Q1 2013

Quarterly Report to Shareholders

George Weston Limited

12 Weeks Ended March 23, 2013

Footnote Legend

(1) See non-GAAP financial measures beginning on page 19.

(2) Effective income tax rate excludes the tax impact of items excluded from adjusted basic net earnings per common share[(1)].

(3) To be read in conjunction with "Forward-Looking Statements" beginning on page 2.

(4) Certain 2012 figures have been restated due to the implementation of revised IAS 19, "Employee Benefits". See the "Accounting Standards Implemented in 2013 and Changes in Significant Accounting Policies" section of the Company's 2013 First Quarter Management's Discussion and Analysis.

Report to Shareholders[3]

George Weston Limited continues to focus on its priority of long term value creation for shareholders. We are pleased with developments at both of our operating segments in the quarter, and have confidence in the future. Reflecting this confidence, the Company's Board of Directors announced a 9.2% increase in the common share dividend subsequent to the end of the quarter. Going forward, we intend to review dividends annually at the time of our Annual General Meeting of Shareholders.

Loblaw delivered improved sales performance in its Retail segment, with a sales increase of 3.4% and same-store sales growth of 2.8%. These trends were in part a reflection of Loblaw's focus on consistent investments in food margins and fresh assortment. Loblaw was also positively impacted by strong growth in revenue and profitability in its Financial Services segment. As well, work has progressed according to plan on Loblaw's real estate investment trust ("REIT") project. This project contemplates the transfer of approximately 35 million square feet of owned properties to the REIT and a concurrent offering of units of the REIT to the public in an initial public offering that is planned for mid-year 2013.

Reflecting this progress, the Board of Directors of Loblaw announced a 9.1% increase in Loblaw's common share dividend subsequent to the end of the quarter.

Weston Foods delivered first quarter results consistent with those in the prior year. Sales in the quarter were positively impacted by the results of our focus on product innovation in the past year. New products include *Country Harvest* breads, *D'Italiano* Brizzolio rolls, *Gadoua* Pain de Ménage, private label gluten free bread and sweet goods and the *Flat Oven Bakery* line of international flatbreads. These product launches and increased pricing in the quarter helped to offset the loss of certain low margin frozen distributed products.

For the balance of the year, both operating segments will continue with the priorities reflected in the first quarter results. Loblaw will continue to invest in improving the in-store experience and delivering on its IT renewal strategy by accelerating the roll out of the new IT system to distribution centres and stores. Weston Foods will continue to focus on investing in growth, marketing and innovation. The benefits of these investments are expected to be realized increasingly over the course of the year.

[signed]
W. Galen Weston
Executive Chairman

[signed]
Paviter S. Binning
President

Toronto, Canada
May 6, 2013

Forward-Looking Statements

This Quarterly Report for George Weston Limited ("GWL") and its subsidiaries (collectively, the "Company"), including this Management's Discussion and Analysis ("MD&A"), contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Specific statements with respect to anticipated future results are included in the "Outlook" section of this MD&A. Forward-looking statements are typically identified by words such as "expect", "anticipate", "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.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2013 is based on certain assumptions including assumptions about revenue growth, anticipated cost savings and operating efficiencies, no unanticipated changes in the effective income tax rates, no unexpected adverse events or costs related to Loblaw Companies Limited's ("Loblaw") investments in information technology ("IT") and supply chain, and no significant unanticipated increase in the price of commodities and other input costs at Weston Foods that it will not be able to offset. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to:

- failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies from the Company's major initiatives, including those from restructuring;
- failure to realize benefits from investments in the Company's IT systems, including the Company's systems implementation, or unanticipated results from these initiatives;
- the inability of the Company's IT infrastructure to support the requirements of the Company's business;
- unanticipated results associated with the Company's strategic initiatives and the impact of acquisitions or dispositions of businesses on the Company's future revenues and earnings;
- heightened competition, whether from current competitors or new entrants to the marketplace;
- changes in economic conditions including the rate of inflation or deflation, changes in interest and foreign currency exchange rates and changes in derivative and commodity prices;
- public health events;
- risks associated with product defects, food safety and product handling;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements which could lead to work stoppages;
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink;
- the impact of potential environmental liabilities;
- failure to respond to changes in consumer tastes and buying patterns;
- reliance on the performance and retention of third-party service providers including those associated with the Company's supply chain and apparel business;
- supply and quality control issues with vendors;
- changes to the regulation of generic prescription drug prices and the reduction of reimbursement under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- changes in the Company's income, commodity, other tax and regulatory liabilities including changes in tax laws, regulations or future assessments;
- any requirement of the Company to make contributions to its registered funded defined benefit pension plans or the multi-employer pension plans in which it participates in excess of those currently contemplated;

- the risk that the Company would experience a financial loss if its counterparties fail to meet their obligations in accordance with the terms and conditions of their contracts with the Company;
- the inability of Loblaw to collect on its credit card receivables; and
- failure to execute the initial public offering of Loblaw's proposed Real Estate Investment Trust.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. 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. Additional 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" section of this MD&A and Section 13, "Enterprise Risks and Risk Management", of the MD&A included in the Company's 2012 Annual Report. 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 Quarterly Report. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") for George Weston Limited ("GWL") and its subsidiaries (collectively, the "Company") should be read in conjunction with the Company's first quarter 2013 unaudited interim period condensed consolidated financial statements and the accompanying notes on pages 25 to 49 of this Quarterly Report, the audited annual consolidated financial statements and the accompanying notes for the year ended December 31, 2012 and the related annual MD&A included in the Company's 2012 Annual Report. In addition, the following MD&A should be read in conjunction with the Company's "Forward-Looking Statements" beginning on page 2 of this Quarterly Report.

The Company's first quarter 2013 unaudited interim period condensed consolidated financial statements and the accompanying notes have been prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP"). These unaudited interim period condensed consolidated financial statements include the accounts of the Company and other entities that the Company controls and are reported in Canadian dollars.

A glossary of terms and ratios used throughout this Quarterly Report can be found beginning on page 130 of the Company's 2012 Annual Report. In addition, this Quarterly Report includes the following terms: "adjusted debt[(1)] to rolling year adjusted EBITDA[(1)]", which is defined as adjusted debt[(1)] divided by cumulative adjusted EBITDA[(1)] for the latest four quarters; "rolling year return on average net assets[(1)]", which is defined as cumulative operating income for the latest four quarters divided by average net assets[(1)]; "rolling year return on average equity attributable to common shareholders of the Company", which is defined as cumulative net earnings available to common shareholders of the Company for the latest four quarters divided by average total equity attributable to common shareholders of the Company; and "free cash flow[(1)]", which is defined as cash flows from (used in) operating activities excluding the net change in credit card receivables less fixed asset purchases and interest paid.

The information in this MD&A is current to May 6, 2013, unless otherwise noted.

KEY FINANCIAL PERFORMANCE INDICATORS

The Company has identified specific key financial performance indicators to measure the progress of short and long term objectives. Certain key financial performance indicators are set out below:

(unaudited) ($ millions except where otherwise indicated) As at or for the periods ended as indicated	12 Weeks Ended **Mar. 23, 2013**	 Mar. 24, 2012[(4)]
Sales growth	**3.7%**	1.1%
Operating income	**$ 382**	$ 274
Adjusted operating income[(1)]	**$ 323**	$ 311
Adjusted operating margin[(1)]	**4.3%**	4.3%
Adjusted EBITDA[(1)]	**$ 520**	$ 495
Adjusted EBITDA margin[(1)]	**6.9%**	6.9%
Basic net earnings per common share ($)	**$ 1.19**	$ 0.87
Adjusted basic net earnings per common share[(1)] ($)	**$ 0.88**	$ 0.87
Cash and cash equivalents, short term investments and security deposits	**$ 3,692**	$ 3,703
Cash flows used in operating activities	**$ (20)**	$ (38)
Adjusted debt[(1)] to rolling year adjusted EBITDA[(1)]	**2.3x**	2.3x
Free cash flow[(1)]	**$ (377)**	$ (388)
Interest coverage[(1)]	**4.5x**	5.5x
Rolling year return on average net assets[(1)]	**11.2%**	12.2%
Rolling year return on average equity attributable to common shareholders of the Company	**9.7%**	13.2%

The Company uses non-GAAP financial measures. See the "Non-GAAP Financial Measures" section of this MD&A for more information on these non-GAAP financial measures.

CONSOLIDATED RESULTS OF OPERATIONS

(unaudited)

($ millions except where otherwise indicated)

As at or for the periods ended as indicated	12 Weeks Ended Mar. 23, 2013	Mar. 24, 2012[4]	Change
Sales	**$ 7,494**	$ 7,224	3.7%
Operating income	**$ 382**	$ 274	39.4%
Adjusted operating income[1]	**$ 323**	$ 311	3.9%
Adjusted operating margin[1]	**4.3%**	4.3%	
Adjusted EBITDA[1]	**$ 520**	$ 495	5.1%
Adjusted EBITDA margin[1]	**6.9%**	6.9%	
Net interest expense and other financing charges	**$ 84**	$ 50	68.0%
Income taxes	**$ 73**	$ 58	25.9%
Net earnings attributable to shareholders of the Company	**$ 162**	$ 121	33.9%
Basic net earnings per common share ($)	**$ 1.19**	$ 0.87	36.8%
Adjusted basic net earnings per common share[1] ($)	**$ 0.88**	$ 0.87	1.1%
Adjusted debt[1] to rolling year adjusted EBITDA[1]	**2.3x**	2.3x	
Free cash flow[1]	**$ (377)**	$ (388)	2.8%

Adjusted basic net earnings per common share[1] in the first quarter of 2013 increased $0.01 to $0.88 from $0.87 in the same period in 2012. The increase was attributable to the improvement in the operating performance of Loblaw Companies Limited ("Loblaw"), partially offset by a higher effective income tax rate[2].

The Company's basic net earnings per common share were $1.19 compared to $0.87 in the same period in 2012, and included the year-over-year favourable net impact of certain items, primarily the impact of certain foreign currency translation, the impact of defined benefit plan amendments and the impact of the forward sale agreement for 9.6 million Loblaw common shares.

During the first quarter of 2013, the Company announced amendments to certain of its defined benefit plans impacting certain employees retiring after January 1, 2015. As a result, in the first quarter of 2013, the Company recorded a gain of $51 million and will realize annual pre-tax savings of approximately $14 million related to these defined benefit plan amendments.

Sales Sales for the first quarter of 2013 increased by 3.7% to $7,494 million from $7,224 million in the same period in 2012.

The Company's first quarter year-over-year change in consolidated sales was impacted by each of its reportable operating segments as follows:

- Negatively by a nominal amount due to a sales decline of 0.2% at Weston Foods largely due to the loss of certain frozen distributed products that Weston Foods distributed on behalf of certain customers in 2012. This loss negatively impacted sales and volume growth by approximately 1.9% and 0.8%, respectively, while foreign currency translation positively impacted sales by approximately 0.3%. Excluding the impact of the loss of certain distributed products and foreign currency translation, sales increased 1.4% mainly due to the positive impact of pricing across key product categories of 1.9%, partially offset by a decrease in volume of 0.5% compared to the same period in 2012.
- Positively by 3.7% due to sales growth of 3.8% at Loblaw. Loblaw's Retail segment sales increased by 3.4% and same-store sales growth was 2.8% (2012 – decline of 0.7%), positively impacted by the shift in timing of certain holidays. Sales growth in food and gas bar was strong, sales growth in drugstore was modest, sales in general merchandise, excluding apparel, declined marginally and sales in apparel were flat. Loblaw experienced flat (2012 – modest) average quarterly internal food price inflation during the first quarter of 2013, which was lower than the average quarterly national food price inflation of 1.4% (2012 – 3.7%) as

measured by "The Consumer Price Index for Food Purchased from Stores" ("CPI"). In the last twelve months, Loblaw opened 20 corporate and franchise stores and closed 12 corporate and franchise stores, resulting in a net increase of 0.2 million square feet, or 0.4%. Loblaw sales in the first quarter of 2013 were also positively impacted by an increase in revenue from its Financial Services segment, which includes President's Choice Bank ("PC Bank"), a subsidiary of Loblaw.

Operating Income Operating income in the first quarter of 2013 increased by $108 million to $382 million from $274 million in the same period in 2012 and was positively impacted by the favourable year-over-year impact of certain foreign currency translation and the gain of $51 million related to defined benefit plan amendments. Adjusted operating income[(1)] in the first quarter of 2013 increased by $12 million to $323 million from $311 million in the same period in 2012. The Company's adjusted operating margin[(1)] in the first quarter of 2013 was flat at 4.3% compared to the same period in 2012.

The Company's first quarter year-over-year change in consolidated adjusted operating income[(1)] was impacted by each of its reportable operating segments as follows:

- Nil due to flat adjusted operating income[(1)] at Weston Foods. Adjusted operating income[(1)] in the first quarter of 2013 was positively impacted by the benefits realized from productivity improvements and other cost reduction initiatives and higher pricing in key product categories. These benefits were offset by lower sales volumes and investments in growth, marketing and innovation.

- Positively by 3.9% due to an increase of 4.8% in adjusted operating income[(1)] at Loblaw. The increase was primarily attributable to an improvement in the operating performance of Loblaw's Financial Services segment, increased gross profit from Loblaw's Retail segment and lower costs related to the transition of certain Ontario conventional stores to the more cost effective and efficient operating terms of collective agreements ratified in the third quarter of 2010. These increases were partially offset by increased labour associated with higher sales, increased operating costs and the impact of foreign exchange. The increase in Loblaw's Financial Services segment was mainly attributable to higher revenue and lower costs related to the renegotiation of vendor contracts, partially offset by investments in the Mobile Shop business, higher credit card losses on higher receivables balances and higher *PC* points loyalty costs.

The Company's adjusted EBITDA margin[(1)] was flat at 6.9% when compared to the same period in 2012.

Net Interest Expense and Other Financing Charges In the first quarter of 2013, net interest expense and other financing charges increased by $34 million to $84 million compared to the same period in 2012. Net interest expense and other financing charges are impacted by the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares. This fair value adjustment had an unfavourable year-over-year impact in the first quarter of 2013 of $37 million.

Excluding this impact, net interest expense and other financing charges decreased by $3 million in the first quarter of 2013 compared to the same period in 2012, primarily due to the decline in net interest on the Company's net defined benefit obligation.

Income Taxes In the first quarter of 2013, income tax expense increased to $73 million from $58 million in the same period in 2012. The effective income tax rate decreased to 24.5% in the first quarter of 2013 from 25.9% in the same period in 2012, primarily due to non-taxable foreign currency translation gains recorded in 2013 (2012 – non-deductible foreign currency translation losses). The effective income tax rate in the first quarter of 2012 was also impacted by recoveries related to certain prior year income tax matters.

Net Earnings Attributable to Shareholders of the Company Net earnings attributable to shareholders of the Company in the first quarter of 2013 increased to $162 million from $121 million and basic net earnings per common share increased to $1.19 from $0.87 in the same period in 2012.

REPORTABLE OPERATING SEGMENTS

Weston Foods

(unaudited) ($ millions except where otherwise indicated)	12 Weeks Ended **Mar. 23, 2013**	 Mar. 24, 2012
Sales	**$ 424**	$ 425
Operating income	**$ 48**	$ 60
Adjusted operating income(1)	**$ 59**	$ 59
Adjusted operating margin(1)	**13.9%**	13.9%
Adjusted EBITDA(1)	**$ 73**	$ 73
Adjusted EBITDA margin(1)	**17.2%**	17.2%

Sales Weston Foods sales in the first quarter of 2013 decreased 0.2% to $424 million from $425 million and volumes decreased by 1.3% compared to the same period in 2012 largely due to the loss of certain frozen distributed products that Weston Foods distributed on behalf of certain customers in 2012. This loss negatively impacted sales and volume growth by approximately 1.9% and 0.8%, respectively, while foreign currency translation positively impacted sales by approximately 0.3%. Excluding the impact of the loss of certain distributed products and foreign currency translation, sales increased 1.4% mainly due to the positive impact of pricing across key product categories of 1.9%, partially offset by a decrease in volume of 0.5%.

The following sales analysis excludes the impact of foreign currency translation.

Fresh bakery sales increased by approximately 1.0% in the first quarter of 2013 compared to the same period in 2012 due to the positive impact of higher pricing across key product categories partially offset by lower sales volumes. Although overall volumes declined in the first quarter of 2013, the volume trend improved and growth was realized in the *Country Harvest*, *D'Italiano* and *Gadoua* brands. The introduction of new products in the last twelve months, such as *Country Harvest* Flax and Quinoa, Sprouted Multigrain and Sprouted Wheat breads, *D'Italiano* Brizzolio rolls, and *Gadoua* Pain de Ménage contributed positively to branded sales in the first quarter of 2013. In addition, during the fourth quarter of 2012, Weston Foods launched private label gluten free bread and sweet goods and the *Flat Oven Bakery* line of international flatbreads, which contributed positively to sales and volumes in the first quarter of 2013.

Frozen bakery sales decreased by approximately 1.7% in the first quarter of 2013 compared to the same period in 2012, primarily driven by the loss of certain distributed products. Excluding the effect of the loss of these distributed products, frozen bakery sales increased by approximately 3.0%, driven by the positive impact of pricing and changes in sales mix as well as higher volumes. Sales and volumes were positively impacted by the timing of customer orders related to the Easter holiday when compared to the same period in 2012.

Biscuit sales, principally cookies, crackers, wafers and ice cream cones, decreased by approximately 0.3% in the first quarter of 2013 compared to the same period in 2012, mainly due to volume declines in cookie sales, including Girl Scout products, cone and wafer sales. During the fourth quarter of 2012, Weston Foods started manufacturing and selling Mrs. Fields® branded pre-packaged cookies under license, which contributed positively to cookie sales and volumes in the first quarter of 2013.

Operating Income Operating income in the first quarter of 2013 was $48 million compared to $60 million in the same period in 2012, a decrease of $12 million. The decrease was primarily due to the unfavourable year-over-year impact of the change in the fair value adjustment of commodity derivatives of $11 million.

Adjusted operating income(1) was $59 million in the first quarters of both 2013 and 2012. Adjusted operating margin(1) for the first quarter of 2013 remained flat at 13.9% compared to the same period in 2012.

Gross margin, excluding the impact of the fair value adjustment of commodity derivatives, increased in the first quarter of 2013 compared to the same period in 2012. The fair value adjustment of commodity derivatives is described in the "Non-GAAP Financial Measures" section of this MD&A.

Adjusted operating income(1) in the first quarter of 2013 was positively impacted by the benefits realized from productivity improvements and other cost reduction initiatives and higher pricing in key product categories. These benefits were offset by lower sales volumes and investments in growth, marketing and innovation compared to the same period in 2012.

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. Restructuring activities related to these initiatives are ongoing and in the first quarter of 2013 a charge of $1 million (2012 – $1 million) was recorded in operating income.

Adjusted EBITDA(1) remained flat at $73 million in the first quarter of 2013 compared to the same period in 2012. Adjusted EBITDA margin(1) in the first quarter of 2013 was flat at 17.2% compared to the same period in 2012.

Loblaw

(unaudited)	12 Weeks Ended	
($ millions except where otherwise indicated)	**Mar. 23, 2013**	Mar. 24, 2012
Sales	**$ 7,202**	$ 6,937
Operating income	**$ 307**	$ 237
Adjusted operating income(1)	**$ 264**	$ 252
Adjusted operating margin(1)	**3.7%**	3.6%
Adjusted EBITDA(1)	**$ 447**	$ 422
Adjusted EBITDA margin(1)	**6.2%**	6.1%

Loblaw has two reportable operating segments: Retail and Financial Services. Loblaw is one reportable operating segment of GWL.

Sales Loblaw sales in the first quarter of 2013 increased by 3.8% to $7,202 million from $6,937 million in the same period in 2012. Loblaw's Retail segment sales increased by $229 million in the first quarter of 2013 when compared to the same period in 2012 and were impacted by the following factors:

- same-store sales growth was 2.8% (2012 – decline of 0.7%) and excluding gas bar was 2.8% (2012 – decline of 0.9%), positively impacted by the shift in timing of certain holidays;
- sales growth in food was strong;
- sales growth in drugstore was modest;
- sales growth in gas bar was strong;
- sales in general merchandise, excluding apparel, declined marginally;
- sales in apparel were flat;
- Loblaw's average quarterly internal food price index was flat during the first quarter of 2013 (2012 – modest inflation), which was lower than the average quarterly national food price inflation of 1.4% (2012 – 3.7%) as measured by CPI. CPI does not necessarily reflect the effect of inflation on the specific mix of goods sold in Loblaw stores; and
- 20 corporate and franchise stores were opened and 12 corporate and franchise stores were closed in the last twelve months, resulting in a net increase of 0.2 million square feet, or 0.4%.

Loblaw sales in the first quarter of 2013 were also positively impacted by an increase in revenue of $36 million from its Financial Services segment when compared to the same period in 2012. The increase was primarily driven by higher interest and interchange fee income as a result of increased credit card transaction values and higher credit card receivables balances and higher *PC* Telecom revenues resulting from growth in the Mobile Shop business.

Operating Income Loblaw operating income in the first quarter of 2013 was $307 million compared to $237 million in the same period in 2012, an increase of $70 million. The increase was mainly due to the $51 million gain related to the defined benefit plan amendments recorded in the first quarter of 2013 and an increase in adjusted operating income[1] of $12 million as described below.

Loblaw adjusted operating income[1] increased by $12 million to $264 million in the first quarter of 2013 from $252 million in the same period in 2012. Adjusted operating margin[1] was 3.7% compared to 3.6% in the same period in 2012.

Gross profit, generated by Loblaw's Retail segment, increased by $47 million in the first quarter of 2013 to $1,576 million and gross profit as a percentage of Retail segment sales declined to 22.4% compared to 22.5% in the same period in 2012. The increase in gross profit was primarily driven by higher sales. The decline in gross profit percentage was primarily driven by continued investments in food margins and fresh assortment and a change in sales mix, partially offset by lower transportation costs and margin improvements in drugstore and general merchandise, including apparel.

The increase in adjusted operating income[1] in the first quarter of 2013 compared to the same period in 2012 was primarily attributable to an improvement in the operating performance of Loblaw's Financial Services segment, increased gross profit from Loblaw's Retail segment as described above and lower costs of $4 million (2012 – $15 million) related to the transition of certain Ontario conventional stores to the more cost effective and efficient operating terms of collective agreements ratified in the third quarter of 2010. These increases were partially offset by an increase in labour associated with higher sales, increased operating costs and the impact of foreign exchange. The increase in Loblaw's Financial Services segment was mainly attributable to the higher revenue described above and lower costs related to the renegotiation of vendor contracts, partially offset by investments in the Mobile Shop business, higher credit card losses on higher receivables balances and higher *PC* points loyalty costs.

During the first quarter of 2012, other charges of $3 million were recorded in operating income related to changes in Loblaw's distribution network.

Adjusted EBITDA[1] in the first quarter of 2013 increased by $25 million to $447 million from $422 million in the same period in 2012. Adjusted EBITDA margin[1] increased to 6.2% compared to 6.1% in the same period in 2012.

LIQUIDITY AND CAPITAL RESOURCES

MAJOR CASH FLOW COMPONENTS

(unaudited)	12 Weeks Ended	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012
Cash flows used in operating activities	**$ (20)**	$ (38)
Cash flows used in investing activities	**$ (331)**	$ (43)
Cash flows used in financing activities	**$ (273)**	$ (149)

Cash Flows used in Operating Activities First quarter 2013 cash flows used in operating activities were $20 million compared to $38 million in 2012. The year-over-year improvement was primarily a result of higher net earnings before non-cash items, lower income taxes paid and cash generated on credit card receivable collections, partially offset by the settlement of GWL and Loblaw equity derivative contracts.

Cash Flows used in Investing Activities First quarter 2013 cash flows used in investing activities were $331 million compared to $43 million in 2012. The year-over-year increase was primarily due to higher purchases of short term investments, partially offset by lower fixed asset purchases and cash inflows from security deposits which were used to settle the Loblaw equity derivative contract and purchase Loblaw common shares under Loblaw's Normal Course Issuer Bid ("NCIB") program.

Cash Flows used in Financing Activities First quarter 2013 cash flows used in financing activities were $273 million compared to $149 million in 2012. The year-over-year increase was primarily due to the purchase of Loblaw and GWL common shares under the NCIB programs, part of which were placed into trusts for settlement of the restricted share unit ("RSU") and performance share unit ("PSU") programs and the timing of Loblaw dividend payments.

Free Cash Flow[(1)]

(unaudited)	12 Weeks Ended	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012
Free cash flow	**(377)**	(388)

The Company's free cash flow[(1)] was negative $377 million compared to negative $388 million in 2012. The improvement of $11 million was primarily due to fewer fixed asset purchases.

Defined Benefit Pension Plan Contributions During the first quarter of 2013, the Company contributed approximately $28 million (2012 – $15 million) to its registered funded defined benefit pension plans. For the remainder of 2013, the Company expects to contribute approximately $147 million (2012 – contributed approximately $176 million) to its registered funded defined benefit pension plans. The actual amount paid may vary from the estimate based on actuarial valuations being completed, investment performance, volatility in discount rates, regulatory requirements and other factors. The Company also expects to continue making contributions for the remainder of 2013 to its defined contribution plans and the multi-employer pension plans ("MEPP") in which it participates as well as make benefit payments to the beneficiaries of the supplemental unfunded defined benefit pension plans, other defined benefit plans and other long term employee benefit plans.

SOURCES OF LIQUIDITY

Adjusted Debt[(1)] to Rolling Year Adjusted EBITDA[(1)]	As at	
	Mar. 23, 2013	Mar. 24, 2012
Adjusted debt[(1)] to rolling year adjusted EBITDA[(1)]	**2.3x**	2.3x

The Company monitors its adjusted debt[(1)] to rolling year adjusted EBITDA[(1)] ratio as a measure to ensure it is operating under an efficient capital structure. This ratio remained flat when compared to the same period in 2012.

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, pension plan funding and financial obligations over the next twelve months. The Company (excluding Loblaw) does not foresee any impediments in obtaining financing to satisfy its long term obligations.

Loblaw expects that cash and cash equivalents, short term investments, future operating cash flows and the amounts available to be drawn against its $800 million committed credit facility will enable Loblaw to finance its capital investment program and fund its ongoing business requirements, including working capital, pension plan funding and financial obligations over the next twelve months. Loblaw has traditionally obtained its long term financing primarily through a medium term note program.

Loblaw's $800 million committed credit facility contains certain financial covenants with which Loblaw was in compliance throughout the first quarter of 2013. As at the end of the first quarters of 2013 and 2012, there were no amounts drawn upon this facility.

GWL and Loblaw had agreements to cash collateralize certain uncommitted credit facilities up to amounts of $45 million (2012 – $40 million) and $134 million (2012 – $88 million), respectively. As at the end of the first quarter of 2013, GWL and Loblaw had $45 million (2012 – $40 million) and $105 million (2012 – $85 million), deposited with major financial institutions, respectively, and classified as security deposits.

The credit ratings of GWL and Loblaw did not change in the first quarter of 2013. The following table sets out the current credit ratings of GWL:

	Dominion Bond Rating Service		Standard & Poor's	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Medium term notes	BBB	Stable	BBB	Stable
Preferred shares	Pfd-3	Stable	P-3 (high)	Stable
Other notes and debentures	BBB	Stable	BBB	Stable

The following table sets out the current credit ratings of Loblaw:

	Dominion Bond Rating Service		Standard & Poor's	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Medium term notes	BBB	Stable	BBB	Stable
Preferred shares	Pfd-3	Stable	P-3 (high)	Stable
Other notes and debentures	BBB	Stable	BBB	Stable

Independent Securitization Trusts Loblaw, through PC Bank, participates in various securitization programs that provide the primary source of funds for the operation of its credit card business. PC Bank sells credit card receivables to Independent Securitization Trusts, including *Eagle Credit Card Trust®* ("*Eagle*") and Other Independent Securitization Trusts, from time to time depending on PC Bank's financing requirements.

During 2013, *Eagle* will file a Short Form Base Shelf Prospectus which allows for the potential issuance of up to $1.5 billion of notes over a 25-month period.

Loblaw has arranged letters of credit on behalf of PC bank, representing 9% (2012 – 9%) of the outstanding securitized liability for the benefit of the Other Independent Securitization Trusts in the amount of $81 million (2012 – $81 million). In the event of a major decline in the income flow from or in the value of the securitized credit card receivables, the Other Independent Securitization Trusts can draw upon these letters of credit to recover up to a maximum of the amount outstanding on the letters of credit. Under its securitization programs, PC Bank is required to maintain at all times a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability and was in compliance with this requirement throughout the first quarters of 2013 and 2012.

Guaranteed Investment Certificates ("GICs") During the first quarter of 2013, PC Bank sold a nominal amount (2012 – $1 million) of GICs through independent brokers. In addition, during the first quarter of 2013, $10 million (2012 – $14 million) of GICs matured and were repaid. As at the end of the first quarter of 2013, $293 million (2012 – $263 million) of outstanding GICs was recorded in long term debt of which $34 million (2012 – $42 million) was recorded as long term debt due within one year.

Independent Funding Trusts As at the end of the first quarter of 2013, the independent funding trusts had drawn $468 million (2012 – $446 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts. Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts representing not less than 10% of the principal amount of the loans outstanding. As at the end of the first quarter of 2013, Loblaw had provided a letter of credit in the amount of $48 million (2012 – $48 million).

CAPITAL STRUCTURE

Dividends

The following table summarizes the Company's cash dividends declared in the first quarters of 2013 and 2012:

($)		12 Weeks Ended Mar. 23, 2013[1]	Mar. 24, 2012
Dividends declared per share ($)	– Common share	**$ 0.38**	$ 0.36
	– Preferred share:		
	Series I	**$ 0.36**	0.36
	Series III	**$ 0.32**	0.32
	Series IV	**$ 0.32**	0.32
	Series V	**$ 0.30**	0.30

(1) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V were paid on April 1, 2013. Dividends declared on Preferred Shares, Series I were paid on March 15, 2013.

Subsequent to the end of the first quarter of 2013, the Board of Directors raised the common share dividend by $0.035 per share to $0.415 per share. The following table summarizes the Company's cash dividends declared subsequent to the end of the first quarter of 2013:

($)		
Dividends declared per share[1] ($)	– Common share	**$ 0.42**
	– Preferred share:	
	Series I	**$ 0.36**
	Series III	**$ 0.32**
	Series IV	**$ 0.32**
	Series V	**$ 0.30**

(1) Dividends declared on common shares and Preferred Shares, Series III, Series IV and Series V are payable on July 1, 2013. Dividends declared on Preferred Shares, Series I are payable on June 15, 2013.

At the time such dividends are declared, GWL identifies on its website (www.weston.ca) the designation of eligible and ineligible dividends in accordance with the administrative position of the Canada Revenue Agency.

Normal Course Issuer Bid Programs During the first quarter of 2013, GWL purchased 800,000 of its common shares under its NCIB for cash consideration of $57 million. Of the 800,000 common shares purchased, 580,000 common shares were cancelled and the remaining 220,000 common shares were placed into trusts for future settlement of GWL's RSU and PSU obligations. During the first quarter of 2012, GWL purchased for cancellation 1,881 of its common shares for a nominal amount.

During the first quarter of 2013, Loblaw purchased 1,103,500 common shares under its NCIB for cash consideration of $46 million and placed these shares into trusts for future settlement of Loblaw's RSU and PSU obligations. During the first quarter of 2012, Loblaw purchased for cancellation 54,908 of its common shares under its NCIB for cash consideration of $2 million.

Subsequent to the end of the first quarter of 2013, Loblaw renewed its NCIB to purchase on the Toronto Stock Exchange ("TSX") or enter into equity derivatives to purchase up to 14,103,672 of Loblaw's common shares, representing approximately 5% of the common shares outstanding. In accordance with the rules and by-laws of the TSX, Loblaw may purchase its shares at the then market price of such shares. GWL intends to file a Notice of Intention to Make a Normal Course Issuer Bid with the TSX prior to the expiry of its current NCIB.

FINANCIAL DERIVATIVE INSTRUMENTS

Cross Currency Swaps The Company uses cross currency swaps to reduce the exposure on exchange rate fluctuations relating to certain balance sheet items denominated in United States ("U.S.") dollars, including cash and long term debt.

As at the end of the first quarter of 2013, Glenhuron Bank Limited ("Glenhuron") held cross currency swaps to exchange U.S. dollars for Canadian dollars. The swaps mature by 2019 and are financial derivatives classified as fair value through profit or loss. Amounts receivable or payable arising from these swaps are settled in cash upon maturity.

As at the end of the first quarter of 2013, Loblaw held cross currency swaps to exchange $296 million Canadian dollars for U.S. $300 million, for settlement of Loblaw's U.S. Private Placement ("USPP") notes included in long term debt, of which $148 million matures in the second quarter of 2013 and $148 million matures in the second quarter of 2015.

The following table summarizes the financial impact of the cross currency swaps:

	Glenhuron Cross Currency Swaps As at		USPP Cross Currency Swaps As at	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012	**Mar. 23, 2013**	Mar. 24, 2012
Exchange amount	**$ 1,170**	$ 1,213	**$ 296**	$ 296
Cumulative unrealized foreign currency exchange rate receivable recorded in:				
Prepaid expenses and other assets	**$ 34**	$ 47	**$ 6**	
Other assets	**$ 42**	$ 102	**$ 9**	$ 10

The Glenhuron cross currency swaps and USPP cross currency swaps offset the effect of translation (gains) losses on the underlying U.S. dollar cash of $1,077 million (2012 – $1,078 million) and $300 million (2012 – $300 million) USPP notes in long term debt, respectively.

The following table summarizes the changes in fair value of the cross currency swaps and the underlying exposures:

	Glenhuron Cross Currency Swaps 12 Weeks Ended		USPP Cross Currency Swaps 12 Weeks Ended	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012	**Mar. 23, 2013**	Mar. 24, 2012
Fair value loss (gain) related to swaps recorded in operating income	**$ 31**	$ (28)	**$ (8)**	$ 4
Translation (gain) loss related to the underlying exposures	**$ (28)**	$ 25	**$ 8**	$ (7)

Interest Rate Swaps Loblaw maintains a notional $150 million (2012 – $150 million) in interest rate swaps that mature by the third quarter of 2013, on which it pays a fixed-rate of 8.38%. As at the end of the first quarter of 2013, the fair value of these interest rate swaps of $5 million was recorded in trade payables and other liabilities (2012 – $16 million recorded in other liabilities). In the first quarter of 2013, Loblaw recognized a nominal fair value gain (2012 – nominal) in operating income related to these swaps.

Equity Derivative Contracts In the first quarter of 2013, GWL paid $29 million to settle its remaining equity swap contract representing 800,000 GWL common shares. During the first quarter of 2013, GWL recorded a nominal loss (2012 – $4 million) in operating income related to this equity swap contract.

In the first quarter of 2013, Glenhuron paid $16 million to settle its remaining equity forward contract representing 1,103,500 Loblaw common shares. During the first quarter of 2013, Glenhuron recognized a nominal loss (2012 – $5 million) in operating income related to this equity forward contract.

As at the end of the first quarter of 2013, Weston Holdings Limited, a subsidiary of GWL, held an outstanding equity forward sale agreement based on 9.6 million Loblaw common shares at an original forward price of $48.50 per Loblaw common share. As at the end of the first quarter of 2013, the forward price had increased to $93.23 (2012 – $89.08) per Loblaw common share under the terms of the agreement and the fair value of this forward sale agreement of $497 million (2012 – $529 million) was recorded in other assets. In the first quarter of 2013, a fair value gain of $5 million (2012 – $42 million) was recorded in net interest expense and other financing charges related to this agreement.

OTHER BUSINESS MATTERS

Information Technology ("IT") and Other Systems Implementation Loblaw is undertaking a major upgrade of its IT infrastructure that began in 2010. This project constitutes one of the largest technology infrastructure programs ever implemented by Loblaw and is fundamental to its long term growth strategies. During the first quarter of 2013, Loblaw continued to make progress on the implementation of the new IT system and successfully implemented the system in two more stores. As at the end of the first quarter of 2013, the system has been implemented in one distribution centre and three stores, with little to no impact on Loblaw's customers. During the first quarter of 2013, Loblaw also integrated the revenue posting function from its point of sale system with the new IT system. The new IT system is now the source of record for all transactional revenue data. Throughout the remainder of 2013, Loblaw will continue to roll-out the new IT system to the remaining distribution centres and a portion of the store network.

Real Estate Investment Trust ("REIT") Update During the fourth quarter of 2012, the Company announced Loblaw's intention to create a REIT to acquire approximately 35 million square feet of Loblaw's real estate assets. Since that announcement, work has progressed according to plan. Loblaw expects to file a preliminary prospectus for the REIT in late May 2013 and to complete the initial public offering ("IPO") of the REIT in early to mid-July of 2013, subject to prevailing market conditions and receipt of required regulatory approvals, including approval to list the units on the TSX. A highly experienced board of trustees has been selected and the senior management team for the REIT is now in place. Approximately 35 million square feet of property with a market value of at least $7 billion will be transferred to the REIT.

QUARTERLY RESULTS OF OPERATIONS

The 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration. The following is a summary of selected consolidated financial information derived from the Company's unaudited interim period condensed consolidated financial statements for each of the eight most recently completed quarters.

Quarterly Financial Information (unaudited)

($ millions except where otherwise indicated)	First Quarter 2013	First Quarter 2012[4]	Fourth Quarter 2012[4]	Fourth Quarter 2011	Third Quarter 2012[4]	Third Quarter 2011	Second Quarter 2012[4]	Second Quarter 2011
Sales	**$ 7,494**	$ 7,224	$ 7,727	$ 7,636	$ 10,164	$ 10,061	$ 7,627	$ 7,531
Net earnings attributable to shareholders of the Company	**$ 162**	$ 121	$ 63	$ 109	$ 156	$ 264	$ 135	$ 157
Net earnings per common share ($)								
Basic	**$ 1.19**	$ 0.87	$ 0.41	$ 0.77	$ 1.11	$ 1.94	$ 0.98	$ 1.13
Diluted	**$ 1.18**	$ 0.87	$ 0.32	$ 0.72	$ 1.03	$ 1.93	$ 0.97	$ 1.08

Consolidated quarterly sales for the last eight quarters were impacted by the following significant items: foreign currency exchange rates, seasonality and the timing of holidays. The impact of Weston Foods seasonality is greatest in the third and fourth quarters and least in the first quarter. The impact of Loblaw seasonality is greatest in the fourth quarter and least in the first quarter.

Consolidated quarterly net earnings for the last eight quarters were impacted by the following significant items:

- the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and short term investments held by foreign operations;
- defined benefit plan amendments in the first quarter of 2013 and the fourth quarter of 2012;
- restructuring and other charges incurred by Weston Foods and Loblaw, including a charge of $61 million related to the reduction in head office and administrative positions recorded by Loblaw in the fourth quarter of 2012;
- fluctuations in share-based compensation net of equity derivatives of both GWL and Loblaw;
- the fair value adjustment of commodity derivatives at Weston Foods;
- the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares;
- a charge related to the MEPP withdrawal liability incurred by Weston Foods in the second and fourth quarters of 2012;
- a gain related to the sale of a portion of a Loblaw property recorded in the third quarter of 2011;
- net insurance proceeds recorded by Weston Foods in the third and fourth quarters of 2011 and in the fourth quarter of 2012;
- the effect of certain prior years' commodity tax matters at Loblaw recorded in the second quarter of 2011; and
- incremental costs related to Loblaw's investment in IT and supply chain.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining a system of disclosure controls and procedures to provide reasonable assurance that all material information relating to the Company and its subsidiaries is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reports for external purposes in accordance with IFRS.

In designing such controls, it should be recognized that due to inherent limitations, any controls, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and may not prevent or detect misstatements. Additionally, management is required to use judgment in evaluating controls and procedures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

During the first quarter of 2013, the integration of Loblaw's revenue posting function from its point of sale system with the new IT system resulted in a material change to Loblaw's internal controls over financial reporting for the revenue process. There were no other changes in the Company's internal controls over financial reporting during the first quarter of 2013 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ENTERPRISE 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 beginning on page 36 of the 2012 annual MD&A included in the Company's 2012 Annual Report. The following is an update to those risks and risk management strategies:

Systems Implementations Loblaw continued to undertake a major upgrade of its IT infrastructure in the first quarter of 2013 as described in the "Other Business Matters" section of this MD&A. Completing the IT system deployment will require continued focus and investment. Failure to successfully migrate from legacy systems to the new IT system or disruption in Loblaw's current IT systems during the implementation of the new IT systems, could result in a lack of accurate data to enable management to effectively achieve its strategic plan or manage the day-to-day operations of the business, causing significant disruptions to the business and potential financial losses. Failure to implement appropriate processes to support the new IT system could result in inefficiencies and duplication in processes and could negatively affect Loblaw's reputation and the operations, revenues and financial performance of the Company.

Regulatory During the first quarter of 2013, all provinces and territories announced that reimbursement rates on six common generic prescription drugs would be significantly reduced during the second quarter of 2013. In addition, Alberta, New Brunswick and Newfoundland announced further generic prescription drug reimbursement rate reductions. The remaining provinces have not announced similar reductions. These announcements, and any potential further announcements, impact pharmacy sales and therefore could have an adverse effect on the financial performance of the Company. Loblaw continues to identify opportunities to mitigate the impact of these amendments, including the introduction of programs to add new services and enhance existing services to attract customers, but despite these efforts, the amendments could have an adverse impact on the financial performance of the Company.

ACCOUNTING STANDARDS IMPLEMENTED IN 2013 AND CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

Fair Value Measurement In 2011, the International Accounting Standards Board ("IASB") issued IFRS 13, "Fair Value Measurement" ("IFRS 13"), which establishes a single framework for the fair value measurement and disclosure of financial and non-financial assets and liabilities. The new standard unifies the definition of fair value and also introduces new concepts including 'highest and best use' and 'principal markets' for non-financial assets and liabilities. There are additional disclosure requirements, including increased fair value disclosure for financial instruments for interim and annual financial statements. The Company implemented this standard prospectively in the first quarter of 2013. There were no measurement impacts on the Company's unaudited interim period condensed consolidated financial statements as a result of the adoption of IFRS 13. The Company has included the additional disclosures required by this standard.

Employee Benefits In 2011, the IASB revised IAS 19, "Employee Benefits" ("IAS 19"). The most significant amendments for the Company and its significant accounting policies are the requirement to immediately recognize all unvested past service costs and the replacement of interest cost and expected return on plan assets with a net interest amount that is calculated by applying a prescribed discount rate to the net defined benefit obligation. Under the amendment, the Company continues to recognize actuarial gains and losses on plan assets and obligations through other comprehensive income, but has chosen to reclassify these amounts from accumulated other comprehensive income and record these actuarial gains and losses in retained earnings, consistent with its previous presentation. The Company implemented this standard retrospectively in the first quarter of 2013. The impact arising from the adoption of the amendments to IAS 19 is summarized as follows:

Consolidated Statements of Earnings

Increase (decrease) ($ millions except where otherwise indicated)	12 Weeks Ended Mar. 24, 2012	52 Weeks Ended Dec. 31, 2012
Operating income		$ 1
Net interest expense and other financing charges	$ 6	$ 24
Income taxes	$ (1)	$ (5)
Net earnings	$ (5)	$ (18)
Net earnings per common share ($)		
Basic	$ (0.02)	$ (0.09)
Diluted	$ (0.02)	$ (0.09)

Consolidated Statements of Comprehensive Income

Increase (decrease) ($ millions)	12 Weeks Ended Mar. 24, 2012	52 Weeks Ended Dec. 31, 2012
Net earnings	$ (5)	$ (18)
Other comprehensive income	$ 5	$ 18

Consolidated Balance Sheets

Increase (decrease)		As at	
($ millions)	Mar. 24, 2012	Dec. 31, 2012	Jan. 1, 2012
Deferred income tax asset	$ 1		$ 1
Other liabilities	$ (1)	$ (2)	$ (1)
Equity	$ 2	$ 2	$ 2

The amendments also require enhanced annual disclosures for defined benefit plans, including additional information on the characteristics and risks of those plans, which will be included in the Company's 2013 Annual Report.

Other Standards In addition to the above standards, the Company implemented the following standards and amendments effective January 1, 2013: IFRS 10, "Consolidated Financial Statements" ("IFRS 10"); IFRS 11, "Joint Arrangements"; IFRS 12, "Disclosure of Interests in Other Entities"; IAS 28, "Investments in Associates"; and IAS 1, "Presentation of Financial Statements". There was no significant impact on the Company's unaudited interim period condensed consolidated financial statements as a result of the implementation of these standards.

As a result of the implementation of IFRS 10, the Company consolidates structured entities, if based on an evaluation of the substance of its relationship with the Company, the Company concludes that it controls the structured entity. Structured entities are entities controlled by the Company which were designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

Restricted Share Unit Plan On January 2, 2013, GWL and Loblaw's RSU plans were amended to require settlement in common shares rather than in cash, for grants settled subsequent to March 31, 2013. These awards are accounted for as equity-settled and vest after the end of a performance period, ranging from three to five years. The fair value of each RSU granted is measured separately at the grant date based on the market value of a GWL or Loblaw common share less the net present value of the expected dividend stream at the date on which RSUs are awarded to each participant. The compensation expense is prorated over the performance period, with a corresponding increase to contributed surplus. Forfeitures are estimated at the grant date and are revised to reflect changes in expected or actual forfeitures. Upon settlement of the award, the amount recognized in contributed surplus for the award is reclassified to share capital.

Performance Share Unit Plan On January 2, 2013, GWL and Loblaw's PSU plans were amended to require settlement in common shares rather than in cash. These awards are accounted for as equity-settled and vest after the end of a three year performance period. The number of units that vest will vary based on the achievement of specified performance measures. The fair value of each PSU granted is measured separately at the grant date based on the market value of a GWL or Loblaw common share less the net present value of the expected dividend stream at the date on which PSUs are awarded to each participant. The compensation expense is prorated over the performance period, with a corresponding increase to contributed surplus. Forfeitures are estimated at the grant date and are revised to reflect changes in expected or actual forfeitures. Upon settlement of the award, the amount recognized in contributed surplus for the award is reclassified to share capital.

OUTLOOK[3]

The outlook reflects the underlying operating performance of the Company's operating segments as discussed below.

For full year 2013, Weston Foods sales growth is expected to be moderate due to a combination of pricing and modest volume growth. Adjusted operating margins[1] are expected to remain in line with 2012 as Weston Foods invests in growth, marketing and innovation. The benefits from these investments are expected to be realized increasingly over the course of the year.

Over the past several quarters, Loblaw has strengthened its customer proposition and made significant progress with its IT infrastructure implementation. These initiatives, with investments in price, assortment and labour are expected to be offset by operating efficiencies. Investment in infrastructure programs will continue as the IT system is rolled out to distribution centres and stores, with associated expenses flat to 2012. Sales growth in 2013 will be moderated by a competitive environment characterized by ongoing square footage expansions, a new competitor's entry into the market and generic drug deflation. As a result, Loblaw expects modest growth in adjusted operating income[1] in 2013, excluding the impact of the $61 million restructuring charge recorded in the fourth quarter of 2012, the impact of the previously announced plan to launch an IPO of a new REIT, and the $51 million gain recorded in the first quarter of 2013 associated with amendments to certain defined benefit plans.

Over the long term, Loblaw still expects positive same-store sales, a decline in IT and supply chain costs, and a moderation of capital expenditures. This should result in growth in adjusted operating income[1], adjusted EBITDA[1] and an increase in free cash flow[1].

NON-GAAP FINANCIAL MEASURES

The Company uses the following non-GAAP financial measures: adjusted operating income and adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin, adjusted basic net earnings per common share, adjusted debt to rolling year adjusted EBITDA, free cash flow, interest coverage and rolling year return on average net assets. 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.

Certain expenses and income that must be recognized under GAAP are not necessarily reflective of the Company's underlying operating performance. For this reason, management uses certain non-GAAP financial measures to exclude the impact of these items when analyzing consolidated and segment underlying operating performance. These non-GAAP financial measures are also helpful in assessing underlying operating performance on a consistent basis.

From time to time, the Company may exclude additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring. Loblaw does not report its results of operations on an adjusted basis, however the Company excludes the impact of certain Loblaw items, as applicable, when reporting its consolidated and segment results.

These non-GAAP financial measures do not have a standardized meaning prescribed by 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 GAAP.

Adjusted Operating Income and Adjusted EBITDA

The Company believes adjusted operating income is useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business. The Company believes adjusted EBITDA is also useful in assessing the underlying operating performance of the Company's ongoing operations and in assessing the Company's ability to generate cash flows to fund its cash requirements, including its capital investment program.

The following table reconciles adjusted operating income and adjusted EBITDA to GAAP net earnings attributable to shareholders of the Company reported for the periods ended as indicated.

	12 Weeks Ended							
				Mar. 23, 2013				Mar. 24, 2012[1]
(unaudited) ($ millions)	**Weston Foods**	**Loblaw**	**Other[2]**	**Consolidated**	Weston Foods	Loblaw	Other[2]	Consolidated
Net earnings attributable to shareholders of the Company				**$ 162**				$ 121
Add impact of the following:								
Non-controlling interests				**63**				45
Income taxes				**73**				58
Net interest expense and other financing charges				**84**				50
Operating income (loss)	**$ 48**	**$ 307**	**$ 27**	**$ 382**	$ 60	$ 237	$ (23)	$ 274
Add (deduct) impact of the following:								
Restructuring and other charges[3]	**1**			**1**	1	3		4
Fair value adjustment of commodity derivatives at Weston Foods	**8**			**8**	(3)			(3)
Share-based compensation net of equity derivatives	**2**	**8**		**10**	1	12		13
Defined benefit plan amendments		**(51)**		**(51)**				
Foreign currency translation (gain) loss			**(27)**	**(27)**			23	23
Adjusted operating income	**$ 59**	**$ 264**	**$**	**$ 323**	$ 59	$ 252	$	$ 311
Depreciation and amortization	**14**	**183**		**197**	14	170		184
Adjusted EBITDA	**$ 73**	**$ 447**	**$**	**$ 520**	$ 73	$ 422	$	$ 495

(1) Certain 2012 figures have been restated due to the implementation of revised IAS 19, "Employee Benefits". See the "Accounting Standards Implemented in 2013 and Changes in Significant Accounting Policies" section of the Company's 2013 First Quarter Management's Discussion and Analysis.

(2) Operating income in the first quarter of 2013 included a gain of $27 million (2012 – loss of $23 million) related to the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and short term investments held by foreign operations.

(3) Restructuring and other charges included $1 million (2012 – nil) of accelerated depreciation incurred by Weston Foods. Restructuring and other charges at Loblaw in the first quarter of 2012 of $3 million related to changes in Loblaw's distribution network.

The year-over-year changes in the following items influenced operating income in the first quarter of 2013:

Restructuring and other charges The Company continuously evaluates strategic and cost reduction initiatives related to its store infrastructure, manufacturing assets, distribution networks and administrative infrastructure with the objective of ensuring a low cost operating structure. Restructuring activities related to these initiatives are ongoing. The details of restructuring and other charges are included in the "Reportable Operating Segments" section of this MD&A.

Fair value adjustment of commodity derivatives at Weston Foods 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 policy, 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. Pursuant to Weston Foods' derivative instruments accounting policy, certain changes in fair value, which include realized and unrealized gains and losses related to future purchases of raw materials, are recorded in operating income. In the first quarter of 2013, Weston Foods recorded a charge of $8 million (2012 – income of $3 million), related to the fair value adjustment of exchange traded commodity derivatives. 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 during the period that the commodity derivatives are held.

Share-based compensation net of equity derivatives GWL and Glenhuron held equity derivatives to partially hedge the impact of increases in the value of GWL and Loblaw common shares on share-based compensation cost. The amount of net share-based compensation cost recorded in operating income has historically been mainly dependent upon changes in the value of GWL and Loblaw common shares and the number and vesting of RSUs and PSUs relative to the number of common shares underlying the equity derivatives. In the first quarter of 2013, GWL and Glenhuron settled their remaining equity derivative contracts and the RSU and PSU plans were amended to require settlement in common shares rather than in cash. As a result of the settlements and plan amendments, the components of share-based compensation and their exposure to changes in the value of GWL and Loblaw common shares have changed. In order to assess consolidated and segment operating performance on a consistent basis, management continues to exclude the impact of share-based compensation from operating income. In the first quarter of 2013, a charge of $10 million (2012 – $13 million), was recorded related to share-based compensation net of equity derivatives.

Defined benefit plan amendments During the first quarter of 2013, the Company announced amendments to certain of its defined benefit plans impacting certain employees retiring after January 1, 2015. As a result, the Company recorded a gain of $51 million and will realize annual pre-tax savings of approximately $14 million related to these defined benefit plan amendments.

Foreign currency translation gains and losses The Company's consolidated financial statements are expressed in Canadian dollars. A portion of the Company's (excluding Loblaw's) net assets are denominated in U.S. dollars and as a result, the Company is exposed to foreign currency translation gains and losses. The impact of foreign currency translation on a portion of the U.S. dollar denominated net assets, primarily cash and short term investments held by foreign operations is recorded in operating income. In the first quarter of 2013, a foreign currency translation gain of $27 million (2012 – loss of $23 million) was recorded in operating income as a result of the depreciation (2012 – appreciation) of the Canadian dollar.

Adjusted Basic Net Earnings per Common Share

The Company believes adjusted basic net earnings per common share is useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

The following table reconciles adjusted basic net earnings per common share to GAAP basic net earnings per common share reported for the periods ended as indicated.

(unaudited)	12 Weeks Ended	
($)	**Mar. 23, 2013**	Mar. 24, 2012[1]
Basic net earnings per common share	**$ 1.19**	$ 0.87
Add (Deduct) impact of the following[2]:		
Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares	**(0.03)**	(0.25)
Restructuring and other charges	**0.01**	0.02
Fair value adjustment of commodity derivatives at Weston Foods	**0.05**	(0.02)
Share-based compensation net of equity derivatives	**0.05**	0.07
Defined benefit plan amendments	**(0.18)**	
Foreign currency translation (gain) loss	**(0.21)**	0.18
Adjusted basic net earnings per common share	**$ 0.88**	$ 0.87

(1) Certain 2012 figures have been restated due to the implementation of revised IAS 19, "Employee Benefits". See the "Accounting Standards Implemented in 2013 and Changes in Significant Accounting Policies" section of the Company's 2013 First Quarter Management's Discussion and Analysis.

(2) Net of interest, income taxes and non-controlling interests, as applicable.

In addition to the items described in the "Adjusted Operating Income and Adjusted EBITDA" section above, the year-over-year changes in the following item also influenced basic net earnings per common share in the first quarter of 2013:

Fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares The fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares is non-cash and is included in consolidated net interest expense and other financing charges. The adjustment is determined by changes in the value of the underlying Loblaw common shares. The first quarter year-over-year decrease in income related to the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares was $0.22 per common share and was attributable to a smaller decrease in the market price of Loblaw common shares in 2013 compared to 2012.

Adjusted Debt

The Company believes adjusted debt to rolling year adjusted EBITDA is useful in assessing its ability to cover debt repayments with adjusted EBITDA.

The following table reconciles adjusted debt used in the adjusted debt to rolling year adjusted EBITDA to GAAP measures reported as at the periods ended as indicated.

(unaudited)		As at	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012	Dec. 31, 2012
Short term debt	**$ 1,330**	$ 1,290	$ 1,319
Long term debt due within one year	**972**	82	672
Long term debt	**5,965**	6,753	6,261
Certain other liabilities	**39**	39	39
Fair value of financial derivatives related to the above debt	**(507)**	(463)	(440)
Total debt	**$ 7,799**	$ 7,701	$ 7,851
Less: Independent securitization trusts in short term debt	**905**	905	905
Independent securitization trusts in long term debt	**600**	600	600
Independent funding trusts	**468**	446	459
Guaranteed Investment Certificates	**293**	263	303
Adjusted debt	**$ 5,533**	$ 5,487	$ 5,584

Capital securities are excluded from the calculation of adjusted debt.

Free Cash Flow

In the first quarter of 2013, the Company refined its definition of free cash flow as calculated below. The Company believes that this definition of free cash flow is the appropriate measure in assessing the Company's cash available for additional funding and investing activities.

The following table reconciles free cash flow to GAAP measures reported for the periods ended as indicated.

(unaudited)	12 Weeks Ended	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012
Cash flows used in operating activities	**$ (20)**	$ (38)
Net decrease in credit card receivables	**(130)**	(114)
Less: Interest paid	**93**	92
Fixed asset purchases	**134**	144
Free cash flow	**$ (377)**	$ (388)

Interest Coverage

The Company believes interest coverage is useful in assessing the Company's ability to cover its net interest expense with its operating income.

The Company calculates interest coverage as operating income divided by net interest expense and other financing charges adding back interest capitalized to fixed assets.

Net Assets

The Company believes the rolling year return on average net assets ratio is useful in assessing its return on operating assets.

The Company calculates rolling year return on average net assets as cumulative operating income for the latest four quarters divided by average net assets.

The following table reconciles net assets used in the rolling year return on average net assets ratio to GAAP measures reported as at the periods ended as indicated.

(unaudited)		As at	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012[1]	Dec. 31, 2012
Total assets	**$ 21,233**	$ 20,723	$ 21,804
Less: Cash and cash equivalents	**975**	1,134	1,589
Short term investments	**2,415**	2,221	2,138
Security deposits	**302**	348	348
Fair value of the forward sale agreement for 9.6 million Loblaw common shares	**497**	529	483
Trade payables and other liabilities	**3,350**	3,263	3,937
Net assets	**$ 13,694**	$ 13,228	$ 13,309

(1) Certain 2012 figures have been restated due to the implementation of revised IAS 19, "Employee Benefits". See the "Accounting Standards Implemented in 2013 and Changes in Significant Accounting Policies" section of the Company's 2013 First Quarter Management's Discussion and Analysis.

ADDITIONAL INFORMATION

Additional information about the Company has been filed electronically with the Canadian securities regulatory authorities through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.

This Quarterly Report includes selected information on Loblaw Companies Limited, a 63.1%-owned public reporting company with shares trading on the TSX. 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 available on Loblaw's corporate website at www.loblaw.ca.

Unaudited Interim Period Condensed Consolidated Financial Statements

Condensed Consolidated Statements of Earnings

(unaudited) (millions of Canadian dollars except where otherwise indicated)	12 Weeks Ended Mar. 23, 2013	Mar. 24, 2012[(1)]
Revenue	**$ 7,494**	$ 7,224
Operating Expenses		
Cost of inventories sold (note 9)	**5,625**	5,422
Selling, general and administrative expenses (note 18)	**1,487**	1,528
	7,112	6,950
Operating Income	**382**	274
Net Interest Expense and Other Financing Charges (note 4)	**84**	50
Earnings Before Income Taxes	**298**	224
Income Taxes (note 5)	**73**	58
Net Earnings	**225**	166
Attributable to:		
Shareholders of the Company	**162**	121
Non-Controlling Interests	**63**	45
Net Earnings	**$ 225**	$ 166
Net Earnings per Common Share ($) (note 6)		
Basic	**$ 1.19**	$ 0.87
Diluted	**$ 1.18**	$ 0.87

(1) Certain 2012 figures have been restated (see note 2).

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

Condensed Consolidated Statements of Comprehensive Income

(unaudited) (millions of Canadian dollars)	12 Weeks Ended Mar. 23, 2013	Mar. 24, 2012[(1)]
Net earnings	**$ 225**	$ 166
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation adjustment (note 18)	**15**	(14)
Items that will not be reclassified to profit or loss:		
Net defined benefit plan actuarial gains (note 16)	**41**	35
Other comprehensive income	**56**	21
Comprehensive Income	**281**	187
Attributable to:		
Shareholders of the Company	**205**	131
Non-Controlling Interests	**76**	56
Comprehensive Income	**$ 281**	$ 187

(1) Certain 2012 figures have been restated (see note 2).

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

Condensed Consolidated Balance Sheets

(unaudited)		As at	
(millions of Canadian dollars)	**Mar. 23, 2013**	Mar. 24, 2012[(1)]	Dec. 31, 2012[(1)]
ASSETS			
Current Assets			
Cash and cash equivalents (note 7)	**$ 975**	$ 1,134	$ 1,589
Short term investments (note 7)	**2,415**	2,221	2,138
Accounts receivable	**648**	549	559
Credit card receivables (note 8)	**2,175**	1,987	2,305
Inventories (note 9)	**2,057**	2,027	2,132
Income taxes recoverable	**12**	52	37
Prepaid expenses and other assets	**116**	129	83
Assets held for sale	**35**	18	30
Total Current Assets	**8,433**	8,117	8,873
Fixed Assets	**9,410**	9,135	9,452
Investment Properties	**95**	95	100
Goodwill and Intangible Assets	**1,583**	1,545	1,571
Deferred Income Taxes	**302**	300	316
Security Deposits (note 7)	**302**	348	348
Franchise Loans Receivable	**372**	352	363
Other Assets (note 10)	**736**	831	781
Total Assets	**$ 21,233**	$ 20,723	$ 21,804
LIABILITIES			
Current Liabilities			
Trade payables and other liabilities	**$ 3,350**	$ 3,263	$ 3,937
Provisions	**109**	65	123
Short term debt (note 11)	**1,330**	1,290	1,319
Long term debt due within one year (note 12)	**972**	82	672
Total Current Liabilities	**5,761**	4,700	6,051
Provisions	**98**	91	94
Long Term Debt (note 12)	**5,965**	6,753	6,261
Deferred Income Taxes	**160**	175	160
Other Liabilities (note 13)	**825**	996	943
Capital Securities	**223**	222	223
Total Liabilities	**13,032**	12,937	13,732
EQUITY			
Share Capital (note 14)	**952**	950	953
Contributed Surplus (notes 15 & 17)	**35**	19	28
Retained Earnings	**4,810**	4,585	4,736
Accumulated Other Comprehensive Loss	**(9)**	(25)	(24)
Total Equity Attributable to Shareholders of the Company	**5,788**	5,529	5,693
Non-Controlling Interests	**2,413**	2,257	2,379
Total Equity	**8,201**	7,786	8,072
Total Liabilities and Equity	**$ 21,233**	$ 20,723	$ 21,804

(1) Certain 2012 figures have been restated (see note 2).

Contingent liabilities (note 19).
See accompanying notes to the unaudited interim period condensed consolidated financial statements.

Condensed Consolidated Statements of Changes in Equity

(unaudited)

(millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	Total Share Capital	Contributed Surplus	Retained Earnings[1]	Foreign Currency Translation Adjustment	Cash Flow Hedges	Total Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interests	Total Equity[1]
Balance as at Dec. 31, 2012	$ 136	$ 817	**$ 953**	**$ 28**	**$ 4,736**	$ (28)	$ 4	**$ (24)**	**$ 2,379**	**$ 8,072**
Net earnings					**162**				**63**	**225**
Other comprehensive income[2]					**28**	15		**15**	**13**	**56**
Comprehensive income					**190**	15		**15**	**76**	**281**
Effect of share-based compensation (note 17)				**16**					**5**	**21**
Shares purchased for cancellation (note 14)	(1)		**(1)**		**(41)**					**(42)**
Shares purchased and held in trust (note 14)					**(15)**					**(15)**
Subsidiary capital transactions (notes 15 & 17)				**(9)**					**(24)**	**(33)**
Dividends declared										
Per common share ($)										
– $0.38					**(49)**				**(23)**	**(72)**
Per preferred share ($)										
– Series I – $0.36					**(4)**					**(4)**
– Series III – $0.32					**(3)**					**(3)**
– Series IV – $0.32					**(2)**					**(2)**
– Series V – $0.30					**(2)**					**(2)**
	(1)		**(1)**	**7**	**(116)**				**(42)**	**(152)**
Balance as at Mar. 23, 2013	$ 135	$ 817	**$ 952**	**$ 35**	**$ 4,810**	$ (13)	$ 4	**$ (9)**	**$ 2,413**	**$ 8,201**

(1) Certain 2012 figures have been restated (see note 2).

(2) Other comprehensive income includes actuarial gains of $41 million, $28 million of which is presented above in retained earnings and $13 million in non-controlling interests.

(millions of Canadian dollars except where otherwise indicated)	Common Shares	Preferred Shares	Total Share Capital	Contributed Surplus	Retained Earnings[1]	Foreign Currency Translation Adjustment	Cash Flow Hedges	Total Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Equity[1]
Balance as at Dec. 31, 2011	$ 133	$ 817	**$ 950**	**$ 24**	**$ 4,497**	$ (15)	$ 4	**$ (11)**	**$ 2,222**	**$ 7,682**
Net earnings					**121**				**45**	**166**
Other comprehensive income (loss)[2]					**24**	(14)		**(14)**	**11**	**21**
Comprehensive income (loss)					**145**	(14)		**(14)**	**56**	**187**
Effect of share-based compensation (note 17)				**(5)**					**1**	**(4)**
Shares purchased for cancellation (note 14)										
Subsidiary capital transactions (notes 15 & 17)										
Dividends declared										
Per common share ($)										
– $0.36					**(46)**				**(22)**	**(68)**
Per preferred share ($)										
– Series I – $0.36					**(4)**					**(4)**
– Series III – $0.32					**(3)**					**(3)**
– Series IV – $0.32					**(2)**					**(2)**
– Series V – $0.30					**(2)**					**(2)**
				(5)	**(57)**				**(21)**	**(83)**
Balance as at Mar. 24, 2012	$ 133	$ 817	**$ 950**	**$ 19**	**$ 4,585**	$ (29)	$ 4	**$ (25)**	**$ 2,257**	**$ 7,786**

(1) Certain 2012 figures have been restated (see note 2).

(2) Other comprehensive income includes actuarial gains of $35 million, $24 million of which is presented above in retained earnings and $11 million in non-controlling interests.

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

Condensed Consolidated Statements of Cash Flow

(unaudited) (millions of Canadian dollars)	12 Weeks Ended Mar. 23, 2013	 Mar. 24, 2012[1]
Operating Activities		
Net earnings	**$ 225**	$ 166
Income taxes (note 5)	**73**	58
Net interest expense and other financing charges (note 4)	**84**	50
Depreciation and amortization	**198**	184
Foreign currency translation (gain) loss (note 18)	**(27)**	23
Gain on defined benefit plan amendments (note 16)	**(51)**	
Income taxes paid	**(52)**	(73)
Interest received	**13**	9
Settlement of equity derivative contracts (note 18)	**(45)**	
Change in credit card receivables (note 8)	**130**	114
Change in non-cash working capital	**(570)**	(580)
Fixed asset and other related impairments		3
Gain on disposal of assets	**(1)**	
Other	**3**	8
Cash Flows used in Operating Activities	**(20)**	(38)
Investing Activities		
Fixed asset purchases	**(134)**	(144)
Change in short term investments	**(235)**	103
Business acquisition (note 3)	**(9)**	
Proceeds from fixed asset sales	**2**	1
Change in franchise investments and other receivables	**8**	(17)
Change in security deposits	**49**	14
Intangible asset additions	**(9)**	
Other	**(3)**	
Cash Flows used in Investing Activities	**(331)**	(43)
Financing Activities		
Change in bank indebtedness		(4)
Change in short term debt (note 11)	**11**	10
Long term debt – Issued (note 12)	**10**	23
– Retired (note 12)	**(26)**	(29)
Share capital – Purchased and held in trust (note 14)	**(15)**	
– Retired (note 14)	**(42)**	
Subsidiary share capital – Issued (notes 15 & 17)	**11**	2
– Purchased and held in trust (note 15)	**(46)**	
– Retired (note 15)		(2)
Interest paid	**(93)**	(92)
Dividends – To common shareholders	**(49)**	(46)
– To preferred shareholders	**(11)**	(11)
– To minority shareholders	**(23)**	
Cash Flows used in Financing Activities	**(273)**	(149)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**10**	(8)
Change in Cash and Cash Equivalents	**(614)**	(238)
Cash and Cash Equivalents, Beginning of Period	**1,589**	1,372
Cash and Cash Equivalents, End of Period	**$ 975**	$ 1,134

(1) Certain 2012 figures have been restated (see note 2).

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

Note 1. Nature and Description of the Reporting Entity

George Weston Limited ("GWL") is a Canadian public company incorporated in 1928, with its registered office located at 22 St. Clair Avenue East, Toronto, Canada M4T 2S7. GWL and its subsidiaries are together referred to as the "Company" in these unaudited interim period condensed consolidated financial statements. The Company's parent is Wittington Investments, Limited.

The Company has two reportable operating segments, Loblaw Companies Limited ("Loblaw") and Weston Foods, and holds cash and short term investments. The Loblaw operating segment is Canada's largest food retailer and a leading provider of drugstore, general merchandise and financial products and services. The Weston Foods operating segment is a leading fresh and frozen baking company in Canada and operates a frozen baking manufacturing business in the United States ("U.S.") and a North American biscuit manufacturing business.

In December 2012, Loblaw announced its intention to create a Real Estate Investment Trust ("REIT"), which will acquire a significant portion of Loblaw's real estate assets and sell units by way of an Initial Public Offering ("IPO"). The IPO of the REIT is expected to be completed by mid 2013, subject to prevailing market conditions and receipt of required regulatory approvals, including approval to list the REIT's units on the Toronto Stock Exchange.

The Company follows a 52-week reporting cycle which is divided into four quarters of 12 weeks each except for the third quarter, which is 16 weeks in duration. Weston Foods seasonality is greatest in the third and fourth quarters and least in the first quarter. Loblaw seasonality is greatest in the fourth quarter and least in the first quarter.

Note 2. Significant Accounting Policies

The significant accounting policies and critical accounting estimates and judgments as disclosed in the Company's 2012 audited annual consolidated financial statements have been applied consistently in the preparation of these unaudited interim period condensed consolidated financial statements, except as discussed below.

The unaudited interim period condensed consolidated financial statements are presented in Canadian dollars.

Statement of Compliance The unaudited interim period condensed consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and International Accounting Standard ("IAS") 34, "Interim Financial Reporting", as issued by the International Accounting Standards Board ("IASB"). These unaudited interim period condensed consolidated financial statements should be read in conjunction with the Company's 2012 audited annual consolidated financial statements and the accompanying notes.

These unaudited interim period condensed consolidated financial statements were authorized for issuance by the Company's Board of Directors on May 6, 2013.

Accounting Standards Implemented in 2013

Fair Value Measurement In 2011, the IASB issued IFRS 13, "Fair Value Measurement" ("IFRS 13"), which establishes a single framework for the fair value measurement and disclosure of financial and non-financial assets and liabilities. The new standard unifies the definition of fair value and also introduces new concepts including 'highest and best use' and 'principal markets' for non-financial assets and liabilities. There are additional disclosure requirements, including increased fair value disclosure for financial instruments for interim and annual financial statements. The Company implemented this standard prospectively in the first quarter of 2013. There were no measurement impacts on the Company's unaudited interim period condensed consolidated financial statements as a result of the adoption of IFRS 13. The Company has included the additional disclosures required by this standard (see note 18).

Employee Benefits In 2011, the IASB revised IAS 19, "Employee Benefits" ("IAS 19"). The most significant amendments for the Company are the requirement to immediately recognize all unvested past service costs and the replacement of interest cost and expected return on plan assets with a net interest amount that is calculated by applying a prescribed discount rate to the net defined benefit obligation. The Company implemented this standard retrospectively in the first quarter of 2013. The impact arising from the adoption of the amendments to IAS 19 is summarized as follows:

Consolidated Statements of Earnings

Increase (decrease) ($ millions except where otherwise indicated)	12 Weeks Ended Mar. 24, 2012	52 Weeks Ended Dec. 31, 2012
Operating income		$ 1
Net interest expense and other financing charges	$ 6	$ 24
Income taxes	$ (1)	$ (5)
Net earnings	$ (5)	$ (18)
Net earnings per common share ($)		
Basic	$ (0.02)	$ (0.09)
Diluted	$ (0.02)	$ (0.09)

Consolidated Statements of Comprehensive Income

Increase (decrease) ($ millions)	12 Weeks Ended Mar. 24, 2012	52 Weeks Ended Dec. 31, 2012
Net earnings	$ (5)	$ (18)
Other comprehensive income	$ 5	$ 18

Consolidated Balance Sheets

Increase (decrease)		As at	
($ millions)	Mar. 24, 2012	Dec. 31, 2012	Jan. 1, 2012
Deferred income tax asset	$ 1		$ 1
Other liabilities	$ (1)	$ (2)	$ (1)
Equity	$ 2	$ 2	$ 2

The amendments also require enhanced annual disclosures for defined benefit plans, including additional information on the characteristics and risks of those plans, which will be included in the Company's 2013 Annual Report.

Other Standards In addition to the above standards, the Company implemented the following standards and amendments effective January 1, 2013: IFRS 10, "Consolidated Financial Statements" ("IFRS 10"); IFRS 11, "Joint Arrangements"; IFRS 12, "Disclosure of Interests in Other Entities"; IAS 28, "Investments in Associates"; and IAS 1, "Presentation of Financial Statements". There was no significant impact on the Company's unaudited interim period condensed consolidated financial statements as a result of the implementation of these standards.

Changes in Significant Accounting Policies

Basis of Consolidation The unaudited interim period condensed consolidated financial statements include the accounts of the Company and other entities that the Company controls in accordance with IFRS 10 and IAS 27 "Separate Financial Statements" ("IAS 27"). Structured entities are consolidated under IFRS 10, if, based on an evaluation of the substance of its relationship with the Company, the Company concludes that it controls the structured entity. Structured entities are entities controlled by the Company which were designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

Post-Employment and Other Long term Employee Benefits The Company's net defined benefit plan obligations (assets) in respect of defined benefits are calculated separately for each plan. The net defined benefit plan obligations (assets) are actuarially calculated by a qualified actuary at the balance sheet date using the projected unit credit method.

The fair values of plan assets are deducted from the defined benefit plan obligations to arrive at the net defined benefit plan obligations (assets). Past service costs (credits) arising from plan amendments are recognized in operating income in the year that they arise. The actuarially determined net interest costs on the net defined benefit plan obligation are recognized in net interest expense and other financing charges.

At each balance sheet date, plan assets are measured at fair value and the defined benefit plan obligations (assets) are measured using assumptions which approximate their fair values at the reporting date, resulting in actuarial gains and losses from both of these measurements. These actuarial gains and losses are recognized through other comprehensive income and the Company has chosen to reclassify these amounts from accumulated other comprehensive income to retained earnings.

Restricted Share Unit ("RSU") Plan On January 2, 2013, GWL and Loblaw's RSU plans were amended to require settlement in common shares rather than in cash, for grants settled subsequent to March 31, 2013. These awards are accounted for as equity-settled and vest after the end of a performance period, ranging from three to five years. The fair value of each RSU granted is measured separately at the grant date based on the market value of a GWL or Loblaw common share less the net present value of the expected dividend stream at the date on which RSUs are awarded to each participant. The compensation expense is prorated over the performance period, with a corresponding increase to contributed surplus. Forfeitures are estimated at the grant date and are revised to reflect changes in expected or actual forfeitures. Upon settlement of the award, the amount recognized in contributed surplus for the award is reclassified to share capital.

Performance Share Unit ("PSU") Plan On January 2, 2013, GWL and Loblaw's PSU plans were amended to require settlement in common shares rather than in cash. These awards are accounted for as equity-settled and vest after the end of a three year performance period. The number of units that vest will vary based on the achievement of specified performance measures. The fair value of each PSU granted is measured separately at the grant date based on the market value of a GWL or Loblaw common share less the net present value of the expected dividend stream at the date on which PSUs are awarded to each participant. The compensation expense is prorated over the performance period, with a corresponding increase to contributed surplus. Forfeitures are estimated at the grant date and are revised to reflect changes in expected or actual forfeitures. Upon settlement of the award, the amount recognized in contributed surplus for the award is reclassified to share capital.

Note 3. Business Acquisition

During the first quarter of 2013, Weston Foods purchased a fresh bakery manufacturer for cash consideration of $9 million. Weston Foods acquired net assets of $9 million.

Note 4. Net Interest Expense and Other Financing Charges

The components of net interest expense and other financing charges were as follows:

	12 Weeks Ended	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012[1]
Interest expense:		
Long term debt	**$ 85**	$ 85
Net interest on net defined benefit obligation (note 16)	**5**	8
Borrowings related to credit card receivables	**9**	8
Independent funding trusts	**3**	4
Dividends on capital securities	**3**	3
	105	108
Interest income:		
Other financing income[2]	**(10)**	(47)
Accretion income	**(5)**	(4)
Financial derivative instruments	**(2)**	(3)
Short term interest income	**(4)**	(4)
	(21)	(58)
Net interest expense and other financing charges	**$ 84**	$ 50

(1) Certain 2012 figures have been restated (see note 2).
(2) Other financing income in the first quarter of 2013 included non-cash income of $5 million (2012 – $42 million) related to the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares (see note 18). The fair value adjustment of the forward sale agreement is non-cash and results from changes in the value of the underlying Loblaw common shares. Also included in other financing income in the first quarter of 2013 is forward accretion income of $9 million (2012 – $9 million) and the forward fee of $4 million (2012 – $4 million) associated with the forward sale agreement.

Note 5. Income Taxes

In the first quarter of 2013, income tax expense increased to $73 million from $58 million in the same period in 2012. The effective income tax rate decreased to 24.5% in the first quarter of 2013 from 25.9% in the same period in 2012, primarily due to non-taxable foreign currency translation gains recorded in 2013 (2012 – non-deductible foreign currency translation losses). The effective income tax rate in the first quarter of 2012 was also impacted by recoveries related to certain prior year income tax matters.

Note 6. Basic and Diluted Net Earnings per Common Share

($ millions except where otherwise indicated)	12 Weeks Ended Mar. 23, 2013	Mar. 24, 2012[1]
Net earnings attributable to shareholders of the Company	**$ 162**	$ 121
Prescribed dividends on preferred shares in share capital	**(10)**	(10)
Net earnings available to common shareholders	**$ 152**	$ 111
Reduction in net earnings due to dilution at Loblaw	**(1)**	
Net earnings available to common shareholders for diluted earnings per share	**$ 151**	$ 111
Weighted average common shares outstanding (in millions)	**127.5**	128.2
Dilutive effect of share-based compensation[2] (in millions)	**0.1**	
Diluted weighted average common shares outstanding (in millions)	**127.6**	128.2
Basic net earnings per common share ($)	**$ 1.19**	$ 0.87
Diluted net earnings per common share ($)	**$ 1.18**	$ 0.87

(1) Certain 2012 figures have been restated (see note 2).
(2) Excluded from the computation of diluted net earnings per common share were 727,004 (2012 – 2,241,139) potentially dilutive instruments, as they were anti-dilutive.

Note 7. Cash and Cash Equivalents, Short Term Investments and Security Deposits

The components of cash and cash equivalents, short term investments and security deposits were as follows:

Cash and Cash Equivalents

($ millions)	As at Mar. 23, 2013	Mar. 24, 2012	Dec. 31, 2012
Cash	**$ 205**	$ 249	$ 250
Cash equivalents:			
Bankers' acceptances	**191**	175	361
Government treasury bills	**85**	229	444
Bank term deposits		82	
Corporate commercial paper	**422**	323	425
Government agency securities	**4**	26	11
Other	**68**	50	98
Cash and cash equivalents	**$ 975**	$ 1,134	$ 1,589

Short Term Investments

($ millions)	As at Mar. 23, 2013	Mar. 24, 2012	Dec. 31, 2012
Bankers' acceptances	**$ 315**	$ 208	$ 289
Government treasury bills	**775**	966	835
Corporate commercial paper	**577**	463	316
Government agency securities	**716**	584	667
Other	**32**		31
Short term investments	**$ 2,415**	$ 2,221	$ 2,138

Security Deposits

($ millions)	Mar. 23, 2013	As at Mar. 24, 2012	Dec. 31, 2012
Cash	**$ 135**	$ 138	$ 135
Government treasury bills and notes	**155**	155	169
Government agency securities	**12**	55	44
Security deposits	**$ 302**	$ 348	$ 348

During the first quarter of 2013, GWL and Loblaw had agreements to cash collateralize certain uncommitted credit facilities up to amounts of $45 million (March 24, 2012 – $40 million; December 31, 2012 – $45 million) and $134 million (March 24, 2012 – $88 million; December 31, 2012 – $133 million), respectively. As at the end of the first quarter of 2013, GWL and Loblaw had $45 million (March 24, 2012 – $40 million; December 31, 2012 – $45 million) and $105 million (March 24, 2012 – $85 million; December 31, 2012 – $97 million) deposited with major financial institutions, respectively, and classified as security deposits on the consolidated balance sheets.

Note 8. Credit Card Receivables

The components of credit card receivables were as follows:

($ millions)	Mar. 23, 2013	As at Mar. 24, 2012	Dec. 31, 2012
Gross credit card receivables	**$ 2,218**	$ 2,024	$ 2,348
Allowance for credit card receivables	**(43)**	(37)	(43)
Credit card receivables	**$ 2,175**	$ 1,987	$ 2,305
Securitized to Independent Securitization Trusts			
Securitized to *Eagle Credit Card Trust*®	**$ 600**	$ 600	$ 600
Securitized to Other Independent Securitization Trusts	**$ 905**	$ 905	$ 905

Loblaw, through President's Choice Bank ("PC Bank"), participates in various securitization programs that provide the primary source of funds for the operation of its credit card business. PC Bank sells credit card receivables to Independent Securitization Trusts, including *Eagle Credit Card Trust*® ("*Eagle*") and Other Independent Securitization Trusts, from time to time depending on PC Bank's financing requirements.

The Company consolidates *Eagle* as a structured entity pursuant to IFRS 10. The associated liability of *Eagle* was recorded in long term debt.

The credit card receivables associated with the Other Independent Securitization Trusts are not derecognized by Loblaw since PC Bank is required to absorb a portion of the related credit card losses. As a result, Loblaw has not transferred substantially all of the risks and rewards relating to these assets and continues to recognize these assets in credit card receivables. The associated liabilities are secured by the credit card receivables and are accounted for as financing transactions. The associated liabilities are included in short term debt based on their characteristics and are carried at amortized cost (see note 11).

Loblaw has arranged letters of credit on behalf of PC Bank, representing 9% (March 24, 2012 and December 31, 2012 – 9%) of the outstanding securitized liability for the benefit of the Other Independent Securitization Trusts in the amount of $81 million (March 24, 2012 and December 31, 2012 – $81 million). In the event of a major decline in the income flow from or in the value of the securitized credit card receivables, the Other Independent Securitization Trusts can draw upon these letters of credit to recover up to a maximum of the amount outstanding on the letters of credit. Under its securitization programs, PC Bank is required to maintain at all times a credit card receivable pool balance equal to a minimum of 107% of the outstanding securitized liability and was in compliance with this requirement throughout the quarter.

Note 9. Inventories

The components of inventories were as follows:

($ millions)	Mar. 23, 2013	As at Mar. 24, 2012	Dec. 31, 2012
Raw materials and supplies	**$ 50**	$ 45	$ 50
Finished goods	**2,007**	1,982	2,082
Inventories	**$ 2,057**	$ 2,027	$ 2,132

For inventories recorded as at the end of the first quarter of 2013, Loblaw recorded $12 million (2012 – $14 million) for the write-down of inventories below cost to net realizable value. The write-down was included in cost of inventories sold in the consolidated statements of earnings. There were no reversals of previously recorded write-downs of inventories during the first quarters of 2013 and 2012.

Cost of inventories sold in the first quarter of 2013 included a charge of $8 million (2012 – income of $3 million) related to the fair value adjustment of commodity derivatives at Weston Foods.

Note 10. Other Assets

The components of other assets were as follows:

($ millions)	Mar. 23, 2013	As at Mar. 24, 2012	Dec. 31, 2012
Fair value of equity forward (note 18)	**$ 497**	$ 529	$ 483
Sundry investments and other receivables	**143**	146	159
Fair value of cross currency swaps (note 18)	**51**	112	98
Net accrued benefit plan asset	**5**		
Other	**40**	44	41
Other assets	**$ 736**	$ 831	$ 781

Note 11. Short Term Debt

The components of short term debt were as follows:

($ millions)	Mar. 23, 2013	As at Mar. 24, 2012	Dec. 31, 2012
Other Independent Securitization Trusts (note 8)	**$ 905**	$ 905	$ 905
Series B Debentures(1)	**425**	385	414
Short term debt	**$ 1,330**	$ 1,290	$ 1,319

(1) Series B Debentures issued by GWL are due on demand.

Note 12. Long Term Debt

Medium Term Notes ("MTNs") As at the end of the first quarter of 2013, GWL and Loblaw recorded $200 million (March 24, 2012 and December 31, 2012 – nil) and $300 million (March 24, 2012 – nil; December 31, 2012 – $200 million) of their MTNs, respectively, as long term debt due within one year.

Guaranteed Investment Certificates ("GICs") During the first quarter of 2013, PC Bank sold a nominal amount (2012 – $1 million) of GICs through independent brokers. In addition, during the first quarter of 2013, $10 million (2012 – $14 million) of GICs matured and were repaid. As at the end of the first quarter of 2013, $293 million (March 24, 2012 – $263 million; December 31, 2012 – $303 million) of outstanding GICs was recorded in long term debt, of which $34 million (March 24, 2012 – $42 million; December 31, 2012 – $36 million) was recorded as long term debt due within one year.

Independent Securitization Trust As at the end of the first quarter of 2013, *Eagle* had $600 million (March 24, 2012 and December 31, 2012 – $600 million) in notes outstanding, of which $250 million (March 24, 2012 – nil; December 31, 2012 – $250 million) was recorded as long term debt due within one year.

Independent Funding Trusts As at the end of the first quarter of 2013, the independent funding trusts had drawn $468 million (March 24, 2012 – $446 million; December 31, 2012 – $459 million) from the revolving committed credit facility that is the source of funding to the independent funding trusts.

Loblaw provides credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trusts representing not less than 10% of the principal amount of the loans outstanding. As at the end of the first quarter of 2013, Loblaw had provided a letter of credit in the amount of $48 million (March 24, 2012 and December 31, 2012 – $48 million).

Committed Credit Facility As at March 23, 2013, March 24, 2012 and December 31, 2012, Loblaw had not drawn on its $800 million committed credit facility.

Private Placement Notes As at the end of the first quarter of 2013, Loblaw's $306 million (March 24, 2012 – $299 million; December 31, 2012 – $300 million) of U.S. private placement ("USPP") notes were recorded as long term debt, of which $153 million (March 24, 2012 – nil; December 31, 2012 – $150 million) was recorded as long term debt due within one year.

Note 13. Other Liabilities

The components of other liabilities were as follows:

		As at	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012[(1)]	Dec. 31, 2012[(1)]
Net defined benefit plan obligation	**$ 483**	$ 637	$ 594
Other long term employee benefit obligation	**128**	129	127
Deferred vendor allowances	**22**	30	24
Fair value of interest rate swap (note 18)		16	
Share-based compensation liability (note 17)	**23**	23	36
Other	**169**	161	162
Other liabilities	**$ 825**	$ 996	$ 943

(1) Certain 2012 figures have been restated (see note 2).

Note 14. Share Capital

Common Share Capital The changes in the common shares issued and outstanding for the first quarters of 2013 and 2012 were as follows:

	2013		2012	
($ millions except where otherwise indicated)	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of period	**128,221,841**	**$ 136**	128,188,843	$ 133
Issued for settlement of stock options	**4,058**		3,034	
Purchased for cancellation	**(580,000)**	**(1)**	(1,881)	
Issued and outstanding, end of period	**127,645,899**	**$ 135**	128,189,996	$ 133
Purchased and held in trust	**(220,000)**			
Issued and outstanding net of shares held in trust, end of period	**127,425,899**	**$ 135**	128,189,996	$ 133
Weighted average outstanding, net of shares held in trust	**127,521,662**		128,191,030	

Dividends Subsequent to the end of the first quarter of 2013, the Board of Directors raised the common share dividend by $0.035 per share to $0.415 per share.

Normal Course Issuer Bid ("NCIB") Program During the first quarter of 2013, GWL purchased under its NCIB 800,000 common shares for cash consideration of $57 million. Of the 800,000 common shares purchased, 580,000 common shares were cancelled and the remaining 220,000 common shares were placed into trusts for future settlement of GWL's RSU and PSU obligations (see note 17), resulting in a charge of $56 million to retained earnings and a reduction of $1 million in share capital.

During the first quarter of 2012, GWL purchased for cancellation 1,881 of its common shares for a nominal amount, resulting in a nominal charge to retained earnings and a nominal reduction in share capital.

Note 15. Subsidiary Capital Transactions

During the first quarter of 2013, Loblaw purchased under its NCIB 1,103,500 (2012 – 54,908) common shares. As a result, contributed surplus decreased by $13 million (2012 – $1 million).

Also during the first quarter of 2013, Loblaw issued 313,353 (2012 – 56,838) of its common shares in connection with its stock option plan (see note 17). As a result, contributed surplus increased by $4 million (2012 – $1 million).

Note 16. Post-Employment and Other Long Term Employee Benefits

The (income) costs and actuarial gains related to the Company's post-employment and other long term employee benefits were recorded as follows:

	12 Weeks Ended	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012[1]
Post-employment benefit (income) cost recognized in operating income[2]	**$ (13)**	$ 39
Other long term employee benefits cost recognized in operating income	**$ 5**	$ 4
Net interest on net defined benefit obligation included in net interest expense and other financing charges (note 4)	**$ 5**	$ 8
Actuarial gains before income taxes recognized in other comprehensive income	**$ (56)**	$ (46)

(1) Certain 2012 figures have been restated (see note 2).

(2) For the first quarter of 2013, post-employment benefit (income) cost included a gain of $51 million (2012 – nil) related to the announced amendments to certain of the Company's defined benefit plans impacting certain employees retiring after January 1, 2015.

The post-employment benefit (income) cost included costs for the Company's defined benefit plans, defined contribution pension plans and the multi-employer pension plans ("MEPP") in which it participates. The other long term employee benefits cost included costs for the Company's long term disability plan. The actuarial gains recognized in other comprehensive income in the first quarters of 2013 and 2012 were primarily due to higher than expected returns on assets.

As previously noted, during 2012, Weston Foods withdrew from one of the U.S. MEPPs in which it participated. Subsequently, another participating employer also withdrew from the plan and a mass withdrawal was triggered. As a result of the mass withdrawal the Company is subject to an incremental withdrawal liability. Management's estimate of the incremental withdrawal liability of approximately $17 million was recorded in the fourth quarter of 2012. Until the actuarial valuation is made available, the actual amount of the incremental withdrawal liability is unknown.

Note 17. Share-Based Compensation

The following table summarizes the Company's cost recognized in selling, general and administrative expenses related to its stock option plans, RSU plans, PSU plans and GWL's and Glenhuron Bank Limited's ("Glenhuron"), a wholly owned subsidiary of Loblaw, equity derivatives:

	12 Weeks Ended	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012
Stock option plans expense	**$ 6**	$ 4
RSU and PSU plans expense	**4**	1
Equity derivative contracts expense		8
Net share-based compensation expense	**$ 10**	$ 13

The following is the carrying amount of the Company's share-based compensation arrangements including stock option plans, RSU plans, PSU plans, director deferred share units plans, and executive deferred share units plans:

	As at		
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012	Dec. 31, 2012
Trade payables and other liabilities	**$ 1**	$ 19	$ 14
Other liabilities	**$ 23**	$ 23	$ 36
Contributed surplus	**$ 61**	$ 40	$ 45

On January 2, 2013, GWL and Loblaw's RSU and PSU plans were amended to require settlement in common shares rather than in cash. As a result, $14 million previously recorded in trade payables and other liabilities and other liabilities was reclassified to contributed surplus. During the first quarter of 2013, GWL and Loblaw established trusts for each of the RSU and PSU plans to facilitate the purchase of shares for future settlement upon vesting. The trusts are considered structured entities and are consolidated in the Company's financial statements with the cost of the acquired shares recorded at book value as a reduction to share capital (see note 14). Any premium on the acquisition of the shares above book value is applied to retained earnings until the shares are issued to settle RSU and PSU obligations.

Stock Option Plans The following is a summary of GWL's stock option plan activity:

	12 Weeks Ended	
(Number of Options)	**Mar. 23, 2013**	Mar. 24, 2012
Outstanding options, beginning of period	**1,436,234**	1,414,504
Granted	**314,327**	319,390
Exercised	**(4,907)**	(3,034)
Forfeited/cancelled	**(1,425)**	
Outstanding options, end of period	**1,744,229**	1,730,860

During the first quarter of 2013, GWL granted stock options with an exercise price of $73.73 (2012 – $62.96) per common share and a fair value of $5 million (2012 – $4 million). In addition, during the first quarter of 2013, GWL issued 4,907 (2012 – 3,034) common shares on the exercise of stock options with a weighted average share price of $72.01 (2012 – $66.26) per common share and received a nominal amount (2012 – nominal) in cash consideration.

The assumptions used to measure the grant date fair value of the GWL options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	12 Weeks Ended	
	Mar. 23, 2013	Mar. 24, 2012
Expected dividend yield(1)	**2.0%**	2.3%
Expected share price volatility(2)	**23.7% - 24.7%**	24.2% - 25.8%
Risk-free interest rate(3)	**1.3% - 1.5%**	1.5% - 1.6%
Expected life of options(4)	**4.9 - 6.7 years**	4.8 - 6.6 years

(1) The expected dividend yield is estimated based on the annual dividend prior to the stock option grant date and the closing share price as at the stock option grant date.
(2) The expected share price volatility is estimated based on GWL's historical volatility over a period consistent with the expected life of the options.
(3) The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the grant date for a term to maturity equal to the expected life of the options.
(4) The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on historical experience and general option holder behaviour.

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the first quarter of 2013 was 4.2% (March 24, 2012 – 4.6%; December 31, 2012 – 4.2%).

The following is a summary of Loblaw's stock option plan activity:

	12 Weeks Ended	
(Number of Options)	**Mar. 23, 2013**	Mar. 24, 2012
Outstanding options, beginning of period	**12,538,928**	10,750,993
Granted	**1,470,267**	4,555,021
Exercised	**(313,353)**	(56,838)
Forfeited/cancelled	**(81,314)**	(199,920)
Expired	**(48,742)**	(541,729)
Outstanding options, end of period	**13,565,786**	14,507,527

During the first quarter of 2013, Loblaw granted stock options with an exercise price of $40.56 (2012 – $34.93) per common share and a fair value of $11 million (2012 – $27 million). In addition, during the first quarter of 2013, Loblaw issued 313,353 (2012 – 56,838) common shares on the exercise of stock options with a weighted average share price of $40.21 (2012 – $34.81) per common share and received cash consideration of $11 million (2012 – $2 million).

The assumptions used to measure the grant date fair value of the Loblaw options granted during the periods ended as indicated under the Black-Scholes stock option valuation model were as follows:

	12 Weeks Ended	
	Mar. 23, 2013	Mar. 24, 2012
Expected dividend yield[(1)]	**2.1%**	2.4%
Expected share price volatility[(2)]	**19.8% - 23.5%**	22.6% - 24.8%
Risk-free interest rate[(3)]	**1.2% - 1.4%**	1.4% - 1.5%
Expected life of options[(4)]	**4.2 - 6.5 years**	4.4 - 6.4 years

(1) The expected dividend yield is estimated based on the annual dividend prior to the stock option grant date and the closing share price as at the stock option grant date.
(2) The expected share price volatility is estimated based on Loblaw's historical volatility over a period consistent with the expected life of the options.
(3) The risk-free interest rate is estimated based on the Government of Canada bond yield in effect at the grant date for a term to maturity equal to the expected life of the options.
(4) The effect of expected exercise of options prior to expiry is incorporated into the weighted average expected life of the options, which is based on historical experience and general option holder behaviour.

Estimated forfeiture rates are incorporated into the measurement of stock option plan expense. The forfeiture rate applied as at the end of the first quarter of 2013 was 15.0% (March 24, 2012 – 16.3%; December 31, 2012 – 15.0%).

Restricted Share Unit Plans The following is a summary of GWL's and Loblaw's RSU plan activity:

	GWL		Loblaw	
	12 Weeks Ended		12 Weeks Ended	
(Number of Awards)	**Mar. 23, 2013**	Mar. 24, 2012	**Mar. 23, 2013**	Mar. 24, 2012
Outstanding RSUs, beginning of period	**147,926**	139,813	**1,038,271**	1,119,496
Granted	**57,728**	70,075	**322,393**	375,684
Settled	**(22,936)**		**(239,150)**	(14,751)
Forfeited	**(146)**		**(12,367)**	(10,630)
Outstanding RSUs, end of period	**182,572**	209,888	**1,109,147**	1,469,799
RSUs settled ($ millions)	**$ 2**		**$ 10**	$ 1

There was no share appreciation value paid by GWL in the first quarter of 2012.

During the first quarter of 2013, the fair value of GWL's and Loblaw's granted RSUs was $4 million (2012 – $4 million) and $13 million (2012 – $12 million), respectively.

Performance Share Unit Plans The following is a summary of GWL's and Loblaw's PSU plan activity:

	GWL		Loblaw	
	12 Weeks Ended		12 Weeks Ended	
(Number of Awards)	**Mar. 23, 2013**	Mar. 24, 2012	**Mar. 23, 2013**	Mar. 24, 2012
Outstanding PSUs, beginning of period	**41,101**		**50,818**	
Granted	**43,933**	39,561	**280,768**	50,818
Outstanding PSUs, end of period	**85,034**	39,561	**331,586**	50,818

During the first quarter of 2013, the fair value of GWL's and Loblaw's granted PSUs was $3 million (2012 – $2 million) and $11 million (2012 – $2 million), respectively.

Equity Derivative Contracts

The following is a summary of GWL's equity swap contracts:

($ millions unless otherwise indicated)	As at Mar. 24, 2012	As at Dec. 31, 2012
Outstanding contracts (in millions)	0.8	0.8
Forward price per share ($)	$ 107.26	$ 107.26
Unrealized loss recorded in trade payables and other liabilities	$ 35	$ 29

During the first quarter of 2013, GWL paid $29 million to settle its remaining equity swap contract representing 800,000 GWL common shares.

The following is a summary of Glenhuron's equity forward contracts:

($ millions unless otherwise indicated)	As at Mar. 24, 2012	As at Dec. 31, 2012
Outstanding contracts (in millions)	1.1	1.1
Average forward price per share ($)	$ 56.57	$ 56.59
Interest expense per share ($)	$ 0.14	$ 0.16
Unrealized loss recorded in trade payables and other liabilities	$ 25	$ 16

During the first quarter of 2013, Glenhuron paid $16 million to settle its remaining equity forward contract representing 1,103,500 Loblaw common shares.

Note 18. Financial Instruments

The following table provides a comparison of the carrying and fair values and specifies the classification of the Company's financial instruments as at the end of the first quarter of 2013:

($ millions)	Financial instruments required to be classified as fair value through profit or loss	Financial instruments designated as fair value through profit or loss	Loans and receivables (amortized cost)	Other financial liabilities (amortized cost)	Total carrying amount	Total fair value
Cash and cash equivalents		$ 975			$ 975	$ 975
Short term investments		2,415			2,415	2,415
Derivatives included in accounts receivable	$ (4)				(4)	(4)
Other accounts receivable			$ 652		652	652
Credit card receivables			2,175		2,175	2,175
Derivatives included in prepaid expenses and other assets	41				41	41
Security deposits		302			302	302
Franchise loans receivable			372		372	372
Derivatives included in other assets	548				548	548
Certain other assets			79		79	79
Total financial assets	$ 585	$ 3,692	$ 3,278		$ 7,555	$ 7,555
Derivatives included in trade payables and other liabilities	$ 8				$ 8	$ 8
Trade payables and other liabilities				$ 3,342	3,342	3,342
Short term debt				1,330	1,330	1,330
Long term debt				6,937	6,937	7,687
Certain other liabilities				43	43	43
Capital securities				223	223	238
Total financial liabilities	$ 8			$ 11,875	$ 11,883	$ 12,648

The following table presents the fair value hierarchy of financial assets and financial liabilities, excluding those classified as amortized cost that are short term in nature, as at the end of the first quarter of 2013:

($ millions)	Level 1	Level 2	Level 3	Total fair value
Financial assets				
Required to be classified as fair value through profit or loss	$ (4)	$ 589		$ 585
Designated as fair value through profit or loss	$ 340	$ 3,352		$ 3,692
Loans and receivables (amortized cost)		$ 12	$ 439	$ 451
Financial liabilities				
Required to be classified as fair value through profit or loss		$ 5	$ 3	$ 8
Other financial liabilities (amortized cost)	$ 238	$ 7,687	$ 43	$ 7,968

There were no transfers between the levels of the fair value hierarchy during the first quarter of 2013.

The level 3 financial instruments classified as fair value through profit or loss consist of embedded derivatives on purchase orders placed in countries that do not trade in U.S. dollars, which is the transacting and settlement currency. The valuation technique used for this embedded derivative is a market approach, which is based on the differential in exchange rates and timing of settlement. The significant unobservable input used in the fair value measurement is the cost of purchase orders. Significant increases (decreases) in any of the inputs would result in a significantly higher (lower) fair value measurement.

The fair value of the embedded foreign currency derivative classified as level 3 and recorded in trade payables and other liabilities was $3 million (March 24, 2012 – $1 million recorded in other assets; December 31, 2012 – $1 million recorded in trade payables and other liabilities), of which the fair value loss of $2 million was recognized in operating income. A 1% increase (decrease) in foreign currency exchange rates would result in an additional gain (loss) of $1 million in fair value.

During the first quarter of 2013, the net gain on financial instruments designated as fair value through profit or loss recognized in earnings before income taxes was $28 million. In addition, the net loss on financial instruments required to be classified as fair value through profit or loss, recognized in earnings before income taxes was $26 million.

During the first quarter of 2013, net interest expense of $95 million was recorded related to financial instruments not classified or designated as fair value through profit or loss.

Cash and Cash Equivalents, Short Term Investments and Security Deposits As at the end of the first quarter of 2013, the Company had cash and cash equivalents, short term investments and security deposits of $3,692 million (March 24, 2012 – $3,703 million; December 31, 2012 – $4,075 million), including U.S. $2,228 million (March 24, 2012 – U.S. $2,240 million; December 31, 2012 – U.S. $2,239 million) that was held primarily by Dunedin Holdings GmbH, a subsidiary of GWL, and certain of its affiliates and Glenhuron (see note 7).

In the first quarter of 2013, a gain of $15 million (2012 – loss of $14 million) was recognized in other comprehensive income related to the effect of foreign currency translation on the Company's (excluding Loblaw's) U.S. net investment in foreign operations. In addition, a gain of $27 million (2012 – loss of $23 million) was recorded in selling, general and administrative expenses related to the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and cash equivalents and short term investments held by foreign operations that have the same functional currency as that of the Company.

See cross currency swaps section below for the (gain) loss recognized in Loblaw's operating income as a result of translating U.S. dollar denominated cash and cash equivalents, short term investments and security deposits.

Cross Currency Swaps As at the end of the first quarter of 2013, Glenhuron held cross currency swaps to exchange U.S. dollars for Canadian dollars. The swaps mature by 2019 and are financial derivatives classified as fair value through profit or loss. Amounts receivable or payable arising from these swaps are settled in cash upon maturity.

As at the end of the first quarter of 2013, Loblaw held cross currency swaps to exchange $296 million Canadian dollars for U.S. $300 million, for settlement of Loblaw's USPP notes included in long term debt, of which $148 million matures in the second quarter of 2013 and $148 million matures in the second quarter of 2015.

The following table summarizes the financial impact of the cross currency swaps:

	Glenhuron Cross Currency Swaps As at			USPP Cross Currency Swaps As at		
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012	Dec. 31, 2012	**Mar. 23, 2013**	Mar. 24, 2012	Dec. 31, 2012
Exchange amount	**$ 1,170**	$ 1,213	$ 1,199	**$ 296**	$ 296	$ 296
Cumulative unrealized foreign currency exchange rate receivable recorded in:						
Prepaid expenses and other assets	**$ 34**	$ 47	$ 20	**$ 6**		$ 2
Other assets	**$ 42**	$ 102	$ 93	**$ 9**	$ 10	$ 5

The Glenhuron cross currency swaps and USPP cross currency swaps offset the effect of translation (gains) losses on the underlying U.S. dollar cash of $1,077 million (2012 – $1,078 million) and $300 million (2012 – $300 million) USPP notes in long term debt, respectively.

The following table summarizes the changes in fair value of the cross currency swaps and the underlying exposures:

	Glenhuron Cross Currency Swaps 12 Weeks Ended		USPP Cross Currency Swaps 12 Weeks Ended	
($ millions)	**Mar. 23, 2013**	Mar. 24, 2012	**Mar. 23, 2013**	Mar. 24, 2012
Fair value loss (gain) related to swaps recorded in operating income	**$ 31**	$ (28)	**$ (8)**	$ 4
Translation (gain) loss related to the underlying exposures	**$ (28)**	$ 25	**$ 8**	$ (7)

Interest Rate Swaps Loblaw maintains a notional $150 million (March 24, 2012 and December 31, 2012 – $150 million) in interest rate swaps that mature by the third quarter of 2013, on which it pays a fixed-rate of 8.38%. As at the end of the first quarter of 2013, the fair value of these interest rate swaps of $5 million was recorded in trade payables and other liabilities (March 24, 2012 – $16 million recorded in other liabilities; December 31, 2012 – $5 million recorded in trade payables and other liabilities). In the first quarter of 2013, Loblaw recognized a nominal fair value gain (2012 – nominal) in operating income related to these swaps.

Equity Derivative Contracts GWL and Glenhuron had equity derivative contracts to purchase GWL and Loblaw common shares, respectively. These contracts were settled during the first quarter of 2013. See note 17 for details relating to these equity derivative contracts.

As at the end of the first quarter of 2013, Weston Holdings Limited, a subsidiary of GWL, held an outstanding equity forward sale agreement based on 9.6 million Loblaw common shares at an original forward price of $48.50 per Loblaw common share. As at the end of the first quarter of 2013, the forward price had increased to $93.23 (March 24, 2012 – $89.08; December 31, 2012 – $92.26) per Loblaw common share under the terms of the agreement and the fair value of this forward sale agreement of $497 million (March 24, 2012 – $529 million; December 31, 2012 – $483 million) was recorded in other assets (see note 10). In the first quarter of 2013, a fair value gain of $5 million (2012 – $42 million) was recorded in net interest expense and other financing charges related to this agreement (see note 4).

Weston Foods Commodity Derivatives Weston Foods uses commodity futures, options and forward contracts to manage its anticipated exposure to fluctuations in commodity prices.

As at the end of the first quarter of 2013, the unrealized loss related to Weston Foods' commodity futures of $2 million (March 24, 2012 – nominal gain; December 31, 2012 – nominal loss) was recorded in accounts receivable. As at the end of the first quarter of 2013, the cumulative fair value loss related to Weston Foods' commodity options of $2 million (March 24, 2012 – nominal gain; December 31, 2012 – nominal loss) was recorded in accounts receivable.

Franchise Loans Receivable and Franchise Investments in Other Assets The value of Loblaw franchise loans receivable of $372 million (March 24, 2012 – $352 million; December 31, 2012 – $363 million) was recorded on the consolidated balance sheets. In the first quarter of 2013, Loblaw recorded an impairment loss of $3 million (2012 – $2 million) in operating income related to these loans receivable.

The value of Loblaw franchise investments of $67 million (March 24, 2012 and December 31, 2012 – $64 million) was recorded in other assets. In the first quarter of 2013, Loblaw recorded an impairment loss of $5 million (2012 – $5 million) in operating income related to these investments.

Other Loblaw Derivatives Loblaw also maintains other financial derivatives including foreign exchange forwards, electricity forwards and fuel exchange traded futures and options. In the first quarter of 2013, Loblaw recognized a gain of $2 million (2012 – $2 million) in operating income. As at the end of the first quarter of 2013, a cumulative unrealized gain receivable of $1 million (March 24, 2012 – $1 million; December 31, 2012 – nominal) was recorded in prepaid expenses and other assets.

Valuation process The fair value of financial instruments is performed by the Company's treasury and financial reporting departments, on a quarterly basis. There was no change in the valuation techniques applied to financial instruments during the first quarter of 2013. The following table describes the valuation techniques used in the determination of the fair values of financial instruments:

Type	Valuation Approach
Cash and Cash Equivalents, Short Term Investments and Security Deposits	The carrying amount approximates fair value due to the short term maturity of these instruments.
Accounts Receivable, Credit Card Receivables, Trade Payables and Other Liabilities, Short Term Debt and Other Liabilities	The carrying amount approximates fair value due to the short term maturity of these instruments.
Franchise Loans Receivable	The carrying amount approximates fair value due to the minimal fluctuations in the forward interest rate and the sufficiency provisions recorded for all impaired receivables.
Derivative Financial Instruments	Specific valuation techniques used to value derivative financial instruments include: • Quoted market prices or dealer quotes for similar instruments; • The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves; and • The fair value of cross currency swaps is determined by forward and spot foreign exchange rates. The fair value of certain swaps is determined by an external valuator with experience in the financial markets.
Long Term Debt, Capital Securities and Other Financial Instruments	The fair value is based on the present value of contractual cash flows, discounted at the Company's current incremental borrowing rate for similar types of borrowing arrangements or, where applicable, quoted market prices.

Note 19. Contingent Liabilities

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.

Income and Other Taxes The Company is involved in and potentially subject to tax audits from various governments and regulatory agencies relating to income, capital and commodity taxes on an ongoing basis. As a result, from time to time, taxing authorities may disagree with the positions and conclusions taken by the Company in its tax filings or legislation may be amended, which could lead to assessments and reassessments. These assessments and reassessments may have a material impact on the Company's financial statements in future periods.

As previously noted, during 2012, Loblaw received indication from the Canada Revenue Agency ("CRA") that it intends to proceed with a reassessment with regard to the tax treatment of Loblaw’s wholly owned subsidiary, Glenhuron. At this stage, it is not possible to quantify the amount of the proposed reassessment. While Loblaw does not expect the ultimate outcome to be material, such matters cannot be predicted with certainty and could result in a material charge for the Company in future periods.

Also as previously noted, during 2010, GWL received a reassessment from the CRA challenging GWL's characterization of a gain reported in a previous year’s tax return filing. Should the CRA be successful in its assertion, the maximum exposure to the Company’s net earnings would be approximately $65 million. GWL is vigorously defending its filing position. No amount has been provided for in the Company’s financial statements.

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

Note 20. 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 2012 audited annual consolidated financial statements. The Company measures each reportable operating segment's performance based on adjusted EBITDA(1) and adjusted operating income(1). Neither reportable operating segment is reliant on any single external customer.

($ millions)	12 Weeks Ended Mar. 23, 2013	12 Weeks Ended Mar. 24, 2012
Revenue		
Weston Foods	**$ 424**	$ 425
Loblaw	**7,202**	6,937
Intersegment	**(132)**	(138)
Consolidated	**$ 7,494**	$ 7,224
Adjusted EBITDA(1)		
Weston Foods	**$ 73**	$ 73
Loblaw	**447**	422
Total	**$ 520**	$ 495
Depreciation and Amortization(2)		
Weston Foods	**$ 14**	$ 14
Loblaw	**183**	170
Total	**$ 197**	$ 184
Adjusted Operating Income(1)		
Weston Foods	**$ 59**	$ 59
Loblaw	**264**	252
Impact of certain items(3)	**32**	(14)
Other(4)	**27**	(23)
Consolidated operating income	**$ 382**	$ 274

(1) Excludes certain items and is used internally by management when analyzing segment underlying operating performance.
(2) Excludes accelerated depreciation in the first quarter of 2013 of $1 million (2012 – nil) incurred by Weston Foods, included in restructuring and other charges.
(3) The impact of certain items excluded by management includes restructuring and other charges, the fair value adjustment of commodity derivatives at Weston Foods, share-based compensation net of equity derivatives and defined benefit plan amendments.
(4) Operating income for the quarter included a gain of $27 million (2012 – loss of $23 million) related to the effect of foreign currency translation on a portion of the U.S. dollar denominated cash and short term investments held by foreign operations.

($ millions)	As at Mar. 23, 2013	As at Mar. 24, 2012(1)	As at Dec. 31, 2012
Total Assets			
Weston Foods	**$ 1,873**	$ 1,918	$ 1,979
Loblaw	**17,620**	17,038	18,121
Other(2)	**1,740**	1,767	1,704
Consolidated	**$ 21,233**	$ 20,723	$ 21,804

(1) Certain 2012 figures have been restated (see note 2).
(2) Other includes cash and cash equivalents and short term investments held by foreign operations that have the same functional currency as that of the Company.

Earnings Coverage Exhibit to the Unaudited Interim Period Condensed Consolidated Financial Statements

The following is the Company's updated earnings coverage ratio for the rolling 52-week period ended March 23, 2013 in connection with the Company's Short Form Base Shelf Prospectus dated May 25, 2011.

Earnings coverage on financial liabilities	2.43 times

The earnings coverage ratio on financial liabilities is equal to consolidated net earnings attributable to shareholders of the Company (before interest on short term and long term debt, dividends on capital securities and income taxes) divided by consolidated interest on short term and long term debt and dividends on capital securities. For purposes of calculating the earnings coverage ratio set forth above, long term debt includes the current portion of long term debt.

Financial Summary[1]

As at or for the periods ended as indicated (millions of Canadian dollars except where otherwise indicated)	12 Weeks Ended **Mar. 23, 2013**	 Mar. 24, 2012[2]
Consolidated Operating Results		
Sales	**$ 7,494**	$ 7,224
Operating income	**382**	274
Adjusted operating income[3]	**323**	311
Adjusted EBITDA[3]	**520**	495
Net interest expense and other financing charges[4]	**84**	50
Net earnings attributable to shareholders of the Company	**162**	121
Net earnings	**225**	166
Consolidated Financial Position and Cash Flows		
Cash and cash equivalents, short term investments and security deposits	**$ 3,692**	$ 3,703
Cash flows used in operating activities	**(20)**	(38)
Adjusted debt[3]	**5,533**	5,487
Fixed asset purchases	**134**	144
Free cash flow[3]	**(377)**	(388)
Consolidated Per Common Share ($)		
Basic net earnings	**$ 1.19**	$ 0.87
Adjusted basic net earnings[3]	**0.88**	0.87
Consolidated Financial Measures and Ratios		
Sales growth (%)	**3.7**	1.1
Adjusted operating margin (%)[3]	**4.3**	4.3
Adjusted EBITDA margin (%)[3]	**6.9**	6.9
Interest coverage[3]	**4.5x**	5.5x
Adjusted debt[3] to rolling year adjusted EBITDA[3]	**2.3x**	2.3x
Rolling year return on average net assets (%)[3]	**11.2**	12.2
Rolling year return on average common shareholders' equity attributable to shareholders of the Company (%)	**9.7**	13.2
Reportable Operating Segments		
Weston Foods		
Sales	**$ 424**	$ 425
Operating income	**48**	60
Adjusted operating income[3]	**59**	59
Adjusted operating margin (%)[3]	**13.9**	13.9
Loblaw		
Sales	**$ 7,202**	$ 6,937
Operating income	**307**	237
Adjusted operating income[3]	**264**	252
Adjusted operating margin (%)[3]	**3.7**	3.6

(1) For financial definitions and ratios refer to the Glossary beginning on page 130 of the Company's 2012 Annual Report.
(2) Certain 2012 figures have been restated (see note 2 of the unaudited interim period condensed consolidated financial statements).
(3) See non-GAAP financial measures beginning on page 19.
(4) Included non-cash income of $5 million (2012 – $42 million) related to the fair value adjustment of the forward sale agreement for 9.6 million Loblaw common shares.

Corporate Profile

George Weston Limited is a Canadian public company, founded in 1882, engaged in food processing and distribution. The Company has two reportable operating segments: Loblaw and Weston Foods, and holds cash and short term investments. The Loblaw operating segment, which is operated by Loblaw Companies Limited and its subsidiaries, is Canada's largest food retailer and a leading provider of drugstore, general merchandise and financial products and services. The Weston Foods operating segment is a leading fresh and frozen baking company in Canada and operates a frozen baking manufacturing business in the United States and a North American biscuit manufacturing business.

Trademarks

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

Shareholder Information

Registrar and Transfer Agent

Computershare Investor Services Inc.	Toll free (Canada and U.S.A.): 1-800-564-6253
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Toronto, Canada	Fax: (416) 263-9394
M5J 2Y1	Toll free fax: 1-888-453-0330

To change your address or eliminate multiple mailings or for other shareholder account inquiries, please contact Computershare Investor Services Inc.

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 or by e-mail at investor@weston.ca.

Additional financial information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR). The Company holds an analyst call shortly following the release of its quarterly results. This call will be archived in the Investor Centre section of the Company's website.

This Quarterly Report includes selected information on Loblaw Companies Limited, a 63.1%-owned public reporting subsidiary 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 at Loblaw’s corporate website at www.loblaw.ca.

First Quarter Conference Call and Webcast

George Weston Limited will host a conference call as well as an audio webcast on Tuesday, May 7, 2013 at 11:00 a.m. (EST). To access via tele-conference, please dial (647) 427-7450. The playback will be available two hours after the event at (416) 849-0833, passcode: 27675018#. To access via audio webcast, please visit the Investor Centre section of www.weston.ca. Pre-registration will be available.

Annual Meeting

The George Weston Limited Annual Meeting of Shareholders will be held on Thursday, May 9, 2013 at 11:00 a.m. (EST) at The Royal Conservatory, TELUS Centre for Performance and Learning, Koerner Hall, 273 Bloor Street West, Toronto, Ontario, Canada. To access via tele-conference, please dial (647) 427-7450. The playback will be available two hours after the event at (416) 849-0833, passcode: 29581945#. To access via audio webcast, please visit the Investor Centre section of www.weston.ca. Pre-registration will be available.

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