



Cover/Foxtail Barley

Latin Name: Hordeum jubatum

Range: Labrador to Alaska, south to Virginia and Mexico

Note: From this plant agronomists have evolved the plump nutritious grains of our cultivated barley.

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ANNUAL GENERAL MEETING

April 30, 1985, 11:00 a.m. Constitution Hall, Room 105 Metropolitan Toronto Convention Centre 255 Front Street West, Toronto, Ontario

CORPORATE DIRECTORY

TRANSFER AGENT AND REGISTRAR

National Victoria and Grey Trust Company Toronto, Montreal, Vancouver, Winnipeg, Calgary, Regina, Halifax

STOCK LISTINGS

Toronto, Montreal and Vancouver Stock Exchanges

EXECUTIVE OFFICES

22 St. Clair Avenue East Toronto, Ontario M4T 2S8

GENERAL COUNSEL

Borden & Elliot

AUDITORS

Thorne Riddell Toronto, Ontario

COMMON DIVIDEND PAYMENT DATES

Apr. 1 July 1 Oct. 1 Dec. 30

VALUATION DAY VALUE OF COMMON SHARES

\$5.75



REPORT THEME

Last year's Annual Report began a series of reports with the common theme: "Faces of Loblaw Companies". This year we continue that theme, paying tribute to the 381 corporate store managers throughout Loblaw Companies. It is through these individuals that many

customers come to know your Company. As their representatives on these pages indicate, corporate store

managers are an integral, dedicated, highly motivated and well rounded part of Loblaw Companies Limited and they play a vital role in its success.

williamsville new york







JACK MESCHES BELLS

'Change and growth' could well describe Jack Mesches' life. As the Williamsville area changed from a steel and heavy industry economy to a banking, higher education, high tech community, Jack also changed and expanded his store experience during his career, from small stores to the largest and highest volume in the Peter J. Schmitt division.

Expansion even extends to Jack's family. Daughter Elaine is married to a physician, and son Larry and his wife have made Jack and Charlotte proud grandparents of a lovely two year old girl. With Jack Mesches, "change and growth" add up to "success" in all facets





CORPORATE PHILOSOPHY AND OBJECTIVES

To maintain a reputation of being a good company, worthy of the trust placed in us by our shareholders, our employees, our customers, our creditors, our suppliers and our communities.

To develop excellence through a blend of operating consistency and marketing innovation.

To keep growth rates and risk levels balanced by operating in retail and wholesale

businesses and in several geographic markets.

To increase earnings per common share at an average rate of 15 percent per year over any five year period.

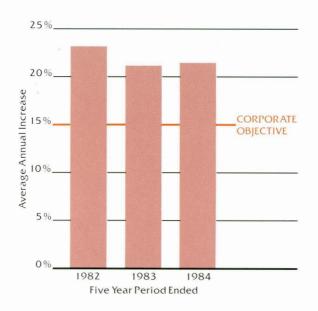
To provide an average return on common shareholders' equity of 15 percent per year over any five year period.

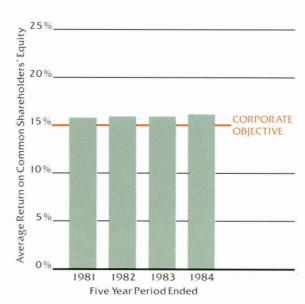
To have less total debt than total equity in the business.

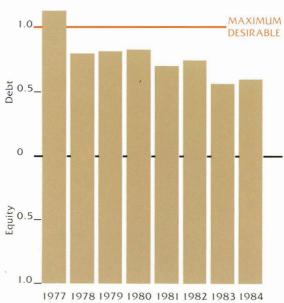






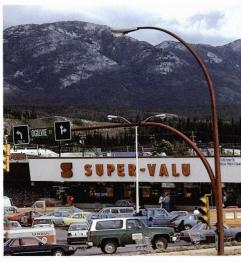


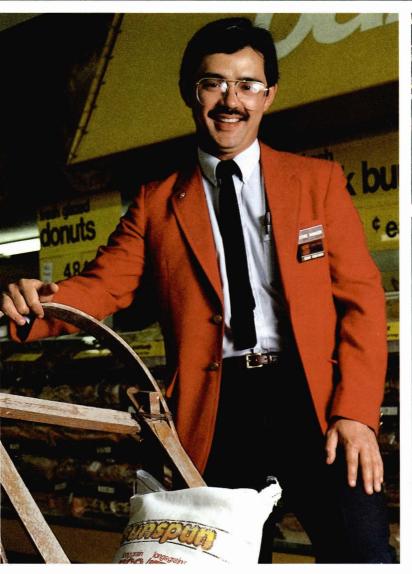




whitehorse yukon









Years ago people were drawn to the Yukon by the excitement of the Gold Rush. In 1982 Denny was attracted to this modern northern capital by the challenge of managing the Whitehorse Super Valu store. He has risen to the challenge by reorganizing his operation, installing scanning checkouts, establishing an in-store bakery and adding a bulk foods department. Denny has also thrown himself into community activities: coaching a volleyball team, sponsoring and playing on a baseball team, serving on athletic boards and as President of the Whitehorse Rotary Club. Above all, Denny is a family man - following the Christmas 1983 birth of daugther Kirstyn.







FINANCIAL HIGHLIGHTS

	9	1984	1983	1982
OPERATING RESULTS	Sales	6,419	6,091	6,221
(\$ millions)	Operating income	138	128	115
	Earnings before extraordinary items	61	52	45
	Net earnings	64	53	39
FINANCIAL POSITION	Total debt	283	233	253
(\$ millions)	Total shareholders' equity	466	413	344
	Total assets	1,264	1,151	1,111
CHANGES IN FINANCIAL	Cash flow from operations	124	118	114
POSITION (\$ millions)	Purchase of owned fixed assets	145	110	65
PER COMMON SHARE	Earnings before extraordinary items	1.53	1.31	1.08
(dollars)	Net earnings	1.62	1.33	0.92
	Cash flow	3.49	3.33	3.22
	Book value	10.17	8.66	7.38
	Actual dividends paid	0.27	0.235	0.21
	Year end dividend rate	0.28	0.24	0.22
	Price range - high	19.50	14.88	10.38
	low	13.13	9.25	5.50
FINANCIAL RATIOS	Return on common equity	16.3%	16.3%	15.3%
	Return on capital employed	18.1%	18.6%	17.5%
	Pretax return on sales	1.7%	1.7%	1.4%
	Working capital ratio	1.26:1	1.24:1	1.20:1
	Total debt to equity	0.61:1	0.56:1	0.74:1

kitchener ontario







BOB RUTHERFORD ZEHRS

To excel in the supermarket business in a busy, growing city like Kitchener demands dedication, imagination and a special sensitivity to the needs of the consumer. Bob has exhibited all these qualities and more. His 40,000 square foot store features a bulk food department, a seafood department, bakery, restaurant, post office and a wine shop.

Along with diversified marketing techniques, Bob Rutherford's Zehrs is successful because of his business philosophy: "The only boss we have is the customer". A family man involved in fund-raising projects in his community, Bob still finds time to pursue a variety of hobbies ranging from woodworking to golf.





CHAIRMAN'S REPORT TO SHAREHOLDERS

1984 was another year of record performance for Loblaw Companies both in terms of earnings per share and in terms of our earnings levels versus the rest in our industry. We are now clearly not only the largest but the most profitable food merchandiser in Canada. It should be noted that this most enviable position has been arrived at progressively over a period of years in a disciplined manner within the confines of one of the strongest balance sheets in the industry. Great credit must be given to our President and his team for having moved us progressively upwards into this position.

During the last few years in Canada, many pure food retailers were caught with rising costs and inflexible union agreements at a time when consumers were becoming increasingly sensitive to higher prices. When lower cost operators, non-union independents and large discount stores, began to sell food at lower prices, consumers naturally left the higher priced stores and these corporations suffered.

For several years now, your Company, anticipating these trends, has adopted a three pronged development thrust. Firstly, the efficiency of our wholesaling business was addressed - new warehouses were built replacing smaller and more numerous facilities so that our independent customers could be properly served. Secondly, our own new concept, high productivity units were developed and introduced in select locations. Thirdly, a series of high quality generic lines followed by an increasing range of unique products were produced.

This multifaceted approach has worked exceptionally well. Our wholesale business has grown commensurate with the rapid growth of the independent retailer. We are perceived to be among the leaders in the concept development of the large superstores, especially in western Canada. We have perhaps the only profitable unionized limited line stores in North America. In support of these differentiated store types we have differentiated our products as well, with the only high quality generic program, and we are launching more new unique products than any group. Recently, exciting methods of introducing these products have proven successful thereby giving both corporate stores and independent customers a special franchise unavailable to other food distributors.

Our United States divisions continue to make a sound contribution to your Company's performance. Our wholesale business in upstate New York and Pennsylvania is performing consistently and well with increasing customer growth. We are in a strong position in the St. Louis market, one in which we have more stores

and more sales per store than we do in metropolitan Toronto. The New Orleans division is also performing well in a highly competitive environment. Our new concept superstore is generating great confidence for our future in this growing market.

In terms of business dynamics, 1984 proved to be once again a year when more profit improvement was generated from cost reduction than increased sales and gross margin. While there are still some cost reduction opportunities being identified, our store closing programs are largely complete. Sales per store and sales per square foot have improved dramatically so that the efficiency of our assets is now comparable to the best in our industry. Strong focus on human resources at the divisional level has ensured that new productivity standards have been forthcoming from our people assets as well. I am confident that within our various divisions we have the best trained and most highly motivated group of people in our industry.

After 8 years of financial consolidation and ever improving operating results, your Company is now uniquely positioned to reach out in support of a number of internally developed and proven concepts. While it takes time and capital to convert new facilities into consistently high return investments in a slow growth environment and in an overstored industry, I have every confidence that this is exactly what the Loblaw management team will achieve. Therefore, I feel entirely justified once again this year in assuring shareholders that for a reliable and appreciating investment in the food merchandising business, Loblaw Companies Limited will continue to set the pace for others to follow.

W. Galen Weston

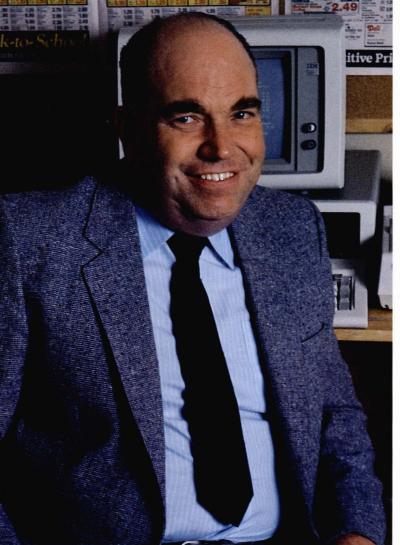
Chairman of the Board
Loblaw Companies Limited

nevvmarket ontario









JOHN JOHNSON LOBLAWS

When John Johnson applied for a part time job with Loblaws in 1952 he may have thought he was joining a travel agency. During the following 27 years he moved to so many locations around southern and central Ontario that he literally lost count of everywhere he'd been. Now he knows it was all training in preparation for Loblaws ultra modern Newmarket location. Obviously John was a good student because his Newmarket store is thriving.

John's wife Doreen and their three children hope that the only travelling he'll do from now on will be around the golf course. That would suit John just fine too.







PRESIDENT'S REPORT

The year 1984 was one of solid performance for Loblaw Companies Limited. While it continued to position itself for long-term growth and profitability, the Company's sales reached a record level and for the eighth consecutive year its operating income, earnings before extraordinary items and earnings per common share all set new highs.

Despite such a performance record, 1984 was not an easy year for your Company. Environmentally, rates of price increases on food more closely approached the rate of cost increases in the economy for the first time in four years. Operationally, however, the cumulative effects of costs rising faster than sales made for exceptionally competitive market conditions as our opposition in many markets attempted to redress the trends of the past few years. Many of your Company's operating regions experienced virtual price-war conditions all year. The ability of Loblaw Companies Limited to withstand such conditions stems primarily from its ability to increase productivity and thereby reduce its costs relative to sales. By making full use of its wholesale and retail capabilities, your Company has reduced its costs relative to sales in each year for the past eight years. The cost savings have been applied in each of these years to reduce gross margins (the difference between the cost price and the selling price of goods) and as a result, its competitive position has sharply improved.

Productivity improvement is the cornerstone of all the strategies of Loblaw Companies Limited. Productivity improvement comes from a number of factors, among which are an increasing awareness of changing consumer

needs and merchandising to meet those needs, an improving retail store profile, a strengthening wholesale business and a carefully implemented cost control program. Improved productivity provides lower costs, which provides better value to customers, which provides a more profitable and secure business for employees and shareholders alike.

Sales for the year 1984 were \$6.42 billion, an increase of 5.4 percent over 1983. Canadian sales increased \$273 million or 6.6 percent over last year. United States sales increased by \$55 million or 2.8 percent despite the sale of the convenience store wholesale supply operation in the first quarter and the continued conversion of corporate to franchised stores through the first half of the year.

Operating income was \$137.7 million in 1984, improving 7.2 percent from the \$128.4 million achieved in 1983.

Earnings before extraordinary items improved 17.5 percent to \$61.1 million (\$1.53 per common share) from last year's \$52.0 million (\$1.31 per common share). Net earnings improved to \$64.2 million from the 1983 level of \$52.7 million.

toronto ontario

A J





VAS CHRISTOFF LOBLAWS

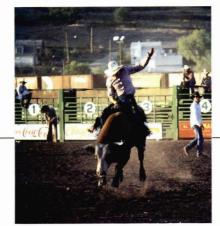
If a customer walks into Vas Christoff's Loblaws store and isn't greeted by name it's a rare day indeed. Not only does Vas make a point of knowing all his customers on sight but he insists that the rest of his staff operate likewise.

During his 35 years with Loblaws Vas's credo has been: 'Know the customer well and respond to the customer's wishes'.' The unqualified success enjoyed by his store is testimony to the fact that Vas must indeed be doing something right.

As President of Loblaws Store Employee Association for the past 20 years Vas has been busy spreading his philosophy throughout the Loblaws chain.







In the financial statements in this year's Annual Report, results over a three-year period are shown. Perhaps the comparison which most clearly illustrates the positive results of your Company's structural and operational changes

and marketing redirections over that three-year period is to compare the rates of sales and earnings growth from 1982 to 1984. While total sales have increased by only \$198 million or 3.2 percent, from \$6.22 billion in 1982 to \$6.42 billion in 1984, earnings before extraordinary items have improved by 35.8 percent, from \$45.0 million in 1982 to \$61.1 million in 1984.

Records of the past, however, are of little use in securing the future in a business as dynamic as food distribution. Consumer needs and demands are continually changing, and we must respond to those needs ever more quickly and effectively in order to remain competitive. To retain the anticipation, the speed of response, the innovation and the low-cost operations which have been the hallmark of the recent success of your Company and which, it is believed, will be even more necessary in the highly competitive environment of the future, a number of changes were made in the organization of your Company late in 1984. David A. Nichol, who led the Loblaws division to an outstanding market and image position in his eight years as President, was promoted to Executive Vice President of Loblaw Companies Limited and President of Loblaw International Merchants, a new wholly owned division. In this new role, he will be in a position to devote his innovative skills to the development and merchandising of unique products and programs throughout Loblaw Companies Limited.

Raymond J. Addington, who has led the Western Operations of your Company for nine years, was also promoted to Executive Vice President, recognizing his performance record, store development success and the

continuing importance of Western Operations in the future of Loblaw Companies Limited. David M. Williams, who had been Chief Financial Officer of your Company since 1981 was promoted to Executive Vice President, responsible for all the Ontario operations of Loblaw Companies Limited, and President of Central Canada Grocers Inc., a new subsidiary holding all of your Company's food distribution assets in Ontario.

At the end of 1984, the publicly held securities of Loblaw Companies Limited continued to have the highest ratings of any Canadian food distributor. In spite of capital expenditures of \$145 million in 1984, the financial position of your Company remains strong. The debt-to-equity ratio at year-end was 0.61:1, compared with 0.56:1 at year-end 1983 and 0.74:1 at year-end 1982. Your Company borrowed \$35 million in December, at 12-1/4 percent for 10 years to finance its growth. Working capital at year-end was \$129.6 million.

The past few years have been difficult as the North American food distribution industry adjusted to sharply reduced growth rates and the effects of costs rising faster than sales. Massive closures of corporate retail

regina saskatchewan









DON FRASER O.K. ECONOMY

At just 33 years of age, Don has been with the Company for 16 years, the first 8 of which were in his birthplace, Winnipeg. But the city that is the home of the Royal Canadian Mounted Police has obviously "got its man" in Don Fraser.

As manager of Regina's first scanning store Don has continued to upgrade and expand his operation to serve his community better all the time.

Don's full schedule also includes skiing, racquetball, swimming, golf, travel and of course his wife Bernice and their two year old daughter and six month old son. Obviously Don is young and energetic.





stores or their transfers to independent operators, the emergence of large scale independent operators favoured by low labour costs, large numbers of business consolidations and the continued emergence of new store formats have resulted in extreme pricing conditions, a situation which is not expected to change until these manifestations of slow market growth have run their course. It is difficult to predict when such a change will take place. Your Company has fared well over those years because it is geographically diverse; it

operates in the retail and wholesale segments of food

distribution; and, it has demonstrated a flexible approach to dealing with business and market

conditions.

Earnings per share have grown at an average compound rate of 22.0 percent per year since 1977, including 16.8 percent in 1984. Loblaw Companies Limited is now investing record sums of money in selected areas with a variety of carefully chosen vehicles in support of seasoned and proven managerial talent backed up by creative and disciplined staff support. While the benefits of these investments and organizational changes are not expected to be fully reflected in 1985 earnings, the longer term results of your Company's business strategies will be continued superior performance for shareholders, employees and consumers.

Food distribution is a labour intensive business. Capable and motivated people may make more of a difference in this industry than perhaps any other. The depth of the commitment of the people of Loblaw

Companies Limited to excellence, their willingness to place communal needs above individual interests and their dedication to solid and steady operating performance gives me utmost confidence that the future will be rewarding in every way to anyone associated with this great Company in any way.

Richard J. Currie

President

Loblaw Companies Limited

bridgevvater nova scotia





BOB THORSEN SAVE EASY

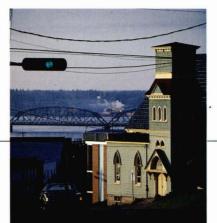
Along with tourism, the economy of the Bridgewater area is dependent on a variety of industries, from forest products to fishing to tire manufacturing. In keeping with the "variety" theme, Bob Thorsen's Save Easy is a store with wide ranging appeal.

In addition to recent expansion, renovation, and a completely new decor package, Bob's store features a salad bar, full service bakery and an in-store deli. When Bob is not involved with the Bridgewater Jaycees or the School Board, chances are you'll find him golfing, fishing, or running...and obviously running a great Save Easy.









EASTERN OPERATIONS

Total sales of the four divisions in Eastern Operations in 1984 were \$2.692 billion, an improvement of 6.1 percent over 1983 performance.

Eastern Operations of Loblaw Companies Limited represent both wholesale and retail businesses. Wholesale operations consist of the supply to 6,236 franchised and independent accounts by Atlantic Wholesalers based in Sackville, New Brunswick and by National Grocers, based in Toronto, Ontario. Retail operations in 1984 consisted of the corporately owned retail stores of Atlantic Wholesalers (18 Save Easy and 15 "no frills" at year-end), Loblaws (71 Loblaws, 17 Loblaws Warehouse Superstores, 29 "no frills" and 1 Ziggy Gourmet Shop) based in Toronto, Ontario, National Grocers (9 Super Save) and Zehrmart (38 Zehrs, 14 Gordons) based in Cambridge, Ontario.

During the year a new division, Central Services, was established to assume the buying, warehousing, transportation, data processing, accounting, and labour relations elements common to Loblaws, Zehrmart and National Grocers. Real estate and construction have been centralized under Loblaw Associated Properties, Inc. By freeing Loblaws, Zehrmart and National Grocers from most of their service components, greater efficiency will result and these subsidiaries can concentrate almost entirely on merchandising and operations thereby becoming even more attuned to the needs of their customers. Loblaws, Zehrmart, National Grocers, Central Services and Loblaw Associated Properties are all subsidiaries of Central Canada Grocers Inc.

Late in the year, primarily in response to the creation of Central Canada Grocers Inc. and the promotion of David A. Nichol and David M. Williams to Executive Vice Presidents of Loblaw Companies Limited, a number of senior

appointments were made in the Ontario segment of Eastern Operations. David T. Stewart, 39, was appointed President of Loblaws, replacing Mr. Nichol; Grant J. Heimpel, 45, was appointed President of Zehrmart, replacing Carl M. Zinkan, who retired after serving Zehrmart with distinction since its inception; Neil M. Walker, 45, was appointed President of National Grocers, fully responsible for the franchising thrust of your Company in Ontario.

Eastern Operations' operating income in 1984 was \$70.3 million, and represents a 12.5 percent increase over the 1983 level while startup and reorganization costs for Central Canada Grocers were expensed during the year. In 1984, Eastern Operations represented 41.9 percent of sales and 51.1 percent of the operating income of Loblaw Companies Limited as compared with 41.7 percent of sales and 48.7 percent of operating income in 1983.

newcastle newbrunswick

GREG BOOMER SAVE EASY

In the heart of New Brunswick's pulp and paper area, and protected by Canadian Forces 434 air squadron, you'll find Greg Boomer's Save Easy. Greg realized that a shopping mall supermarket location offered him unique merchandising opportunities and, as a result, the focal point of the Miramichi Mall is Greg's Save Easy which features everything from a snack bar to a photo video centre.

Greg has also expanded his bakery and his deli, and he continues to emphasize and upgrade his great produce department as well. In a very real sense the Newcastle Save Easy is a reflection of its manager...it's a real "Boomer" too.

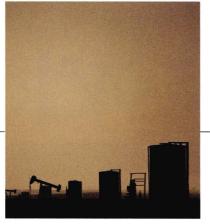












WESTERN OPERATIONS

Total sales of Western Operations in 1984 were \$1.702 billion, an increase of 7.5 percent over the 1983 performance of \$1.583 billion.

Western Operations take place under two divisions of Kelly, Douglas & Company, Limited, headquartered in Vancouver, British Columbia, in which Loblaw Companies Limited has an 85 percent interest.

The Prairie Division, Westfair Foods Ltd. of Winnipeg, Manitoba, operates in four provinces from Thunder Bay to the Rocky Mountains. This division operates 50 corporate stores and supplies 3,027 franchised and independent accounts through its 17 wholesale branches and 10 cash and carry warehouses. In 1984, 3 corporate stores were opened and 1 corporate store expansion took place. In August and November, identical 104,000 square-foot food and drug combination units were opened in the southern and northern sections of Edmonton, Alberta. The results of these stores, following the opening of similar but smaller units in Saskatoon, Saskatchewan and Winnipeg, Manitoba since 1979, have been gratifying to date. In 1984, our Prairie independent retail customers built 18 new stores and expanded 23 others. Although competitive activity was exceptionally intense, sales in the Prairie Division improved 19.1 percent in 1984 to \$1.058 billion.

The British Columbia Division of Kelly, Douglas operates 13 wholesale warehouses which supply 4,052 franchised and independent accounts throughout British Columbia, the Northwest Territories and the Yukon Territory.

Only two corporate stores are operated, one in Whitehorse, Yukon and the other in Pine Point, the Northwest Territories. In 1984, one of these stores underwent major remodelling. In British Columbia, branch wholesale operations

continued to be rationalized in response to the dramatic slowdown of a natural resource dependent economy and the need to improve productivity. Two new franchise stores were opened, three received major upgrades and over a score enlarged their perishable capacities. Sales declined to \$644 million from \$695 million in 1983 due to these rationalizations and the decisions of former customers to discontinue our wholesale supply in response to our competitive activities in other markets and our unwillingness to supply customers at less than profitable margins.

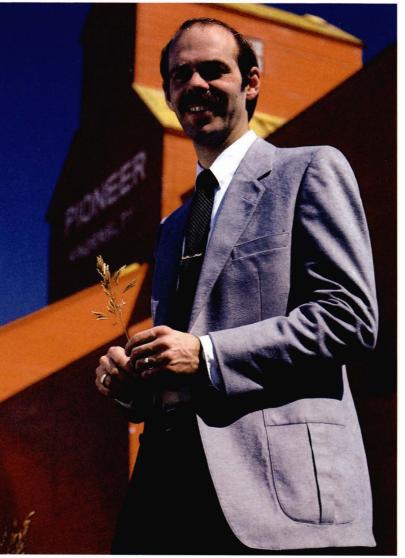
The base of Western Operations' business is in its wholesale and franchised independent operations and the support of our franchisees throughout turbulent times has been noteworthy.

Western Operations' operating income in 1984 was \$37.6 million and represents a 5.0 percent increase from the \$35.8 million figure of 1983. This region now represents 26.5 percent of sales and 27.3 percent of operating income in Loblaw Companies Limited as compared with 26.0 percent of sales and 27.9 percent of operating income in 1983.

kindersley saskatchewan

saskato





KEL KEMMER O.K. ECONOMY

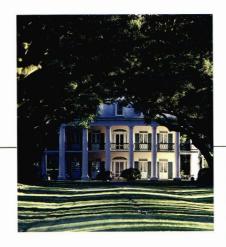
As manager of the local O.K. Economy store Kel realizes that his store's growth goes hand in hand with the growth of Kindersley and that suits this energetic young man just perfectly.

His involvement in community activities and business associations is a source of pride to wife Ruby and their two young sons. The Kemmer family strives for physical fitness and, to prove that, Kel built his own home in 1984, starting in March and moving in June.

Kindersley describes itself as "a town with a future". As an integral part of that community, Kel Kemmer not only has quite a future himself, but he's obviously making his mark today.







UNITED STATES OPERATIONS

Total sales of the two businesses in United States Operations in 1984 were \$2.025 billion, an increase of 2.8 percent from 1983 performance.

Peter J. Schmitt Co., Inc.'s operations, headquartered in Buffalo, New York, are concentrated in a 75-mile radius from its two major warehouses in Buffalo and in Sharon, Pennsylvania. At year-end, 21 corporate stores were operated, compared with 25 at year-end 1983 and 61 at year-end 1982. Total franchised stores at year-end were 150 with 700 independent accounts also being served. During the year, efforts were concentrated on finalizing the franchising of the Rochester area stores acquired in 1982, eliminating an investment in convenience store wholesale supply, strengthening the retail competitiveness in Buffalo and Erie, and building a solid customer base from the Sharon operating area.

National Tea Co. at year-end operated 47 stores within a 75-mile radius of St. Louis, Missouri and 49 stores within a 150-mile radius of New Orleans, Louisiana. Sales in 1984 were \$1.088 billion, an increase of 11.1 percent from 1983. During the year 4 new and enlarged stores were opened and 6 stores closed as the dynamics of its business continued to improve. Included in the new stores was a 69,000 square-foot food/drug combination unit in Baton Rouge, Louisiana, which has been remarkably successful in spite of a full gamut of competitive vehicles in its marketplace.

During the last year, efforts in National Tea were concentrated on improved merchandising control, better and more responsive information systems and more clearly defined labour relations activities.

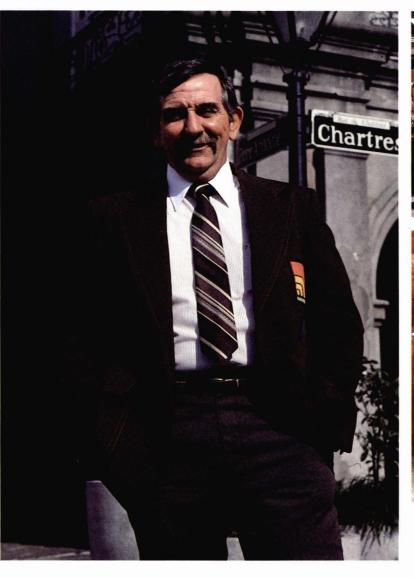
United States Operations' operating income in 1984 was \$33.9 million, a steady improvement from the \$32.3 million level of 1983. This region now represents 31.6 percent of the sales and 24.6 percent of the operating income in Loblaw Companies Limited as compared with 32.3 percent of sales and 25.2 percent of operating income in 1983. As outlined last year, based on this performance, steady investment will continue to be made as justified by the projected productivity of the individual retail unit, corporate or franchised, and where long-term wholesaling opportunities appear.

neworleans

louisiana









National came into the New Orleans area in the early 1950's and Frank started with them in 1954. The National/McEachern "team" has grown and prospered serving this Cajun city by responding to the needs of a unique community. Frank's philosophy is: "Do the best you can - and a little more". It's the "little more" Frank has always given that accounts for his success with National.

Frank's hobbies include bowling, hunting and fishing. He is married and has four grown children, but it's grandson Brian who's the special "little more" in Frank's life.





RETAIL AND WHOLESALE OPERATIONS

Retail Operations include the stores of those businesses which are exclusively retail-oriented - i.e., Loblaws, National Tea and Zehrmart - plus the corporately owned stores of the four wholesale businesses - i.e., Atlantic Wholesalers, Kelly, Douglas, National Grocers and Peter J. Schmitt. Wholesale Operations include the sales and services of the four wholesale businesses to franchised accounts and unaffiliated accounts, exclusive of sales to corporate stores of that business or an associated business. The corporate store operations of the wholesale business are viewed as being complementary to and not competitive with the wholesale operations of those same businesses.

The following charts illustrate the makeup and trends in Loblaw Companies Limited when viewed from a retail and wholesale perspective.

		1984	19	983		1982
RETAIL OPERATIONS						
	Stores	Sq. Ft. (in millions)	Stores	Sq. Ft. (in millions)	Stores	Sq. Ft. (in millions)
Beginning of year	403	9.1	508	11.3	548	11.7
Opened	16	.6	10	.3	53	1.4
Closed	(34)	(.5)	(84)	(1.7)	(93)	(1.8)
Franchised Transfer to: Transfer from:	(8) 4	(.2) .2	(33) 2	(.8)	(1) 1	
End of year	381	9.2	403	9.1	508	11.3
Annual sales (in millions)	\$3	3,659	\$3,	525	\$3	,704
Annual average sales per gross sq. ft.		\$400	\$3	364	S	322
WHOLESALE OPERATIONS End of year						
End of year Cash & carry units		75		79		83
Warehouses	,	60		59		62
Annual sales (in millions)	\$2	2,760	\$2,!	566	\$2	,517
Franchised accounts	1	,305	1,3	370	1	,355
Unaffiliated accounts	12	2,860	14,4	400	14	,500

EIGHT YEAR SUMMARY BY OPERATING REGION

	1984	1983	1982	1981	1980	1979	1978	1977
	1904	1903			s of dollars		1970	1977
				(III IIIIIIIIIIIIIIIIIIIIIIIIIIIIIIIII	Sordonars	>)		
Sales								
Eastern operations	2,692	2,538	2,407	2,245	2,070	1,798	1,646	1,509
Western operations	1,702	1,583	1,714	1,598	1,424	1,324	1,171	1,027
United States								
operations	2,025	1,970	2,100	1,952	1,881	1,603	1,430	1,199
Total	6,419	6,091	6,221	5,795	5,375	4,725	4,247	3,735
Operating income			·					
Eastern operations	70	62	56	53	52	29	24	21
Western operations	38	36	33	36	29	24	23	20
United States								
operations	34	32	32	31	31	26	17	15
Corporate	(4)	(2)	(6)	(7)	(13)	(7)	(4)	(7)
Total	138	128	115	113	99	72	60	49

EIGHT YEAR QUARTERLY ANALYSIS OF EARNINGS PER SHARE

	1984	1983	1982	1981	1980	1979	1978	1977
First quarter	\$0.23	\$0.19	\$0.17	\$0.14	\$0.11	\$0.07	\$0.05	\$0.04
Second quarter	0.36	0.28	0.24	0.23	0.16	0.11	0.09	0.05
Third quarter	0.46	0.40	0.32	0.29	0.24	0.18	0.16	0.09
Fourth quarter	0.48	0.44	0.35	0.31	0.31	0.22	0.20	0.20
Total earnings before extraordinary			9			,		
items per share	\$1.53	\$1.31	\$1.08	\$0.97	\$0.82	\$0.58	\$0.50	\$0.38

EIGHT YEAR SUMMARY

	1984	1983	1982	1981	1980	1979	1978	1977
EARNINGS STATEMENT (\$ millions	5)							
Sales - Canada	4,394	4,121	3,847	3,513	3,198	2,857	2,645	2,412
- United States	2,025	1,970	2,374	2,282	2,177	1,868	1,602	1,323
Total	6,419	6,091	6,221	5,795	5,375	4,725	4,247	3,735
Operating income	138	128	115	113	99	72	60	49
Depreciation	67	62	58	53	48	36	31	28
Interest	29	26	26	29	26	22	16	18
Income taxes	44	46	39	37	34	21	20	13
Minority interest	3	4	4	6	5	6	5	4
Earnings before extraordinary items	61	52	45	41	34	23	19	13
Extraordinary items	3	1	(6)	12	12	12	7	5
Net earnings	64	53	39	53	46	35	26	18
PER COMMON SHARE (dollars)								
Earnings before extraordinary items	1.53	1.31	1.08	0.97	0.82	0.58	0.50	0.38
Net earnings	1.62	1.33	0.92	1.32	1.20	0.96	0.72	0.54
Dividends	0.27	0.235	0.21	0.17	0.135	0.115	0.075	0.065
RETURN ON SALES								
Operating income	2.1%	2.1%	1.9%	1.9%	1.8%	1.5%	1.4%	1.3%
Earnings before income taxes	1.7%	1.7%	1.4%	1.4%	1.4%	1.1 %	1.0%	0.8%
Earnings before extraordinary items	1.0%	0.9%	0.7%	0.7%	0.6%	0.5%	0.4%	0.4%
EARNINGS RATIOS*								
Return on common equity	16.3%	16.3%	15.3%	16.3%	16.9%	15.2%	16.2%	14.9%
-		18.6%	17.5%	18.0%	17.3%		14.7%	12.9%

^{*}Earnings ratios have been computed as follows:

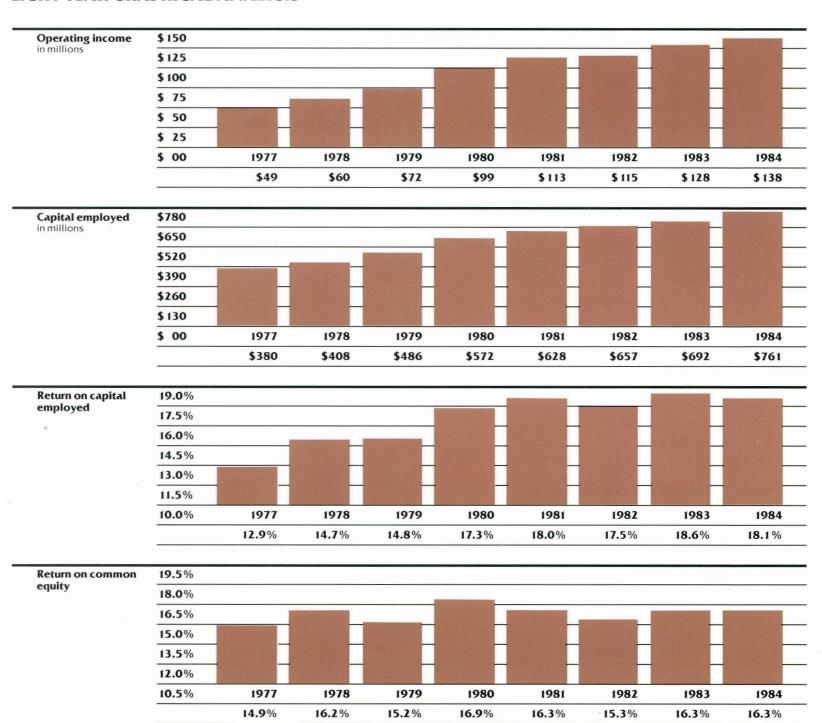
Return on common equity

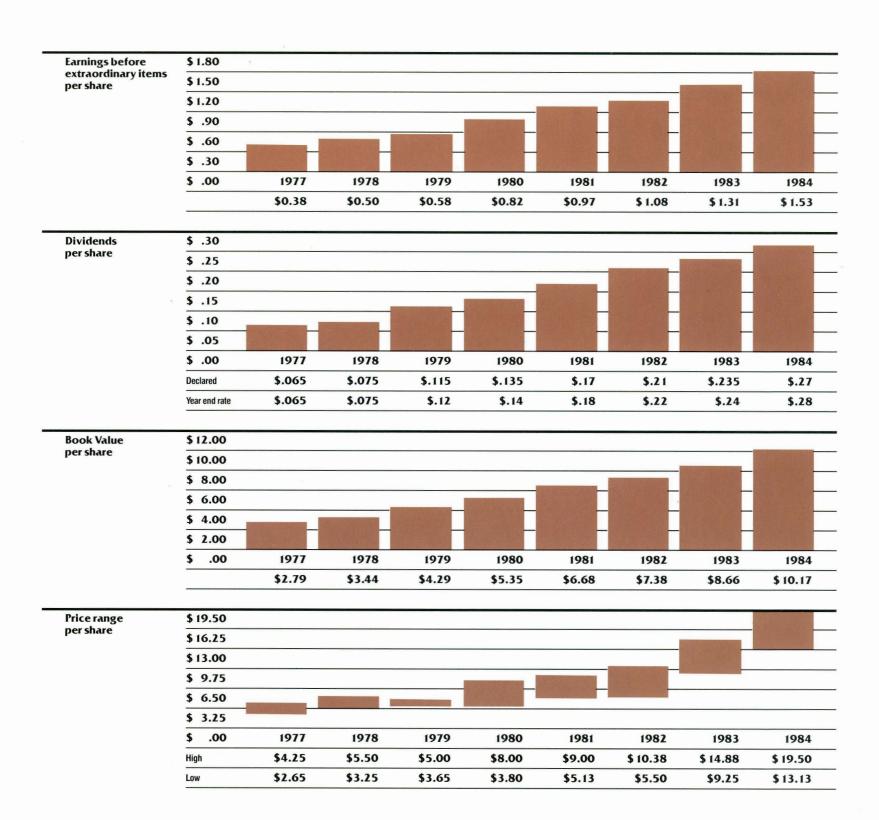
Earnings before extraordinary items less preferred dividends divided by average common share capital, retained earnings, equity from foreign currency translation and the applicable portion of contributed surplus.

Return on capital employed
Operating income divided by average total assets less non-interest bearing debt.

	1984	1983	1982	1981	1980	1979	1978	1977
FINANCIAL POSITION (\$ millions)			,					
Current assets	624	581	575	531	491	465	414	381
Current liabilities	495	470	479	433	401	378	336	304
Working capital	129	111	96	98	90	87	78	77
Owned fixed assets (net)	494	418	376	340	315	293	241	210
Property under capital leases (net)	61	67	81	86	87	44		
Total assets	1,264	1,151	1,111	1,034	962	868	713	631
Long term debt	174	138	133	98	99	- 110	102	106
Total debt	283	233	253	220	231	195	151	158
Retained earnings	245	198	159	134	95	62	35	14
Shareholders' equity	466	413	344	317	277	242	190	139
POSITION (\$ millions) Cash flow from operations Purchase of owned fixed assets	124 145	118	114 65	111 85	98 89	75 96	61 78	50 63
PER COMMON SHARE (dollars)								
Cash flow from operations	3.49	3.33	3.22	3.24	3.08	2.35	1.92	1.57
Book value	10.17	8.66	7.38	6.68	5.35	4.29	3.44	2.79
FINANCIAL RATIOS								
Working capital	1.26:1	1.24:1	1.20:1	1.23:1	1.22:1	1.23:1	1.23:1	1.25:1
Total debt to equity	0.61:1	0.56:1	0.74:1	0.70:1	0.83:1	0.81:1	0.80:1	1.14:1
Cash flow from operations to long term debt	0.71:1	0.86:1	0.86:1	1.13:1	1.00:1	0.68:1	0.60:1	0.47:1
Interest coverage on total debt	4.72:1	4.86:1	4.35:1	3.80:1	3.83:1	3.26:1	3.72:1	2.72:1

EIGHT YEAR GRAPHICAL ANALYSIS





st louis missouri







CURT MASON NATIONAL

Curt Mason has been with National for 22 years, starting as a part-time checker/stockman and working his way up to manager of one of the most successful stores in the St. Louis area.

One of the most important lessons learned and practiced by Curt over the years is the need to communicate effectively, not only with his team of employees, but with customers as well. Curt carries his "team" philosophy into his home life too, where much of his spare time is spent with activities involving the entire family. Curt takes great pride in the many St. Louis community, educational and charitable works supported by National.





RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Loblaw Companies Limited is responsible for the preparation and integrity of the financial statements and related financial information of the Company. The financial statements and other financial information in this report have been prepared by the management of the Company in accordance with generally accepted accounting principles and, where necessary, utilizing management's judgements and best estimates.

To help fulfill its responsibility and to assure integrity of financial reporting, management maintains a system of internal controls encompassing all financial records. These controls, which include a comprehensive budgeting system and timely periodic reporting of financial information, provide reasonable assurance that assets are safeguarded and transactions and events are properly recorded. To augment the internal control systems, the Company maintains a program of internal audits coordinated with the external auditors.

Ultimate responsibility for financial statements to shareholders rests with the board of directors. An audit committee of non-management directors is appointed by the board to oversee the fulfillment by management of its responsibilities in the preparation of financial statements and financial control of operations. The audit committee reviews financial statements with management and reports to the directors prior to the approval of the audited financial statements for publication.

Thorne Riddell, independent auditors appointed by the shareholders, review the financial statements in detail and meet separately with both the audit committee and management to discuss their findings, including the fairness of financial reporting and the results of their review of internal controls. The shareholders' auditors report directly to shareholders and their report also appears on this page.

Richard J. Currie

President

Sheldon Douglass

Vice President, Financial Services

AUDITORS' REPORT

To the Shareholders of Loblaw Companies Limited

We have examined the consolidated balance sheet of Loblaw Companies Limited as at December 29, 1984 and the consolidated statements of earnings, retained earnings and changes in financial position for the 52 weeks then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these consolidated financial statements present fairly the financial position of the company as at December 29, 1984 and the results of its operations and the changes in its financial position for the period then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding period.

Chartered Accountants

March 5, 1985 Toronto, Canada

LOBLAW COMPANIES LIMITED

CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS

EARININGS AIND RETAINED EARININGS			
52 Weeks Ended December 29,1984	1984	1983	1982
CONSOLIDATED STATEMENT OF EARNINGS		(in millions of dollars)	
		化的工作的。由于他们的	
SALES AND OTHER INCOME	643040	\$4.121.2	\$2.047.2
Sales - Canada - United States	\$4,394.0 2,025.4	\$4,121.2 1,969.8	\$3,847.3 2,373.7
- diffed states	6,419.4	6,091.0	6,221.0
Investment income	5.5	6.5	5.9
	6,424.9	6,097.5	6,226.9
OPERATING EXPENSES			
Cost of sales, selling and administrative			
expenses	6, 178.4	5,860.7	5,994.9 59.6
Net long term lease expense Depreciation - Owned fixed assets	41.4 58.6	46.6 52.9	48.8
- Property under capital leases	8.8	8.9	8.9
	6,287.2	5,969.1	6,112.2
OPERATING INCOME	137.7	128.4	114.7
Interest - Long term debt	14.6	12.3	11.8
- Short term debt	4.3	3.2	3.7
- Obligations under capital leases	10.3	10.9	10.8
	29.2	26.4	26.3
Earnings before income taxes	108.5	102.0	88.4
Income taxes (note 2)	44.2	45.9	39.2
Earnings before minority interest Minority interest	64.3	56.1 4.1	49.2 4.2
EARNINGS BEFORE EXTRAORDINARY ITEMS	61.1	52.0	45.0
Extraordinary items (note 3)	3.1	.7	(5.7)
NET EARNINGS FOR THE PERIOD	\$ 64.2	\$ 52.7	\$ 39.3
PER COMMON SHARE			THE STATE OF
Earnings before extraordinary items	\$1.53	\$1.31	\$1.08
Extraordinary items	\$0.09	\$0.02	\$(0.16)
Net earnings	\$1.62	\$1.33	\$0.92
CONSOLIDATED STATEMENT OF RETAINED EARNINGS			
RETAINED EARNINGS, BEGINNING OF PERIOD	\$ 197.5	\$ 158.7	\$ 133.8
Net earnings for the period	64.2	<u>52.7</u>	39.3
	261.7	211.4	173.1
Dividends declared	. 7	T 4	7.0
Preferred shares Common shares (per share - 27.0 c,	6.7	5.6	7.0
1983 - 23.5 c, 1982 - 21.0 c)	9.6	8.3	7.4
	16.3	13.9	14.4
RETAINED EARNINGS, END OF PERIOD	\$ 245.4	\$ 197.5	\$ 158.7
	THE SECTION OF THE PERSON OF T		SE STATE OF THE SECOND

CONSOLIDATED BALANCE SHEET

As at December 29, 1984

	1984	1983	1982
ASSETS		(in millions of dollars)	Particular Villa
CURRENT ASSETS			
Cash and short term investments	\$ 7.6	\$ 45.6	\$ 31.8
Accounts receivable	152.8	136.9	130.0
Properties held for sale	8.0	5.2	15.3
Inventories	443.4	379.7	385.9
Prepaid expenses	12.3	14.1	12.4
	624.1	581.5	SM 500
INVESTMENTS (note 4)	70.1	77.8	575.4
FIXED ASSETS (note 5)	494.0	417.6	72.6
PROPERTY UNDER CAPITAL LEASES (note 6 (a))	61.1	67.3	376.0
DEFERRED INCOME TAXES	7.8	07.3	80.7
OTHER ASSETS	7.2	6.9	6.0
		The state of the s	6.0
	\$1,264.3	<u>\$1,151.1</u>	\$1,110.7
LIABILITIES		的复数 医多种性性 医多种性 医多种性 医多种性 医多种性 医多种性 医多种性 医多种	
CURRENT LIABILITIES			
Bank advances and notes payable	\$ 31.8	\$ 14.5	\$ 26.8
Accounts payable	299.3	267.4	268.3
Accrued liabilities	124.2	126.4	125.7
Taxes payable Taxes payable	26.2	47.1	42.8
Long term debt payable within one year (note 7)	3.1	8.2	9.8
Obligations under capital leases (note 6 (b))	7.3	6.5	6.1
Dividends payable ''	2.6		
	494.5	470.1	479.5
LONG TERM DEBT (note 7)	171.2	129.5	123.5
OBLIGATIONS UNDER CAPITAL LEASES (note 6 (b))	69.6	74.8	86.8
OTHER LIABILITIES (note 8)	30.9	29.3	21.0
DEFERRED INCOME TAXES		4.5	5.0
MINORITY INTEREST IN SUBSIDIARIES	31.9	29.7	51.0
	798.1	737.9	766.8
CHADEHOLDERC' FOURTY			
SHAREHOLDERS' EQUITY			
CAPITAL STOCK (note 9) Preferred shares			
	95.5	95.8	82.4
Common shares	103.2	103.1	102.8
	198.7	198.9	185.2
CONTRIBUTED SURPLUS	10.4	10.5	
RETAINED EARNINGS	245.4	197.5	158.7
EQUITY FROM FOREIGN CURRENCY TRANSLATION	11.7	6.3	
	466.2	413.2	343.9
	\$1,264.3	\$1,151.1	\$1,110.7
APPROVED BY THE BOARD.			====

W. Galen Weston, | \

Director

Richard J. Currie, Director

W. Galm Weston Richard J. Currie

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

52 Weeks Ended December 29, 1984	1984	1983 (in millions of dollars)	1982
SOURCES OF WORKING CAPITAL		(manuscrist)	
Operations Earnings before minority interest Depreciation Income taxes not requiring cash Profit on sale of fixed assets Other	\$ 64.3 67.4 .1 (7.8)	\$ 56.1 61.8 5.9 (5.1) (.5)	\$ 49.2 57.7 9.4 (1.0) (.9)
Cash flow from operations	123.9	118.2	114.4
Financing Increase in long term debt Increase in capital lease obligations Proceeds from shares issued (note 9) Contributed surplus (note 9)	69.5 1.6 .2 (.1) 71.2	50.4 5.6 13.9 10.5 80.4	67.8 3.3 2.3 73.4
Other items Proceeds from sale of fixed assets Proceeds from sale of subsidiary and divisons	23.6	26.1	18.1
(net of working capital sold) Total sources of working capital	23.6 218.7	18.6 44.7 243.3	21.1 39.2 227.0
USES OF WORKING CAPITAL			
Reinvestment Purchase of owned fixed assets Additions to property under capital leases Net (decrease) increase in investments and sundry items Acquisition of subsidiary companies (net of working capital acquired)	144.6 1.6 (2.1)	109.6 5.6 20.0	64.7 3.3 17.5 44.1 129.6
Financing Reduction in long term debt Reduction in capitalized lease obligations Shares redeemed (note 9) Purchase of minority interest	30.6 8.2 .3 .1 39.2	44.3 8.8 .2 23.5 76.8	58.1 7.7 17.5 83.3
Dividends To shareholders To shareholders	16.3	13.9	14.4
To minority shareholders in subsidiary companies Total uses of working capital		1.9 15.8 227.8	1.8 16.2 229.1
INCREASE (DECREASE) IN WORKING CAPITAL Working capital, beginning of period	18.2 111.4	15.5 95.9	(2.1) 98.0
WORKING CAPITAL, END OF PERIOD	\$ 129.6	<u>\$ 111.4</u>	\$ 95.9

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 29, 1984

(Narrative and tabular amounts in millions of dollars except Capital Stock note)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries. The effective interest of Loblaw Companies Limited in the equity share capital of principal subsidiaries is 100%, except for Kelly, Douglas & Company, Limited which is 85% owned.

(b) Inventories

Rétail store inventories are stated at the lower of cost and net realizable value less normal profit margin. All other inventories are stated at the lower of cost and net realizable value.

(c) Properties held for development or sale

Properties expected to be sold within one year are stated at the lower of cost and net realizable value and are included in current assets. Other properties held for development or sale are stated at cost.

(d) Translation of foreign currencies

Foreign currency balances are translated at a rate approximating the current rate of each year end. The net difference on translation of the Company's equity in United States subsidiaries and that portion of debt payable in United States funds which is considered a hedge against these investments, is included in a separate category of shareholders' equity on the balance sheet, to be recognized in earnings in proportion to any reduction of the net investment.

(e) Fixed assets

Fixed assets are stated at cost, including interest associated with construction capitalized during the year. Depreciation is recorded principally on a straight line basis to amortize the cost of these assets over their estimated useful lives.

Estimated useful lives range from twenty to forty years for buildings and three to eleven years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of the applicable useful life and term of the lease.

(f) Leases

Leases entered into after December 30, 1978 which transfer substantially all of the benefits and risks incident to ownership of property are recorded as the acquisition of an asset and the incurrence of an obligation. Under this method of accounting for leases, the asset is depreciated on a straight line basis and the obligation, including interest thereon, is liquidated over the life of the lease. Rents on non-capital leases and on all leases entered into before December 31, 1978 are expensed as incurred.

2. INCOME TAXES The Company's effective income tax rate is made up as follows:	1984	1983	1982
Combined basic Canadian federal and provincial income tax rate	51.1%	51.3%	51.7%
Inventory allowance which partially offsets increases in taxes due to inflation	(3.6)	(3.8)	(4.0)
Lower tax rate on capital gains	(2.1)	(.8)	(1.6)
Impact of operating in foreign countries with lower effective tax rates	(4.0)	(2.8)	(2.8)
Other	40.7%	1.1 45.0%	1.0 44.3%
3. EXTRAORDINARY ITEMS Income tax reductions realized on	1984	1983	1982
application of prior years' losses	\$ 6.5	\$ 3.9	\$ 4.7
Closing costs of subsidiary and divisions net of income tax recovery of \$2.9 (1983 - \$2.6, 1982 - \$3.9)	(3.4)	(3.2)	(5.3)
Write off of goodwill (net of income tax recovery of \$ 1.3)	<u>\$ 3.1</u>	\$.7	(5.1) \$ (5.7)
4. INVESTMENTS (at cost)	1984	1983	1982
Secured loans and advances	\$15.1	\$12.6	\$13.8
Long term receivables	17.3 15.3	23.8 17.8	14.0 7.4
Sundry investments Properties held for development or sale	22.4	23.6	37.4
Troperties field for development of seite	\$70.1	\$77.8	\$72.6

Secured loans and advances include \$2.8 (1983 - \$2.8, 1982 - \$3.1) owing by officers and employees of the Company and its subsidiaries arising from the purchase of preferred shares of the Company as part of the Company's incentive plan. These advances are secured by the shares purchased.

5. FIXED ASSETS (at cost)	1984	1983	1982
Land	\$ 98.5	\$ 72.6	\$ 48.9
Buildings	192.9	152.8	114.4
Equipment and fixtures	406.0	368.1	347.3
Leasehold improvements	108.4	102.5	114.9
	805.8	696.0	625.5
Accumulated depreciation	311.8	278.4	249.5
	\$494.0	\$417.6	\$376.0

6. LEASES

The Company and its subsidiaries have entered into long term leases for retail outlets, warehousing facilities, equipment and store fixtures.

(a) Leased Assets

Property under capital leases entered into after December 30, 1978 is as follows:

	1984	1983	1982
Buildings	\$58.5	\$56.7	\$50.7
Equipment and fixtures	43.3	42.3	55.4
Accumulated depreciation	101.8	99.0	106.1
	40.7	31.7	25.4
Lease Obligations	<u>\$61.1</u>	\$67.3	\$80.7

(b) Lease Obligations

Minimum lease commitments together with the present value of the obligations under capital leases entered into after December 30, 1978 are as follows:

	Capital Leases Entered into after December 30, 1978	Other Leases			
		Gross <u>Liability</u>	Expected Sub-Lease Income	Expected Net Liability	
For the year 1985 1986 1987 1988 1989 Thereafter to 2023 Total minimum lease payments	\$ 17.4 18.1 16.1 12.1 9.1 90.4 163.2	\$ 66.0 62.8 58.2 54.5 49.8 332.7 \$624.0	\$ 19.9 16.6 14.4 11.8 8.9 48.3 \$119.9	\$ 46.1 46.2 43.8 42.7 40.9 284.4 \$504.1	
Less amounts representing executory costs and interest at 13.2% Total obligations Less current portion Long term obligations	86.3 76.9 7.3 \$ 69.6	<u>\$024.0</u>	<u>\$119.9</u>	<u>\$304.1</u>	

(c) Retroactive application of capitalization of leases entered into before December 31, 1978 would have increased net earnings in 1984 by \$.8 (1983 - \$.4, 1982 - \$.3), and assets and obligations would have increased by \$66.6 (1983 - \$84.2, 1982 - \$107.7) and \$96.3 (1983 - \$108.0, 1982 - \$131.9) respectively.

7. LONG TERM DEBT Debentures	1984	1983	1982
12 1/2%, maturing 1990 12 1/4%, maturing 1994	\$ 35.0 35.0	\$ 35.0	\$
Sinking fund debentures 83/8%, maturing 1993	7.4	12.8	13.7
Term loans Bank's prime rate, revolving, maturing 1986 London Interbank offered rate	15.0	15.0	20.0
plus 3/8 - 3/4%, maturing 1992 (U.S. \$13.0) 12 1/2%, maturing 1986 (U.S. \$12.0) Repaid in 1984 and 1983	16.7 15.4	15.9 14.6 4.5	15.9 14.6 29.7
Mortgages at a weighted average interest rate of 10.8%, maturing 1985 - 2004 (including U.S. \$3.0)	22.2	18.5	21.2
Other long term debt at a weighted average interest rate of 8.7%, maturing 1985 - 2014 (including U.S. \$17.3)	27.6 174.3	<u>21.4</u> 137.7	18.2 133.3
Less payable within one year	3.1 \$171.2	8.2 \$129.5	9.8 \$123.5

Sinking fund requirements and debt maturities during the next five years are as follows: 1985 - \$3.1; 1986 - \$41.6; 1987 - \$2.8; 1988 - \$4.1; 1989 - \$2.5.

8. OTHER LIABILITIES	1984	1983	1982
Deferred employee compensation Provision for future obligations on closed	\$14.7	\$15.1	\$10.2
operations	8.2	3.4	4.2
Deferred real estate income	2.4	2.8	3.1
Provision for self insurance	3.8	5.0	2.9
Other	1.8	3.0	0.
	\$30.9	<u>\$29.3</u>	<u>.6</u> <u>\$21.0</u>

9. CAPITAL STOCK

4.54多万多位表现。2.56天主义	Number of shares issued			Paid-up-capital		
	1984	1983	1982	1984 (in m	1983 hillions of do	1982 ollars)
First preferred shares	ALL STATES		The last of the last			
First series	439,652	439,652	439,652	\$ 22.0	\$ 22.0	\$ 22.0
Second series	361,144	371,244		12.0	12.3	
	800,796	810,896	439,652			
Second preferred shares						
First series	300,000	300,000	300,000	30.0	30.0	30.0
Second series Second series	250,000	250,000	250,000	25.0	25.0	25.0
	550,000	550,000	550,000			
Junior preferred shares						
First series	16,400	16,400	18,800	1.6	1.6	1.9
Second series Second series	13,000	13,000	13,000	1.3	1.3	1.3
Third series	22,500	22,500	22,500	2.2	2.2	2.2
Fourth series	13,750	13,750		1.4	1.4	
	65,650	65,650	54,300			
Total preferred shares				95.5	95.8	82.4
Common shares	35,501,858	35,466,573	35,410,511	103.2	103.1	102.8
Total capital stock				\$198.7	\$198.9	\$185.2

Share Description:

First preferred shares (authorized - 1,000,000)

First series - \$2.40 cumulative dividend redeemable at \$50.

Second series - \$3.70 cumulative preferential dividend, with a priority on winding up of \$67, purchasable for cancellation at market but not exceeding \$70, redeemable at \$70. In each fiscal year the Company is obligated to apply \$400,000 to the purchase of these shares for cancellation, provided that such shares are available at a price not exceeding \$67. During 1984, the Company purchased 10,100 of these shares for cancellation at a cost of \$401,000. The premium of \$68,000 on these purchases has been deducted from contributed surplus.

Second preferred shares

First series - cumulative dividend with floating rate equal to one-half bank prime plus 3/4 to 7/8 of 1%, redeemable at \$100, retractable at the option of George Weston Limited in amounts of \$20,000,000 currently and \$10,000,000 on or after December 31, 1985.

Second series - cumulative dividend with floating rate equal to one-half of bank prime rate plus 1 1/4%, redeemable at \$100, retractable at the option of George Weston Limited on December 1, 1991.

Junior preferred shares

First series - \$9.00 cumulative dividend, redeemable after June 6, 1990 at \$100, convertible into the number of common shares obtained by dividing the number of preferred shares converted by .0475.

Second series - \$12.00 cumulative dividend, redeemable after October 7, 1991 at \$100, convertible into the number of common shares obtained by dividing the number of preferred shares converted by .06.

Third series - cumulative dividend with floating rate equal to 2/3 of average bank prime rate plus 3/4%, redeemable after August 6, 1992 at \$100, convertible into the number of common shares obtained by dividing the number of preferred shares converted by .075.

Fourth series - cumulative dividend with floating rate equal to 2/3 of average bank prime rate plus 3/4%, redeemable after May 16, 1993 at \$100, convertible into the number of common shares obtained by dividing the number of preferred shares converted by .1275.

In 1984 the Company issued 35,285 common shares for cash of \$173,884 on exercise of employee stock options. The following options, which have been granted at the market price on the day preceding the grant, are outstanding at December 29, 1984:

Number of employees	Number of common shares	Exercise price per share	Option expiry date	
13	115,300	\$ 4.75	June 6, 1990	
2	187,000	\$ 6.00	Oct. 7, 1991	
6	56,480	\$12.75	May 16, 1993	
	358,780			

The exercise of the conversion privileges and stock options would not materially dilute earnings per share.

10. PENSIONS

The present value of the unfunded past service pension liability, based on current actuarial valuations, is estimated to be \$57.1 at December 29, 1984 and is being amortized over varying periods not exceeding fifteen years. In addition, a subsidiary is a participant in union-sponsored multiemployer pension plans. The share of these plans' unfunded vested liabilities allocable to the subsidiary, for which it may be contingently liable, is not determinable by the plans' administrators.

11. OTHER INFORMATION

(a) Segmented information

The Company's only significant activity is food distribution. Geographically segmented information is as follows:

		Canada		United States		
	1984	1983	1982	1984	1983	1982
Operating income	\$103.8	\$ 97.1	\$ 80.0	\$ 33.9	\$ 31.3	\$ 34.7
Total assets	\$877.3	\$790.2	\$717.8	\$387.0	\$360.9	\$392.9

(b) Contingent liabilities

Endorsements and guarantees in the normal course of business amount to \$31.6. Gross rentals under leases assigned at the time of sale of United States divisions amount to \$101.9.

In addition to various claims arising in the normal course of business, there are certain class action lawsuits, involving substantial amounts, filed by former employees of a United States division sold in 1982. Although the outcome of these actions cannot be predicted with certainty, management believes that their outcome will not have a material effect on the Company's financial position.

(c) Losses carried forward

Accounting losses carried forward from prior years related to certain United States subsidiaries were substantially eliminated during the year through the recognition of extraordinary income tax benefits and a reduction due to the reassessment of the income of prior years of one of the subsidiaries.

(d) Related parties

The Company's majority shareholder, George Weston Limited and its subsidiaries are related parties. It is the Company's policy to conduct all significant transactions with related parties on normal trade terms.

CORPORATE STRUCTURE, DIRECTORS AND SENIOR MANAGEMENT

LOBLAW COMPANIES LIMITED

DIRECTORS

W. Galen Weston Chairman and President George Weston Limited

Richard J. Currie President, Loblaw Companies Limited

Charles M. Humphrys*
Management Consultant

Robert H, Kidd* Senior Vice President and Chief Financial Officer George Weston Limited

Roger A. Lindsay Executive Vice President Wittington Investments, Limited

Arthur H. Mingay* Chairman of the Board Canada Trustco

David A. Nichol Executive Vice President Loblaw Companies Limited

George B. Robertson, Q.C.* Partner, McInnes Cooper & Robertson Barristers and Solicitors

* member - Audit Committee

HONORARY CHAIRMAN George C. Metcalf

HONORARY DIRECTOR Richard G. Meech, Q.C.

SENIOR OFFICERS

W. Galen Weston Chairman of the Board

Richard J. Currie President

Raymond J. Addington Executive Vice President

David A. Nichol
Executive Vice President

David M. Williams Executive Vice President

Brian Y. Davidson Senior Vice President, Business Development

Harold A. Seitz Senior Vice President, Real Estate Development

Sheldon Douglass Vice President, Financial Services

Wayne E. East Vice President, Information Services

James H. Farrell Vice President, General Counsel and Secretary

Douglas N. Lunau Vice President, Procurement Services

John N. McCullough Vice President, Assistant General Counsel

John W. Thompson Vice President, Finance

OTHER CORPORATE OFFICERS

David K. Bragg Controller

Richard P. Mavrinac Tax Officer

Donald G. Reid Treasurer

Stewart E. Green Assistant Secretary

Dorothy M. Leamen Assistant Secretary

The average age and years of service of the Officers and operating Presidents are 47 and 14 years respectively.

Kelly, Douglas & Company, Limited Atlantic Wholesalers Ltd. Peter I. Schmitt Co., Inc. **Loblaw International** National Tea Co. **Central Canada Grocers** (Sackville, New Brunswick) Merchants (Buffalo, New York) (Rosemont, Illinois) Vancouver, British Columbia Albert F. Rose (Toronto, Ontario) Charles B. Barcelona Sheldon V. Durtsche (Toronto, Ontario) President Raymond | Addington David A. Nichol David M. Williams President President President President President **Zehrmart Limited** Westfair Foods Ltd. **National Grocers Loblaws Supermarkets Loblaw Associated** (Cambridge, Ontario) (Winnipeg, Manitoba) Co. Ltd. Limited Properties, Inc. Mervyn D. Booty Grant J. Heimpel (Toronto, Ontario) (Toronto, Ontario) (Toronto, Ontario) President President Neil M. Walker Stanley B. Swartzman David T. Stewart President President President

