18. LONG TERM DEBT

	2007	2006
George Weston Limited		
Debentures		
Series B, current rate 5.18%, due on demand[(i)]	**$ 220**	$ 178
Series A, 7.00%, due 2031[(i)]	**466**	466
Exchangeable Debentures, 3.00%, due 2023, redeemable in 2005[(ii)]		
Carrying amount	**157**	202
Deferred amount		18
Notes		
5.90%, due 2009	**250**	250
6.45%, due 2011	**300**	300
5.05%, due 2014	**200**	200
12.70%, due 2030		
Principal	**150**	150
Effect of coupon repurchase	**(131)**	(131)
7.10%, due 2032	**150**	150
6.69%, due 2033	**100**	100
Other		1
Loblaw Companies Limited		
Notes		
6.00%, due 2008	**390**	390
5.75%, due 2009	**125**	125
7.10%, due 2010	**300**	300
6.50%, due 2011	**350**	350
5.40%, due 2013	**200**	200
6.00%, due 2014	**100**	100
7.10%, due 2016	**300**	300
6.65%, due 2027	**100**	100
6.45%, due 2028	**200**	200
6.50%, due 2029	**175**	175
11.40%, due 2031		
Principal	**151**	151
Effect of coupon repurchase	**(44)**	(34)
6.85%, due 2032	**200**	200
6.54%, due 2033	**200**	200
8.75%, due 2033	**200**	200
6.05%, due 2034	**200**	200
6.15%, due 2035	**200**	200
5.90%, due 2036	**300**	300
6.45%, due 2039	**200**	200
7.00%, due 2040	**150**	150
5.86%, due 2043	**55**	55
Other at a weighted average interest rate of 9.57%, due 2008 to 2043	**17**	21
VIE loans payable[(iii)] (note 28)	**153**	124
Capital lease obligations[(iii)] (note 20)	**62**	32
Total long term debt	**6,146**	6,123
Less – amount due within one year	**(432)**	(27)
– amount due on demand (note 17)	**(220)**	(178)
	$ 5,494	$ 5,918

The schedule of repayment of long term debt, inclusive of VIE and other debt, based on maturity, excluding the Debentures and the amount due on demand, is as follows: 2008 – $432; 2009 – $399; 2010 – $326; 2011 – $676; 2012 – $24; thereafter – $3,912.

(i) During 2007, Weston issued $42 (2006 – $40) of Series B Debentures due on demand, which are at a current weighted average interest rate of 5.18%. The Series A, 7.00% and Series B Debentures are secured by a pledge of 9.6 million Loblaw common shares.

(ii) In 1998, Weston sold its Forest Products business to Domtar for proceeds of $803, consisting of $435 of cash and $368 of Domtar common shares. The Domtar common share investment was recorded in other assets (see note 15). Weston subsequently issued $375 of 3% Exchangeable Debentures due June 30, 2023. On March 7, 2007, pursuant to a transaction whereby Domtar was combined with the fine paper business of Weyerhauser Inc., Domtar common shares were exchanged for an equal number of either non-voting exchangeable shares of Domtar (Canada) Paper Inc. or common shares of Domtar Corporation ("New Domtar"). The Company elected to receive exchangeable shares of Domtar (Canada) Paper Inc. in exchange for its Domtar common shares. See note 25 for further implications of this transaction to the Company.

Each one thousand dollar principal amount of the Debentures is exchangeable at the option of the holder for 95.2381 New Domtar common shares. The Debentures became redeemable at the option of Weston after June 30, 2005. Upon notice of redemption by Weston or within 30 days prior to the maturity date, the holder has the option to exchange each one thousand dollar principal amount for 95.2381 New Domtar common shares plus accrued interest payable in cash.

Weston's obligation on the exchange or redemption of the Debentures can be satisfied by delivery of a cash amount equivalent to the current market price of the common shares of New Domtar at such time, the common shares of New Domtar or any combination thereof. Upon maturity, Weston at its option may deliver cash, the New Domtar common shares or any combination thereof equal to 95.2381 New Domtar common shares for each one thousand dollar principal amount of these Debentures. During a transitional period, during 2007, whereby New Domtar was awaiting certain regulatory approvals regarding the delivery of New Domtar shares in exchange for exchangeable shares of Domtar (Canada) Paper Inc., Weston offered on the exchange or redemption of these Debentures, the exchangeable shares of Domtar (Canada) Paper Inc. On June 25, 2007, regulatory approval was received.

During 2007, $3 (2006 – $5) of the 3% Exchangeable Debentures were exchanged for the underlying shares. A corresponding reduction in the investment in Domtar (Canada) Paper Inc. was recorded.

Commencing January 1, 2007, the carrying amount of the Debentures is based on the market price of the underlying common shares. During 2007, a gain of $44 was recorded in operating income related to the Debentures. Prior to January 1, 2007, the carrying amount of the Debentures was based on their market price and any fair value gain or loss was deferred on the consolidated balance sheet as the Debentures were part of a designated hedging relationship.

(iii) Pursuant to the requirements of AcG 15, the consolidated balance sheet as at December 31, 2007 includes $183 (2006 – $156) of loans payable and capital lease obligations of VIEs consolidated by the Company, $32 (2006 – $23) of which is due within one year.

The VIE loans payable of $153 (2006 – $124) represent financing obtained by eligible Loblaw independent franchisees through a structure involving independent trusts to facilitate the purchase of the majority of their inventory and fixed assets, consisting mainly of fixtures and equipment. The loans payable, which have an average term to maturity of 7 years (2006 – 8 years), are due and payable on demand under certain predetermined circumstances and are secured through a general security agreement made by the independent franchisees in favour of the independent funding trust. Interest is charged on a floating rate basis and prepayment of the loans may be made without penalty. The independent funding trust within the structure finances its activities through the issuance of short term asset-backed commercial paper ("ABCP") to third-party investors. The independent funding trust has a global style liquidity agreement from a major Canadian chartered bank in the event that it is unable to issue short term ABCP. As disclosed in note 25, a standby letter of credit has been provided by a major Canadian chartered bank for the benefit of the independent funding trust equal to approximately 10% of the total principal amount of the loans outstanding at any point in time. Loblaw has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit. In the event of a default by an independent franchisee and Loblaw has not, within a specified time period assumed the loan, or the default is not otherwise remedied, the independent funding trust shall assign the loan to Loblaw and draw upon the standby letter of credit. See note 28 for a further discussion on the independent funding trust financing.

During 2006, Weston repaid its $200 of 5.25% Medium Term Notes ("MTN") as they matured. In addition, during 2006, Loblaw repaid its $125 of 8.70% Series 1996 Provigo Inc. Debenture as it matured.

The fair value of long term debt issues at year end 2007 is $6,090 (2006 – $6,791). The fair value of long term debt issues excluding the Debentures was estimated based on the discounted cash flows of the debt at the Company's estimated incremental borrowing rates for debt of the same remaining maturities. The fair value of the Debentures was estimated based on the market price at the reporting date.