NEWS RELEASE

George Weston Limited Provides Preliminary Unaudited Financial Update for the 2009 Fourth Quarter and Fiscal Year Ended December 31, 2009[(1)].

TORONTO, **ONTARIO February 23, 2010** George Weston Limited (TSX: WN) ("GWL") and its subsidiaries (collectively the "Company") today is providing a financial update for the fourth quarter of 2009 and the fiscal year ended December 31, 2009 based on management's review of preliminary unaudited results for these periods.

Fourth quarter 2009 basic net earnings per common share from continuing operations were $0.53 compared to $2.69 for the same period in 2008. The decline was primarily attributable to income of $2.18 per common share reported in the fourth quarter of 2008 related to the gain on disposal of the dairy and bottling operations. Excluding this gain on sale and other items specifically identified below, the Company's earnings performance in the fourth quarter of 2009 was strong compared to the fourth quarter of 2008.

For the year, basic net earnings per common share from continuing operations were $0.64 compared to $4.65 in 2008. The decline was primarily attributable to income of $2.18 per common share reported in 2008 related to the gain on disposal of the dairy and bottling operations in 2008 and a charge of $1.56 per common share reported in 2009 related to foreign exchange losses associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin Holdings S.à r.l. ("Dunedin"), a subsidiary of GWL, and certain of its affiliates. Excluding these and other items specifically identified below, the Company's earnings performance in 2009 was strong compared to 2008.

Basic net earnings per common share for the fourth quarter of 2009 and on a year to date basis were $0.56 and $7.68, respectively, compared to $3.06 and $6.10 for the same periods in 2008.

Loblaw continues to progress in its turnaround efforts, focusing on food offering enhancements, product innovation, store renovations, infrastructure improvements and increasing customer value. Weston Foods brand and product development efforts continue, while its continuing focus on plant and distribution optimization along with other ongoing cost reduction initiatives continue to ensure a low cost operating structure.

As disclosed previously, the fresh bread and baked goods business in the United States ("U.S. fresh bakery business") was sold during the first quarter of 2009. The results and the gain on the sale of the U.S. fresh bakery business have been reflected separately as discontinued operations in the current and comparative results. Accordingly, all comparisons of continuing operating results below exclude the results of the U.S. fresh bakery business.

The results of Weston Foods' dairy and bottling operations, which were sold in the fourth quarter of 2008, are not reported as discontinued operations, in accordance with Canadian generally accepted accounting principles ("GAAP"), due to Loblaw's continuing purchases of product from the dairy and bottling operations. Therefore, the results of the dairy and bottling operations up to the date of sale, as well as the gain on disposal, are included in net earnings from continuing operations in the comparative period and are included in the discussion of continuing operating results below.

(1) This News Release contains forward-looking information. See Forward-Looking Statements on page 2 of this News Release for a discussion of material factors that could cause actual results to differ materially from the conclusions, forecasts and projections herein and of the material factors and assumptions that were applied in presenting the conclusions, forecasts and projections presented herein. This News Release must be read in conjunction with George Weston Limited's filings with securities regulators made from time to time, all of which can be found at www.sedar.com and at www.weston.ca.

Consolidated Fourth Quarter and Full Year Highlights

	Quarters Ended			Years Ended		
($ millions except where otherwise indicated)	**Dec. 31, 2009 (unaudited)**	Dec. 31, 2008 (unaudited-restated)	Change	**Dec. 31, 2009 (unaudited)**	Dec. 31, 2008 (restated)	Change
Sales	**$ 7,537**	$ 8,050	(6.4)%	**$ 31,820**	$ 32,088	(0.8)%
Operating income	**$ 287**	$ 348	(17.5)%	**$ 1,009**	$ 1,198	(15.8)%
Operating margin	**3.8%**	4.3%		**3.2%**	3.7%	
Gain on disposal of business		$ 335			$ 335	
Interest expense and other financing charges	**$ 99**	$ 136	(27.2)%	**$ 363**	$ 360	0.8%
Net earnings from continuing operations	**$ 79**	$ 357	(77.9)%	**$ 127**	$ 647	(80.4)%
Net earnings	**$ 82**	$ 405	(79.8)%	**$ 1,035**	$ 834	24.1%
Basic net earnings per common share from continuing operations ($)	**$ 0.53**	$ 2.69	(80.3)%	**$ 0.64**	$ 4.65	(86.2)%
Diluted net earnings per common share from continuing operations ($)	**$ 0.52**	$ 2.69	(80.7)%	**$ 0.63**	$ 4.65	(86.5)%
Basic net earnings per common share ($)	**$ 0.56**	$ 3.06	(81.7)%	**$ 7.68**	$ 6.10	25.9%
Diluted net earnings per common share ($)	**$ 0.55**	$ 3.06	(82.0)%	**$ 7.67**	$ 6.10	25.7%
EBITDA from continuing operations(1)	**$ 442**	$ 477	(7.3)%	**$ 1,654**	$ 1,808	(8.5)%
EBITDA margin(1)	**5.9%**	5.9%		**5.2%**	5.6%	
Net debt(1)	**$ 299**	$ 3,251	(90.8)%	**$ 299**	$ 3,251	(90.8)%

In announcing the financial update, W. Galen Weston, Chairman and President of the Company said, “I am pleased with another quarter of strong operating performance at Weston Foods and the progress being made at Loblaw. As Loblaw noted in its Q4 release, as we enter 2010 Loblaw continues to expect sales and margins to be challenged by deflation and increased competitive intensity. Loblaw plans to step up its investment in information technology and supply chain which will negatively impact operating income in 2010. Weston Foods in 2010 will continue focusing on cost reduction initiatives and improving top line sales performance. We continue to assess our strategic options for the re-deployment of the Company’s substantial cash and short term investments”.

FORWARD-LOOKING STATEMENTS

This News Release for the Company contains forward-looking statements about the Company’s objectives, plans, goals, aspirations, strategies, financial condition, liquidity, obligations, results of operations, cash flows, performance, prospects and opportunities. Words such as “anticipate”, “expect”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may” and “should” and similar expressions, as they relate to the Company and its management, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect the Company’s current expectations concerning future results and events.

These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the possibility that the Company’s plans and objectives will not be achieved. These risks and uncertainties include, but are not limited to: changes in economic conditions including the rate of inflation or deflation; changes in consumer spending and preferences; heightened competition, whether from new competitors or current competitors; the availability and increased costs relating to raw materials, ingredients and utilities, including electricity and fuel; changes in the Company’s or its competitors’ pricing strategies; failure of the Company’s franchised stores to perform as expected; risks associated with the terms and conditions of financing programs offered to the Company’s franchisees; failure to realize sales growth, anticipated cost savings or operating efficiencies from the Company’s major initiatives, including investments in the Company’s information technology systems, supply chain investments and other cost reduction initiatives; the inability of the Company’s information technology infrastructure to support the requirements of the Company’s business; the inability of the Company to manage inventory to minimize the impact of obsolete or excess issues and to control shrink; failure to execute successfully and in a timely manner

(1) See non-GAAP financial measures on page 13.

the Company's major initiatives, including the implementation of strategies and introduction of innovative and reformulated products or new and renovated stores; unanticipated results associated with the Company's strategic initiatives, including the impact of acquisitions or dispositions of businesses on the Company's future revenues and earnings; the inability of the Company's supply chain to service the needs of the Company's stores; deterioration in the Company's relationship with its employees, particularly through periods of change in the Company's business; failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements which could lead to work stoppages; changes to the regulatory environment in which the Company operates; the adoption of new accounting standards and changes in the Company's use of accounting estimates including in relation to inventory valuation; fluctuations in the Company's earnings due to changes in the value of stock-based compensation and equity derivative contracts relating to the Company's and Loblaw's common shares; changes in the Company's tax liabilities including changes in tax laws or future assessments; detrimental reliance on the performance of third-party service providers; public health events; the inability of the Company to obtain external financing; changes in interest and currency exchange rates; the inability of the Company to collect on its credit card receivables; any requirement of the Company to make contributions to its registered funded defined benefit pension plans in excess of those currently contemplated; the inability of the Company to attract and retain key executives; and quality control issues with vendors. These and other risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Enterprise Risks and Risk Management and Financial Risks and Risk Management sections of the Management's Discussion and Analysis ("MD&A") included in GWL's 2008 Annual Report and its 2009 Quarterly Reports. These forward-looking statements reflect management's current assumptions regarding these risks and uncertainties and their respective impact on the Company.

Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this News Release. The Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

CONSOLIDATED RESULTS OF OPERATIONS

Sales in the fourth quarter of 2009 were $7.5 billion compared to $8.1 billion for the same period in 2008, a decrease of 6.4%. The sale of the dairy and bottling operations in the fourth quarter of 2008 and the additional week of operating results in 2008 (13 weeks) negatively impacted consolidated sales for the fourth quarter of 2009 by 1.1% and 7.4%, respectively. On a year-to-date basis, sales decreased 0.8% to $31.8 billion compared to $32.1 billion in 2008. The sale of the dairy and bottling operations in the fourth quarter of 2008 and the additional week of operating results in 2008 (53 weeks) negatively impacted consolidated sales for 2009 by 1.7% and 1.8%, respectively.

Operating income for the fourth quarter of 2009 was $287 million compared to $348 million in the same period in 2008, a decrease of 17.5%. Consolidated operating margin of 3.8% for the fourth quarter decreased compared to 4.3% for the same period in 2008.

Year-over-year changes in the following items influenced the Company's operating income in the fourth quarter of 2009 compared to the same period in 2008:

- a charge of $52 million (2008 – nil) related to the reversal of the cumulative foreign currency translation loss associated with the reduction in the Company's U.S. net investment in self-sustaining foreign operations;
- income of $6 million (2008 – nil) related to unrealized foreign exchange gains associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin and certain of its affiliates;
- income of $11 million (2008 – $23 million) related to the effect of stock-based compensation net of equity derivatives of both GWL and Loblaw;
- income of $12 million (2008 – a charge of $5 million) related to the commodity derivatives fair value adjustment at Weston Foods. This commodity derivatives fair value adjustment includes realized and unrealized gains and losses related to future purchases of raw materials;
- nil (2008 – income of $9 million) related to the income of Weston Foods' dairy and bottling operations; and
- nil (2008 – income of $22 million) related to the gain on the sale of Loblaw's food service business.

Excluding the impact of these items, operating income for the fourth quarter of 2009 improved compared to 2008.

Year-to-date operating income for 2009 was $1,009 million compared to $1,198 million in 2008, a decrease of 15.8%. Operating margin for 2009 year-to-date was 3.2% compared to 3.7% in 2008.

The year-over-year change in the following items influenced operating income for year-to-date 2009 compared to 2008:

- a charge of $52 million (2008 – nil) related to the reversal of the cumulative foreign currency translation loss associated with the reduction in the Company's U.S. net investment in self-sustaining foreign operations;
- a charge of $34 million (2008 – nil) related to the reversal of the cumulative foreign currency translation loss associated with Dunedin and certain of its affiliates;
- a charge of $225 million (2008 – nil) related to foreign exchange losses associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin and certain of its affiliates;
- a charge of $73 million (2008 – nil) related to the non-cash goodwill impairment in Weston Foods' biscuits, cookies, cones and wafers business;
- a charge of $12 million (2008 – income of $2 million) related to the effect of stock-based compensation net of equity derivatives of both GWL and Loblaw;
- income of $24 million (2008 – a charge of $46 million) related to the commodity derivatives fair value adjustment at Weston Foods;
- nil (2008 – income of $47 million) related to the income of Weston Foods' dairy and bottling operations;
- nil (2008 – income of $22 million) related to the gain on the sale of Loblaw's food service business; and
- nil (2008 – income of $7 million) related to the redemption of the remaining outstanding GWL 3% Exchangeable Debentures and the sale of the Domtar (Canada) Paper Inc. shares.

After the sale of the U.S. fresh bakery business on January 21, 2009, Dunedin and certain of its affiliates became "integrated" foreign subsidiaries for accounting purposes. On the date of the sale, the cumulative foreign currency translation loss of $34 million associated with Dunedin and certain of its affiliates, which was previously reflected in accumulated other comprehensive loss, was reversed and included in operating income. In addition, due to an internal reorganization in the fourth quarter of 2009, a reduction in the Company's U.S. net investment in self-sustaining foreign operations resulted in the reversal of an additional cumulative translation loss of $52 million into operating income. These losses had no impact on the Company's reported assets, liabilities or total shareholders' equity.

Subsequent to January 21, 2009, gains and losses arising from the translation of a portion of the U.S. dollar denominated assets held by Dunedin and certain of its affiliates have been and will continue to be included in net earnings. As a result, operating income for the fourth quarter and year-to-date 2009 included a gain of $6 million and a loss of $225 million, respectively. Also included in the year-to-date amount was a $48 million charge related to the conversion of U.S. $2.4 billion of cash and short term investments to approximately $3.0 billion Canadian dollars following the closing of the U.S. fresh bakery business sale transaction. This loss was a result of the strengthening of the Canadian dollar relative to the U.S. dollar between the closing date of the sale and the dates on which the proceeds were converted to Canadian dollars.

Excluding the impact of these items, operating income for 2009 was strong compared to 2008.

Interest Expense and Other Financing Charges Interest expense and other financing charges for the fourth quarter of 2009 were $99 million, compared to $136 million in the same period in 2008. The following items impacted interest expense and other financing charges in the fourth quarter of 2009:

- a non-cash charge of $23 million (2008 – $52 million), representing the fair value adjustment of Weston Holdings Limited's ("WHL"), a subsidiary of GWL, forward sale agreement for 9.6 million Loblaw common shares; and
- interest on long term debt of $87 million (2008 – $96 million).

Year-to-date interest expense and other financing charges were $363 million, compared to $360 million in the same period in 2008. The following items impacted year-to-date interest expense and other financing charges:

- a loss of $49 million (2008 – nil) on the redemption of the GWL 12.7% Promissory Notes;
- interest on long term debt of $371 million (2008 – $396 million); and
- non-cash income of $13 million (2008 – non-cash charge of $11 million), representing the fair value adjustment of WHL's forward sale agreement for 9.6 million Loblaw common shares.

Income Taxes The effective income tax rate of 20.7% in the fourth quarter of 2009 remained unchanged compared to the fourth quarter of 2008 and the year-to-date 2009 effective income tax rate increased to 40.1% compared to 25.9% in 2008. The effective income tax rate for the fourth quarter of 2009 was impacted by the cumulative reduction in the income tax expense as a result of the reduction in Ontario statutory income tax rates which were enacted in the fourth quarter of 2009 and a decrease in income tax accruals relating to certain prior year income tax matters whereas the 2008 rate was impacted by non-taxable amounts including capital gains and a decrease in income tax accruals relating to certain income tax matters. The year-to-date 2009 increase in the effective income tax rate when compared to the same period in 2008 was mainly the result of the foreign exchange losses associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin and certain of its affiliates for which a tax benefit has not been fully recognized and the non-deductible reversal of the cumulative foreign currency translation loss associated with Dunedin and certain of its affiliates. The increase was partially offset by the cumulative reduction in the income tax expense as a result of the reduction in the Ontario statutory income tax rates which was enacted in the fourth quarter of 2009 and a decrease in income tax accruals relating to certain prior year income tax matters.

Net Earnings from Continuing Operations Net earnings from continuing operations for the fourth quarter of 2009 were $79 million compared to $357 million in the same period in 2008. On a year-to-date basis, net earnings from continuing operations were $127 million compared to $647 million in 2008. Basic net earnings per common share from continuing operations for the fourth quarter of 2009 were $0.53 compared to $2.69 in the same period in 2008 and year-to-date were $0.64 compared to $4.65 in 2008.

Basic net earnings per common share from continuing operations were affected in the fourth quarter of 2009 compared to the fourth quarter of 2008 by the following factors:

- a $0.40 per common share charge (2008 – nil) related to the reversal of the cumulative foreign currency translation loss associated with the reduction in the Company's U.S. net investment in self-sustaining foreign operations;
- $0.04 per common share income (2008 – nil) related to unrealized foreign exchange gains associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin and certain of its affiliates;
- $0.06 per common share income (2008 – $0.08) related to the effect of stock-based compensation net of equity derivatives of both GWL and Loblaw;
- $0.07 per common share income (2008 – $0.03 per common share charge) related to the commodity derivatives fair value adjustment at Weston Foods;
- a $0.13 per common share non-cash charge (2008 – $0.30) related to the accounting for WHL's forward sale agreement for 9.6 million Loblaw common shares;
- nil (2008 – $0.05 per common share income) related to the income of Weston Foods' dairy and bottling operations;
- nil (2008 – $0.07 per common share income) related to the gain on the sale of Loblaw's food service business; and
- nil (2008 – $2.18 per common share income) related to the gain on disposal of Weston Foods' dairy and bottling operations.

The 2009 year-to-date basic net earnings per common share from continuing operations were affected by the following factors compared to 2008:

- a $0.40 per common share charge (2008 – nil) related to the reversal of the cumulative foreign currency translation loss associated with the reduction in the Company's U.S. net investment in self-sustaining foreign operations;
- a $0.26 per common share charge (2008 – nil) related to the reversal of the cumulative foreign currency translation loss associated with Dunedin and certain of its affiliates;

- a $1.56 per common share charge (2008 – nil) related to foreign exchange losses associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin and certain of its affiliates;
- a $0.38 per common share charge (2008 – nil) related to the non-cash goodwill impairment in Weston Foods' biscuits, cookies, cones and wafers business;
- a $0.09 per common share charge (2008 – $0.06) related to the effect of stock-based compensation net of equity derivatives of both GWL and Loblaw;
- $0.12 per common share income (2008 – $0.24 per common share charge) related to the commodity derivatives fair value adjustment at Weston Foods;
- a $0.29 per common share charge (2008 – nil) related to the redemption of the GWL 12.7% Promissory Notes;
- $0.08 per common share non-cash income (2008 – $0.06 per common share non-cash charge) related to the accounting for WHL's forward sale agreement for 9.6 million Loblaw common shares;
- nil (2008 – $0.03 per common share charge) related to the income tax effect of the fair value adjustment of the Domtar (Canada) Paper Inc. shares, net of the re-measurement of the GWL 3% Exchangeable Debentures;
- nil (2008 – $0.04 per common share income) related to the redemption of the remaining outstanding GWL 3% Exchangeable Debentures and the sale of the Domtar (Canada) Paper Inc. shares;
- nil (2008 – $0.25 per common share income) related to the income of Weston Foods' dairy and bottling operations;
- nil (2008 – $0.07 per common share income) related to the gain on the sale of Loblaw's food service business; and
- nil (2008 – $2.18 per common share income) related to the gain on disposal of Weston Foods' dairy and bottling operations.

Discontinued Operations Net earnings from discontinued operations for the fourth quarter of 2009 were $3 million compared to $48 million in the same period in 2008. On a year-to-date basis, net earnings from discontinued operations for 2009 were $908 million compared to $187 million in 2008. The year-to-date net earnings from discontinued operations includes a gain on disposal of $939 million ($901 million, net of tax).

Net Earnings Net earnings for the fourth quarter of 2009 were $82 million compared to $405 million in the same period in 2008 and year-to-date net earnings increased $201 million to $1,035 million compared to $834 million in 2008. Basic net earnings per common share for the fourth quarter of 2009 were $0.56 compared to $3.06 in 2008, including earnings from discontinued operations per common share of $0.03 compared to $0.37 in the same period in 2008. Year-to-date 2009 basic net earnings per common share increased $1.58 to $7.68 compared to $6.10 in 2008, including earnings from discontinued operations per common share of $7.04 compared to $1.45 in 2008.

REPORTABLE OPERATING SEGMENTS
Weston Foods

Sales Weston Foods sales for the fourth quarter of 2009 of $352 million decreased 30.6% compared to the same period in 2008. The sale of the dairy and bottling operations in the fourth quarter of 2008, the additional week of operating results in 2008 and foreign currency translation negatively impacted sales by approximately 17.6%, 6.7% and 3.8%, respectively. The combined effect of pricing across key product categories and changes in sales mix was a negative impact of 1.9% for the fourth quarter of 2009. Volume declined 37.9% for the fourth quarter of 2009 when compared to the same period in 2008 of which 30.5% was due to the sale of the dairy and bottling operations during the fourth quarter of 2008 and approximately 6.8% was due to the additional week of operating results in 2008.

On a year-to-date basis, sales of $1,686 million decreased 23.3% compared to the same period in 2008. The sale of the dairy and bottling operations and the additional week of operating results in 2008 negatively impacted reported sales growth by approximately 24.8% and 1.3%, respectively, while the foreign currency translation positively impacted sales by approximately 2.4%. The combined effect of price increases implemented in 2008 across key product categories and changes in sales mix was a positive impact of 1.3% for year-to-date 2009. Volume declined 41.8% on a year-to-date basis, of which 39.5% was due to the sale of the dairy and bottling operations and approximately 1.4% was due to the additional week of operating results in 2008.

The following sales analysis excludes the impact of foreign currency translation, the results of the dairy and bottling operations and the additional week of operating results in 2008.

Fresh bakery sales, including fresh-baked sweet goods, decreased approximately 3.3% in the fourth quarter of 2009 and 0.9% year-to-date compared to the same periods in 2008, driven by the combined effect of pricing and changes in sales mix, and increased promotional support for new products during the fourth quarter of 2009. Volume increased in the fourth quarter of 2009 but decreased on a year-to-date basis. The year-to-date decrease was mainly due to declines in certain product categories including the continued softness in the food service market offset by growth in the *Gadoua* and *D'Italiano* brands, and private label products. The introduction of new products, such as *Gadoua MultiGo, Country Harvest Vitality, D'Italiano Thintini* and the recently launched *Wonder Invisibles* contributed positively to branded sales during the fourth quarter and year-to-date 2009.

Frozen bakery sales decreased by approximately 4.5% in the fourth quarter of 2009 and 0.6% year-to-date compared to the same periods in 2008. The sales decline in this category was due to lower volumes and the combined effect of pricing and changes in sales mix. Overall, volume in the fourth quarter and year-to-date decreased compared to the same periods in 2008 due to decreases in certain product categories including the continued softness in the food service market.

Biscuit sales, principally wafers, ice-cream cones, cookies and crackers, decreased by approximately 2.9% in the fourth quarter of 2009 and increased by 2.5% year-to-date compared to the same periods in 2008, mainly due to price increases combined with changes in sales mix. Overall, volume in the fourth quarter and year-to-date decreased compared to the same periods in 2008 mainly due to declines in certain categories including lower sales volume in Girl Scout cookie sales in 2009 compared to 2008.

Operating Income Weston Foods operating income was $58 million in the fourth quarter of 2009 compared to $30 million in the same period in 2008. Operating margin was 16.5% for the fourth quarter of 2009 compared to 5.9% in 2008.

The year-over-year change in the following items influenced operating income for the fourth quarter of 2009 compared to the fourth quarter of 2008:

- income of $16 million (2008 – $6 million) related to the effect of stock-based compensation net of equity derivatives;
- income of $12 million (2008 – a charge of $5 million) related to the commodity derivatives fair value adjustment; and
- nil (2008 – income of $9 million) related to the income of the dairy and bottling operations.

On a year-to-date basis, Weston Foods operating income decreased 20.1% to $123 million from $154 million in 2008. Operating margin for 2009 was 7.3% compared to 7.0% in 2008.

The year-over-year change in the following items influenced year-to-date 2009 operating income compared to 2008:

- a charge of $73 million (2008 – nil) related to the non-cash goodwill impairment in Weston Foods' biscuits, cookies, cones and wafers business;
- income of $10 million (2008 – $9 million) related to the effect of stock-based compensation net of equity derivatives;
- income of $24 million (2008 – a charge of $46 million) related to the commodity derivatives fair value adjustment;
- nil (2008 – income of $47 million) related to the income of the dairy and bottling operations; and
- nil (2008 – income of $7 million) related to the redemption of the remaining outstanding GWL 3% Exchangeable Debentures and the sale of the Domtar (Canada) Paper Inc. shares.

Weston Foods is exposed to commodity price fluctuations primarily as a result of purchases of certain raw materials, fuels and utilities. In accordance with the Company's risk management strategy, Weston Foods enters into commodity derivatives to reduce the impact of price fluctuations in forecasted raw material purchases over a specified period of time. These commodity derivatives are not acquired for trading or speculative purposes. Certain of these derivatives are not designated for financial reporting purposes as cash flow hedges of anticipated future raw material purchases, and accordingly hedge accounting does not apply. As a result, changes in the fair value of these derivatives, which include realized and unrealized gains and losses related to future purchases of raw materials, are recorded in operating income. Weston Foods recorded income of $12 million (2008 – charge of $5 million) during the fourth quarter of 2009, and on a year-to-date basis income of $24 million (2008 – charge of $46 million), related to the fair value adjustment of exchange traded commodity derivatives that were not designated within a hedging relationship. Despite the impact of accounting for these commodity derivatives on the Company’s reported results, the derivatives have the economic impact of largely mitigating the associated risks arising from price fluctuations in the underlying commodities.

Subsequent to the disposition of its U.S. fresh bakery business on January 21, 2009, Weston Foods reorganized its remaining operations. The reorganization changed the composition of Weston Foods’ reporting units for the purpose of goodwill impairment testing. As a result of this change, the goodwill related to the biscuits, cookies, cones and wafers business was determined to be impaired and a write-down of $73 million was recorded in the first quarter of 2009.

During the fourth quarter of 2008, the Company sold the net assets of its dairy and bottling operations. The results of the dairy and bottling operations are not reported as discontinued operations, in accordance with Canadian GAAP, due to Loblaw’s continuing purchases of product from the dairy and bottling operations. Therefore, the results of the dairy and bottling operations up to the date of sale, which was December 10, 2008, are included in net earnings from continuing operations for 2008. During the fourth quarter of 2008 and on a year-to-date basis, the dairy and bottling operations generated sales of $95 million and $543 million, operating income of $9 million and $47 million and earnings before interest, income taxes, depreciation and amortization of $10 million and $53 million, respectively, for Weston Foods.

Weston Foods operating income for the fourth quarter and year-to-date 2009 were impacted by changes in the following items when compared to the same periods in 2008: the effect of stock-based compensation net of equity derivatives; the commodity derivatives fair value adjustment; income of Weston Foods’ dairy and bottling operations; and the additional week of operating results in 2008. Operating income on a year-to-date basis was also negatively impacted by the non-cash goodwill impairment in Weston Foods’ biscuits, cookies, cones and wafers business and income in 2008 related to the redemption of the remaining GWL 3% Exchangeable Debentures and the sale of the Domtar (Canada) Paper Inc. shares. Excluding these specific items, operating income in the fourth quarter of 2009 and on a year-to-date basis was strong compared to the same periods in 2008. Operating income in the fourth quarter and on a year-to-date basis was positively impacted by lower input costs, the benefits realized from productivity improvements and other cost reduction initiatives and lower fuel costs. On a year-to-date basis, operating income was also positively impacted by sales growth primarily due to the combined effect of price increases implemented in 2008 and changes in sales mix.

Gross margin increased in the fourth quarter of 2009 and on a year-to-date basis compared to the same period in 2008, mainly as a result of the sale of the dairy and bottling operations and the positive impact of the commodity derivatives fair value adjustment. Excluding the results of the dairy and bottling operations in 2008 and the impact of the commodity derivatives fair value adjustment, gross margin increased in the fourth quarter and on a year-to-date basis when compared to the same periods in 2008.

Weston Foods continuously evaluates strategic and cost reduction initiatives related to its manufacturing assets, distribution networks and administrative infrastructure with the objective of ensuring a low cost operating structure, and restructuring activities related to these initiatives are ongoing. In the fourth quarter of 2009, a charge of nil (2008 – $4 million) and on a year-to-date basis a charge of $9 million (2008 – $6 million), were recognized in operating income related to these restructuring activities.

EBITDA[(1)] increased by $25 million to $70 million in the fourth quarter of 2009 compared to $45 million in the fourth quarter of 2008. On a year-to-date basis EBITDA[(1)] decreased by $35 million, or 16.4%, to $179 million compared to $214 million in 2008. EBITDA margin[(1)] increased in the fourth quarter of 2009 to 19.9% from

(1) See non-GAAP financial measures on page 13.

8.9% in 2008 and on a year-to-date basis to 10.6% from 9.7% in 2008, mainly due to the sale of the dairy and bottling operations and the impact of the commodity derivatives fair value adjustment.

Loblaw

Sales Sales in the fourth quarter of 2009 (12 weeks) decreased by 5.6% to $7.3 billion compared to $7.7 billion in the fourth quarter of 2008 (13 weeks).

The following factors explain the major components that influenced sales for the fourth quarter of 2009 compared to the fourth quarter of 2008:

- same-store sales decline of 7.8% including a decline in sales and same-store sales of approximately 7.0% due to the extra selling week in the fourth quarter of 2008;
- T&T Supermarket Inc. ("T&T") positively impacted sales by 1.8%;
- sales were negatively impacted by 0.3% by the sale of the food service business in the fourth quarter of 2008;
- sales and same-store sales were negatively impacted by approximately 0.7% as a result of the shift of Thanksgiving holiday sales into the third quarter of 2009 from the fourth quarter of 2008;
- sales and same-store sales were positively impacted by approximately 0.6% as a result of a labour disruption in certain *Maxi* stores in Quebec in the fourth quarter of 2008. These stores reopened in the first quarter of 2009, except for two stores that were permanently closed;
- on an equivalent 12 week basis, sales growth in food was flat and sales growth in drugstore was moderate;
- on an equivalent 12 week basis, sales growth in apparel was strong while sales of other general merchandise declined significantly due to lower discretionary consumer spending and reductions in assortment and square footage;
- on an equivalent 12 week basis, gas bar sales increased as a result of higher retail gas prices and strong volume growth;
- Loblaw experienced internal retail food price deflation compared to modest national food price inflation of 1.6% as measured by "The Consumer Price Index for Food Purchased from Stores" ("CPI"). CPI does not necessarily reflect the effect of inflation on the specific mix of goods sold in Loblaw stores; and
- during the fourth quarter of 2009, 7 corporate and franchised stores were opened and 10 corporate and franchised stores were closed, resulting in a net decrease of 0.2 million square feet or 0.5%. During 2009, 41 corporate and franchised stores were opened, including 17 acquired T&T stores, and 33 corporate and franchised stores were closed, resulting in a net increase of 0.5 million square feet, or 1.0%.

Sales in 2009 (52 weeks) decreased by 0.2% to $30.7 billion compared to sales of $30.8 billion in 2008 (53 weeks).

The following factors, in addition to the quarterly factors mentioned above, further explain the change in 2009 sales over 2008:

- same-store sales decline of 1.1% including a decline in sales and same-store sales of approximately 1.8% due to the extra selling week in the fourth quarter of 2008;
- T&T sales positively impacted sales by 0.5%; and
- sales were negatively impacted by 0.5% by the sale of the food service business in the fourth quarter of 2008.

Operating Income Operating income decreased by $43 million to $275 million for the fourth quarter of 2009 compared to $318 million in 2008, primarily as a result of the additional selling week in 2008. Operating margin was 3.8% for the fourth quarter of 2009 compared to 4.1% in 2008.

Gross profit decreased by $12 million to $1,728 million in the fourth quarter of 2009 compared to $1,740 million in 2008, as a result of the additional selling week in 2008. Gross profit as a percentage of sales was 23.6% in the fourth quarter of 2009 compared to 22.5% in 2008. This improvement was primarily attributable to improved buying synergies, more disciplined vendor management, lower fuel costs and the efficiency of transportation operations. Continued investments in pricing partially offset the improvement.

Contributing to the decrease in operating income was a charge of $5 million (2008 – income of $17 million) related to the effect of stock-based compensation net of the equity forwards and incremental costs of $12 million related to Loblaw's investment in information technology and supply chain. Included in 2009 fourth quarter operating income was a charge of $27 million (2008 – $29 million) for fixed asset impairments related to asset carrying values in excess of fair values for specific store locations. The fourth quarter of 2008 was positively impacted by $8 million related to lower than anticipated restructuring costs and a gain of $22 million on the sale of the food service business.

EBITDA[(1)] decreased by $14 million, or 3.2%, to $418 million in the fourth quarter of 2009 compared to $432 million in the fourth quarter of 2008. EBITDA margin[(1)] increased to 5.7% compared to 5.6% in the fourth quarter of 2008. The decrease in EBITDA[(1)] was primarily due to the decrease in operating income and operating margin.

Year-to-date 2009 gross profit increased by $285 million to $7,196 million compared to $6,911 million in 2008. Year-to-date 2009 gross profit as a percentage of sales was 23.4% compared to 22.4% in 2008. In 2009, improved buying synergies, more disciplined vendor management, lower fuel costs and the efficiency of transportation operations contributed to the increase in gross profit and gross profit as a percentage of sales. Continued investments in pricing partially offset the improvement.

Year-to-date operating income for 2009 increased by $153 million, or 14.7%, to $1,197 million, and resulted in an operating margin of 3.9% compared to 3.4% in 2008. Included in 2009 operating income is a charge of $22 million (2008 – $7 million) related to the effect of stock-based compensation net of the equity forwards. The year-to-date increases in operating income and operating margin for 2009 were primarily due to the improvement in gross profit partially offset by an increased stock-based compensation charge, the incremental costs of $73 million related to Loblaw's investment in information technology and supply chain and a lower gain on the sale of financial investments by *President's Choice* Bank ("*PC* Bank"), a wholly owned subsidiary of Loblaw, of $8 million (2008 – $14 million). Included in 2009 operating income was a charge of $27 million (2008 – $29 million) for fixed asset impairments related to asset carrying values in excess of fair values for specific store locations. Included in 2008 operating income was a gain of $22 million on the sale of the food service business.

Cost reduction initiatives throughout Loblaw contributed to the improvement in operating income in 2009 compared to the prior year. Specifically, labour and supply chain costs decreased as a result of continued labour productivity improvements and efficiency enhancements at distribution centres.

Year-to-date EBITDA[(1)] increased by $192 million, or 12.0%, to $1,786 million compared to $1,594 million in 2008. Year-to-date EBITDA margin[(1)] in 2009 increased to 5.8% compared to 5.2% in 2008. The year-to-date increases in EBITDA[(1)] and EBITDA margin[(1)] were primarily due to the 2009 increases in operating income and operating margin.

LIQUIDITY AND CAPITAL RESOURCES

Following the sale of the U.S. fresh bakery business, the Company holds significant cash and short term investments denominated in Canadian and United States currencies. These funds are invested in highly liquid marketable short term investments consisting primarily of Canadian and United States government treasury bills and treasury notes, United States government sponsored debt securities, Canadian bank term deposits and corporate commercial paper.

Loblaw expects that cash and cash equivalents, short term investments, future operating cash flows and the amounts available to be drawn against its existing $800 million credit facility will enable Loblaw to finance its capital investment program and fund its ongoing business requirements, including working capital and pension plan funding over the next twelve months. In addition, given reasonable access to capital markets, Loblaw does not foresee any impediments in securing financing to satisfy its long term obligations.

(1) See non-GAAP financial measures on page 13.

The Company (excluding Loblaw) expects that cash and cash equivalents, short term investments and future operating cash flows will enable it to finance its capital investment program and fund its ongoing business requirements, including working capital and pension plan funding over the next twelve months. The Company (excluding Loblaw) does not foresee any impediments in satisfying its long term obligations.

Cash Flows from Operating Activities of Continuing Operations The Company's fourth quarter 2009 cash flows from operating activities of continuing operations were $638 million compared to $594 million in the same period in 2008. On a year-to-date basis, cash flows from operating activities of continuing operations were $1,987 million compared to $956 million in 2008. The increase in the fourth quarter was primarily due to an increase in net earnings from continuing operations before minority interest, excluding the impact of the gain on disposal of business and other non-cash items, partially offset by the decrease in cash flows from non-cash working capital. The year-to-date increase was primarily due to increases in both cash flows from non-cash working capital and net earnings from continuing operations before minority interest, excluding the impact of the gain on disposal of business and other non-cash items. The increase in year-to-date cash flows from non-cash working capital when compared to 2008 was primarily driven by changes in inventories and accounts payable and accrued liabilities at Loblaw.

Cash Flows (used in) from Investing Activities of Continuing Operations The Company's fourth quarter 2009 cash flows used in investing activities of continuing operations were $739 million compared to cash flows from investing activities of continuing operations of $29 million in 2008. On a year-to-date basis, cash flows used in investing activities of continuing operations were $2,050 million compared to $196 million in 2008. The primary reasons for the fourth quarter and year-to-date 2009 increases in cash flows used include the $467 million of proceeds from the fourth quarter 2008 disposition of Weston Foods' dairy and bottling operations, the net increase in short term investments and security deposits and an increase in cash outflows from credit card receivables, after securitization. During the fourth quarter of 2009, a distribution centre that was sold in 2007 was reacquired by Loblaw for approximately $140 million including the assumption of a mortgage for approximately $90 million. The year-to-date change was also impacted by fixed asset purchases and the acquisition of T&T by Loblaw. The year-to-date change in cash flows used in short term investments includes Dunedin's and certain of its affiliates' investment of the proceeds from the sale of the U.S. fresh bakery business. Capital expenditures for the fourth quarter were approximately $466 million (2008 – $383 million) and year-to-date 2009 were approximately $1.1 billion (2008 – $807 million). The Company estimates that its capital expenditures for 2010 will be approximately $1 billion.

Cash Flows used in Financing Activities of Continuing Operations The Company's fourth quarter 2009 cash flows used in financing activities of continuing operations were $14 million compared to $491 million in 2008. On a year-to-date basis, cash flows used in financing activities of continuing operations were $867 million compared to $787 million in 2008. The fourth quarter decrease in cash outflows when compared to 2008 is primarily due to the repayment of the GWL committed credit facility in the fourth quarter of 2008 and the timing of dividend payments. The year-to-date increase in cash outflows was primarily due to the redemption of GWL's 10.6 million preferred shares, Series II, for $265 million in 2009 and the issuance of capital securities by Loblaw in 2008, partially offset by cash inflows due to lower repayments of short term debt, an increase in issuances and lower repayments of long term debt in 2009 and the timing of dividend payments.

During the first quarter of 2009, Loblaw repaid its $125 million 5.75% Medium Term Notes ("MTN"), and GWL repaid its $250 million 5.90% MTN, both of which matured.

Following the sale of the U.S. fresh bakery business in the first quarter of 2009, GWL terminated the $300 million, 5-year committed credit facility, provided by a syndicate of banks, which it had entered into in the second quarter of 2008.

During the second quarter of 2009, Loblaw issued $350 million principal amount of 5 year unsecured MTNs, Series 2-A pursuant to its MTN, Series 2 Program. Interest on the notes is payable semi-annually at a fixed rate of 4.85%. The notes are unsecured obligations of Loblaw and are redeemable at the option of Loblaw.

During the second quarter of 2009, Loblaw commenced a Dividend Reinvestment Plan ("DRIP"). Under the terms of the DRIP, eligible holders of common shares may elect to automatically reinvest their regular quarterly dividends in additional common shares of Loblaw without incurring any commissions, service charges or brokerage fees. The Company has elected to participate in the DRIP with respect to approximately 160 million Loblaw common shares owned by the Company. During the fourth quarter and year-to-date 2009, Loblaw issued 1.3 million and 3.7 million common shares, respectively, from treasury at a three percent (3%) discount to market, resulting in net cash savings to the Company of approximately $7 million and $18 million, respectively.

Also during the second quarter of 2009, GWL entered into an agreement to repurchase a portion of the 12.7% Promissory Notes, due 2030. During the third quarter of 2009, GWL repurchased these and all of the remaining notes, pursuant to the terms of the notes, for an aggregate purchase price of $73 million. As a result, GWL recorded a loss of $49 million year-to-date 2009, in interest expense and other financing charges. The repurchase resulted in an after-tax loss of $37 million.

Net Debt (excluding Exchangeable Debentures)(1) In the first quarter of 2009, the Company revised its definition of net debt(1) to include the fair value of financial derivative assets and liabilities, other than those related to commodities, as the Company believes the measure should contain all interest bearing financing arrangements. Net debt(1) was $299 million as at December 31, 2009 compared to $3,251 million at December 31, 2008. Of the $2,952 million reduction in net debt(1), the proceeds from the sale of the U.S. fresh bakery business accounted for $3,107 million. The reduction was also largely attributable to improvements in non-cash working capital at Loblaw, partially offset by the redemption of the GWL preferred shares, Series II, for $265 million and the acquisition of T&T by Loblaw.

The Company's net debt (excluding Exchangeable Debentures)(1) at December 31, 2008 was $3,251 million compared to $4,291 million at the end of 2007. Of the $1,040 million reduction, the proceeds from the sale of Weston Foods' dairy and bottling operations accounted for $467 million, the issuance of preferred shares by Loblaw in 2008 accounted for $218 million and all other factors accounted for $355 million.

Employee Future Benefit Contributions During 2009, the Company contributed $119 million (2008 – $148 million) to its registered defined benefit pension plans. The Company expects to contribute approximately $120 million to these plans in 2010. The Company regularly monitors and assesses plan experience and the impact of changes in participant demographics, changes in capital markets and other economic factors that may impact funding requirements, employee future benefit costs and actuarial assumptions.

Equity Forward Contracts During the fourth quarter of 2009, Glenhuron Bank Limited ("Glenhuron"), a wholly owned subsidiary of Loblaw, paid $17 million and $55 million year-to-date to a counterparty to terminate a portion of the equity forwards, representing 1.7 million shares for the fourth quarter and 3.3 million shares year-to-date, which led to the extinguishment of a corresponding portion of the associated liability. At the end of the fourth quarter of 2009, Glenhuron had equity forwards to buy 1.5 million (2008 – 4.8 million) of Loblaw's common shares at an average forward price of $66.25 (2008 – $54.46) including $10.03 (2008 – $9.59) per common share of interest expense. At the end of the fourth quarter of 2009, the interest and unrealized market loss of $48 million (2008 – $92 million) was included in accounts payable and accrued liabilities.

RISKS AND RISK MANAGEMENT

Detailed descriptions of the operating and financial risks and risk management strategies are included in the Enterprise Risks and Risk Management Section on page 33 of the annual MD&A as well as note 29 to the Consolidated Financial Statements, included in the Company's 2008 Annual Report. The following is an update to those enterprise risks and risk management strategies:

Economic Environment The Company remains cautious that the economic factors that impact consumer spending patterns could deteriorate. These factors include continued high levels of unemployment, changes in interest rates, household debt, reduced disposable incomes and access to credit and changes in inflation. One or more of these factors could negatively affect the Company's sales and margins. Inflationary trends are

(1) See non-GAAP financial measures on page 13.

unpredictable and changes in the rate of inflation will affect consumer prices, which in turn could have a negative impact on the results of the Company. Management regularly monitors economic conditions and estimates their impact on the Company's operations, and incorporates these estimates in short term operating and longer term strategic decisions.

OUTLOOK(1)

The consolidated results of George Weston Limited will continue to reflect the performance of both the Weston Foods and Loblaw operating businesses. In addition, the Company's results will be subject to earnings volatility caused by the impact of changes in U.S. foreign exchange currency fluctuations on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin and certain of its affiliates. The Company is continuing to assess its strategic options for the deployment of the significant holdings of cash and short term investments generated from the divestitures of the dairy and bottling operations in December 2008 and the U.S. fresh bakery business in January 2009.

Weston Foods expects to deliver satisfactory operating performance in 2010. To help offset economic pressures, the Company is continuing its efforts to reduce costs through improved efficiencies and productivity and grow sales by optimizing product mix and product innovation to meet changing consumer buying preferences.

Loblaw continues to expect sales and margins to be challenged by deflation and increased competitive intensity as it enters 2010. Loblaw plans to step up its investment in information technology and supply chain which will negatively impact operating income by approximately $185 million over 2009 and maintain its capital expenditures at approximately $1 billion.

NON-GAAP FINANCIAL MEASURES

In this News Release, the Company uses the following non-GAAP measures: EBITDA and EBITDA margin and net debt. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by Canadian GAAP, and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with Canadian GAAP.

(1) To be read in conjunction with "Forward-Looking Statements".

EBITDA and EBITDA Margin The following table reconciles earnings before minority interest, income taxes, interest, gain on disposal of business and depreciation and amortization ("EBITDA") to Canadian GAAP net earnings from continuing operations reported in the unaudited condensed interim period consolidated statements of earnings for the 12 (2008 – 13) and 52 (2008 – 53) week periods ended as indicated. For each of its reportable operating segments, segment EBITDA is reconciled to segment operating income. EBITDA is useful to management in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

EBITDA margin is calculated as EBITDA divided by sales.

	Quarter Ended Dec. 31, 2009 (unaudited)				Quarter Ended Dec. 31, 2008 (unaudited-restated)		
($ millions)	**Weston Foods**	**Loblaw**	**Other(2)**	**Consolidated**	Weston Foods	Loblaw	Consolidated
Net earnings from continuing operations				**$ 79**			$ 357
Add (deduct) impact of the following:							
Minority interest				**70**			77
Income taxes				**39**			113
Interest expense and other financing charges				**99**			136
Gain on disposal of business							(335)
Operating income	**$ 58**	**$ 275**	**$ (46)**	**$ 287**	$ 30	$ 318	$ 348
Depreciation and amortization(1)	**12**	**143**		**155**	15	114	129
EBITDA	**$ 70**	**$ 418**	**$ (46)**	**$ 442**	$ 45	$ 432	$ 477

(1) Includes depreciation of $10 million (2008 – $11 million) included in cost of inventories sold.

(2) After the sale of the U.S. fresh bakery business on January 21, 2009, Dunedin and certain of its affiliates became "integrated" foreign subsidiaries for accounting purposes. Subsequent to January 21, 2009, gains and losses arising from the translation of the U.S. dollar denominated assets of these integrated foreign subsidiaries are included in net earnings. As a result, operating income for the fourth quarter of 2009 included $6 million (2008 – nil) of unrealized foreign exchange gains associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin and certain of its affiliates. In addition, during the fourth quarter of 2009, due to an internal reorganization, a reduction in the Company's U.S. net investment in self-sustaining foreign operations resulted in the reversal of an additional cumulative translation loss of $52 million into operating income.

($ millions)	**Year Ended Dec. 31, 2009 (unaudited)**				Year Ended Dec. 31, 2008 (restated)		
	Weston Foods	**Loblaw**	**Other[2]**	**Consolidated**	Weston Foods	Loblaw	Consolidated
Net earnings from continuing operations				**$ 127**			$ 647
Add (deduct) impact of the following:							
Minority interest				**260**			222
Income taxes				**259**			304
Interest expense and other financing charges				**363**			360
Gain on disposal of business							(335)
Operating income	**$ 123**	**$ 1,197**	**$ (311)**	**$ 1,009**	$ 154	$ 1,044	$ 1,198
Depreciation and amortization[1]	**56**	**589**		**645**	60	550	610
EBITDA	**$ 179**	**$ 1,786**	**$ (311)**	**$ 1,654**	$ 214	$ 1,594	$ 1,808

(1) Includes depreciation of $44 million (2008 – $44 million) included in cost of inventories sold.

(2) After the sale of the U.S. fresh bakery business on January 21, 2009, Dunedin and certain of its affiliates became “integrated” foreign subsidiaries for accounting purposes. On the date of the sale, the cumulative foreign currency translation loss of $34 million associated with Dunedin and certain of its affiliates, which was previously reflected in accumulated other comprehensive loss, was reversed and included in operating income. Subsequent to January 21, 2009, gains and losses arising from the translation of the U.S. dollar denominated assets of these integrated foreign subsidiaries are included in net earnings. As a result, year-to-date 2009 operating income included $225 million (2008 – nil) of foreign exchange losses associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and short term investments held by Dunedin and certain of its affiliates. In addition, during the fourth quarter of 2009, due to an internal reorganization, a reduction in the Company’s U.S. net investment in self-sustaining foreign operations resulted in the reversal of an additional cumulative translation loss of $52 million into operating income.

Net Debt In the first quarter of 2009, the Company revised its definition of net debt to include the fair value of financial derivative assets and liabilities, other than those related to commodities, as the Company believes the measure should include all interest bearing financing arrangements.

The Company calculates net debt as the sum of bank indebtedness, short term debt, long term debt, other liabilities and the fair value of financial derivative liabilities less cash and cash equivalents, short term investments, security deposits and the fair value of financial derivative assets. The fair value of financial derivative assets and liabilities are presented on a net basis in the following table. The Company believes this measure is useful in assessing the amount of financial leverage employed. 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 could have been settled by using the Company's investment in Domtar (Canada) Paper Inc.

($ millions)	**Dec. 31, 2009 (unaudited)**	Dec. 31, 2008	Dec. 31, 2007
Bank indebtedness	**$ 2**	$ 93	$ 36
Short term debt	**300**	453	859
Long term debt due within one year	**343**	415	432
Long term debt	**5,377**	5,308	5,494
Other liabilities	**36**		
Fair value of financial derivative assets	**(505)**	(318)	(441)
	5,553	5,951	6,380
Less: Cash and cash equivalents	**3,368**	1,446	1,052
Short term investments	**1,538**	694	461
Security deposits	**348**	560	419
Net debt	**299**	3,251	4,448
Less: Exchangeable Debentures			157
Net debt (excluding Exchangeable Debentures)	**$ 299**	$ 3,251	$ 4,291

Capital securities are excluded from the calculation of net debt because the Company at its option can convert the capital securities into common shares. Fair value of financial derivatives is not credit value adjusted in accordance with Emerging Issues Committee Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities", ("EIC 173"). As at December 31, 2009, the credit value adjustment was $4 million.

Consolidated Statements of Earnings

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2009 (unaudited)**	Dec. 31, 2008 (unaudited-restated)	**Dec. 31, 2009 (unaudited)**	Dec. 31, 2008 (restated)
Sales	**$ 7,537**	$ 8,050	**$ 31,820**	$ 32,088
Operating Expenses				
Cost of inventories sold	**5,675**	6,170	**24,006**	24,569
Selling, administrative and other expenses	**1,430**	1,414	**6,131**	5,755
Depreciation and amortization	**145**	118	**601**	566
Goodwill impairment			**73**	
	7,250	7,702	**30,811**	30,890
Operating Income	**287**	348	**1,009**	1,198
Gain on disposal of business		335		335
	287	683	**1,009**	1,533
Interest Expense and Other Financing Charges	**99**	136	**363**	360
Earnings from Continuing Operations Before the Following:	**188**	547	**646**	1,173
Income Taxes	**39**	113	**259**	304
	149	434	**387**	869
Minority Interest	**70**	77	**260**	222
Net Earnings from Continuing Operations	**79**	357	**127**	647
Discontinued Operations	**3**	48	**908**	187
Net Earnings	**$ 82**	$ 405	**$ 1,035**	$ 834
Net Earnings per Common Share ($) –				
Basic				
Continuing Operations	**$ 0.53**	$ 2.69	**$ 0.64**	$ 4.65
Discontinued Operations	**$ 0.03**	$ 0.37	**$ 7.04**	$ 1.45
Net Earnings	**$ 0.56**	$ 3.06	**$ 7.68**	$ 6.10
Diluted				
Continuing Operations	**$ 0.52**	$ 2.69	**$ 0.63**	$ 4.65
Discontinued Operations	**$ 0.03**	$ 0.37	**$ 7.04**	$ 1.45
Net Earnings	**$ 0.55**	$ 3.06	**$ 7.67**	$ 6.10

Consolidated Balance Sheets

($ millions)	As at Dec. 31, 2009 (unaudited)	Dec. 31, 2008 (restated)
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 3,368**	$ 1,446
Short term investments	**1,538**	694
Accounts receivable	**851**	958
Inventories	**2,210**	2,307
Future income taxes	**87**	69
Prepaid expenses and other assets	**56**	75
Current assets of operations held for sale		2,588
Total Current Assets	**8,110**	8,137
Fixed Assets	**9,020**	8,542
Goodwill and Intangible Assets	**1,296**	1,145
Future Income Taxes	**61**	36
Other Assets	**1,656**	1,703
Total Assets	**$ 20,143**	$ 19,563
LIABILITIES		
Current Liabilities		
Bank indebtedness	**$ 2**	$ 93
Accounts payable and accrued liabilities	**3,579**	3,121
Income taxes	**78**	38
Short term debt	**300**	453
Long term debt due within one year	**343**	415
Capital securities		264
Current liabilities of operations held for sale		620
Total Current Liabilities	**4,302**	5,004
Long Term Debt	**5,377**	5,308
Future Income Taxes	**269**	273
Other Liabilities	**654**	615
Capital Securities	**220**	219
Minority Interest	**2,379**	2,234
Total Liabilities	**13,201**	13,653
SHAREHOLDERS' EQUITY		
Share Capital	**950**	950
Retained Earnings	**6,084**	5,282
Accumulated Other Comprehensive Loss	**(92)**	(322)
Total Shareholders' Equity	**6,942**	5,910
Total Liabilities and Shareholders' Equity	**$ 20,143**	$ 19,563

Consolidated Cash Flow Statements

($ millions)	Quarters Ended Dec. 31, 2009 (unaudited)	Quarters Ended Dec. 31, 2008 (unaudited-restated)	Years Ended Dec. 31, 2009 (unaudited)	Years Ended Dec. 31, 2008 (restated)
Operating Activities				
Net earnings from continuing operations before minority interest	**$ 149**	$ 434	**$ 387**	$ 869
Gain on disposal of business		(335)		(335)
Depreciation and amortization	**155**	129	**645**	610
Goodwill impairment			**73**	
Foreign exchange losses	**46**		**311**	
Loss on redemption of debt			**49**	
Settlement of equity forward contracts	**(17)**		**(55)**	
Future income taxes	**(34)**	15	**(79)**	(14)
Fair value adjustment of WHL's forward sale agreement	**23**	52	**(13)**	11
Change in non-cash working capital	**300**	342	**675**	(177)
Other	**16**	(43)	**(6)**	(8)
Cash Flows from Operating Activities of Continuing Operations	**638**	594	**1,987**	956
Investing Activities				
Fixed asset purchases	**(371)**	(383)	**(1,011)**	(807)
Short term investments	**(148)**	63	**(949)**	(114)
Proceeds from fixed asset sales	**17**	63	**27**	125
Purchase of subsidiary interests	**(35)**		**(35)**	
Business acquisition - net of cash acquired	**(10)**		**(204)**	(10)
Proceeds from business disposition		467		467
Domtar investment				144
Credit card receivables, after securitization	**(228)**	(150)	**8**	82
Franchise investments and other receivables	**10**	(18)	**6**	(37)
Security deposits and other	**26**	(13)	**108**	(46)
Cash Flows (used in) from Investing Activities of Continuing Operations	**(739)**	29	**(2,050)**	(196)
Financing Activities				
Bank indebtedness	**(6)**	(39)	**(95)**	58
Short term debt	**9**	(373)	**(153)**	(406)
Long term debt - Issued	**32**		**402**	301
- Retired	**(10)**		**(490)**	(561)
Capital securities - Issued				218
- Retired			**(265)**	
Cancellation of subsidiary share capital	**(21)**		**(21)**	
Dividends - To common shareholders		(46)	**(139)**	(232)
- To preferred shareholders	**(3)**	(11)	**(36)**	(55)
- To minority shareholders	**(15)**	(22)	**(70)**	(110)
Cash Flows used in Financing Activities of Continuing Operations	**(14)**	(491)	**(867)**	(787)
Effect of Foreign Currency Exchange Rate Changes on Cash and Cash Equivalents	**31**	135	**(165)**	233
Cash Flows (used in) from Continuing Operations	**(84)**	267	**(1,095)**	206
Cash Flows from Discontinued Operations		58	**3,017**	188
Change in Cash and Cash Equivalents	**(84)**	325	**1,922**	394
Cash and Cash Equivalents, Beginning of Period	**3,452**	1,121	**1,446**	1,052
Cash and Cash Equivalents, End of Period	**$ 3,368**	$ 1,446	**$ 3,368**	$ 1,446

Supplemental Financial Information

Basis of Presentation

The unaudited condensed interim period consolidated financial information has been prepared by management in accordance with Canadian GAAP. This financial information does not contain all disclosures required by Canadian GAAP for annual or interim financial statements, and accordingly, this financial information should be read in conjunction with the most recently issued audited annual consolidated financial statements for the year ended December 31, 2008 contained in the Company's 2008 Annual Report and interim financial statements for the 16 and 40 weeks ended October 10, 2009 contained in the Company's Quarterly Report to Shareholders. The unaudited condensed interim period consolidated financial information has not been reviewed by the Company's external auditor.

Basis of Consolidation

The unaudited condensed interim period consolidated financial information includes the accounts of the Company and its subsidiaries, with provision for minority interest. The Company's interest in the voting share capital of its subsidiaries is 100% except for Loblaw, which was 62.5% at year end 2009 compared to 61.9% at year end 2008. In addition, the Company consolidates variable interest entities ("VIEs") pursuant to the Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 15, "Consolidation of Variable Interest Entities", ("AcG 15"), that are subject to control by Loblaw on a basis other than through ownership of a majority of voting interest. 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 VIEs' expected losses or that entitle it to receive a majority of the VIEs' expected residual returns or both.

Accounting Standards Implemented in 2009

In the first quarter of 2009, the Company implemented CICA Section 3064, "Goodwill and Intangible Assets" retroactively with restatement of the comparative periods and EIC 173 retroactively without restatement of the comparative periods.

Use of Estimates and Assumptions

The preparation of the unaudited condensed interim period consolidated financial information requires management to make estimates and assumptions that affect the reported amounts and disclosures. These estimates and assumptions are based on management's historical experience, knowledge of current events and conditions and activities that may be undertaken 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 and provincial sales 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 condensed financial information. Illiquid credit markets, volatile equity, foreign currency, energy markets and declines in consumer spending have combined to increase the uncertainty inherent in such estimates and assumptions. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Business Acquisitions

Loblaw acquired all of the outstanding common shares of T&T in the third quarter of 2009 for cash consideration of $200 million, $191 million of which was paid on the date of acquisition. Loblaw also assumed a liability of $34 million associated with preferred shares issued by T&T to a vendor prior to the acquisition. The liability will increase with a favourable performance of the T&T business and the increase in the liability will be expensed as incurred.

Acquisition costs of $4 million were incurred in connection with the acquisition. The acquisition was accounted for using the purchase method of accounting and its results of operations from the date of acquisition have been included by Loblaw.

The preferred shares are classified as other liabilities on the consolidated balance sheet as at December 31, 2009. Redemption or purchase of the preferred shares may take place upon the occurrence of certain events, including the expiry of 5 years from the closing date of the acquisition. The preferred shareholder may increase this period up to a further 5 years if certain conditions are met. The preferred share liability may be satisfied in cash, Loblaw common shares, or a combination thereof, at the option of Loblaw.

The preliminary purchase price allocation, based on Loblaw's current assessment of fair value is as follows:

($ millions)		
Net assets acquired:		
Inventory	$	39
Other current assets		7
Fixed assets		73
Goodwill		131
Indefinite life intangible assets (trademarks and brand names)		51
Definite life intangible assets		14
Current liabilities		(60)
Other liabilities		(39)
Future income taxes		(16)
Cash consideration	$	200

In connection with the acquisition of T&T, Loblaw also acquired certain net assets for $5 million.

The goodwill associated with these transactions is not deductible for tax purposes.

During the second quarter of 2009, Loblaw commenced a DRIP. Under the terms of the DRIP, eligible holders of common shares may elect to automatically reinvest their regular quarterly dividends in additional common shares of Loblaw without incurring any commissions, service charges or brokerage fees. The Company has elected to participate in the DRIP with respect to approximately 160 million Loblaw common shares owned by the Company. As a result of the common shares issued under the DRIP during the fourth quarter of 2009 and during 2009, the Company's proportionate ownership of Loblaw increased and was accounted for as a step acquisition of Loblaw by the Company, resulting in an increase to goodwill of $3 million and $9 million, respectively.

During the fourth quarter of 2009, Loblaw purchased for cancellation 1.7 million (2008 – nil) of its common shares for $56 million (2008 – nil). As a result, the Company's proportionate ownership of Loblaw increased and was accounted for as a step acquisition, resulting in an increase to goodwill of $11 million.

As a result of the common shares issued under the DRIP and the Loblaw purchase for cancellation of 1.7 million common shares, the Company's proportionate ownership of Loblaw has changed and is 62.5% at year end 2009 compared to 61.9% at year end 2008.

Business Dispositions

During the fourth quarter of 2008, Weston Foods sold the net assets of its dairy and bottling operations for cash proceeds of $467 million, which resulted in a pre-tax gain of $335 million ($281 million, net of tax). The carrying value of the net assets sold consisted of fixed assets of $54 million, goodwill of $11 million and negative working capital of $6 million. Prior to the closing, Weston Foods paid Loblaw $65 million in consideration of Loblaw's agreement to enter into a long term supply agreement with the dairy and bottling operations. This payment is being recognized into operating income by Loblaw over the term of the agreement.

In the fourth quarter of 2008, Loblaw disposed of its food service business for proceeds of $36 million which resulted in a pre-tax gain of $22 million in operating income ($16 million, net of tax).

Discontinued Operations

On January 21, 2009, Dunedin sold its U.S. fresh bakery business to Grupo Bimbo, S.A.B. de C.V. for gross and net proceeds of $3,107 million (approximately U.S. $2.5 billion, including approximately U.S. $125 million for interest bearing assets). The carrying value of the net assets sold were $2,168 million including goodwill and intangible assets of $1,421 million.

As part of the sale transaction and typical of the normal process of selling a business, Dunedin agreed to indemnify Grupo Bimbo in the event of inaccuracies in representations and warranties or if it fails to perform agreements and covenants provided for in the agreement of purchase and sale. The terms of the indemnification provisions vary in duration and may extend for an unlimited period of time. The indemnification provisions could result in future cash outflows and statement of earnings charges. The Company is unable to reasonably estimate its total maximum potential liability as certain indemnification provisions do not provide for a maximum potential amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time.

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

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**(1)	Dec. 31, 2008
Sales		$ 665	**$ 145**	$ 2,422
Operating income		60	**9**	218
Gain on disposal(2)	**$ 3**		**939**	
Interest income(3)		(2)	**(1)**	(10)
Earnings before the following:	**3**	62	**949**	228
Income taxes		14	**41**	41
Earnings from discontinued operations	**$ 3**	$ 48	**$ 908**	$ 187

(1) Reflects results of the U.S. fresh bakery business up to the date of sale, January 21, 2009 and the gain on disposal.
(2) Net of the reclassification of cumulative foreign currency translation loss of $110 million, which was recorded in the first quarter of 2009, associated with the U.S. fresh bakery business that was previously reflected in accumulated other comprehensive loss.
(3) In calculating earnings from discontinued operations, no general interest expense has been allocated to these operations.

The assets held for sale and related liabilities as at December 31, 2008 were as follows:

($ millions)	Year Ended Dec. 31, 2008
Current assets of operations held for sale	
Accounts receivable	$ 219
Inventories	40
Prepaid expenses and other assets	211
Fixed assets	618
Goodwill and intangible assets	1,364
Future income taxes	136
	$ 2,588

Current liabilities of operations held for sale		
Bank indebtedness	$	22
Accounts payable and accrued liabilities		354
Income taxes		52
Future income taxes		2
Other liabilities		190
	$	620

The cash flows from discontinued operations were as follows:

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**(1)	Dec. 31, 2008
Cash flows from (used in) operations	**$**	$ 76	**$ (105)**	$ 247
Cash flows (used in) from investing		(16)	**3,107**	(50)
Cash flows (used in) from financing		(2)	**15**	(9)
Cash flows from discontinued operations	**$**	$ 58	**$ 3,017**	$ 188

(1) Reflects the proceeds received on the sale and the cash flows of the U.S. fresh bakery business up to the date of sale, January 21, 2009.

Basic and Diluted Net Earnings per Common Share from Continuing Operations

	Quarters Ended		Years Ended	
($ millions except where otherwise indicated)	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Net earnings from continuing operations	**$ 79**	$ 357	**$ 127**	$ 647
Prescribed dividends on preferred shares in share capital	**(10)**	(10)	**(44)**	(47)
Net earnings from continuing operations available to common shareholders for basic earnings per share	**$ 69**	$ 347	**$ 83**	$ 600
Reduction in net earnings due to dilution at Loblaw	**(1)**		**(2)**	
Net earnings from continuing operations available to common shareholders for diluted earnings per share	**$ 68**	$ 347	**$ 81**	$ 600
Weighted average common shares outstanding (in millions)	**129.1**	129.1	**129.1**	129.1
Dilutive effect of stock-based compensation(1) (in millions)				
Diluted weighted average common shares outstanding (in millions)	**129.1**	129.1	**129.1**	129.1
Basic net earnings per common share from continuing operations ($)	**$ 0.53**	$ 2.69	**$ 0.64**	$ 4.65
Diluted net earnings per common share from continuing operations ($)	**$ 0.52**	$ 2.69	**$ 0.63**	$ 4.65

(1) Stock options outstanding with an exercise price greater than the quarter and year-to-date average market prices of GWL's common shares are not included in the computation of diluted net earnings per common share from continuing operations. Accordingly, for the fourth quarter and year-to-date 2009, 1,252,630 (2008 – 1,303,182) stock options, with a weighted average exercise price of $85.92 (2008 – $86.54) per common share, were excluded from the computation of diluted net earnings per common share from continuing operations.

Cash and Cash Equivalents

The components of cash and cash equivalents as at December 31, 2009 and December 31, 2008 were as follows:

	As at	
($ millions)	**Dec. 31, 2009**	Dec. 31, 2008
Cash	**$ 294**	$ 85
Cash equivalents - short term investments with a maturity of 90 days or less		
Bank term deposits	**1,140**	101
Government treasury bills	**1,446**	656
Government-sponsored debt securities	**99**	107
Corporate commercial paper	**389**	450
Foreign bonds		47
Cash and cash equivalents	**$ 3,368**	$ 1,446

As at December 31, 2009, U.S. $2,220 million (2008 – U.S. $2,129 million) held primarily by Dunedin and certain of its affiliates and Glenhuron was included in cash and cash equivalents, short term investments and security deposits. Security deposits are also held by *PC* Bank. During the fourth quarter of 2009, the Company recognized an unrealized foreign currency exchange gain of $29 million (2008 – $251 million), as a result of translating its U.S. dollar denominated cash and cash equivalents, short term investments and security deposits, of which a gain of $31 million (2008 – $135 million) related to cash and cash equivalents. Loblaw recognized an unrealized foreign currency exchange gain of $10 million (2008 – $116 million) as a result of translating its U.S. dollar denominated cash and cash equivalents, short term investments and security deposits, of which a gain of $18 million (2008 – $50 million) related to cash and cash equivalents. The remaining unrealized foreign currency exchange gain of $19 million (2008 – $135 million) includes a gain of $13 million (2008 – $85 million) related to the translation of cash and cash equivalents held by GWL's foreign operations. During the fourth quarter of 2009, $6 million (2008 – nil) of unrealized foreign exchange gains associated with the U.S. dollar denominated cash and cash equivalents and short term investments held by Dunedin and certain of its affiliates was recognized in operating income with the balance recognized in other comprehensive income.

Year-to-date 2009, the unrealized foreign currency exchange loss as a result of translating U.S. dollar denominated cash and cash equivalents, short term investments and security deposits, was $327 million (2008 – gain of $451 million), $165 million (2008 – gain of $233 million) of which related to cash and cash equivalents. Loblaw recognized an unrealized foreign currency exchange loss of $146 million (2008 – gain of $210 million) as a result of translating its U.S. dollar denominated cash and cash equivalents, short term investments and security deposits, of which $59 million (2008 – gain of $87 million) related to cash and cash equivalents. The remaining unrealized foreign currency exchange loss of $181 million (2008 – gain of $241 million) includes a loss of $106 million (2008 – gain of $146 million) related to the translation of cash and cash equivalents held by GWL's foreign operations. Year-to-date 2009, $225 million (2008 – nil) of foreign exchange losses associated with the U.S. dollar denominated cash and cash equivalents and short term investments held by Dunedin and certain of its affiliates was recognized in operating income with the balance recognized in other comprehensive income.

The Loblaw gain or loss on cash and cash equivalents, short term investments and security deposits, is offset in operating income and other comprehensive income by the unrealized foreign currency exchange loss of $10 million (2008 – $116 million) and gain of $145 million (2008 – loss of $209 million) year-to-date on the cross currency basis swaps.

Accounts Receivable

From time to time, *PC* Bank securitizes credit card receivables through the sale of a portion of the total interest in these receivables to independent trusts. In 2009, nil (2008 – $300 million) of credit card receivables were securitized. During the fourth quarter of 2009, *PC* Bank repurchased $50 million (2008 – nil) of co-ownership interest in the securitized receivables from an independent trust and an additional $90 million was repurchased subsequent to December 31, 2009. The independent trusts' recourse to *PC* Bank's assets is limited to *PC* Bank's retained interests and is further supported by Loblaw through a standby letter of credit for

$116 million (2008 – $116 million) on a portion of the securitized amount. Other receivables consist mainly of receivables from Loblaw's independent franchisees, associated stores and independent accounts and receivables from Weston Foods customers.

Inventories

($ millions)	As at Dec. 31, 2009	Dec. 31, 2008
Raw materials and supplies	**$ 36**	$ 41
Finished goods	**2,174**	2,266
Inventories	**$ 2,210**	$ 2,307

Cost of inventories sold includes $10 million (2008 – $11 million) of depreciation during the fourth quarter of 2009 and $44 million (2008 – $44 million) year-to-date.

For inventories recorded as at December 31, 2009, Loblaw recorded $15 million (December 31, 2008 – $16 million) as an expense for the write-down of inventories below cost to net realizable value.

Outstanding Share Capital

GWL's outstanding share capital is comprised of common shares and preferred shares. An unlimited number of common shares are authorized and 129.1 million common shares were outstanding at the end of the fourth quarter of 2009. Ten million preferred shares, Series I, are authorized and 9.4 million were outstanding, 10.0 million preferred shares, Series III, are authorized and 8.0 million were outstanding and 8.0 million preferred shares, Series IV and Series V, are authorized and were outstanding, in each case, at the end of the fourth quarter of 2009.

Further information on GWL's outstanding share capital is provided in note 23 to the annual consolidated financial statements for the year ended December 31, 2008.

During the second quarter of 2009, GWL renewed its Normal Course Issuer Bid ("NCIB") to purchase on the Toronto Stock Exchange or enter into equity derivatives to purchase up to 5% of its common shares outstanding. In accordance with the rules and by-laws of the Toronto Stock Exchange, GWL may purchase its shares at the then market price of such shares. GWL did not purchase any shares under its NCIB in 2009 or in 2008.

The declaration and payment of dividends and the amount thereof are at the discretion of the Board of Directors, which takes into account the Company's financial results, capital requirements, available cash flow and other factors the Board of Directors considers relevant from time to time. Over the long term, GWL's objective is for its common dividend payment ratio to be in the range of 20% to 25% of the prior year's basic net earnings per common share from continuing operations, adjusted as appropriate for items which are not regarded to be reflective of ongoing operations, giving consideration to the year end cash position, future cash flow requirements and investment opportunities. The Board of Directors has declared dividends as follows:

	Quarters Ended		Years Ended	
($)	**Dec. 31, 2009**	Dec.31, 2008	**Dec. 31, 2009**	Dec.31, 2008
Common shares	**$ 0.36**	$ 0.36	**$ 1.44**	$ 1.44
Preferred shares – Series I	**$ 0.36**	$ 0.36	**$ 1.45**	$ 1.45
– Series II	**$**	$ 0.32	**$ 0.32**	$ 1.29
– Series III	**$ 0.33**	$ 0.33	**$ 1.30**	$ 1.30
– Series IV	**$ 0.33**	$ 0.33	**$ 1.30**	$ 1.30
– Series V	**$ 0.30**	$ 0.30	**$ 1.19**	$ 1.19

Dividends on the GWL Preferred shares, Series II, are presented in interest expense and other financing charges in the consolidated statements of earnings from the second quarter of 2008 until their redemption in the second quarter of 2009.

Subsequent to the end of the fourth quarter of 2009, common share dividends of $0.36 per share and preferred share dividends of $0.32 per share for the Series III and Series IV preferred shares and dividends of $0.30 per share for the Series V preferred shares, payable on April 1, 2010, were declared by GWL's Board of Directors. In addition, dividends of $0.36 per share for Series I preferred shares, payable on March 15, 2010 were also declared.

Accumulated Other Comprehensive Loss
During 2009, the foreign currency translation adjustment included in accumulated other comprehensive loss decreased by $231 million (2008 – $677 million) from year end 2008.

The Company recognized $196 million of cumulative foreign currency translation loss in net earnings in 2009 associated with the U.S. net investment summarized as follows:

- After the sale of the U.S. fresh bakery business on January 21, 2009, Dunedin and certain of its affiliates became "integrated" foreign subsidiaries. On the date of the sale, cumulative foreign currency translation loss of $34 million associated with Dunedin and its affiliates was reversed into operating income.
- Due to an internal reorganization in the fourth quarter of 2009, a reduction in the Company's U.S. net investment in self-sustaining foreign operations resulted in the reversal of an additional cumulative foreign currency translation loss of $52 million into operating income.
- An additional $110 million associated with the Company's net investment in the U.S. fresh bakery business was reversed and included in the results of discontinued operations in the first quarter of 2009.

The remaining decrease of $35 million results primarily from the depreciation of the Canadian dollar relative to the U.S. dollar in the period prior to the sale of the U.S. fresh bakery business, partially offset by the appreciation of the Canadian dollar thereafter. The 2008 change of $677 million was due to the depreciation of the Canadian dollar during 2008.

Contingencies, Commitments and Guarantees

Guarantees – Independent Funding Trusts Certain independent franchisees of Loblaw obtain financing through a structure involving independent trusts, which were created to provide loans to the independent franchisees to facilitate their purchase of inventory and fixed assets, consisting mainly of fixtures and equipment. These trusts are administered by a major Canadian chartered bank.

The gross principal amount of loans issued to Loblaw's independent franchisees outstanding at year end 2009 was $390 million (2008 – $388 million) including $163 million (2008 – $152 million) of loans payable by VIEs consolidated by Loblaw. Based on a formula, Loblaw has agreed to provide credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trust equal to approximately 15% (2008 – 15%) of the principal amount of the loans outstanding at any point in time, $66 million (2008 – $66 million) as of year end 2009. The standby letter of credit has not been drawn upon.

During the second quarter of 2009, the $475 million, 364-day revolving committed credit facility was renewed. This facility has a further 12 month repayment term and is the source of funding to the independent trusts. The new financing structure has been reviewed and Loblaw determined there were no additional VIEs to consolidate as a result of this financing. In accordance with Canadian GAAP, the financial statements of the independent funding trust are not consolidated with those of the Company.

Legal Proceedings The Company is the subject of various legal proceedings and claims that arise in the ordinary course of business. The outcome of all of these proceedings and claims is uncertain. However, based on information currently available, these proceedings and claims, individually and in the aggregate, are not expected to have a material impact on the Company.

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

Included in the cost of inventories sold is an allocation of depreciation on GWL's fixed assets which was previously included in depreciation and amortization in the consolidated statements of earnings. The amount previously included in depreciation and amortization for the fourth quarter and year-to-date 2008 of $11 million and $44 million, respectively, have been reclassified.

Segment Information
The Company has two reportable operating segments: Weston Foods and Loblaw. The accounting policies of the reportable operating segments are the same as those described herein and in the Company's 2008 Annual Report. The Company measures each reportable operating segment's performance based on operating income. Neither reportable operating segment is reliant on any single external customer.

	Quarters Ended		Years Ended	
($ millions)	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Sales				
Weston Foods	**$ 352**	$ 507	**$ 1,686**	$ 2,197
Loblaw	**7,311**	7,745	**30,735**	30,802
Intersegment	**(126)**	(202)	**(601)**	(911)
Consolidated	**$ 7,537**	$ 8,050	**$ 31,820**	$ 32,088
Operating Income				
Weston Foods	**$ 58**	$ 30	**$ 123**	$ 154
Loblaw(1)	**275**	318	**1,197**	1,044
Other(2)	**(46)**		**(311)**	
Consolidated	**$ 287**	$ 348	**$ 1,009**	$ 1,198
Total Assets				
Weston Foods	**$ 1,674**	$ 2,892	**$ 1,674**	$ 2,892
Loblaw	**15,151**	14,083	**15,151**	14,083
Other(3)	**3,318**		**3,318**	
Discontinued operations		2,588		2,588
Consolidated	**$ 20,143**	$ 19,563	**$ 20,143**	$ 19,563

(1) Operating income for the period ended December 31, 2008 was restated.

(2) After the sale of the U.S. fresh bakery business on January 21, 2009, Dunedin and certain of its affiliates became "integrated" foreign subsidiaries for accounting purposes. On the date of the sale, the cumulative foreign currency translation loss of $34 million associated with Dunedin and certain of its affiliates, which was previously reflected in accumulated other comprehensive loss, was reversed and included in operating income. Subsequent to January 21, 2009, gains and losses arising from the translation of the U.S. dollar denominated assets of these integrated foreign subsidiaries are included in net earnings. As a result, operating income for the fourth quarter and year-to-date 2009 included a gain of $6 million (2008 – nil) and a loss of $225 million (2008 – nil), respectively, associated with the effect of foreign exchange on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by Dunedin and certain of its affiliates. In addition, during the fourth quarter of 2009, due to an internal reorganization, a reduction in the Company's U.S. net investment in self-sustaining foreign operations resulted in the reversal of an additional cumulative translation loss of $52 million into operating income.

(3) Other includes cash and cash equivalents and short term investments held by Dunedin and certain of its affiliates.

2009 ANNUAL CONSOLIDATED FINANCIAL STATEMENTS AND MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's audited consolidated financial statements and MD&A for the year ended December 31, 2009 will be released on or before March 23, 2010. Both documents will be contained in the Company's 2009 Annual Report and will be available in the Investor Zone section of the Company's website at www.weston.ca, or at www.sedar.com.

INVESTOR RELATIONS

Shareholders, security analysts and investment professionals should direct their requests to Mr. Geoffrey H. Wilson, Senior Vice President, Financial Control and Investor Relations at the Company's Executive Office, (416) 922-2500 or by e-mail at investor@weston.ca.

Additional information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR). This News Release includes selected information on Loblaw Companies Limited, a 62.5%-owned public reporting company with shares trading on the Toronto Stock Exchange. For information regarding Loblaw, readers should also refer to the materials filed by Loblaw with the Canadian securities regulatory authorities from time to time. These filings are also maintained on Loblaw's corporate website at www.loblaw.ca.

CONFERENCE CALL AND WEBCAST PRESENTATION

George Weston Limited will host a conference call as well as an audio webcast on February 23, 2010 at 11:00 AM (EST).

To access via teleconference please dial (647) 427-7450. The playback will be made available one hour after the live event at (416) 849-0833 passcode: 53641152#. To access via webcast please visit www.weston.ca.

Full details and Pre-registration are available by visiting our website at www.weston.ca.

Ce rapport est disponible en français.