense and Other Financing Charges

($ millions)	12 Weeks Ended Mar. 26, 2005	Mar. 27, 2004
Interest on long term debt	**$ 94**	$ 94
Interest on financial derivative instruments	**(3)**	(7)
Other financing charges (1)	**2**	(5)
Net short term interest	**(1)**	2
Capitalized to fixed assets	**(5)**	(5)
Interest expense and other financing charges	**$ 87**	$ 79

(1) Other financing charges for the first quarter of 2005 includes a non-cash expense of $6 million related to the fair value adjustment of Weston's forward sale agreement for 9.6 million Loblaw common shares ("underlying Loblaw shares") which was entered into during 2001 and matures in 2031. The Company began to recognize this non-cash charge prospectively in interest and other financing charges during the third quarter of 2004 due to the implementation of the amendment to Emerging Issues Abstract 56 "Exchangeable Debentures" ("EIC 56"). 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 (2004 – $5 million) related to the forward accretion income net of the forward fee associated with Weston's forward sale agreement.

Net interest paid in the first quarter of 2005 was $88 million (2004 – $82 million).

4. Income Taxes

Net income taxes paid in the first quarter of 2005 were $145 million (2004 – $186 million).

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

($ millions except where otherwise indicated)	12 Weeks Ended Mar. 26, 2005	Mar. 27, 2004 restated (note 1)
Net earnings from continuing operations	**$ 101**	$ 125
Prescribed dividends on preferred shares	**(7)**	(7)
Net earnings from continuing operations available to common shareholders	**$ 94**	$ 118
Weighted average common shares outstanding (in millions)	**129.0**	129.1
Dilutive effect of stock-based compensation (in millions) (1)	**.2**	.3
Diluted weighted average common shares outstanding (in millions)	**129.2**	129.4
Basic and diluted net earnings from continuing operations per common share ($)	**$ .73**	$ .91

(1) 193,000 of stock options at an exercise price of $100.00 per common share were outstanding at the end of the first quarter of 2004 but were not recognized in the computation of diluted net earnings per common share because the options' exercise price was greater than the quarter's average market price of the common shares.

6. Discontinued Operations

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 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) from discontinued operations on the consolidated cash flow statements.

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2005**	Mar. 27, 2004
Sales	**$ 30**	$ 32
Operating loss	**1**	6
Income tax recovery		2
Loss from discontinued operations	**$ 1**	$ 4

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

	As at	
($ millions)	**Mar. 26, 2005**	Dec. 31, 2004
Current assets of operations held for sale:		
Accounts receivable	**$ 20**	$ 20
Inventories	**42**	41
Prepaid expenses and other assets	**2**	1
	$ 64	$ 62
Long term assets of operations held for sale:		
Fixed assets	**$ 10**	$ 10
Other assets	**1**	1
	$ 11	$ 11
Current liabilities of operations held for sale:		
Accounts payable and accrued liabilities	**$ 21**	$ 22

The cash flows (used in) from discontinued operations were as follows:

($ millions)	12 Weeks Ended Mar. 26, 2005	Mar. 27, 2004
Cash flows (used in) from operations	**$ (4)**	$ 9
Cash flows used in investing	**(1)**	(8)
Cash flows (used in) from discontinued operations	**$ (5)**	$ 1

7. Credit Card Receivables

During the first quarter of 2005, Loblaw, through its wholly owned subsidiary President's Choice Bank, securitized $10 million (2004 – $55 million) of credit card receivables, under its securitization program yielding a nominal loss (2004 – gain).

8. Goodwill and Intangible Assets

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

	As at Mar. 26, 2005			Dec. 31, 2004
($ millions)	**Weston Foods**	**Food Distribution**	**Total**	Total
Goodwill, beginning of year	**$ 1,203**	**$ 1,754**	**$ 2,957**	$ 2,993
Goodwill acquired during the period		**6**	**6**	51
Impact of foreign currency translation	**14**		**14**	(87)
Goodwill, end of period	**1,217**	**1,760**	**2,977**	2,957
Trademarks and brand names (1)	**487**		**487**	482
Other intangible assets	**17**		**17**	17
Goodwill and intangible assets	**$ 1,721**	**$ 1,760**	**$ 3,481**	$ 3,456

(1) Includes the positive impact of foreign currency translation of $6 million (2004 – negative impact of $38 million).

In the normal course of business, Loblaw may acquire from time to time independent franchisee stores and convert them to corporate stores. In the first quarter of 2005, Loblaw acquired 3 independent 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 and other assets principally inventory of $2 million and goodwill of $2 million for cash consideration of $3 million, net of accounts receivable due from the franchisees of $1 million.

Pursuant to the requirements of AcG 15, the consolidated balance sheet as at March 26, 2005 includes goodwill of Loblaw's independent franchisees of $4 million.

9. Employee Future Benefits

The Company's total net benefit plan cost recognized in operating income was $44 million (2004 – $49 million) for the first quarter of 2005. 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.

10. Long Term Debt

During the first quarter of 2005, Loblaw issued $300 million of 5.90% Medium Term Notes ("MTN") due 2036 and repaid the $200 million of 6.95% MTN which matured during the quarter. In addition, $53 million of the 3% Exchangeable Debentures were exchanged for Domtar Inc. common shares. A corresponding reduction in the investment in Domtar Inc. was recorded.

Pursuant to the requirements of AcG 15, the consolidated balance sheet as at March 26, 2005 includes $121 million ($25 million of which is due within one year) of loans payable of VIEs consolidated by the Company. The loans payable represent financing obtained by eligible Loblaw independent franchisees through a structure involving independent trusts to facilitate the purchase of the majority of inventory and fixed assets, consisting mainly of fixturing and equipment. The independent funding trust within the structure finances its activities through the issuance of short term asset-backed notes to third party investors. The loans payable which have an average term to maturity of 7 years, are due and payable on demand under certain predetermined circumstances and are secured through a general security agreement made by the independent franchisees in favour of the independent funding trust. Interest is charged on a floating rate basis and prepayment of the loans may be made without penalty.

As disclosed in Note 20 of the annual audited consolidated financial statements for the year ended December 31, 2004, a standby letter of credit has been provided by a major Canadian bank for the benefit of the independent funding trust equal to approximately 10% of the total principal amount of the loans outstanding at any point in time. Loblaw has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit. In the event of default by an independent franchisee the independent funding trust may assign the loan to Loblaw and draw upon the standby letter of credit. No amount has ever been drawn on the standby letter of credit.

11. Share Capital

Preferred Shares, Series III (authorized – unlimited) ($)

Subsequent to the end of the first quarter of 2005, Weston filed a new base shelf prospectus under which it may issue Preferred Shares and MTN in an aggregate amount not to exceed $1 billion. In addition, Weston issued 8.0 million 5.20% Preferred Shares, Series III for $25.00 per share for net proceeds of $194 million which entitle the holder to a fixed cumulative preferred cash dividend of $1.30 per share per annum. On or after July 1, 2010, Weston may, at its option, redeem for cash in whole or in part these outstanding preferred shares as follows:

On or after July 1, 2010 at $26.00 per share
On or after July 1, 2011 at $25.75 per share
On or after July 1, 2012 at $25.50 per share
On or after July 1, 2013 at $25.25 per share
On or after July 1, 2014 at $25.00 per share

At any time after issuance, Weston may, at its option, give the holder of these preferred shares the right, at the option of the holder, to convert their shares into preferred shares of a further series designated by Weston on a share-for-share basis on a date specified by Weston.

12. Stock-Based Compensation

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

	12 Weeks Ended	
($ millions)	**Mar. 26, 2005**	Mar. 27, 2004
Stock option plans/share appreciation right plan/restricted share units plan expense (income)	**$ 7**	$ (20)
Equity derivatives loss	**1**	32
Net stock-based compensation cost	**$ 8**	$ 12

During the first quarter of 2005, Weston issued 124,647 (2004 – 5,604) common shares for cash consideration of $5 million (2004 – $.3 million) on the exercise of stock options and paid the share appreciation value of $6 million (2004 – $3 million) on the exercise of 146,530 (2004 – 75,755) stock options and share appreciation rights. In addition, 2,000 (2004 – 28,360) stock options and share appreciation rights were forfeited or cancelled during the first quarter of 2005. Loblaw issued 25,000 common shares for cash consideration of $0.9 million on the exercise of stock options for which it had recorded a stock-based compensation liability of $1 million and paid the share appreciation value of $25 million (2004 – $10 million) on the exercise of 670,445 (2004 – 349,231) stock options. In addition, 17,762 (2004 – 20,585) of Loblaw's stock options were forfeited or cancelled during the first quarter. In the first quarter of 2005, Loblaw granted 2,152,252 stock options with a weighted average exercise price of $69.63 per common share under its existing stock option plan to 231 employees.

At the end of the first quarter of 2005, a total of 1,405,995 (2004 – 1,895,375) stock options and share appreciation rights were outstanding, which represented approximately 1.1% (2004 – 1.5%) of Weston's issued and outstanding common shares and was within the Company's guideline of 5%.

Restricted Share Unit ("RSU") Plan

Weston and Loblaw each adopted a RSU plan for certain 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 Weston or Loblaw common share at the time of grant. Each RSU entitles the participant to receive a cash payment in the third calendar year following the applicable Award Date and in the amount calculated with reference to the trading price of a Weston or Loblaw common share on the Toronto Stock Exchange. Each RSU will be paid out no later than December 30 of that year.

Compensation cost is recorded in operating income for each RSU granted equal to the market value of a Weston or Loblaw common share at the Award Date prorated over the vesting period and is adjusted for changes in the market value until the vesting date. The cumulative effect of the change in market value is recognized in the period of change.

In the first quarter of 2005, Loblaw granted 376,645 RSUs to 231 employees.

13. Financial Instruments

During the first quarter of 2005, Weston terminated its interest rate swaps with a notional value of $200 million which were designated as a fair value hedge of the $200 million of 5.05% MTN due 2014. The gain realized on the termination of these swaps of $5 million, will be deferred over the remaining term of the initial hedge and recognized in interest expense and other financing charges.

14. 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 2004 Annual Report. The Company measures each segment's performance based on operating income. No segment is reliant on any single external customer.

($ millions)	12 Weeks Ended Mar. 26, 2005	Mar. 27, 2004 restated (note 1)
Sales		
Weston Foods	**$ 1,027**	$ 1,038
Food Distribution	**6,124**	5,677
Intersegment	**(179)**	(164)
Consolidated	**$ 6,972**	$ 6,551
Operating Income (1)		
Weston Foods	**$ 35**	$ 47
Food Distribution	**257**	303
Consolidated	**$ 292**	$ 350

(1) 2005 operating income includes restructuring and other charges of $87 (2004 – $4) made up of a $31 charge recognized by Weston Foods and $56 (2004 – $4) recognized by Food Distribution.

Corporate Profile

George Weston Limited ("Weston") is a Canadian public company founded in 1882 and through its operating subsidiaries constitutes one of North America's largest food processing and distribution groups. Weston has two reportable operating segments: Weston Foods and Food Distribution, which is operated by Loblaw Companies Limited ("Loblaw"). The Weston Foods operating segment is primarily engaged in the baking and dairy industries within North America. Loblaw, the largest food distributor in Canada, concentrates on food retailing while increasing its offering of general merchandise products and services. Weston also operates a Fisheries segment, which is now reported as a discontinued operation.

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, Investor Relations and Public Affairs at the Company's Executive Office or by e-mail at investor@weston.ca.

Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR). The Company holds an analyst call shortly following the release of its quarterly results, which is broadcast live on the Company's website. These calls are archived in the Investor Zone section of the Company's website.

This Quarterly Report includes selected information on Loblaw Companies Limited, a 62%-owned public reporting company with shares trading on the Toronto Stock Exchange.

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