NEWS RELEASE

George Weston Limited Announces Preliminary Unaudited Financial Results for the 2005 Fourth Quarter and Fiscal Year Ended December 31, 2005.

TORONTO, ONTARIO February 14, 2006 George Weston Limited (WN.TO) ("Weston" or the "Company") today reported fourth quarter 2005 basic net earnings per common share from continuing operations of $1.78, an increase of 54.8% compared to $1.15 in 2004. On a year-to-date basis, basic net earnings per common share from continuing operations were $5.25, an increase of 16.9% compared to $4.49 in 2004. Basic net earnings per common share from continuing operations included the net positive impact of $0.23 per common share for the fourth quarter and the net negative impact of $0.39 per common share on a year-to-date basis as a result of the following factors:

- a $0.02 per common share charge for the quarter and a $0.42 per common share charge year-to-date related to restructuring and other charges for restructuring plans undertaken by both Weston Foods and Loblaw Companies Limited ("Loblaw");
- a $0.03 per common share charge for the quarter and a $0.09 per common share charge year-to-date related to Loblaw's estimated impact of direct costs associated with supply chain disruptions;
- a $0.31 per common share charge for the quarter and a $0.46 per common share charge year-to-date for the net effect of stock-based compensation and the associated equity derivatives;
- a $0.14 per common share charge year-to-date related to Loblaw's estimate of Goods and Services Tax ("GST") and provincial sales tax ("PST") charges;
- $0.63 per common share non-cash income for the quarter and $0.77 per common share non-cash income year-to-date related to the accounting for Weston's 2001 forward sale agreement of 9.6 million Loblaw common shares which is offset on an economic basis;
- a $0.02 per common share charge for the quarter and year-to-date related to the adjustment to future income tax balances due to the changes in statutory income tax rates in certain Canadian provinces; and
- a $0.02 per common share charge for the quarter and a $0.03 per common share charge year-to-date related to the consolidation of variable interest entities by Loblaw.

After adjusting for the above noted items, Weston's 2005 adjusted basic net earnings per common share from continuing operations[1] were $1.55 for the fourth quarter and $5.64 year-to-date. These results compare to 2004 adjusted basic net earnings per common share from continuing operations[1] of $1.81 and $5.50 on a quarter and year-to-date basis respectively, which were adjusted for the net negative impact of restructuring and other charges, stock-based compensation and the associated equity derivatives, the accounting for Weston's 2001 forward sale agreement of Loblaw common shares and Loblaw's successful resolution in the first quarter of 2004 of certain income tax matters from a previous year. Adjusted basic net earnings per common share from continuing operations[1] for the fourth quarter of 2005 decreased 14.4% compared to 2004 and increased 2.5% on a year-to-date basis, both adversely affected by the short-term financial costs associated with the significant transformational initiatives at Loblaw.

[1] See non-GAAP Financial Measures section included in this News Release.

OUTLOOK

The outlook for 2006 for Weston Foods is for continued growth in sales as a result of continued volume, price and product mix improvements. Operating income growth is expected to continue, with operating margins being pressured by underlying cost inflation, particularly with respect to certain materials, energy and people related benefits costs.

Loblaw continues to expect that the negative impact of its transformative process will be absorbed by the end of the second quarter of 2006. This includes an anticipated decline in adjusted basic net earnings per common share in the first quarter of 2006 compared to the same period in 2005. This decline is expected to be consistent with the relative decline in adjusted basic net earnings per common share[1], experienced in the fourth quarter of 2005. Loblaw expects that adjusted basic net earnings per common share performance will improve during the second half of 2006. Further information on Loblaw's outlook can be found at www.loblaw.com.

Loblaw remains confident that its strategic plan is appropriate given the increased competitive landscape. It believes that the transformation will provide the benefits of being a national organization while operating locally in each community. Loblaw expects these initiatives will better position Loblaw to meet the food and everyday household needs of Canadian consumers, and make Loblaw more aligned, streamlined and efficient so that it can continue to offer customers the best value in the form of lower prices and better service.

The consolidated results continue to reflect the transformational changes undertaken by both the Weston Foods and Loblaw operating businesses in order to position them for strong growth in the future.

FINANCIAL HIGHLIGHTS[2]

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2005**	Dec. 31, 2004	**Dec. 31, 2005**	Dec. 31, 2004
Operating Results				
Sales	**$ 7,381**	$ 7,072	**$ 31,363**	$ 29,798
Sales excluding impact of VIEs[1]	**7,294**	7,072	**30,985**	29,798
Adjusted EBITDA[1]	**669**	733	**2,552**	2,519
Operating income	**440**	524	**1,634**	1,782
Adjusted operating income[1]	**509**	584	**1,894**	1,901
Interest expense and other charges	**(47)**	164	**187**	438
Net earnings from continuing operations	**240**	154	**716**	606
Cash Flow				
Cash flows from operating activities	**902**	1,017	**1,812**	1,576
Capital investment	**390**	373	**1,358**	1,425
Per Common Share ($)				
Basic net earnings from continuing operations	**1.78**	1.15	**5.25**	4.49
Adjusted basic net earnings from continuing operations[1]	**1.55**	1.81	**5.64**	5.50
Financial Ratios				
Adjusted EBITDA margin[1]	**9.2%**	10.4%	**8.2%**	8.5%
Adjusted operating margin[1]	**7.0%**	8.3%	**6.1%**	6.4%
Return on average total assets[1]			**10.0%**	11.5%
Return on average shareholders' equity			**16.7%**	14.8%
Net debt[1] to equity			**1.02:1**	1.26:1

[1] See Non-GAAP Financial Measures section included in this News Release.
[2] Glossary of Terms used throughout this News Release can be found on page 98 of Weston's 2004 Annual Report.

SALES AND SALES GROWTH EXCLUDING THE IMPACT OF VIES[1]

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Total sales	**$ 7,381**	$ 7,072	**$ 31,363**	$ 29,798
Less: Sales attributable to the consolidation of VIEs pursuant to AcG 15	**(87)**		**(378)**	
Sales excluding the impact of VIEs[1]	**$ 7,294**	$ 7,072	**$ 30,985**	$ 29,798
Total sales growth	**4.4%**		**5.3%**	
Less: Positive impact on sales growth of sales attributable to the consolidation of VIEs pursuant to AcG 15	**(1.3%)**		**(1.3%)**	
Sales growth excluding the impact of VIEs[1]	**3.1%**		**4.0%**	

ADJUSTED OPERATING INCOME[1]

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Operating income	**$ 440**	$ 524	**$ 1,634**	$ 1,782
Add (deduct) impact of the following:				
Restructuring and other charges	**7**	77	**118**	122
Direct costs associated with supply chain disruptions	**10**		**30**	
Goods and Services Tax and provincial sales taxes			**40**	
Net effect of stock-based compensation and the associated equity derivatives	**48**	(17)	**72**	(3)
Variable interest entities	**4**			
Adjusted operating income[1]	**$ 509**	$ 584	**$ 1,894**	$ 1,901

ADJUSTED EBITDA[1]

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Adjusted operating income[1]	**$ 509**	$ 584	**$ 1,894**	$ 1,901
Add (deduct) impact of the following:				
Depreciation and amortization	**168**	149	**684**	618
VIE depreciation and amortization	**(8)**		**(26)**	
Adjusted EBITDA[1]	**$ 669**	$ 733	**$ 2,552**	$ 2,519

[1] See Non-GAAP Financial Measures section included in this News Release.

ADJUSTED BASIC NET EARNINGS PER COMMON SHARE FROM CONTINUING OPERATIONS[1]

	Quarters Ended		Years Ended	
($)	**Dec. 31, 2005**	Dec. 31, 2004	**Dec. 31, 2005**	Dec. 31, 2004
Basic net earnings per common share from continuing operations	**$ 1.78**	$ 1.15	**$ 5.25**	$ 4.49
Add (deduct) impact of the following:				
Restructuring and other charges	**0.02**	0.37	**0.42**	0.58
Direct costs associated with supply chain disruptions	**0.03**		**0.09**	
Goods and Services Tax and provincial sales taxes			**0.14**	
Net effect of stock-based compensation and the associated equity derivatives	**0.31**	(0.13)	**0.46**	(0.01)
Accounting for Loblaw forward sale agreement	**(0.63)**	0.42	**(0.77)**	0.51
Changes in statutory income tax rates in certain provinces	**0.02**		**0.02**	
Resolution of certain income tax matters				(0.07)
Variable interest entities	**0.02**		**0.03**	
Adjusted basic net earnings per common share from continuing operations[1]	**$ 1.55**	$ 1.81	**$ 5.64**	$ 5.50

PERFORMANCE OVERVIEW

Sales for the fourth quarter increased 4.4% to $7.4 billion, with a positive impact of approximately 1.3% from the consolidation of certain Loblaw independent franchisees pursuant to new accounting standards implemented in the first quarter of 2005. On a year-to-date basis, sales increased 5.3% to $31.4 billion with a negative impact on sales growth due to foreign currency translation of approximately 0.7% and the positive impact of approximately 1.3% from the consolidation of certain Loblaw independent franchisees.

Operating income of $440 million for the fourth quarter of 2005 compared to $524 million in 2004, a decline of 16.0%. Adjusting for the net negative impact of the items described above, adjusted operating income[1] for the fourth quarter of 2005 was $509 million compared to $584 million in 2004, a decline of 12.8%. On a year-to-date basis, operating income of $1,634 million for 2005 compared to $1,782 million in 2004, a decline of 8.3%. Adjusting for the net negative impact of the items described above, adjusted operating income[1] for 2005 on a year-to-date basis was $1,894 million compared to $1,901 million in 2004, a decline of 0.4%. Consolidated adjusted operating margin[1] for the fourth quarter of 2005 was 7.0% compared to 8.3% in 2004 and was 6.1% compared to 6.4% on a year-to-date basis, both adversely affected by the short term financial costs associated with the significant transformational initiatives at Loblaw.

Interest expense and other financing charges for the fourth quarter of 2005 decreased $211 million resulting in interest income of $47 million from a charge of $164 million in 2004 and on a year-to-date basis, decreased $251 million to a charge of $187 million from $438 million in 2004, primarily as a result of non-cash income of $122 million (2004 – non-cash charge of $83 million) for the fourth quarter and non-cash income of $150 million (2004 – non-cash charge of $101 million) on a year-to-date basis, reflecting the accounting for the forward sale agreement of Loblaw common shares.

The effective income tax rate increased to 34.9% from 21.4% in the fourth quarter of 2004 and increased to 30.6% from 27.4% on a year-to-date basis, primarily due to the change in the proportion of taxable income across the different tax jurisdictions in which the Company operates, resulting mainly from the income tax impact of stock-based compensation and the associated equity derivatives. In addition the successful resolution of certain previous year's income tax matters by Loblaw reduced income tax expense in the first quarter of 2004 by $14 million.

[1] See Non-GAAP Financial Measures section included in this News Release.

The Company's net debt[1] to equity ratio at the end of 2005 was 1.02:1 compared to 1.26:1 at year end 2004. The change in this ratio in 2005 from year end 2004 resulted primarily from the following:

- the increase in shareholders' equity due to net earnings;
- lower net debt;
- the issuance of preferred shares by Weston; offset by
- the negative impact on shareholders' equity of translating the Company's investment in self-sustaining foreign operations in the United States due to the appreciation of the Canadian dollar relative to the United States dollar since year end 2004.

Fourth quarter cash flows from operating activities of continuing operations were $902 million compared to $1,017 million in the comparable period of 2004. Cash flow from operating activities of continuing operations for the year has improved to $1.8 billion in 2005, up from $1.6 billion last year. This supports the $1.4 billion capital investment activity as the Company continues its commitment to maintain and renew its asset base and invest for growth across North America. Capital investment for the fourth quarter amounted to $390 million (2004 – $373 million) and $1,358 million year-to-date (2004 – $1,425 million). New Loblaw retail stores account for the significant portion of this investment.

The Company's return on average total assets[1] for 2005 of 10.0% was lower than the 2004 return of 11.5%. This return was negatively impacted in 2005 by the incremental costs and charges recorded in operating income as outlined above. The Company's return on average common shareholders' equity for 2005 was 16.7% compared to the 2004 return of 14.8%. This return was positively impacted in 2005 by the lower interest expense and other financing charges due to the non-cash income of $150 million (2004 – non-cash charge of $101 million) reflecting the accounting for the forward sale agreement of Loblaw common shares, partially offset by the incremental costs and charges recorded in operating income as outlined above.

OPERATING SEGMENTS

The Company's consolidated sales and operating income were impacted by each of its reportable operating segments as follows:

WESTON FOODS
FISCAL 2005 OPERATING HIGHLIGHTS

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2005**	Dec. 31, 2004	**Dec. 31, 2005**	Dec. 31, 2004
Operating Results				
Sales	**$ 980**	$ 916	**$ 4,376**	$ 4,335
Adjusted EBITDA[1]	**98**	96	**428**	401
Operating income	**48**	(4)	**241**	138
Adjusted operating income[1]	**70**	64	**302**	256
Financial Ratios				
Adjusted EBITDA margin[1]	**10.0%**	10.5%	**9.8%**	9.3%
Adjusted operating margin[1]	**7.1%**	7.0%	**6.9%**	5.9%

[1] See Non-GAAP Financial Measures section included in this News Release.

ADJUSTED OPERATING INCOME[1]

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Operating income	**$ 48**	$ (4)	**$ 241**	$ 138
Add (deduct) impact of the following:				
Restructuring and other charges	**1**	77	**32**	121
Net effect of stock-based compensation and the associated equity derivatives	**21**	(9)	**29**	(3)
Adjusted operating income[1]	**$ 70**	$ 64	**$ 302**	$ 256

ADJUSTED EBITDA[1]

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Adjusted operating income[1]	**$ 70**	$ 64	**$ 302**	$ 256
Depreciation and amortization	**28**	32	**126**	145
Adjusted EBITDA[1]	**$ 98**	$ 96	**$ 428**	$ 401

Sales for the fourth quarter of 2005 increased 7.7% but were offset by the negative impact of foreign currency translation, which reduced Weston Foods sales growth by approximately 0.7% and resulted in reported sales of $1.0 billion, an increase of 7.0% as compared to 2004. On a year-to-date basis, sales increased 6.0% for 2005 but were offset by the negative impact of foreign currency translation, which reduced Weston Foods sales growth by approximately 5.1% and resulted in reported sales of $4.4 billion, an increase of 0.9% as compared to 2004. Sales growth for 2005 was also impacted by the following:

- overall volume growth of approximately 2.8% for the fourth quarter and 3.0% on a year-to-date basis. The acquisition of Boulangeries Gadoua Limited (“Gadoua”) represented 1.6% of the year-to-date volume growth;
- price increases in key product categories combined with changes in sales mix contributed positively to sales growth by approximately 4.9% for the fourth quarter of 2005 and 3.0% on a year-to-date basis;
- fresh bakery sales continued to experience strong growth and contributed positively to overall sales growth during the quarter and year-to-date, driven by both volume growth and price increases. Volume growth during the quarter was experienced in branded products including solid growth in *Thomas’*, *Arnold* and *Dutch Country* in the United States and *Wonder* and *Country Harvest* in Canada. The introduction of new and expanded products, continued growth in whole grain products and new private label business also contributed to fresh bakery sales growth during the quarter;
- sales in the fresh-baked sweet goods category, primarily sold under the *Entenmann’s* brand, increased during the fourth quarter as compared to last year but declined slightly year-to-date as this category continued to experience a challenging sales environment during the year. Growth in single serve and hand held products, including the introduction of *Enten-minis* products during the second half of 2005, was offset by the decline in full size cake products;
- frozen bakery sales contributed positively to overall sales growth for both the quarter and year-to-date as a result of improvements in sales mix and price increases;
- dairy sales contributed positively to overall sales growth for both the quarter and year-to-date as a result of volume growth, sales price increases and the improvement in sales mix as growth continued in value-added products;
- the biscuit category negatively impacted overall sales growth for both the quarter and year-to-date primarily due to lower sales volumes; and
- sales growth in 2005 for Weston Foods was negatively impacted by the cycling of the launch of several low-carb products during 2004 across several categories.

[1] See Non-GAAP Financial Measures section included in this News Release.

Operating income for the fourth quarter of 2005 was $48 million compared to an operating loss of $4 million in 2004. Adjusting for the net negative impact of restructuring and other charges and stock-based compensation net of the associated equity derivatives, adjusted operating income[1] for the fourth quarter of 2005 was $70 million, an increase of 9.4% compared to $64 million in 2004. Adjusted operating margin[1] and adjusted EBITDA margin[1] for the fourth quarter of 2005 were 7.1% and 10.0%, respectively (2004 – 7.0% and 10.5%). On a year-to-date basis, 2005 operating income of $241 million increased 74.6% from $138 million in 2004. Adjusting for the net negative impact of restructuring and other charges and stock-based compensation net of the associated equity derivatives, adjusted operating income[1] for 2005 was $302 million, an increase of 18.0% from $256 million in 2004. Adjusted operating margin[1] and adjusted EBITDA margin[1] for 2005 were 6.9% and 9.8%, respectively (2004 – 5.9% and 9.3%). Adjusted operating income[1] for the fourth quarter and year-to-date 2005 were impacted by the following:

- foreign currency translation did not have a significant impact on the fourth quarter adjusted operating income growth[1], however, negatively impacted adjusted operating income[1] growth on a year-to-date basis by approximately 5.2%;
- operating income and margin for the fourth quarter and year-to-date 2005 were positively impacted by sales growth, including volume, price and sales mix improvements, and by the benefits realized from the restructuring and cost reduction activities initiated in 2004 and 2005;
- inflationary cost pressures, related to certain key ingredients and packaging costs, as well as higher energy and employee health related benefit costs, continue to challenge Weston Foods operating income and margin growth; and
- during the fourth quarter of 2005, Weston Foods incurred approximately $4 million of training and other facility start-up related costs primarily associated with the new biscuit facility in Virginia, resulting from the ongoing plan to restructure the United States biscuit operations, and the investment in a new fresh bakery facility in Florida. These start-up related costs were not included in restructuring and other charges in the preliminary unaudited consolidated statements of earnings. As anticipated, Weston Foods expects to incur further start-up related costs during the first half of 2006 as the ongoing plan to restructure its United States biscuit operations is completed.

As previously discussed, Weston Foods approved several restructuring plans in 2005. The significant restructuring activities in 2005 were:

- the plan to restructure its United States biscuit operations, which will result in the closure of two biscuit facilities located in Elizabeth, New Jersey and Richmond, Virginia by the end of 2006 with the majority of the production relocated to a new facility in Virginia and an existing Weston Foods facility already operating in South Dakota;
- plans to exit certain bread and roll manufacturing lines in the United States. All production associated with these lines was transferred to third party producers or other Weston Foods manufacturing facilities and was completed by the end of fiscal 2005; and
- plans to consolidate and relocate certain of its administrative offices within North America anticipated to be completed by the end of 2006.

During the fourth quarter of 2005, Weston Foods recognized $1 million of restructuring and other charges in connection with these restructuring plans. On a year-to-date basis for 2005, Weston Foods recognized $29 million of restructuring charges, $21 million of accelerated depreciation and a gain of $18 million related to the sale and leaseback of the two biscuit facilities to be closed during 2006 pursuant to these restructuring plans. The restructuring charges, accelerated depreciation and gain discussed above were included in restructuring and other charges in the 2005 preliminary unaudited consolidated statements of earnings.

Further information on Weston Foods restructuring and other charges is provided in Note 2 to the preliminary unaudited consolidated financial statements.

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 continues to focus on 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.

[1] See Non-GAAP Financial Measures section included in this News Release.

FOOD DISTRIBUTION (OPERATED BY LOBLAW)
FISCAL 2005 OPERATING HIGHLIGHTS

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Operating Results				
Sales	**$ 6,588**	$ 6,329	**$ 27,801**	$ 26,209
Sales excluding impact of VIEs[1]	**6,501**	6,329	**27,423**	26,209
Adjusted EBITDA[1]	**571**	637	**2,124**	2,118
Operating income	**392**	528	**1,393**	1,644
Adjusted operating income[1]	**439**	520	**1,592**	1,645
Financial Ratios				
Adjusted EBITDA margin[1]	**8.8%**	10.1%	**7.7%**	8.1%
Adjusted operating margin[1]	**6.8%**	8.2%	**5.8%**	6.3%

SALES AND SALES GROWTH EXCLUDING THE IMPACT OF VIES[1]

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Total sales	**$ 6,588**	$ 6,329	**$ 27,801**	$ 26,209
Less: Sales attributable to the consolidation of VIEs pursuant to AcG 15	**(87)**		**(378)**	
Sales excluding the impact of VIEs[1]	**$ 6,501**	$ 6,329	**$ 27,423**	$ 26,209
Total sales growth	**4.1%**		**6.1%**	
Less: Positive impact on sales growth of sales attributable to the consolidation of VIEs pursuant to AcG 15	**(1.4%)**		**(1.5%)**	
Sales growth excluding the impact of VIEs[1]	**2.7%**		**4.6%**	

ADJUSTED OPERATING INCOME[1]

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Operating income	**$ 392**	$ 528	**$ 1,393**	$ 1,644
Add (deduct) impact of the following:				
Restructuring and other charges	**6**		**86**	1
Direct costs associated with supply chain disruptions	**10**		**30**	
Goods and Services Tax and provincial sales taxes			**40**	
Net effect of stock-based compensation and the associated equity derivatives	**27**	(8)	**43**	
Variable interest entities	**4**			
Adjusted operating income[1]	**$ 439**	$ 520	**$ 1,592**	$ 1,645

ADJUSTED EBITDA[1]

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Adjusted operating income[1]	**$ 439**	$ 520	**$ 1,592**	$ 1,645
Add (deduct) impact of the following:				
Depreciation and amortization	**140**	117	**558**	473
VIE depreciation and amortization	**(8)**		**(26)**	
Adjusted EBITDA[1]	**$ 571**	$ 637	**$ 2,124**	$ 2,118

[1] See Non-GAAP Financial Measures section included in this News Release.

Loblaw sales for the fourth quarter increased 4.1% or $259 million to $6.6 billion from the $6.3 billion reported in the fourth quarter of 2004, including an increase of 1.4% or $87 million related to the consolidation of certain independent franchisees pursuant to new accounting standards implemented in the first quarter of 2005. For the full year, sales of $27.8 billion were 6.1% ahead of last year, including an increase of 1.5% or $378 million in sales relating to the consolidation of certain independent franchisees.

Sales continued to be negatively impacted by the supply chain disruptions which started earlier in the year. Some improved stability has been realized lately but significant improvements will not be felt until mid-2006. The Real Canadian Superstore program has been very positively received in Ontario and has enjoyed very significant growth on both an absolute and same-store basis.

Same-store sales declined approximately 0.7% during the quarter and increased approximately 0.2% year-to-date. Expected sales growth was also negatively impacted by approximately 0.9% to 1.2% for the quarter or 0.5% to 0.7% year-to-date due to supply chain disruptions and a drop in service levels.

National food price inflation as measured by "The Consumer Price Index for Food Purchased from Stores" ("CPI") was approximately 1% for the quarter and 2% for the full year, with variances by region. Loblaw's calculation of food price inflation, which considers Loblaw specific product mix and pricing strategy was reasonably consistent with that of CPI.

During 2005, net retail square footage increased 2.8 million square feet or 6.1% due to the opening of 69 new corporate and franchised stores and the closure of 57 stores, inclusive of stores which have undergone conversions and major expansions. During the fourth quarter of 2005, 17 new corporate and franchised stores were opened and 9 stores were closed, resulting in a net increase of 0.8 million square feet or 1.6%.

Operating income for the fourth quarter decreased $136 million or 25.8% from last year, to $392 million. Operating margin declined to 6.0% from 8.3% in the comparable period of 2004. For the quarter, operating income included a $6 million charge for restructuring and other charges and incremental direct costs of approximately $10 million related to the handling, storage and movement of inventory caused by the supply chain disruptions. A charge of $27 million related to stock-based compensation net of the impact of the associated equity forwards was also recorded in the fourth quarter and compared to $8 million income last year. These items, in addition to the VIE impact, accounted for a decline in operating margin of approximately 0.8 of a percentage point.

Operating income for the full year decreased $251 million, or 15.3%, to $1.4 billion, and resulted in an operating margin of 5.0% as compared to 6.3% in the corresponding period in 2004. During the full year, Loblaw recorded restructuring and other charges of $86 million of which $62 million was related to the supply chain network reorganization and $24 million related to the office move and reorganization of the operation support functions, $40 million of GST and PST related charges, approximately $30 million of direct costs related to the supply chain disruptions, and $43 million of stock-based compensation expense net of the impact of the related equity forwards. These items in aggregate accounted for a decline in operating margin of approximately 0.8 of a percentage point when compared to last year.

Higher direct and indirect operating costs resulting from the supply chain disruptions have been significant during the last two quarters of 2005. While it is possible to quantify the direct costs at approximately $10 million for the quarter, the indirect cost of lost sales, poor service levels and resultant higher operating costs were difficult to quantify. Inventory shrink in the general merchandise categories has been higher than normal throughout the year and showed some progress back to normal levels in the fourth quarter. Loblaw has also incurred higher than anticipated start up costs associated with the introduction of general merchandise into Eastern Canada. As volume continues to grow operating costs as a percentage of sales are expected to improve.

Results for the fourth quarter of 2005 and for the year were adversely affected by the short term financial costs associated with the significant transformational initiatives at Loblaw. The need for this transformative process was driven by Loblaw's assessment of a fast-changing retail environment marked by increased consumer choice, low-cost global retailers, and the addition of an increasingly unsustainable amount of industry square footage.

Based on this assessment, Loblaw developed a comprehensive strategy designed to fortify its competitive position and to maintain its leadership role in meeting the food and everyday household wants and needs of Canadian consumers. In pursuit of this strategy, Loblaw implemented a number of significant changes to its organization during 2005. The elements of this transformation have been outlined on previous occasions.

As has also been previously disclosed, Loblaw encountered certain challenges during the execution of planned changes to its systems, supply chain and general merchandise areas. These delays have, among other things, disrupted the flow of inventory to Loblaw's stores and caused Loblaw to incur additional operating costs. Loblaw has previously stated that these problems would adversely affect sales and earnings in the short term, including a tough fourth quarter from an earnings standpoint and a very soft fourth quarter from a sales standpoint. Loblaw has indicated that it is prepared to incur these short term consequences in order to realize the long term benefits associated with its strategic transformation.

FORWARD-LOOKING STATEMENTS

This News Release for George Weston Limited and its subsidiaries, 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. These forward-looking statements include preliminary results for its fourth quarter and fiscal year 2005. 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 guarantees, 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 availability and cost of raw materials and ingredients, fuel and utilities, the ability to realize anticipated cost savings including those resulting from restructuring and other cost reduction initiatives, 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, changes in the Company's tax liabilities, either through changes in tax laws or future assessments, 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. The Company cautions that this list of factors is not exhaustive. These factors and other risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including in the Operating and Financial Risks and Risk Management sections of the Management's Discussion and Analysis ("MD&A") included in the Company's 2004 Annual Report. 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 News Release, are made only as of the date of this News Release and the Company does not undertake to publicly update these forward-looking statements to reflect new information, future events or otherwise.

2005 Annual Report

Weston's audited consolidated financial statements for the year ended December 31, 2005 will be available on or before March 31, 2006. The MD&A for the year ended December 31, 2005, will include further discussion and analysis of fourth quarter events or items that affected results of operations, financial position and cash flows. Both documents will be contained in Weston's 2005 Annual Report and will be available in the Investor Zone section of Weston's website at www.weston.ca, or on the Canadian Securities Administrators' website at www.sedar.com.

Certification of Results

Weston plans to file certification of the year-end results concurrent with the filing of the Annual Report, in compliance with the requirements outlined in Multilateral Instrument 52-109 of the Canadian Securities Administrators.

Non-GAAP Financial Measures

The Company reports its financial results in accordance with Canadian generally accepted accounting principles ("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 News Release 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.

Adjusted Basic Net Earnings per Common Share from Continuing Operations, Adjusted Operating Income and Margin, and Adjusted EBITDA and Margin The Company uses adjusted basic net earnings per common share from continuing operations and adjusted operating income to measure the performance of its ongoing operations. The Company uses adjusted EBITDA to measure the performance of ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program. A reconciliation of adjusted basic net earnings per common share from continuing operations, adjusted operating income and adjusted EBITDA to Canadian GAAP financial measures is included in the "*Financial and Operating Highlights*" sections in this News Release. Items listed in the reconciliations are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends. The exclusion of these items does not imply they are non-recurring.

In addition, adjusted operating margin is calculated as adjusted operating income divided by sales excluding the impact of VIEs and adjusted EBITDA margin is calculated as adjusted EBITDA divided by sales excluding the impact of VIEs.

Sales and Sales Growth Excluding the Impact of VIEs These financial measures exclude the impact of the increase in sales from the consolidation by the Company of Loblaw independent franchisees which resulted from the implementation of AcG 15 retroactively without restatement effective January 1, 2005. These sales are excluded because they affect the comparability of the financial results and could potentially distort the analysis of trends. A reconciliation of the financial measures to the Canadian GAAP financial measures is included in the table "*Sales and Sales Growth Excluding the Impact of VIEs"* contained in this News Release.

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 preliminary unaudited consolidated balance sheets as at:

($ millions)	**Dec. 31, 2005**	Dec. 31, 2004
Bank indebtedness	**$ 113**	$ 123
Commercial paper	**498**	840
Short term bank loans	**138**	102
Long term debt due within one year	**361**	222
Long term debt	**5,913**	6,004
Less:		
Cash and cash equivalents	**1,540**	1,008
Short term investments	**50**	388
Net debt	**5,433**	5,895
Less: Exchangeable debentures	**225**	373
Net debt excluding exchangeable debentures	**$ 5,208**	$ 5,522

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 preliminary unaudited consolidated balance sheets as at:

($ millions)	**Dec. 31, 2005**	Dec. 31, 2004[3]
Total assets	**$ 18,593**	$ 17,769
Less:		
Cash and cash equivalents	**1,540**	1,008
Short term investments	**50**	388
Current assets held for sale		62
Long term assets held for sale	**12**	11
Domtar investment	**220**	365
Total assets	**$ 16,771**	$ 15,935

[3] Certain prior year's information was reclassified to conform with current year's presentation.

CONSOLIDATED STATEMENTS OF EARNINGS

(unaudited)

($ millions except where otherwise indicated)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Sales	**$ 7,381**	$ 7,072	**$ 31,363**	$ 29,798
Operating Expenses				
Cost of sales, selling and administrative expenses	**6,766**	6,322	**28,887**	27,276
Depreciation and amortization	**168**	149	**684**	618
Restructuring and other charges (note 2)	**7**	77	**118**	122
Goods and Services Tax and provincial sales taxes (note 14)			**40**	
	6,941	6,548	**29,729**	28,016
Operating Income	**440**	524	**1,634**	1,782
Interest Expense and Other Financing Charges (note 3)	**(47)**	164	**187**	438
Earnings from Continuing Operations Before the Following:	**487**	360	**1,447**	1,344
Income Taxes (note 4)	**170**	77	**443**	368
	317	283	**1,004**	976
Minority Interest	**77**	129	**288**	370
Net Earnings from Continuing Operations	**240**	154	**716**	606
Discontinued Operations (note 6)	**9**	(155)	**(18)**	(178)
Net Earnings (Loss)	**$ 249**	$ (1)	**$ 698**	$ 428
Net Earnings (Loss) per Common Share ($) - Basic				
Continuing Operations (note 5)	**$ 1.78**	$ 1.15	**$ 5.25**	$ 4.49
Discontinued Operations	**$ 0.07**	$ (1.20)	**$ (0.14)**	$ (1.38)
Net Earnings (Loss)	**$ 1.85**	$ (0.05)	**$ 5.11**	$ 3.11
Net Earnings (Loss) per Common Share ($) - Diluted				
Continuing Operations (note 5)	**$ 1.78**	$ 1.14	**$ 5.25**	$ 4.48
Discontinued Operations	**$ 0.07**	$ (1.20)	**$ (0.14)**	$ (1.38)
Net Earnings (Loss)	**$ 1.85**	$ (0.06)	**$ 5.11**	$ 3.10

See accompanying notes to the preliminary unaudited consolidated financial statements.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(unaudited)

($ millions except where otherwise indicated)	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Retained Earnings, Beginning of Period	**$ 4,170**	$ 4,013
Impact of implementing new accounting standard (note 1)	**(18)**	
Retained Earnings, Beginning of Period as Restated	**$ 4,152**	$ 4,013
Net earnings	**698**	428
Premium on common shares purchased for cancellation		(58)
Dividends declared		
Per common share – $1.44 (2004 – $1.44)	**(186)**	(186)
Per preferred share – Series I – $1.45 (2004 – $1.45)	**(13)**	(13)
– Series II – $1.29 (2004 – $1.29)	**(14)**	(14)
– Series III – $0.92	**(7)**	
– Series IV – $0.54	**(5)**	
Retained Earnings, End of Period	**$ 4,625**	$ 4,170

See accompanying notes to the preliminary unaudited consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

($ millions)	As at Dec. 31, 2005 (unaudited)	Dec. 31, 2004
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 1,540**	$ 1,008
Short term investments	**50**	388
Accounts receivable (note 7)	**933**	920
Inventories	**2,173**	1,979
Income taxes	**5**	
Future income taxes	**134**	140
Prepaid expenses and other assets	**53**	48
Current assets of operations held for sale (note 6)		62
Total Current Assets	**4,888**	4,545
Fixed Assets	**8,916**	8,256
Goodwill and Intangible Assets (note 8)	**3,367**	3,456
Future Income Taxes	**89**	110
Other Assets	**1,321**	1,391
Long Term Assets of Operations Held for Sale (note 6)	**12**	11
Total Assets	**$ 18,593**	$ 17,769
LIABILITIES		
Current Liabilities		
Bank indebtedness	**$ 113**	$ 123
Commercial paper	**498**	840
Accounts payable and accrued liabilities	**3,263**	2,952
Income taxes		91
Short term bank loans	**138**	102
Long term debt due within one year (note 10)	**361**	222
Current liabilities of operations held for sale (note 6)	**10**	22
Total Current Liabilities	**4,383**	4,352
Long Term Debt (note 10)	**5,913**	6,004
Future Income Taxes	**343**	250
Other Liabilities	**580**	717
Minority Interest	**2,255**	2,066
Total Liabilities	**13,474**	13,389
SHAREHOLDERS' EQUITY		
Share Capital (notes 11 & 12)	**1,012**	614
Retained Earnings	**4,625**	4,170
Cumulative Foreign Currency Translation Adjustment	**(518)**	(404)
Total Shareholders' Equity	**5,119**	4,380
Total Liabilities and Shareholders' Equity	**$ 18,593**	$ 17,769

See accompanying notes to the preliminary unaudited consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

(unaudited)

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Operating Activities				
Net earnings from continuing operations before minority interest	**$ 317**	$ 283	**$ 1,004**	$ 976
Depreciation and amortization	**168**	149	**684**	618
Restructuring and other charges (note 2)	**7**	77	**118**	122
Goods and Services Tax and provincial sales taxes			**40**	
Future income taxes	**96**	(71)	**152**	(37)
Change in non-cash working capital	**396**	505	**(51)**	(201)
Other	**(82)**	74	**(135)**	98
Cash Flows from Operating Activities of Continuing Operations	**902**	1,017	**1,812**	1,576
Investing Activities				
Fixed asset purchases	**(390)**	(373)	**(1,358)**	(1,425)
Short term investments	**9**	7	**338**	136
Proceeds on termination of financial derivatives (note 13)			**5**	
Proceeds from fixed asset sales	**50**	65	**170**	118
Business acquisition				(46)
Credit card receivables, after securitization (note 7)	**(155)**	(100)	**(84)**	(34)
Franchise investments and other receivables	**2**	2	**(63)**	(25)
Other	**(10)**	(11)	**(100)**	(59)
Cash Flows used in Investing Activities of Continuing Operations	**(494)**	(410)	**(1,092)**	(1,335)
Financing Activities				
Bank indebtedness	**8**	51	**(30)**	21
Commercial paper	**(385)**	(412)	**(342)**	144
Short term debt loans – Issued	**9**	8	**36**	35
Long term debt (note 10) – Issued	**4**		**333**	400
– Retired	**(5)**	(103)	**(246)**	(305)
Share capital – Issued (notes 11 & 12)			**394**	
– Retired				(59)
Subsidiary share capital – Issued (note 12)			**1**	
– Retired (note 8)			**(16)**	(35)
Dividends – To shareholders	**(4)**	(4)	**(220)**	(205)
– To minority shareholders	**(22)**	(20)	**(88)**	(80)
Other			**2**	(3)
Cash Flows used in Financing Activities of Continuing Operations	**(395)**	(480)	**(176)**	(87)
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents	**(13)**	(38)	**(54)**	(77)
Initial impact of Variable Interest Entities			**20**	
Cash Flows from Continuing Operations		89	**510**	77
Cash Flows from (used in) Discontinued Operations (note 6)	**2**	(13)	**22**	(34)
Change in Cash and Cash Equivalents	**2**	76	**532**	43
Cash and Cash Equivalents, Beginning of Period	**1,538**	932	**1,008**	965
Cash and Cash Equivalents, End of Period	**$ 1,540**	$ 1,008	**$ 1,540**	$ 1,008

See accompanying notes to the preliminary unaudited consolidated financial statements.

NOTES TO THE PRELIMINARY UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Principles

Basis of Presentation

The preliminary unaudited consolidated 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 preliminary unaudited 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 preliminary unaudited 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 61.9% at year end compared to 61.8% 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 preliminary unaudited 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

($ millions)	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	250	4	254
Total current assets	4,545	29	4,574
Fixed assets	8,256	136	8,392
Goodwill and Intangible Assets	3,456	3	3,459
Other assets	1,512	(51)	1,461
Total assets	$ 17,769	$ 117	$ 17,886
Total current liabilities	$ 4,352	$ 48	$ 4,400
Long term debt	6,004	96	6,100
Other liabilities	967	(8)	959
Minority interest	2,066	(1)	2,065
Total liabilities	13,389	135	13,524
Common share capital	614		614
Retained earnings	4,170	(18)	4,152
Cumulative foreign currency translation adjustment	(404)		(404)
Total liabilities and shareholders' equity	$ 17,769	$ 117	$ 17,886

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.

As at December 31, 2005, 123 of Loblaw's independent franchise stores met the criteria for a VIE and were consolidated pursuant to AcG 15.

The impact from the consolidation of these VIEs on the consolidated balance sheet as at December 31, 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 was predominantly an increase in sales of 1.3% for the fourth quarter and year-to-date 2005. The impact on net earnings from continuing operations for the fourth quarter and year-to-date 2005 was a decline of approximately $0.02 and $0.03, respectively in basic net earnings per common share from continuing operations.

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"), a wholly-owned subsidiary of Loblaw. 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, Goods and Services Tax ("GST"), provincial sales taxes ("PST"), 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 preliminary unaudited consolidated financial statements.

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

2. Restructuring and Other Charges

The following table summarizes the restructuring and other charges:

	Quarters Ended					
			Dec. 31, 2005			Dec. 31, 2004
($ millions)	**Weston Foods**	**Food Distribution**	**Total**	Weston Foods	Food Distribution	Total
Fixed Asset Impairment		**$ 2**	**$ 2**	$ 50	$	$ 50
Accelerated Depreciation	**$ 5**	**2**	**7**	2		2
Intangible Assets Impairment				18		18
Employee Termination Benefits	**(5)**	**(3)**	**(8)**	6		6
Site Closing Costs and Other	**1**	**5**	**6**	1		1
	$ 1	**$ 6**	**$ 7**	$ 77	$	$ 77

($ millions)	Dec. 31, 2005 Weston Foods	Dec. 31, 2005 Food Distribution	Dec. 31, 2005 Total	Dec. 31, 2004 Weston Foods	Dec. 31, 2004 Food Distribution	Dec. 31, 2004 Total
			Years Ended			
Fixed Asset Impairment		$ 10	$ 10	$ 84	$	$ 84
Accelerated Depreciation	$ 21	4	25	2		2
Gain on Sale of Fixed Assets	(18)		(18)			
Intangible Assets Impairment				18		18
Employee Termination Benefits	23	51	74	12		12
Site Closing Costs and Other	6	21	27	5	1	6
	$ 32	$ 86	$ 118	$ 121	$ 1	$ 122

Weston Foods
During the third quarter of 2005, Weston Foods made further progress on its objective of simplifying and removing cost from its existing manufacturing processes and approved plans to exit certain bread and roll manufacturing lines in the United States. All production associated with these lines was transferred to third party producers or other Weston Foods manufacturing facilities and was completed at the end of fiscal 2005. As a result of this decision, Weston Foods recognized a $1 million restructuring charge in the fourth quarter of 2005 related primarily to accelerated depreciation on manufacturing equipment. On a year-to-date basis for 2005, Weston recognized $4 million of accelerated depreciation and $1 million of restructuring charges related to this restructuring plan.

During the first quarter of 2005, Weston Foods approved 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 by the end of 2006. 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 incremental exit and start-up costs of approximately $50 million over 2005 and 2006 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 2005 and 2006. During the fourth quarter of 2005, Weston Foods recognized $4 million of accelerated depreciation in connection with this restructuring plan. On a year-to-date basis for 2005, Weston Foods recognized $28 million of restructuring charges, $15 million of accelerated depreciation and a gain of $18 million related to the sale and lease-back of the two facilities to be closed associated with this restructuring plan. Weston Foods received total proceeds of $47 million related to the sale of the two biscuit facilities.

During 2005, Weston Foods approved plans to consolidate and relocate certain of its administrative offices within North America, which have resulted in a $2 million restructuring charge for the fourth quarter of 2005 and a $8 million restructuring charge during 2005.

During the fourth quarter of 2005, Weston Foods recognized restructuring income of $6 million ($8 million year-to-date) and accelerated depreciation of $2 million on a year-to-date basis related to restructuring plans approved in 2003 and 2004.

Year-to-date 2005, approximately $13 million (2004 – $13 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, was substantially completed by the end 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 fourth quarter of 2005, Loblaw recognized an additional $2 million ($62 million year-to-date) of restructuring costs resulting from this plan.

Loblaw consolidated several administrative and operating offices from across southern Ontario into a new office facility in Brampton, Ontario and reorganized the merchandising, procurement and operations groups which included the transfer of the general merchandise operations from Calgary, Alberta to the new office facility. The charge recognized in the fourth quarter of 2005 was $4 million ($24 million year-to-date). These restructuring activities were substantially completed by the end of the fourth quarter of 2005.

Year-to-date 2005, approximately $31 million of severance and other cash exit costs were paid related to the above restructuring activities.

3. Interest Expense and Other Financing Charges

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2005**	Dec. 31, 2004	**Dec. 31, 2005**	Dec. 31, 2004
Interest on long term debt	**$ 92**	$ 95	**$ 404**	$ 412
Interest on financial derivative instruments	**2**	(5)	**(1)**	(28)
Other financing charges (1)	**(127)**	79	**(170)**	82
Net short term interest	**(10)**		**(25)**	(7)
Capitalized to fixed assets	**(4)**	(5)	**(21)**	(21)
Interest expense and other financing charges	**$ (47)**	$ 164	**$ 187**	$ 438

(1) Other financing charges for the fourth quarter and year-to-date 2005 includes income of $122 million (2004 – charge of $83 million) and $150 million (2004 – charge of $101 million), respectively, 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 $5 million (2004 – $4 million) for the fourth quarter and income of $20 million (2004 – $19 million) on a year-to-date basis related to the forward accretion income net of the forward fee associated with Weston's forward sale agreement.

Net interest paid in the fourth quarter and year-to-date was $97 million and $378 million (2004 – $116 million and $397 million), respectively.

4. Income Taxes

Future income tax balances were adjusted for statutory income tax rate changes in certain Canadian provinces, in the fourth quarter of 2005, resulting in a $3 million charge to future income tax expense.

Net income taxes paid in the fourth quarter and year-to-date were $52 million and $340 million (2004 – $81 million and $441 million), respectively.

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

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2005**	Dec. 31, 2004	**Dec. 31, 2005**	Dec. 31, 2004
Net earnings from continuing operations	**$ 240**	$ 154	**$ 716**	$ 606
Prescribed dividends on preferred shares	**(11)**	(6)	**(39)**	(27)
Net earnings from continuing operations available to common shareholders	**$ 229**	$ 148	**$ 677**	$ 579
Weighted average common shares outstanding (in millions)	**129.0**	128.9	**129.0**	128.9
Dilutive effect of stock-based compensation (in millions) (1)	**.1**	.3	**.1**	.3
Diluted weighted average common shares outstanding (in millions)	**129.1**	129.2	**129.1**	129.2
Basic net earnings from continuing operations per common share ($)	**$ 1.78**	$ 1.15	**$ 5.25**	$ 4.49
Dilutive effect of stock-based compensation per common share ($)		(.01)		(.01)
Dilutive net earnings from continuing operations per common share ($)	**$ 1.78**	$ 1.14	**$ 5.25**	$ 4.48

(1) The following stock options were outstanding but were not recognized in the computation of diluted net earnings per common share from continuing operations as the exercise prices for these options were greater than the average market prices of the common shares for the quarters ended and years ended as follows:

	Quarters Ended		Years Ended	
Option Exercise Price	**Dec. 31, 2005**	Dec. 31, 2004	**Dec. 31, 2005**	Dec. 31, 2004
$95.88	**100,130**		**100,130**	
$100.00	**175,400**			193,000
$111.02	**579,717**		**579,717**	

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.

During the third quarter of 2005, the Company completed the previously announced sales of the remaining discontinued Fisheries operations. As a result of these previously announced sales, the Company will receive total net proceeds of $38 million, of which $12 million will be deferred over the next four years, and recorded an after-tax loss of $24 million as a loss from discontinued operations in the second quarter of 2005.

Subsequent to quarter end, the Company reached an agreement to settle claims against it relating to certain alleged misrepresentations and warranties arising from the sale of the Company's forest product business in 1998. The Company did not admit any wrongdoing or liability in connection with the settlement.

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

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Sales		$ 39	**$ 79**	$ 164
Operating loss		10	**4**	29
Loss on disposal			**28**	9
Impairment charge		194		194
Loss before the following:		204	**32**	232
Income tax recovery	**$ 9**	49	**14**	54
(Income) Loss from discontinued operations	**$ (9)**	$ 155	**$ 18**	$ 178

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

($ millions)	As at Dec. 31, 2005	As at Dec. 31, 2004
Current assets of operations held for sale:		
Accounts receivable		$ 20
Inventories		41
Prepaid expenses and other assets		1
		$ 62
Long term assets of operations held for sale:		
Fixed assets		$ 10
Other assets	**$ 12**	1
	$ 12	$ 11
Current liabilities of operations held for sale:		
Accounts payable and accrued liabilities	**$ 10**	$ 22

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

($ millions)	Quarters Ended Dec. 31, 2005	Quarters Ended Dec. 31, 2004	Years Ended Dec. 31, 2005	Years Ended Dec. 31, 2004
Cash flows from (used in) operations	**$ 2**	$ (13)	**$ (3)**	$ (39)
Cash flows from investing			**25**	7
Cash flows used in financing				(2)
Cash flows from (used in) discontinued operations	**$ 2**	$ (13)	**$ 22**	$ (34)

7. Credit Card Receivables

During the fourth quarter of 2005, Loblaw, through its wholly owned subsidiary PC Bank, securitized no credit card receivables (2004 – $25 million), under its securitization program and securitized $225 million (2004 – $227 million) year-to-date, yielding a nominal net loss (2004 – nominal net gain).

($ millions)	As at Dec. 31, 2005	As at Dec. 31, 2004
Credit card receivables	**$ 1,257**	$ 950
Amount securitized	**(1,010)**	(785)
Net credit card receivables	**$ 247**	$ 165

Subject to appropriate approvals and other customary conditions, PC Bank intends to restructure its securitization program to accommodate growth in the credit card program.

8. Goodwill and Intangible Assets

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

	As at			
			Dec. 31, 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		**14**	**14**	51
Adjusted purchase price allocation (1)	**(3)**	**(41)**	**(44)**	
Impact of foreign currency translation	**(41)**		**(41)**	(87)
Goodwill, end of period	**1,159**	**1,727**	**2,886**	2,957
Trademarks and brand names (2)	**465**		**465**	482
Other intangible assets	**16**		**16**	17
Goodwill and intangible assets	**$ 1,640**	**$ 1,727**	**$ 3,367**	$ 3,456

(1) The Weston Foods adjusted purchase price allocation relates to the finalization of the Boulangerie Gadoua Ltée purchase equation. The Food Distribution adjusted purchase price allocation relates to the resolution of certain income tax matters previously accrued for as part of the Provigo Inc. purchase equation.

(2) Includes the negative impact of foreign currency translation of $16 million (2004 – $38 million) and amortization of $1 million.

When Loblaw purchases its own common shares, the Company accounts for the purchase as a step-by-step purchase of Loblaw. During the third quarter of 2005, Loblaw purchased 226,100 of its common shares for $16 million pursuant to its Normal Course Issuer Bid (“NCIB”), which resulted in the Company recognizing $7 million of goodwill.

In the normal course of business, Loblaw may acquire from time to time independent franchisee stores and convert them to corporate stores. During 2005, Loblaw acquired 7 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 preliminary unaudited 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 $3 million and goodwill of $3 million for cash consideration of $5 million, net of accounts receivable due from the franchisees of $1 million.

Pursuant to the requirements of AcG 15, the preliminary unaudited consolidated balance sheet as at December 31, 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 $42 million and $193 million (2004 – $33 million and $191 million) for the fourth quarter of 2005 and year-to-date 2005 respectively. The total net benefit plan cost included costs for the Company’s defined benefit pension and other benefit plans, defined contribution pension plans and multi-employer pension plans.

10. Long Term Debt

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 first quarter of 2005. In addition, during 2005, $148 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 December 31, 2005 includes $126 million ($23 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 to 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

Common Shares

	As at	
	Dec. 31, 2005	Dec. 31, 2004
Actual common shares outstanding (in millions)	**129.0**	128.9
Weighted average common shares outstanding (in millions)	**129.0**	128.9
Market price per common share	**$ 86.31**	$ 109.71

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

During the second 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. 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. In addition, included in share capital is a future tax benefit of $2 million related to the deductibility of the issuance costs. 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.

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

During the third quarter of 2005, Weston issued 8.0 million 5.20% Preferred Shares, Series IV for $25.00 per share for net proceeds of $195 million which entitle the holder to a fixed cumulative preferred cash dividend of $1.30 per share per annum. In addition, included in share capital is a future tax benefit of $2 million related to the deductibility of the issuance costs. On or after October 1, 2010, Weston may, at its option, redeem for cash in whole or in part these outstanding preferred shares as follows:

On or after October 1, 2010 at $26.00 per share
On or after October 1, 2011 at $25.75 per share
On or after October 1, 2012 at $25.50 per share
On or after October 1, 2013 at $25.25 per share
On or after October 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:

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2005**	Dec. 31, 2004	**Dec. 31, 2005**	Dec. 31, 2004
Stock option plans/share appreciation right plan/(income) expense	**$ (40)**	$ 48	**$ (46)**	$ 31
Equity derivatives loss (gain)	**87**	(65)	**108**	(34)
Restricted share unit plan expense	**1**		**10**	
Net stock-based compensation cost	**$ 48**	$ (17)	**$ 72**	$ (3)

During 2005, Weston issued 124,647 (2004 – 8,604) common shares for cash consideration of $5 million (2004 – $0.4 million) on the exercise of stock options and paid the share appreciation value of $11 million (2004 – $12 million) on the exercise of 244,038 (2004 – 249,427) stock options and share appreciation rights. In addition, 38,957 (2004 – 67,891) stock options and share appreciation rights were forfeited or cancelled during 2005. Loblaw issued 25,000 (2004 - 3,000) common shares for cash consideration of $0.9 million (2004 – $0.1 million) on the exercise of stock options for which it had recorded a stock-based compensation liability of $1 million (2004 – nominal) and paid the share appreciation value of $41 million (2004 – $33 million) on the exercise of 1,135,221 (2004 – 985,395) stock options. In addition, 147,942 (2004 – 97,673) of Loblaw's stock options were forfeited or cancelled during 2005. During the third quarter of 2005, Loblaw granted 29,120 stock options with a weighted average exercise price of $69.75 per common share to 2 employees, granted 66,255 stock options with a weighted average exercise price of $72.95 per common share during the second quarter of 2005 to 3 employees and 2,152,252 stock options with a weighted average exercise price of $69.63 per common share during the first quarter of 2005 to 231 employees under its existing stock option plan.

During the fourth quarter of 2005, Weston granted 30,130 stock options at a weighted average exercise price of $95.88 per common share to 1 employee. During the second quarter of 2005, Weston granted 174,108 share appreciation rights to 86 employees at a weighted average exercise price of $111.02 per common share under its existing share appreciation right plan, which will be settled in cash. Also during the second quarter of 2005, Weston granted 371,538 stock options to 105 employees at a weighted average exercise price of $111.02 per common share under its existing stock option plan which allows for settlement in cash at the option of the employee.

During the fourth quarter of 2005, Weston granted 70,000 stock options to 1 employee at a weighted average exercise price of $95.88 per common share, which will be settled by issuing common shares. The weighted average grant-date fair value of these stock options of $1 million was estimated using the Black-Scholes model for pricing options assuming a weighted average expected dividend yield of 1.5% annually, a weighted average risk free interest rate of 3.7%, a weighted average expected common stock price volatility of 16.5% and a weighted average expected option life of 3 years.

During the second quarter 2005, Weston granted 213,994 stock options to 19 employees at a weighted average exercise price of $111.02 per common share, which will be settled by issuing common shares. The weighted average grant-date fair value of these stock options of $3 million was estimated using the Black-Scholes model for pricing options assuming a weighted average expected dividend yield of 1.3% annually, a weighted average risk free interest rate of 3.1%, a weighted average expected common stock price volatility of 17.1% and a weighted average expected option life of 3 years.

At the end of 2005, a total of 2,131,300 (2004 – 1,679,172) stock options and share appreciation rights were outstanding, which represented approximately 1.7% (2004 – 1.4%) of Weston's issued and outstanding common shares and was within the Company's guideline of 5%.

Restricted Share Unit ("RSU") Plan

During 2005, 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 of 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.

During 2005, Weston granted 160,958 RSUs and 982 RSUs were forfeited or cancelled. In addition, Loblaw granted 393,335 RSUs and 10,151 RSUs were forfeited or cancelled.

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. Goods and Services Tax and Provincial Sales Tax

During the third quarter of 2005, Loblaw recorded a charge relating to an audit and proposed assessment by the Canada Revenue Agency relative to GST on certain products sold between 2000 and 2002 on which GST was not appropriately charged and remitted. In light of this proposed assessment, the Company, during the third quarter, assessed and estimated the potential liabilities for GST and PST in other areas of its operations for various periods up to the end of 2004. Accordingly, a charge of $40 million was recorded in operating income in the third quarter to reflect management's best estimate of all such potential tax liabilities of which management is currently aware. Approximately $15 million of the accrual was assessed and settled during the fourth quarter. The ultimate remaining amount paid will depend on the outcome of audits performed by, or settlements reached with the various tax authorities and therefore may differ from this estimate. Management will continue to assess this estimate as progress towards resolution with the various tax authorities is made and will adjust the liability accordingly.

15. Contingencies, Commitments and Guarantees

During 2004, Weston was served with a statement of claim for damages arising from an alleged breach of tax related representations and warranties dealing with years prior to the 1998 sale of Weston's forest product business. Subsequent to quarter end, this claim was settled and the impact was reflected as part of discontinued operations (see Note 6).

16. 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.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2005**	Dec. 31, 2004	**Dec. 31, 2005**	Dec. 31, 2004
Sales				
Weston Foods	**$ 980**	$ 916	**$ 4,376**	$ 4,335
Food Distribution	**6,588**	6,329	**27,801**	26,209
Intersegment	**(187)**	(173)	**(814)**	(746)
Consolidated	**$ 7,381**	$ 7,072	**$ 31,363**	$ 29,798
Operating Income				
Weston Foods (1)	**$ 48**	$ (4)	**$ 241**	$ 138
Food Distribution (2)	**392**	528	**1,393**	1,644
Consolidated	**$ 440**	$ 524	**$ 1,634**	$ 1,782

(1) Operating income for the fourth quarter of 2005 and year-to-date 2005 includes restructuring and other charges of $1 (2004 – $77) and $32 (2004 – $121), respectively (see note 2).

(2) Operating income for the fourth quarter of 2005 and year-to-date 2005 includes restructuring and other charges of $6 and $86 (2004 – nil and $1), respectively (see note 2).

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 continuing to increase its offering of general merchandise, drugstore and financial products and services.

Trademarks

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

Investor Relations

Shareholders, security analysts and investment professionals should direct their requests to Mr. Geoffrey H. Wilson, Senior Vice President, 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 News Release includes selected information on Loblaw Companies Limited, a 62%-owned public reporting company with shares trading on the Toronto Stock Exchange.

For further information: Geoffrey H. Wilson, Senior Vice President, Investor Relations and Public Affairs, (416) 922-2500.

CONFERENCE CALL AND WEBCAST PRESENTATION

George Weston Limited will host a conference call on February 14, 2006 at 11:00AM (EST.).

To access the conference call, dial 416-640-1907 or visit our website at www.weston.ca to access the webcast. The replay will be available one hour following the live event. To access the replay dial (416) 640-1917 passcode: 21173101 followed by number sign.

Full details are available on the George Weston Limited website at www.weston.ca.

Ce rapport est disponible en français.