Q2

2008
Second Quarter

Report to Shareholders
24 Weeks Ended June 14, 2008

Loblaw
COMPANIES LIMITED

LOBLAW COMPANIES LIMITED REPORTS SECOND QUARTER 2008 RESULTS

2008 Second Quarter Summary[1]

For the periods ended June 14, 2008 and June 16, 2007 (unaudited) ($ millions except where otherwise indicated)	**2008 (12 weeks)**	2007 (12 weeks)	Change	**2008 (24 weeks)**	2007 (24 weeks)	Change
Sales	**$ 7,037**	$ 6,933	1.5%	**$ 13,564**	$ 13,280	2.1%
Operating expenses	**6,774**	6,715	0.9%	**13,146**	12,928	1.7%
Operating income	**263**	218	20.6%	**418**	352	18.8%
Net earnings	**140**	119	17.6%	**202**	173	16.8%
Basic net earnings per common share ($)	**0.51**	0.43	18.6%	**0.74**	0.63	17.5%
Same-store sales increase (%)	**0.7%**	2.7%		**1.6%**	2.6%	
Operating margin	**3.7%**	3.1%		**3.1%**	2.7%	
EBITDA[2]	**$ 398**	$ 356	11.8%	**$ 689**	$ 626	10.1%
EBITDA margin[2]	**5.7%**	5.1%		**5.1%**	4.7%	
Free cash flow[2]	**$ 141**	$ 346	(59.2%)	**$ (352)**	$ (50)	(604.0%)

Sales in the second quarter of 2008 were $7,037 million compared to $6,933 million in the same period in 2007, an increase of 1.5%. Net earnings were $140 million, a 17.6% increase compared to $119 million in the same period last year. EBITDA[2] of $398 million represented a 11.8% increase over last year. Basic net earnings per common share were $0.51, compared to $0.43 in the second quarter last year.

The year-over-year change in the following items influenced the Company's operating income in the second quarter of 2008 compared to the same period in 2007:

- Charges related to restructuring costs in 2008 of $1 million compared to $73 million in 2007. The effect on basic net earnings per common share was nil (2007 − charge of $0.18).
- Income related to the net effect of stock-based compensation and the associated equity forwards of $10 million in 2008 compared to $11 million in 2007. The effect on basic net earnings per common share was an income of $0.03 (2007 − $0.04). The non-cash income on equity forwards resulted from an increase in the Company's share price during the second quarter of 2008.

Excluding the above items, operating income, EBITDA[2] and basic net earnings per common share in the second quarter of 2008 were lower compared to the second quarter of 2007.

Commenting on the Company's performance, Galen G. Weston, Loblaw Companies Limited Executive Chairman said: "As stated during our last quarter, we are behind in our plans for operating as an effective selling organization. This is reflected in our second quarter sales performance. However, we remain on track with our cost reduction efforts. We are also beginning to see positive results from our recently-announced five areas of immediate focus of our turnaround strategy. While we are satisfied with our margin performance, we are continuing our investments in foundational infrastructure, offer enhancement, and value for our customers."

Highlights of the Quarter

- As part of its overall turnaround strategy, the Company aggressively pursued five areas of immediate focus: Back-to-Best great food renewal in Ontario; western Canada refurbishment; local market merchandising; foundational infrastructure; and control label innovation. Progress is being made in all these areas.

- Same-store sales in the quarter increased by 0.7% over the second quarter of 2007. Sales and same-store sales growth in the second quarter of 2008 were negatively impacted by approximately 0.7% as a result of a shift of Easter sales into the first quarter of 2008. Total sales growth in food was positive and drugstore sales were particularly strong, while general merchandise sales

(1) To be read in conjunction with "Forward-Looking Statements" on page 3.
(2) See Non-GAAP Financial Measures on page 12.

declined compared to the second quarter of 2007. Gas bar sales were strong in the second quarter as a result of fuel price inflation and volume growth. Total sales increases in the second quarter of 2008 were achieved by positive growth in both customer and item counts. Modest internal retail food price deflation was experienced in the second quarter of 2008.

- For the second quarter of 2008, operating income of $263 million increased by $45 million, or 20.6%, compared to $218 million in the second quarter of 2007. Operating margin in the quarter was 3.7% compared to 3.1% in the same quarter last year. The increase in operating income was due mainly to lower restructuring costs in the second quarter of 2008 compared to the second quarter of 2007. Operating income was also negatively affected by the Company's continued investment in lower retail prices.

- Basic net earnings per common share were $0.51 for the second quarter of 2008, compared to $0.43 in the same quarter last year. EBITDA(1) for the quarter was $398 million, representing an increase of 11.8% compared to $356 million in the second quarter of 2007. EBITDA margin(1) increased to 5.7% from 5.1% in 2007.

- Free cash flow(1) for the second quarter of 2008 was $141 million compared to $346 million in the second quarter of 2007. The change was primarily due to a decrease in cash flows from working capital of $216 million, driven by changes in cash flows related to inventories, accounts receivable, and restructuring and other charges partially offset by an improvement in net earnings and a decrease in capital expenditures of $44 million compared to the second quarter of last year. On a year-to-date basis, free cash flow(1) was negative $352 million compared to negative $50 million in 2007. The year-to-date change is primarily due to a decrease in cash flows from working capital of $241 million, driven by changes in cash flows related to inventories, accounts receivable, and restructuring and other charges partially offset by an improvement in net earnings and a decrease in capital expenditures of $24 million.

- The Company diversified its sources of liquidity through the successful completion of a USD $300 million private placement of unsecured notes and public offering of $225 million of second preferred shares in the second quarter of 2008. Subsequent to the second quarter, the offering of preferred shares closed for net proceeds of $218 million.

For the balance of the year, the Company will direct its efforts towards building profitable sales momentum while continuing to improve value for customers. Focus on cost and operating efficiencies will continue as margins are expected to remain under pressure.

(1) See Non-GAAP Financial Measures on page 12.

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Forward-Looking Statements

This Quarterly Report for Loblaw Companies Limited and its subsidiaries (collectively, the "Company" or "Loblaw") including the 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. Words such as "anticipate", "expect", "believe", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions, as they relate to the Company and its management, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect the Company's current expectations concerning future results and events.

These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations. These risks and uncertainties include, but are not limited to: changes in economic conditions; changes in consumer spending and preferences; heightened competition, whether from new competitors or current competitors; changes in the Company's or its competitors' pricing strategies; failure of the Company's franchised stores to perform as expected; risks associated with the terms and conditions of financing programs offered to the Company's franchisees; failure to realize sales growth, anticipated cost savings or operating efficiencies from the Company's major initiatives, including investments in the Company's information technology systems, supply chain investments and other cost reduction and simplification initiatives; increased costs relating to utilities, including electricity, and fuel; the inability of the Company's information technology infrastructure to support the requirements of the Company's business; the inability of the Company to manage inventory to minimize the impact of obsolete or excess issues and to control shrink; failure to execute successfully and in a timely manner the Company's major initiatives, including the implementation of strategies and introduction of innovative products; unanticipated costs associated with the Company's strategic initiatives, including those related to compensation costs; the inability of the Company's supply chain to service the needs of the Company's stores; deterioration in the Company's relationship with its employees, particularly through periods of change in the Company's business; failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements; changes to the regulatory environment in which the Company operates; the adoption of new accounting standards and changes in the Company's use of accounting estimates including in relation to inventory valuation; fluctuations in the Company's earnings due to changes in the value of equity forward contracts relating to its common shares; changes in the Company's tax liabilities resulting from changes in tax laws or future assessments; detrimental reliance on the performance of third-party service providers; public health events; the inability of the Company to obtain external financing; the inability of the Company to attract and retain key executives; and supply and quality control issues with vendors. These and other risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Risks and Risk Management section of the MD&A included in the Company's 2007 Annual Report. 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.

In addition to these risks and uncertainties, the material assumptions used in making the forward looking statements contained herein and in particular in the 2008 Second Quarter Summary and the section entitled "Outlook" on page 11 of this Quarterly Report, include: there is no material change in economic conditions; patterns of consumer spending and preferences remain reasonably consistent with historical trends; there is no significant change in competitive conditions, whether related to new competitors or current competitors; there are no unexpected changes in the Company's or its competitors' current pricing strategies; the Company's franchised stores perform as expected; anticipated cost savings and operating efficiencies are achieved, including those from the Company's cost reduction and simplification initiatives; there is no unexpected adverse change in the Company's access to liquidity; and there are no significant regulatory, tax or accounting changes or other significant events occurring outside the ordinary course of business.

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. The Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Management's Discussion and Analysis

The following Management's Discussion and Analysis ("MD&A") for Loblaw Companies Limited and its subsidiaries (collectively, the "Company" or "Loblaw") should be read in conjunction with the Company's 2008 unaudited interim period consolidated financial statements and the accompanying notes on pages 18 to 32 of this Quarterly Report and the audited annual consolidated financial statements and the accompanying notes for the year ended December 29, 2007 and the related annual MD&A included in the Company's 2007 Annual Report. The Company's 2008 unaudited interim period consolidated financial statements and the accompanying notes have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and are reported in Canadian dollars. These interim period consolidated financial statements include the accounts of Loblaw Companies Limited and its subsidiaries and variable interest entities ("VIEs") that the Company is required to consolidate in accordance with Accounting Guideline 15, "Consolidation of Variable Interest Entities", ("AcG 15"). A glossary of terms used throughout this Quarterly Report can be found on page 85 of the Company's 2007 Annual Report. In addition, this Quarterly Report includes the following terms: "rolling year return on average total assets" which is defined as cumulative operating income for the latest four quarters divided by average total assets excluding cash and cash equivalents, short term investments, and security deposits; and "rolling year return on average shareholders' equity" which is defined as cumulative net earnings available to common shareholders for the latest four quarters divided by average total common shareholders' equity.

The information in this MD&A is current to July 25, 2008, unless otherwise noted.

Results of Operations

As part of its overall turnaround strategy, the Company aggressively pursued five recently announced areas of immediate focus: Back-to-Best great food renewal in Ontario; western Canada refurbishment; local market merchandising; foundational infrastructure; and control label innovation. The Company remains six to nine months behind in its plans for operating as an effective selling organization but remains on track with its cost reduction efforts.

Total sales increases in the second quarter of 2008 were achieved by positive growth in both customer and item counts. Same-store sales in the second quarter of 2008 increased by 0.7% compared to 2.7% for the same period last year. The shift of Easter sales into the first quarter of 2008 resulted in approximately 0.7% lower growth in the second quarter of 2008. Modest internal retail food price deflation was experienced in the second quarter of 2008.

Operating income of $263 million for the second quarter of 2008 increased by $45 million compared to the second quarter of 2007. The increase in operating income was mainly due to lower restructuring costs in the second quarter of 2008. Operating margin and EBITDA margin(1), excluding the impact of restructuring costs, declined in the second quarter of 2008, compared to the second quarter of 2007, as a result of the Company's continued investment in lower retail prices which was initiated in the third quarter of 2007.

The effective income tax rate in the second quarter of 2008 increased to 30.1% compared to 27.5% in the second quarter of 2007, primarily due to an increase in income tax accruals relating to certain income tax matters and a change in the proportions of taxable income earned across different tax jurisdictions, which were partially offset by lower Canadian federal and certain provincial statutory income tax rates relative to the second quarter of 2007.

Net earnings were $140 million in the second quarter of 2008, a 17.6% increase compared to $119 million in the same period last year. For the second quarter of 2008, basic net earnings per common share were $0.51 compared to $0.43 in 2007, an increase of 18.6%, primarily as a result of lower restructuring costs in the second quarter of 2008 compared to the second quarter of 2007.

Sales Sales for the second quarter increased by 1.5% to $7,037 million compared to $6,933 million in the second quarter of 2007. Total sales growth in food was positive and drugstore sales were particularly strong, while general merchandise sales declined compared to the second quarter of 2007. Same-store sales increased by 0.7% in the quarter during a period of modest internal retail food price deflation.

(1) See Non-GAAP Financial Measures on page 12.

The following factors explain the major components in the change in sales for the second quarter of 2008 compared to same period in 2007:

- same-store sales growth of 0.7%;
- a shift in Easter sales into the first quarter of 2008 resulted in lower sales and same-store sales growth of approximately 0.7% during the second quarter of 2008;
- the Company experienced positive volume growth based on retail units sold;
- strong gas bar sales resulting from both fuel price inflation and volume growth;
- the Company experienced modest internal retail food price deflation for the second quarter of 2008 although national food price inflation as measured by "The Consumer Price Index for Food Purchased from Stores" was 1.9% for the second quarter of 2008 compared to 4.0% in the same period of 2007; and
- during the second quarter of 2008, 6 new corporate and franchised stores were opened and 6 were closed, resulting in a net increase of 0.1 million square feet or 0.1%. During the latest four quarters, net retail square footage increased by 0.5 million square feet, or 0.9%, due to the opening of 30 new corporate and franchised stores, inclusive of stores that underwent conversions and major expansions, and the closure of 29 stores.

For the first two quarters of the year, sales increased by 2.1%, or $284 million, to $13,564 million year-to-date. The following factors in addition to the quarterly factors mentioned above further explained the change in year-to-date sales over the same period in the prior year:

- same-store sales growth of 1.6%; and
- an increase in net retail square footage during the latest four quarters as noted above. In the first two quarters, 12 new corporate and franchised stores were opened, including stores which underwent conversions and major expansions, and 11 stores closed, resulting in a net increase of 0.2 million square feet or 0.3% from year end 2007.

Operating Income Operating income of $263 million for the second quarter of 2008 compared to $218 million in the same period of 2007, an increase of 20.6%. Operating margin was 3.7% for the second quarter of 2008 compared to 3.1% in 2007. The increase in operating income was mainly due to lower restructuring costs in the second quarter of 2008 compared to the second quarter of 2007.

The year over year change in the following items influenced operating income for the second quarter of 2008 compared to the second quarter of 2007:

- charge of $1 million (2007 − $73 million) related to restructuring costs; and
- income of $10 million (2007 – $11 million) related to the net effect of stock-based compensation and the associated equity forwards. A non-cash income on equity forwards resulted from an increase in the Company's share price during the second quarter of 2008.

After factoring in the above items, operating margin and EBITDA margin(1) declined in the second quarter of 2008 as a result of the Company's continued targeted investments in lower retail prices to drive sales growth. The Company initiated significant pricing investments in the third quarter of 2007 and as a result, margins in the second quarter of 2008 were negatively impacted compared to the second quarter of 2007. The Company continues to focus on shrink and achieved improvements in shrink expense in the second quarter of 2008 compared to the second quarter of 2007. Sales increases in the quarter were insufficient to offset margin declines and cost increases.

The Company experienced higher store labour costs in the second quarter of 2008 as a result of increased wage rates compared to the second quarter of 2007. Labour productivity remained consistent in the second quarter of 2008 compared to the same period last year but has improved on a year-to-date basis.

A $14 million gain (2007 − nil) from the sale of financial investments by *President's Choice* Bank ("*PC* Bank"), a wholly owned subsidiary of the Company, was reported in operating income during the second quarter of 2008.

EBITDA(1) increased by $42 million, or 11.8%, to $398 million in the second quarter of 2008 compared to $356 million in the second quarter of 2007. EBITDA margin(1) increased in the second quarter of 2008 to 5.7% from 5.1% in the comparable period of 2007. The increase in EBITDA(1) and EBITDA margin(1) was mainly due to lower restructuring costs in the second quarter of 2008 compared to the second quarter of 2007.

(1) See Non-GAAP Financial Measures on page 12.

Year-to-date operating income for 2008 increased by $66 million, or 18.8%, to $418 million, and resulted in an operating margin of 3.1% as compared to 2.7% in the corresponding period in 2007. During the first two quarters of 2008, the Company recorded restructuring and other charges of $4 million (2007 − $162 million) of which $3 million (2007 − $145 million) related to Project Simplify, income of $1 million (2007 − charge of $16 million) related to the store operations restructuring, and a charge of $2 million (2007 − $1 million) related to the supply chain network. In addition, the Company recognized in operating income a year-to-date charge of $15 million (2007 − $1 million) for the net effect of stock-based compensation and the associated equity forwards and a $14 million gain (2007 − nil) from the sale of financial investments by *PC* Bank.

Year-to-date EBITDA[(1)] increased by $63 million, or 10.1%, to $689 million compared to $626 million in the corresponding period in 2007. EBITDA margin[(1)] increased to 5.1% year-to-date compared to 4.7% for the same period last year. The year-to-date increase in EBITDA[(1)] and EBITDA margin[(1)] was mainly due to lower restructuring costs in 2008 compared to the same period in 2007.

Interest Expense Interest expense for the second quarter of 2008 was $60 million compared to $58 million in the same period of 2007. The following items impacted interest expense:

- interest on long term debt of $65 million (2007 – $66 million);
- interest income on financial derivative instruments, which includes the effect of the Company's interest rate swaps, cross currency basis swaps and equity forwards, of $2 million (2007 – charge of $2 million);
- net short term interest expense of $3 million (2007 – income of $1 million);
- interest income on security deposits of $2 million (2007 – $4 million); and
- interest expense of $4 million (2007 – $5 million) was capitalized to fixed assets.

Interest expense year-to-date was $118 million compared to $117 million in 2007.

Income Taxes The effective income tax rate in the second quarter of 2008 increased to 30.1%, compared to 27.5% in the second quarter of 2007, and the year-to-date effective income tax rate increased to 32.3% in 2008 compared to 28.5% in 2007. The increases in effective income tax rates are primarily due to an increase in income tax accruals relating to certain income tax matters and a change in the proportions of taxable income earned across different tax jurisdictions, which were partially offset by lower Canadian federal and certain provincial statutory income tax rates relative to the second quarter of 2007.

Net Earnings Net earnings for the second quarter increased by $21 million, or 17.6%, to $140 million from $119 million in the second quarter of 2007 and increased by $29 million, or 16.8%, to $202 million year-to-date from $173 million in 2007. Basic net earnings per common share for the second quarter increased by $0.08, or 18.6%, to $0.51 from $0.43 in the second quarter of 2007 and increased by $0.11, or 17.5%, to $0.74 year-to-date compared to $0.63 for the same period last year.

Basic net earnings per common share were affected in the second quarter of 2008 compared to the second quarter of 2007 by the following:

- nil (2007 – charge of $0.18) per common share related to restructuring costs; and
- income of $0.03 (2007 – $0.04) per common share for the net effect of stock-based compensation and the associated equity forwards.

Financial Condition

Financial Ratios The Company's net debt[(1)] to equity ratio continued to be within the Company's internal guideline of less than 1:1. The net debt[(1)] to equity ratio was 0.73:1 at the end of the second quarter of 2008 compared to 0.73:1 at the end of the second quarter of 2007 and 0.67:1[(2)] at year end 2007. The increase in the net debt[(1)] to equity ratio at the end of the second quarter of 2008 when compared to year end 2007 was due to an increase in short term debt partially offset by a decrease in commercial paper. The interest coverage ratio was 3.3 times for the second quarter of 2008 compared to 2.8 times in 2007. For further details on net debt[(1)] to equity ratio and interest coverage ratio, see note 14 to the unaudited interim period consolidated financial statements.

(1) See Non-GAAP Financial Measures on page 12.

(2) See page 12 of the Company's 2007 Annual Report.

The rolling year return on average total assets[1] at the end of the second quarter of 2008 increased to 6.4%, compared to 0.4% for the comparable period in 2007, and to 5.8%[2] at year end 2007. The rolling year return on average shareholders' equity at the end of the second quarter of 2008 increased to 6.5%, compared to (6.6)% for the comparable period of 2007, and remained consistent with 6.0%[2] at year end 2007. The ratios in the second quarter of 2007 were negatively impacted by the decline in cumulative operating income for the latest four quarters including the negative impact of the $800 million non-cash goodwill impairment charge recorded in the fourth quarter of 2006.

Common Share Dividends Loblaw's Board of Directors declared a quarterly dividend equal to $0.21 per common share with a payment date of July 1, 2008.

Outstanding Share Capital The Company's outstanding share capital is comprised of common shares. An unlimited number of common shares is authorized and 274,173,564 common shares were outstanding at quarter end. Further information on the Company's outstanding share capital is provided in note 14 to the unaudited interim period consolidated financial statements.

Liquidity and Capital Resources

Cash Flows from (used in) Operating Activities Second quarter cash flows from operating activities were $285 million in 2008 compared to $534 million in the comparable period in 2007. On a year-to-date basis, cash flows used in operating activities were $37 million compared to cash flows from operating activities of $289 million in 2007. The decreases in cash flows from operating activities for the second quarter and year-to-date were mainly due to a decrease in operating income, excluding the impact of restructuring costs, and changes in cash flows used in non-cash working capital. The change in cash flows used in non-cash working capital was primarily driven by changes in inventories, accounts receivable, and accounts payable and accrued liabilities.

Cash Flows used in Investing Activities Second quarter cash flows used in investing activities were $372 million compared to $50 million in 2007. On a year-to-date basis, cash flows used in investing activities were $271 million compared to $194 million in 2007. The second quarter and year-to-date changes were primarily due to increases in cash flows used in short term investments partially offset by a decrease in capital expenditures and a change in cash flows used in credit card receivables, after securitization. Capital investment for the second quarter amounted to $87 million (2007 – $131 million) and $200 million (2007 − $224 million) year-to-date.

During the second quarter of 2008, nil (2007 – $85 million) of credit card receivables were securitized and nil (2007 − $125 million) year-to-date by *PC* Bank through the sale of a portion of the total interest in these receivables to an independent trust. The securitization yielded a nominal net loss in 2007 based on the assumptions disclosed in note 10 of the consolidated financial statements for the year ended December 29, 2007 included in the Company's 2007 Annual Report. The independent trusts' recourse to *PC* Bank's assets is limited to *PC* Bank's retained interests and is further supported by the Company through a standby letter of credit for $89 million (2007 – $80 million) on a portion of the securitized amount.

Cash Flows (used in) from Financing Activities Second quarter cash flows used in financing activities were $139 million in 2008 compared to $323 million in 2007. During the second quarter of 2008, the change in cash flows used in commercial paper was $266 million as a result of a reduction in commercial paper levels, the change in cash flows used to retire long-term debt was $389 million, the change in cash flows from the issuance of new long-term debt was $280 million, and the change in cash flows from short term debt was $70 million as a result of an increase in short term debt as described below. On a year-to-date basis, cash flows from financing activities were $207 million compared to cash flows used in financing activities of $180 million in 2007. On a year-to-date basis, the change in cash flows used in commercial paper was $253 million, and the change in cash flows used to retire long-term debt was $391 million, the change in cash flows from the issuance of new long-term debt was $278 million, and the change in cash flows from short term debt was $798 million.

In the first quarter of 2008, the Company entered into an $800 million, 5-year committed credit facility, provided by a syndicate of banks, which contains certain financial covenants. This facility is the primary source of the Company's short term funding requirements and permits borrowings having up to a 180-day term that accrue interest based on short term floating interest rates. This facility replaced a $500 million, 364-day committed credit facility which had no financial covenants and permitted borrowings having up to a 180-day term that accrued interest based on short term floating interest rates. As at June 14, 2008, $798 million was drawn on the new 5-year committed credit facility.

(1) See Non-GAAP Financial Measures on page 12.

During the second quarter of 2008, the Company issued USD $300 million of fixed-rate unsecured notes in a private placement debt financing which contains certain financial covenants. The notes were issued in two equal tranches of USD $150 million with 5 and 7 year maturities at interest rates of 6.48% and 6.86%, respectively. The Company entered into two fixed cross currency swaps to manage the foreign exchange and US interest rate risk. These cross currency swaps were designated as cash flow hedges as presented in note 13 to the unaudited interim period consolidated financial statements. The net proceeds from the issue of the notes were used to repay maturing debt obligations, including a portion of the $390 million of 6.00% Medium Term Notes ("MTN") which matured in June 2008.

During the second quarter of 2008, the Company filed a Short Form Base Shelf Prospectus allowing for the issue of up to $1 billion of unsecured debentures and/or preferred shares. During the second quarter, the Company offered by way of prospectus supplement under the 2008 Short Form Base Shelf Prospectus, a Canadian public offering of 9 million cumulative redeemable convertible Second Preferred Shares, Series A, at a price of $25.00 per share, to yield 5.95% per annum, for an aggregate gross amount of $225 million. Subsequent to the second quarter, the offering closed and the net proceeds of $218 million were added to the general funds of the Company. The preferred shares have been listed and posted to trade on the Toronto Stock Exchange ("TSX") under the symbol "L.PR.A". Dominion Bond Rating Service ("DBRS") assigned a rating of Pfd-3 with a Negative trend and Standard & Poor's ("S&P") assigned a rating of P-3 (high) to the Company's preferred shares. The Company has traditionally obtained its long term financing primarily through a MTN program. The Company may refinance maturing long term debt, including $125 million of 5.75% MTN maturing in 2009, with MTN if market conditions are appropriate or it may consider other alternatives.

During the first two quarters of 2008, the Company's MTN, other notes and debentures ratings and commercial paper ratings were downgraded twice by DBRS and once by S&P. The following table sets out the current credit ratings of the Company.

	Dominion Bond Rating Service		Standard & Poor's	
Credit Ratings (Canadian Standards)	Credit Rating	Trend	Credit Rating	Outlook
Commercial paper	R-2 (middle)	Negative	A-2	Negative
Medium term notes	BBB	Negative	BBB	Negative
Preferred shares	Pfd-3	Negative	P-3 (high)	
Other notes and debentures	BBB	Negative	BBB	Negative

The rating organizations listed above base their credit ratings on quantitative and qualitative considerations. These credit ratings are forward-looking and intended to give an indication of the risk that the Company will not fulfill its obligations in a timely manner.

As a result of the DBRS downgrade of the short term credit rating, the Company has limited access to commercial paper. However, during the second quarter of 2008, the Company secured short term funding from other sources, primarily the $800 million, 5-year committed credit facility.

The Company's ability to obtain funding from external sources may be restricted by further downgrades in the Company's credit ratings and should the Company's financial performance and condition deteriorate. In addition, credit and capital markets are subject to inherent global risks that may negatively affect the Company's access and ability to fund its short term and long term debt requirements. The Company mitigates these risks by maintaining appropriate levels of cash and cash equivalents, short term investments and security deposits, actively monitoring market conditions and diversifying its sources of funding and maturity profile. The Company also employs risk management strategies including forward-looking liquidity contingency plans.

Loblaw renewed its Normal Course Issuer Bid during the second quarter of 2008 to purchase on the TSX, or enter into equity derivatives to purchase, up to 13,708,678 of the Company's common shares, representing 5% of the common shares outstanding. In accordance with the requirements of the Toronto Stock Exchange, Loblaw may purchase its shares at the then market prices of such shares. The Company did not purchase any shares under its Normal Course Issuer Bids during the first two quarters of 2008 or in 2007.

Free Cash Flow(1) Free cash flow(1) for the second quarter of 2008 was $141 million compared to $346 million in the second quarter of 2007. The change was primarily due to a decrease in cash flows from working capital of $216 million, driven by changes in cash flows related to inventories, accounts receivable, and restructuring and other charges partially offset by an improvement in net earnings and a decrease in capital expenditures of $44 million compared to the second quarter of last year. On a year-to-date basis, free cash flow(1) was

(1) See Non-GAAP Financial Measures on page 12.

negative $352 million compared to negative $50 million in 2007. The year-to-date change is primarily due to a decrease in cash flows from working capital of $241 million, driven by changes in cash flows related to inventories, accounts receivable, and restructuring and other charges partially offset by an improvement in net earnings and a decrease in capital expenditures of $24 million.

Independent Funding Trusts

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

During the first quarter of 2008, the Company was notified that an Event of Termination of the independent funding trust agreement for the Company's franchisees had occurred as a result of the credit rating downgrade by DBRS of the Company's long term credit rating to "BBB (high)" from "A (low)". As a result of the Event of Termination, during the second quarter of 2008, the Company finalized an alternative financing arrangement for the independent funding trust in the form of a $475 million, 364-day revolving committed credit facility provided by a syndicate of banks.

The gross principal amount of loans issued to the Company's independent franchisees outstanding at the end of the second quarter of 2008 was $383 million (2007 – $417 million) including $159 million (2007 – $154 million) of loans payable by VIEs consolidated by the Company. Based on a formula, the Company has agreed to provide credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trust equal to approximately 15% (2007 − 10%) of the principal amount of the loans outstanding at any point in time, $66 million (2007 – $44 million) as of the end of the second quarter of 2008. The standby letter of credit has not been drawn upon. This credit enhancement allows the independent funding trust to provide favourable financing terms to the Company's independent franchisees. As well, each independent franchisee provides security to the independent funding trust for its obligations by way of a general security agreement. In the event that an independent franchisee defaults on its loan and the Company has not, within a specified time period, assumed the loan, or the default is not otherwise remedied, the independent funding trust would assign the loan to the Company and draw upon this standby letter of credit. The Company has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit. This new alternative financing will result in a higher financing cost to the franchisees, which in turn could adversely affect operating results. The new financing structure has been reviewed and the Company determined there were no material implications with respect to the consolidation of VIEs.

Quarterly Results of Operations

The following is a summary of selected consolidated financial information derived from the Company's unaudited interim period consolidated financial statements for each of the eight most recently completed quarters. This information was prepared in accordance with Canadian GAAP and is reported in Canadian dollars. Each of the quarters presented is 12 weeks in duration except for the third quarter, which is 16 weeks in duration.

Summary of Quarterly Results
(unaudited)

	Second Quarter		First Quarter		Fourth Quarter		Third Quarter	
($ millions except where otherwise indicated)	**2008**	2007	2008	2007	2007	2006	2007	2006
Sales	**$ 7,037**	$ 6,933	$ 6,527	$ 6,347	$ 6,967	$ 6,784	$ 9,137	$ 9,010
Net earnings (loss)	**$ 140**	$ 119	$ 62	$ 54	$ 40	$ (756)	$ 117	$ 203
Net earnings (loss) per common share								
Basic ($)	**$ 0.51**	$ 0.43	$ 0.23	$ 0.20	$ 0.14	$ (2.76)	$ 0.43	$ 0.74
Diluted ($)	**$ 0.51**	$ 0.43	$ 0.23	$ 0.20	$ 0.14	$ (2.76)	$ 0.43	$ 0.74

Sales continued to grow in the second quarter of 2008 compared to the second quarter of 2007. Same-store sales growth during the second quarter of 2008 increased 0.7%. Sales and same-store sales growth in the second quarter of 2008 were negatively impacted by the timing of Easter, which occurred two weeks earlier in 2008, resulting in a shift in holiday sales into the first quarter of 2008 compared to the second quarter of 2007. The negative impact of sales growth for the second quarter of 2008 from the shift in Easter sales is estimated to be approximately 0.7%. Sales increased in each quarter compared to the prior year due to increases in same-store sales.

Fluctuations in quarterly net earnings reflect the impact of a number of specific charges including restructuring and other charges, the net effect of stock-based compensation and the associated equity forwards, an inventory liquidation charge of $68 million in the fourth quarter of 2006, and a non-cash goodwill impairment charge of $800 million in the fourth quarter of 2006. Earnings were pressured from investments in lower retail pricing, particularly in the first and second quarters of 2008 and the third and fourth quarters of 2007.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian GAAP.

There has been no change in the Company’s internal control over financial reporting that occurred during the twelve weeks ended June 14, 2008 that has materially affected, or is reasonably likely to materially affect, the Company’s internal control over financial reporting.

Legal Proceedings

During the first quarter of 2007, the Company was one of 17 defendants served with an action brought in the Superior Court of Ontario by certain beneficiaries of a multi-employer pension plan in which the Company’s employees and those of its independent franchisees participate. In their claim against the employers and the trustees of the multi-employer pension plan, the plaintiffs claim that assets of the multi-employer pension plan have been mismanaged and are seeking, among other demands, damages of $1 billion. The action is framed as a representative action on behalf of all the beneficiaries of the multi-employer pension plan. In the second quarter of 2008, the Company received confirmation that the action against the Company has been dismissed, but the action against the trustees is ongoing. One of the trustees, an officer of the Company, may be entitled to indemnification from the Company.

In addition to the claim described above, 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 is uncertain. However, based on information currently available, these claims, individually and in the aggregate, are not expected to have a material impact on the Company.

Accounting Standards Implemented in 2008

Capital Disclosures and Financial Instruments – Disclosure and Presentation In December 2006, the Canadian Institute of Chartered Accountants (“CICA”) issued three new accounting standards: Section 1535, “Capital Disclosures” (“Section 1535”), Section 3862, “Financial Instruments − Disclosures” (“Section 3862”) and Section 3863, “Financial Instruments − Presentation” (“Section 3863”).

Section 1535 establishes guidelines for the disclosure of information regarding a company’s capital and how it is managed. Enhanced disclosures with respect to the entity’s objectives, policies and processes for managing capital and quantitative disclosure about what the entity regards as capital are required. For new disclosures refer to note 14 to the unaudited interim period consolidated financial statements. The adoption of Section 1535 did not have an impact on the Company’s results of operations or financial condition.

Section 3862 and Section 3863 replaced Section 3861, “Financial Instruments – Disclosure and Presentation”. Section 3862 requires increased disclosures regarding the risks associated with financial instruments and how these risks are managed. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivative instruments and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. For new disclosures refer to notes 16 and 18 to the unaudited interim period consolidated financial statements. Comparative information about the nature and extent of risks arising from financial instruments is not required in the year Section 3862 is adopted. The adoption of Section 3862 and Section 3863 did not have an impact on the Company’s results of operations or financial condition.

Inventories During the first quarter of 2008, the Company also implemented Section 3031, "Inventories" ("Section 3031"), which replaced Section 3030 of the same title. Section 3031 provides guidance with respect to the determination of cost and requires inventories to be measured at the lower of cost and net realizable value. Costs such as storage costs and administrative overhead that do not contribute to bringing inventories to their present location and condition are specifically excluded from the cost of inventories and expensed in the period incurred. Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories is now required. The cost of the inventories should be based on a first-in, first-out or a weighted average cost formula. Techniques used for the measurement of cost of inventories, such as the retail method may be used if the results approximate cost. The new standard also requires additional disclosures including the accounting policies used in measuring inventories, the carrying amount of the inventories, amounts recognized as an expense during the period, write-downs and the amount of any reversal of any write-downs recognized as a reduction in expenses.

Upon implementation of Section 3031, a decrease in opening inventories of $65 million, an increase in current income taxes receivable of $24 million and a decrease of $41 million to opening retained earnings were recorded on the consolidated balance sheet resulting from the application of a consistent cost formula for all inventories having a similar nature and use to the Company. For further details of the specific accounting changes and related impacts, see notes 2 and 10 to the unaudited interim period consolidated financial statements.

Future Accounting Standards

Goodwill and Intangible Assets In November 2007, the CICA issued amendments to Section 1000 "Financial Statement Concepts", and AcG 11 "Enterprises in the Development Stage", issued a new Handbook Section 3064 "Goodwill and Intangible Assets" ("Section 3064"), to replace Section 3062 "Goodwill and Other Intangible Assets", withdrew Section 3450 "Research and Development Costs" and amended EIC 27 "Revenues and Expenditures During the Pre-operating Period" to not apply to entities that have adopted Section 3064. These amendments provide guidance for the recognition of internally developed intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The amendments are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008 and therefore the Company will implement them in the first quarter of 2009, retroactively with restatement of the comparative periods for the current and prior year. The impact of implementing these amendments on the Company's financial statements is currently being assessed.

International Financial Reporting Standards ("IFRS") The Canadian Accounting Standards Board will require all public companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS. The Company expects the transition to IFRS to impact financial reporting, business processes and information systems. The Company has completed a diagnostic impact assessment and has substantially completed planning activities for the initial assessment phase of the implementation project. The Company will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Outlook(1)

For the balance of the year, the Company will direct its efforts towards building profitable sales momentum while continuing to improve value for customers. Focus on cost and operating efficiencies will continue as margins are expected to remain under pressure.

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

Additional Information

Additional information about the Company has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator of the Company's subsidiary, *President's Choice* Bank.

Non-GAAP Financial Measures

The Company reports its financial results in accordance with Canadian GAAP. It has historically also included in its Quarterly and Annual Reports certain non-GAAP financial measures and ratios. Over the past year, the Company has reviewed its practices with respect to the disclosure of non-GAAP financial measures. The Company considered the separate presentation of non-GAAP financial measures taking into account the discussion in the MD&A of the results of operations and the impact of specific events on these results of operations, the disclosure practices of its industry peers and best practices.

Based on this review, the Company decided that effective the first quarter of 2008 it would discontinue its use of the following non-GAAP financial measures: sales and sales growth excluding the impact of tobacco sales and VIEs, adjusted operating income and adjusted operating margin, adjusted EBITDA and adjusted EBITDA margin and adjusted basic net earnings per common share. The Company will continue to discuss the impact of individual specific items that are important in understanding the ongoing operations including those that relate to sales, operating income and basic earnings per common share.

The Company will continue to use the following non-GAAP financial measures: EBITDA and EBITDA margin, net debt, return on average total assets and free cash flow. The Company believes these non-GAAP financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by Canadian GAAP and, therefore, may not be comparable to similarly titled measures presented by other publicly traded companies, nor should they be construed as an alternative to other financial measures determined in accordance with Canadian GAAP.

EBITDA and EBITDA Margin The following table reconciles earnings before minority interest, income taxes, interest expense, depreciation and amortization ("EBITDA") to operating income which is reconciled to Canadian GAAP net earnings measures reported in the unaudited interim period consolidated statements of earnings, in the table below, for the twelve and twenty-four week periods ended June 14, 2008 and June 16, 2007. EBITDA is useful to management in assessing the Company's performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

EBITDA margin is calculated as EBITDA divided by sales.

($ millions)	**2008 (12 weeks)**	2007 (12 weeks)	**2008 (24 weeks)**	2007 (24 weeks)
Net earnings	**$ 140**	$ 119	**$ 202**	$ 173
Add (deduct) impact of the following:				
Minority interest	**2**	(3)	**1**	(5)
Income taxes	**61**	44	**97**	67
Interest expense	**60**	58	**118**	117
Operating income	**263**	218	**418**	352
Add impact of the following:				
Depreciation and amortization	**135**	138	**271**	274
EBITDA	**$ 398**	$ 356	**$ 689**	$ 626

Net Debt The following table reconciles net debt used in the net debt to equity ratio to Canadian GAAP measures reported in the unaudited interim period consolidated balance sheets as at June 14, 2008 and June 16, 2007. The Company calculates net debt as the sum of long term debt and short term debt less cash and cash equivalents, short term investments and security deposits which are included in other assets and believes this measure is useful in assessing the amount of leverage employed.

($ millions)	**2008**	2007
Bank indebtedness	**$ 55**	$ 98
Commercial paper	**–**	482
Short term debt	**798**	–
Long term debt due within one year	**165**	434
Long term debt	**4,033**	3,860
Less: Cash and cash equivalents	**345**	441
Short term investments	**296**	111
Security deposits included in other assets	**352**	329
Net debt	**$ 4,058**	$ 3,993

Free Cash Flow The following table reconciles free cash flow to Canadian GAAP cash flows used in operating activities reported in the unaudited interim period consolidated cash flow statements for the twelve and twenty-four week periods ended June 14, 2008 and June 16, 2007. The Company calculates free cash flow as cash flows from operating activities less fixed asset purchases and dividends. The Company believes free cash flow is a useful measure of the change in the Company's cash available for additional funding requirements.

($ millions)	**2008 (12 weeks)**	2007 (12 weeks)	**2008 (24 weeks)**	2007 (24 weeks)
Cash flows from (used) in operating activities	**$ 285**	$ 534	**$ (37)**	$ 289
Less: Fixed asset purchases	**87**	131	**200**	224
Dividends	**57**	57	**115**	115
Free cash flow	**$ 141**	$ 346	**$ (352)**	$ (50)

Total Assets The following table reconciles total assets used in the return on average total assets to Canadian GAAP total assets reported in the unaudited interim period consolidated balance sheets as at June 14, 2008 and June 16, 2007. The Company believes the return on average total assets ratio is useful in assessing the performance of its operating assets and therefore excludes cash and cash equivalents, short term investments and security deposits which are included in other assets from the total assets used in the ratio. Rolling year return on average total assets is calculated as cumulative operating income for the latest four quarters divided by average total assets excluding cash and cash equivalents, short term investments and security deposits which are included in other assets.

($ millions)	**2008**	2007
Total assets	**$ 13,641**	$ 13,256
Less: Cash and cash equivalents	**345**	441
Short term investments	**296**	111
Security deposits included in other assets	**352**	329
Total assets	**$ 12,648**	$ 12,375

Consolidated Statements of Earnings

(unaudited)

For the periods ended June 14, 2008 and June 16, 2007 ($ millions except where otherwise indicated)	2008 (12 weeks)	2007 (12 weeks)	2008 (24 weeks)	2007 (24 weeks)
Sales	**$ 7,037**	$ 6,933	**$ 13,564**	$ 13,280
Operating Expenses				
Cost of sales, selling and administrative expenses	**6,638**	6,504	**12,871**	12,492
Depreciation and amortization	**135**	138	**271**	274
Restructuring charges (note 3)	**1**	73	**4**	162
	6,774	6,715	**13,146**	12,928
Operating Income	**263**	218	**418**	352
Interest Expense (note 4)	**60**	58	**118**	117
Earnings before Income Taxes and Minority Interest	**203**	160	**300**	235
Income Taxes (note 5)	**61**	44	**97**	67
Net Earnings before Minority Interest	**142**	116	**203**	168
Minority Interest	**2**	(3)	**1**	(5)
Net Earnings	**$ 140**	$ 119	**$ 202**	$ 173
Net Earnings Per Common Share ($) (note 6)				
Basic and Diluted	**$ 0.51**	$ 0.43	**$ 0.74**	$ 0.63

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

Consolidated Statements of Changes in Shareholders' Equity
(unaudited)

For the periods ended June 14, 2008 and June 16, 2007 ($ millions except where otherwise indicated)	2008 (24 weeks)	2007 (24 weeks)
Common Share Capital, Beginning and End of Period	**$ 1,196**	$ 1,196
Retained Earnings, Beginning of Period	**$ 4,330**	$ 4,245
Cumulative impact of implementing new accounting standards (note 2)	**(41)**	(15)
Net earnings	**202**	173
Dividends declared per common share – 42¢ (2007 – 42¢)	**(115)**	(115)
Retained Earnings, End of Period	**$ 4,376**	$ 4,288
Accumulated Other Comprehensive Income, Beginning of Period	**$ 19**	$ –
Cumulative impact of implementing new accounting standards (note 2)	**–**	16
Other comprehensive loss	**(12)**	(4)
Accumulated Other Comprehensive Income, End of Period (note 15)	**$ 7**	$ 12
Total Shareholders' Equity	**$ 5,579**	$ 5,496

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

Consolidated Statements of Comprehensive Income
(unaudited)

For the periods ended June 14, 2008 and June 16, 2007 ($ millions)	2008 (12 weeks)	2007 (12 weeks)	2008 (24 weeks)	2007 (24 weeks)
Net earnings	**$ 140**	$ 119	**$ 202**	$ 173
Other comprehensive income, net of income taxes				
Net unrealized gain (loss) on available-for-sale financial assets	**13**	(26)	**22**	(29)
Reclassification of (gain) loss on available-for-sale financial assets to net earnings	**(13)**	(2)	**(1)**	(13)
	–	(28)	**21**	(42)
Net (loss) gain on derivatives designated as cash flow hedges	**(6)**	21	**(15)**	25
Reclassification of (gain) loss on derivatives designated as cash flow hedges to net earnings	**(5)**	2	**(18)**	13
	(11)	23	**(33)**	38
Other comprehensive loss	**(11)**	(5)	**(12)**	(4)
Total Comprehensive Income	**$ 129**	$ 114	**$ 190**	$ 169

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

Consolidated Balance Sheets

($ millions)	As at June 14, 2008 (unaudited)	As at June 16, 2007 (unaudited)	As at December 29, 2007 (audited)
Assets			
Current Assets			
Cash and cash equivalents (notes 7 and 20)	**$ 345**	$ 441	$ 430
Short term investments (note 20)	**296**	111	225
Accounts receivable (notes 8 and 9)	**891**	623	885
Inventories (notes 2 and 10)	**2,019**	1,866	2,032
Income taxes	**135**	97	111
Future income taxes	**50**	107	56
Prepaid expenses and other assets	**58**	69	32
Total Current Assets	**3,794**	3,314	3,771
Fixed Assets	**7,898**	8,051	7,953
Goodwill	**807**	805	806
Other Assets (note 20)	**1,142**	1,086	1,144
Total Assets	**$ 13,641**	$ 13,256	$ 13,674
Liabilities			
Current Liabilities			
Bank indebtedness	**$ 55**	$ 98	$ 3
Commercial paper	**–**	482	418
Short term debt (note 12)	**798**	–	–
Accounts payable and accrued liabilities	**2,360**	2,296	2,769
Long term debt due within one year (note 13)	**165**	434	432
Total Current Liabilities	**3,378**	3,310	3,622
Long Term Debt (note 13)	**4,033**	3,860	3,852
Future Income Taxes	**164**	226	180
Other Liabilities	**471**	356	459
Minority Interest	**16**	8	16
Total Liabilities	**8,062**	7,760	8,129
Shareholders' Equity			
Common Share Capital (note 14)	**1,196**	1,196	1,196
Retained Earnings	**4,376**	4,288	4,330
Accumulated Other Comprehensive Income (note 15)	**7**	12	19
Total Shareholders' Equity	**5,579**	5,496	5,545
Total Liabilities and Shareholders' Equity	**$ 13,641**	$ 13,256	$ 13,674

Contingencies, commitments and guarantees (note 19).

Subsequent event (note 21).

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

Consolidated Cash Flow Statements

(unaudited)

For the periods ended June 14, 2008 and June 16, 2007 ($ millions)	2008 (12 weeks)	2007 (12 weeks)	2008 (24 weeks)	2007 (24 weeks)
Operating Activities				
Net earnings before minority interest	**$ 142**	$ 116	**$ 203**	$ 168
Depreciation and amortization	**135**	138	**271**	274
Restructuring charges (note 3)	**1**	73	**4**	162
Future income taxes	**1**	(6)	**(8)**	(25)
Change in non-cash working capital	**(11)**	205	**(571)**	(330)
Other	**17**	8	**64**	40
Cash Flows from (used in) Operating Activities	**285**	534	**(37)**	289
Investing Activities				
Fixed asset purchases	**(87)**	(131)	**(200)**	(224)
Short term investments	**(250)**	153	**(61)**	(13)
Proceeds from fixed asset sales	**3**	12	**13**	19
Credit card receivables, after securitization (note 8)	**(42)**	(52)	**32**	92
Franchise investments and other receivables	**(1)**	9	**(19)**	3
Other	**5**	(41)	**(36)**	(71)
Cash Flows used in Investing Activities	**(372)**	(50)	**(271)**	(194)
Financing Activities				
Bank indebtedness	**(42)**	1	**52**	97
Commercial paper	**(8)**	(274)	**(418)**	(165)
Short term debt (note 12)	**70**	–	**798**	–
Long term debt (note 13)				
Issued	**296**	16	**301**	23
Retired	**(398)**	(9)	**(411)**	(20)
Dividends	**(57)**	(57)	**(115)**	(115)
Cash Flows (used in) from Financing Activities	**(139)**	(323)	**207**	(180)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**(3)**	(42)	**16**	(42)
Change in Cash and Cash Equivalents	**(229)**	119	**(85)**	(127)
Cash and Cash Equivalents, Beginning of Period	**574**	322	**430**	568
Cash and Cash Equivalents, End of Period	**$ 345**	$ 441	**$ 345**	$ 441

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

Notes to the Unaudited Interim Period Consolidated Financial Statements

($ millions except where otherwise indicated)

Note 1. Summary of Significant Accounting Principles

Basis of Presentation The unaudited interim period consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of application as those used in the preparation of the audited annual consolidated financial statements for the year ended December 29, 2007 ("Annual Report") except as described in note 2. Under Canadian GAAP, additional disclosure is required in annual financial statements and accordingly the unaudited interim period consolidated financial statements should be read together with the audited annual consolidated financial statements and the accompanying notes included in the Loblaw Companies Limited 2007 Annual Report.

Basis of Consolidation The consolidated financial statements include the accounts of Loblaw Companies Limited and its subsidiaries, collectively referred to as the "Company" or "Loblaw". The Company's interest in the voting share capital of its subsidiaries is 100%.

The Company also consolidates variable interest entities ("VIEs") pursuant to Canadian Institute of Chartered Accountants ("CICA") Accounting Guideline 15, "Consolidation of Variable Interest Entities" ("AcG 15"), that are subject to control by Loblaw on a basis other than through ownership of a majority of voting interest. AcG 15 defines a variable interest entity as an entity that either does not have sufficient equity at risk to finance its activities without subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest. AcG 15 requires the primary beneficiary to consolidate VIEs and considers an entity to be the primary beneficiary of a VIE if it holds variable interests that expose it to a majority of the VIE's expected losses or that entitle it to receive a majority of the VIE's expected residual returns or both.

Use of Estimates and Assumptions The preparation of the unaudited interim period consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts and disclosures made in the unaudited interim period consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's historical experience, best knowledge of current events and conditions and activities that may be undertaken in the future. Actual results could differ from these estimates.

Certain estimates, such as those related to valuation of inventories, goodwill, income taxes, Goods and Services Tax and provincial sales taxes, fixed assets and employee future benefits, depend upon subjective or complex judgments about matters that may be uncertain, and changes in those estimates could materially impact the consolidated financial statements.

Future Accounting Standards

Goodwill and Intangible Assets In November 2007, the CICA issued amendments to Section 1000 "Financial Statement Concepts", and AcG 11 "Enterprises in the Development Stage", issued a new Handbook Section 3064 "Goodwill and Intangible Assets" ("Section 3064") to replace Section 3062 "Goodwill and Other Intangible Assets", withdrew Section 3450 "Research and Development Costs" and amended Emerging Issues Committee Abstract 27 "Revenues and Expenditures During the Pre-operating Period" to not apply to entities that have adopted Section 3064. These amendments provide guidance for the recognition of internally developed intangible assets, including assets developed from research and development activities, ensuring consistent treatment of all intangible assets, whether separately acquired or internally developed. The amendments are effective for annual and interim financial statements relating to fiscal years beginning on or after October 1, 2008 and therefore the Company will implement them in the first quarter of 2009, retroactively with restatement of the comparative periods for the current and prior year. The impact of implementing these amendments on the Company's financial statements is currently being assessed.

International Financial Reporting Standards ("IFRS") The Canadian Accounting Standards Board will require all public companies to adopt IFRS for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Companies will be required to provide IFRS comparative information for the previous fiscal year. The transition from Canadian GAAP to IFRS will be applicable for the Company for the first quarter of 2011 when the Company will prepare both the current and comparative financial information using IFRS. The Company expects the transition to IFRS to impact financial reporting, business processes and information systems. The Company has completed a diagnostic impact assessment and has substantially completed planning activities for the initial assessment phase of the implementation project. The Company will continue to invest in training and resources throughout the transition period to facilitate a timely conversion.

Note 2. Implementation of New Accounting Standards

Accounting Standards Implemented in 2008

Capital Disclosures and Financial Instruments – Disclosure and Presentation In December 2006, the CICA issued three new accounting standards: Section 1535 “Capital Disclosures” (“Section 1535”), Section 3862 “Financial Instruments − Disclosures” (“Section 3862”) and Section 3863 “Financial Instruments − Presentation” (“Section 3863”).

Section 1535 establishes guidelines for the disclosure of information regarding a company’s capital and how it is managed. The standard requires enhanced disclosures with respect to (i) an entity’s objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; and (iii) whether the entity has complied with any external capital requirements, and if it has not complied, the consequences of such non-compliance. For new disclosures refer to note 14. The adoption of Section 1535 did not have an impact on the Company’s financial results or position.

Section 3862 and Section 3863 replaced Section 3861, “Financial Instruments – Disclosure and Presentation”. Section 3862 requires increased disclosures regarding the risks associated with financial instruments such as credit risk, liquidity risk and market risks and the techniques used to identify, monitor and manage these risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides additional guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity. For new disclosures refer to notes 16 and 18. Comparative information about the nature and extent of risks arising from financial instruments is not required in the year Section 3862 is adopted. The adoption of Section 3862 and Section 3863 did not have an impact on the Company’s financial results or position.

Inventories Effective January 1, 2008, the Company implemented Section 3031 “Inventories” (“Section 3031”), issued by the CICA in June 2007, which replaces Section 3030 of the same title. Section 3031 requires inventories to be measured at the lower of cost and net realizable value. Costs such as storage costs and administrative overhead that do not contribute to bringing inventories to their present location and condition are specifically excluded from the cost of inventories and expensed in the period incurred. Reversal of previous write-downs to net realizable value when there is a subsequent increase in the value of inventories is now required. The cost of inventories should be based on a first-in, first-out or weighted average cost formula. Techniques used for the measurement of cost of inventories, such as the retail method, may be used if the results approximate cost. The new standard also requires additional disclosures including the accounting policies used in measuring inventories, the carrying amounts of the inventories, amounts recognized as an expense during the period, write-downs and the amount of any reversal of any write-downs recognized as a reduction in expenses.

The Company values merchandise inventories at the lower of cost and net realizable value. Costs include the cost of purchase net of vendor allowances and other costs, such as transportation, that are directly incurred to bring inventories to their present location and condition. Seasonal general merchandise and inventories at the distribution centres are measured at weighted average cost. The Company uses the retail method to measure the cost of certain retail store inventories. The Company estimates net realizable value as the amount that inventories are expected to be sold taking into consideration fluctuations of retail price due to seasonality less estimated costs necessary to make the sale. Inventories are written down to net realizable value when the cost of inventories is not estimated to be recoverable due to obsolescence, damage or declining selling prices. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in retail selling price, the amount of the write-down previously recorded is reversed. Storage costs, indirect administrative overhead and certain selling costs related to inventories are expensed in the period these costs are incurred.

The transitional adjustments resulting from the implementation of Section 3031 are recognized in the 2008 opening balance of retained earnings and prior periods have not been restated. Upon implementation of these requirements, a decrease in opening inventories of $65, an increase in current income taxes receivable of $24 and a decrease of $41 to opening retained earnings were recorded on the consolidated balance sheet resulting from the application of a consistent cost formula for all inventories having a similar nature and use to the Company.

In addition to the disclosure of accounting policies used in measuring inventories, Section 3031 also requires additional disclosures. See note 10 for the amount of merchandise inventories recognized as an expense in the period, the amount of inventories written down below cost and the amount of any reversal of any previously recognized write-downs.

Accounting Standards Implemented in 2007

On December 31, 2006, the Company implemented the CICA Handbook Section 3855, "Financial Instruments − Recognition and Measurement" ("Section 3855"), Section 3865, "Hedges", Section 1530, "Comprehensive Income", Section 3251, "Equity" and Section 3861, "Financial Instruments − Disclosure and Presentation". These standards were applied without restatement of prior periods. All transitional adjustments resulting from these standards resulted in a decrease in retained earnings, net of income taxes and minority interest of $15 million and an increase in accumulated other comprehensive loss, net of income taxes and minority interest of $16 million in 2007 as more fully described in note 2 of the audited annual consolidated financial statements for the year ended December 29, 2007.

Note 3. Restructuring Charges

Project Simplify

During 2007, the Company approved and announced the restructuring of its merchandising and store operations into more streamlined functions as part of Project Simplify. In the second quarter of 2008, the Company recognized nil (2007 − $70) of restructuring costs resulting from this plan. The year-to-date charge of $3 (2007 − $145) is comprised of $2 (2007 − $110) for employee termination benefits including severance, additional pension costs resulting from the termination of employees and retention costs; and $1 (2007 − $35) of other costs, primarily consulting directly associated with the restructuring. Cash payments in the second quarter of 2008 were $13 (2007 − $46) and $30 (2007 − $76) year-to-date. As at the end of the second quarter of 2008, a remaining liability of $7 (2007 − $62) was recorded on the consolidated balance sheets in respect of this initiative.

Store Operations

During 2007, the Company completed the previously announced restructuring of its store operations. In the second quarter of 2008, the Company recognized nil (2007 − charge of $2) and income of $1 (2007 − charge of $16) year-to-date related to this plan. Cash payments in the second quarter of 2008 were $1 (2007 − $9) and $1 (2007 − $18) year-to-date. As at the end of the second quarter of 2008, a remaining liability of $2 (2007 − $7) was recorded on the consolidated balance sheets in respect of this initiative.

Supply Chain Network

During 2005, the Company approved a comprehensive plan to restructure its supply chain operations nationally. The restructuring plan is expected to be completed in 2009 and the total restructuring costs under this plan are estimated to be approximately $90. Of this total, approximately $57 is attributable to employee termination benefits, which include severance and additional pension costs resulting from the termination of employees, $13 is attributable to fixed asset impairment and accelerated depreciation of assets relating to this restructuring activity and $20 is attributable to site closing and other costs directly related to the restructuring plan. In the second quarter of 2008, the Company recognized $1 (2007 – $1) and $2 (2007 − $1) year-to-date of restructuring costs resulting from this plan which is composed of $2 (2007 – nil) for employee termination benefits resulting from planned involuntary terminations and nil (2007 − $1) for site closing and other costs. At the end of the second quarter of 2008, $9 in estimated costs remained to be incurred and will be recognized as appropriate criteria are met. Cash payments in the second quarter of 2008 were $7 (2007 − $3) and $8 (2007 − $4) year-to-date. As at the end of the second quarter of 2008, a remaining liability of $27 (2007 − $26) was recorded on the consolidated balance sheets in respect of this initiative.

Note 4. Interest Expense

($ millions)	**2008 (12 weeks)**	2007 (12 weeks)	**2008 (24 weeks)**	2007 (24 weeks)
Interest on long term debt	**$ 65**	$ 66	**$ 131**	$ 132
Interest (income) expense on financial derivative instruments	**(2)**	2	**(3)**	5
Net short term interest expense (income)	**3**	(1)	**4**	(1)
Interest income on security deposits	**(2)**	(4)	**(5)**	(8)
Capitalized to fixed assets	**(4)**	(5)	**(9)**	(11)
Interest expense	**$ 60**	$ 58	**$ 118**	$ 117

In the second quarter of 2008, net interest expense of $65 and $126 year-to-date were recorded related to the financial assets and financial liabilities not classified as held-for-trading.

Interest paid in the second quarter of 2008 was $102 (2007 – $107), and interest received was $23 (2007 − $31). Interest paid year-to-date was $205 (2007 − $202) and interest received year-to-date was $68 (2007 − $62).

Note 5. Income Taxes

The effective income tax rate in the second quarter of 2008 was 30.1% (2007 − 27.5%) and 32.3% (2007 − 28.5%) year-to-date. The increases in effective income tax rates are primarily due to an increase in income tax accruals relating to certain income tax matters and a change in the proportions of taxable income earned across different tax jurisdictions, which were partially offset by lower Canadian federal and certain provincial statutory income tax rates relative to the second quarter of 2007.

Net income taxes paid in the second quarter were $21 (2007 – $60), and $105 (2007 − $127) year-to-date.

Note 6. Basic and Diluted Net Earnings per Common Share

	2008 (12 weeks)	2007 (12 weeks)	**2008 (24 weeks)**	2007 (24 weeks)
Net earnings ($ millions)	**$ 140**	$ 119	**$ 202**	$ 173
Weighted average common shares outstanding (in millions)	**274.2**	274.2	**274.2**	274.2
Dilutive effect of stock-based compensation (in millions)	**–**	–	**–**	–
Diluted weighted average common shares outstanding (in millions)	**274.2**	274.2	**274.2**	274.2
Basic and diluted net earnings per common share ($)	**$ 0.51**	$ 0.43	**$ 0.74**	$ 0.63

Stock options outstanding with an exercise price greater than the market price of the Company's common shares at the end of the second quarter were not recognized in the computation of diluted net earnings per common share. Accordingly, for the second quarter of 2008, 5,066,041 (2007 – 3,364,638) stock options, with a weighted average exercise price of $52.71 (2007 – $61.30) per common share, were excluded from the computation of diluted net earnings per common share.

Note 7. Cash and Cash Equivalents

The components of cash and cash equivalents as at June 14, 2008, June 16, 2007 and December 29, 2007 were as follows:

	2008 (as at June 14, 2008)	2007 (as at June 16, 2007)	2007 (as at December 29, 2007)
Cash	**$ 55**	$ 30	$ 61
Cash equivalents − short term investments with a maturity of 90 days or less:			
Bank term deposits	**8**	1	77
Government treasury bills	**84**	142	109
Government-sponsored debt securities	**93**	120	59
Corporate commercial paper	**105**	81	124
Bank-sponsored asset-backed commercial paper	**–**	67	–
Cash and cash equivalents	**$ 345**	$ 441	$ 430

In the second quarter of 2008, the Company recognized an unrealized foreign currency exchange gain of $9 (2007 − loss of $79) and $42 (2007 − loss of $79) year-to-date as a result of translating its United States dollar denominated cash and cash equivalents, short term investments and security deposits which are included in other assets, of which a loss of $3 (2007 − $42) and a gain of $16 (2007 − loss of $42) year-to-date related to cash and cash equivalents. The resulting gain or loss on cash and cash equivalents, short term investments and security deposits which are included in other assets is partially offset in operating income and accumulated other comprehensive income by the unrealized foreign currency exchange loss or gain on the cross currency basis swaps.

Note 8. Accounts Receivable

During the second quarter of 2008, nil (2007 – $85) of credit card receivables were securitized, nil (2007 − $125) year-to-date, by *President's Choice* Bank ("*PC* Bank"), a wholly owned subsidiary of the Company, through the sale of a portion of the total interest in these receivables to an independent trust. The securitization yielded a nominal net loss in 2007 based on the assumptions disclosed in note 10 of the consolidated financial statements for the year ended December 29, 2007. The independent trusts' recourse to *PC* Bank's assets is limited to *PC* Bank's retained interests and is further supported by the Company through a standby letter of credit for $89 (2007 – $80) on a portion of the securitized amount. Other receivables consist mainly of receivables from independent franchisees, associated stores and independent accounts.

($ millions)	**2008 (as at June 14, 2008)**	2007 (as at June 16, 2007)	2007 (as at December 29, 2007)
Credit card receivables	**$ 1,980**	$ 1,599	$ 2,023
Amount securitized	**(1,475)**	(1,375)	(1,475)
Net credit card receivables	**505**	224	548
Other receivables	**386**	399	337
Accounts receivable	**$ 891**	$ 623	$ 885

Credit card receivables that are past due of $10 as at June 14, 2008 are not classified as impaired as they are less than 90 days past due and most receivables are reasonably expected to remedy the past due status. Any credit card receivable balances with a payment that is contractually 180 days in arrears or where the likelihood of collection is considered remote are written-off. Concentration of credit risk with respect to receivables is limited due to the Company's customer base being diverse. Credit risk on the credit card receivables is managed as described in note 22 of the Company's 2007 Annual Report. Other receivables that are past due but not impaired totaled $56 as at June 14, 2008, of which a nominal amount were more than 60 days past due.

Note 9. Allowances for Receivables

The allowance for credit card receivables recorded in the consolidated balance sheets is maintained at a level which is considered adequate to absorb credit related losses on credit card receivables. The allowance for credit card losses is recorded in accounts receivables in the consolidated balance sheets. The allowance for accounts receivables from independent franchisees is recorded in accounts payable and accrued liabilities on the consolidated balance sheets. The allowance for other receivables from associated stores and independent accounts is recorded in accounts receivable on the consolidated balance sheets**.** A continuity of the Company's allowances for losses is as follows:

Credit Card Receivables

($ millions)	**2008 (12 weeks ended June 14, 2008)**	2007 (12 weeks ended June 16, 2007)	**2008 (24 weeks ended June 14, 2008)**	2007 (24 weeks ended June 16, 2007)	2007 (52 weeks ended December 29, 2007)
Allowance at beginning of period	**$ (13)**	$ (12)	**$ (13)**	$ (11)	$ (11)
Provision for losses	**(10)**	(2)	**(12)**	(5)	(11)
Recoveries	**(2)**	(1)	**(4)**	(3)	(7)
Write-offs	**12**	2	**16**	6	16
Allowance at end of period	**$ (13)**	$ (13)	**$ (13)**	$ (13)	$ (13)

Other Receivables

($ millions)	**2008 (12 weeks ended June 14, 2008)**	2007 (12 weeks ended June 16, 2007)	**2008 (24 weeks ended June 14, 2008)**	2007 (24 weeks ended June 16, 2007)	2007 (52 weeks ended December 29, 2007)
Allowance at beginning of period	**$ (31)**	$ (39)	**$ (35)**	$ (37)	$ (37)
Provision for losses	**(19)**	(27)	**(27)**	(43)	(79)
Recoveries	**–**	–	**–**	–	–
Write-offs	**15**	24	**27**	38	81
Allowance at end of period	**$ (35)**	$ (42)	**$ (35)**	$ (42)	$ (35)

Note 10. Inventories

The cost of merchandise inventories recognized as an expense during the second quarter of 2008 was $5,453 and $10,490 year-to-date. The cost of merchandise inventories recognized as an expense during the second quarter of 2008 includes $22 and $33 year-to-date for the write-down of inventories below cost to net realizable value. There was no reversal of inventories written down previously that are no longer estimated to sell below cost.

Note 11. Employee Future Benefits

The Company's total net benefit plan cost recognized in operating income was $38 (2007 – $40) and $77 (2007 − $81) for the second quarter of 2008 and year-to-date, respectively. The total net benefit plan cost included costs for the Company's defined benefit pension and other benefit plans, defined contribution pension plans and multi-employer pension plans.

Note 12. Short Term Debt

In the first quarter of 2008, the Company entered into an $800, 5-year committed credit facility, provided by a syndicate of banks, which contains certain financial covenants (see note 14). This facility is the primary source of the Company's short term funding requirements and permits borrowings having up to a 180-day term that accrue interest based on short term floating interest rates. This facility replaced a $500, 364-day committed credit facility which had no financial covenants and permitted borrowings having up to a 180-day term that accrued interest based on short term floating interest rates. As at June 14, 2008, $798 was drawn on the new 5-year committed credit facility.

Note 13. Long Term Debt

During the second quarter of 2008, the Company issued USD $300 of fixed-rate unsecured notes in a private placement debt financing which contains certain financial covenants (see note 14). The notes were issued in two equal tranches of USD $150 with 5 and 7 year maturities at interest rates of 6.48% and 6.86%, respectively. The Company entered into two fixed cross currency swaps designated as cash flow hedges to manage the foreign exchange risk. The ineffective portion of the gains or losses on the derivatives within these hedging relationships was insignificant. For further information on the Company's policies with respect to cash flow hedges, refer to note 1 of the Company's 2007 Annual Report.

During the second quarter of 2008, the $390 6.00% medium term note due June 2, 2008 matured and was repaid.

Note 14. Capital Management

The Company defines capital as net debt and shareholders' equity. The Company's objectives when managing capital are to:

- ensure sufficient liquidity to support its financial obligations and execute its operating and strategic plans;
- maintain financial capacity and access to capital to support future development of the business;
- minimize the cost of its capital while taking into consideration current and future industry, market and economic risks and conditions; and
- utilize short term funding sources to manage its working capital requirements and long term funding sources to match the long term nature of the fixed assets of the business.

The following ratios are used by the Company to monitor its capital:

	2008 (as at June 14, 2008)	2007 (as at June 16, 2007)	2007 (as at December 29, 2007)
Interest coverage	**3.3:1**	2.8:1	2.7:1
Net debt to equity	**.73:1**	.73:1	.67:1

Interest coverage is calculated as operating income divided by interest expense adding back interest capitalized to fixed assets. The interest coverage ratio is calculated for the 24 week periods ended June 14, 2008 and June 16, 2007, and for the 52 week period ended December 29, 2007. The Company manages debt on a net basis as outlined below. The net debt to equity ratio continued to be within the Company's internal guideline of less than 1:1. This ratio is useful in assessing the amount of leverage employed. These ratios are also calculated from time-to-time on an alternative basis by management to approximate the methodology of debt rating agencies and other market participants.

Debt

The following table details the net debt calculation used in the net debt to equity ratio as at the periods ended as indicated:

($ millions)	**2008 (as at June 14, 2008)**	2007 (as at June 16, 2007)	2007 (as at December 29, 2007)
Bank indebtedness	**$ 55**	$ 98	$ 3
Commercial paper	**–**	482	418
Short term debt	**798**	–	–
Long term debt due within one year	**165**	434	432
Long term debt	**4,033**	3,860	3,852
Less: Cash and cash equivalents	**345**	441	430
Short term investments	**296**	111	225
Security deposits included in other assets	**352**	329	322
Net debt	**$ 4,058**	$ 3,993	$ 3,728

Security deposits represent short term investments in government securities which Glenhuron Bank Limited ("Glenhuron"), a wholly owned subsidiary of the Company, is required to place with counterparties as collateral to enter into and maintain outstanding swaps and equity forwards. The amount of the required security deposits will fluctuate primarily as a result of market value volatility of the derivatives.

The Company monitors its credit ratings as part of its goal to maintain access to capital markets for its liquidity requirements. The Company's ability to obtain funding from external sources may be restricted by downgrades in the Company's credit rating and should the Company's financial performance and condition deteriorate. In addition, credit and capital markets are subject to inherent global risks that may negatively affect the Company's access and ability to fund its short term and long term debt requirements. The Company mitigates these risks by maintaining appropriate levels of cash and cash equivalents, short term investments and security deposits included in other assets, actively monitoring market conditions and diversifying its capital sources and maturity profile. The Company also employs risk management strategies including forward-looking liquidity contingency plans.

During the second quarter of 2008, the Company filed a Short Form Base Shelf Prospectus ("Prospectus") allowing for the issue of up to $1 billion of unsecured debentures and/or preferred shares. Subsequent to the second quarter of 2008, the Company issued preferred shares under the Prospectus (see note 21).

Share capital

At the end of the second quarter of 2008, the Company's outstanding share capital was comprised of common shares, an unlimited number of which were authorized and 274,173,564 (2007 − 274,173,564) were issued and outstanding. Approximately 62% of the common shares are owned by George Weston Limited; the remaining shares are widely held. Further information on the Company's outstanding share capital is provided in note 19 to the consolidated financial statements for the year ended December 29, 2007.

At quarter end, a total of 8,253,169 stock options were outstanding and represented 3.0% of the Company's issued and outstanding share capital. Pursuant to guidelines set by the Company, stock option compensation is limited to 5% of the issued and outstanding common shares outstanding. The Company is currently in compliance with this internal guideline.

In the second quarter of 2008, Loblaw renewed its Normal Course Issuer Bid ("NCIB") to purchase on the Toronto Stock Exchange, or enter into equity derivatives to purchase, up to 13,708,678 of Company's common shares, representing approximately 5% of the common shares outstanding. In accordance with the rules and by-laws of the Toronto Stock Exchange, Loblaw may purchase its shares at the then market price of such shares. The Company did not purchase any shares under its NCIB during the first or second quarter of 2008 or fiscal 2007.

Dividends ($)
The declaration and payment of dividends and the amount thereof are at the discretion of the Board. Over the long term, the Company's objective is for its common dividend payment ratio to be in the range of 20% to 25% of the prior year's basic net earnings per common share adjusted as appropriate for items which are not regarded to be reflective of ongoing operations giving consideration to the year end cash position, future cash flow requirements and investment opportunities. During the second quarter of 2008, the Board declared dividends of $0.21 (2007– $0.21) and $0.42 (2007 − $0.42) year-to-date per common share.

Covenants and Regulatory Requirements
The committed credit facility which the Company entered into during the first quarter of 2008 (see note 12) and the USD $300 fixed-rate private placement notes which the Company issued during the second quarter of 2008 (see note 13) both contain certain financial covenants. The covenants under both agreements include maintaining an interest coverage ratio as well as a leverage ratio, as defined in the respective credit agreements, which the Company measures on a quarterly basis. As at the end of the second quarter of 2008, the Company was in compliance with these covenants.

The Company is also subject to externally imposed capital requirements from the Office of the Superintendent of Financial Institutions ("OSFI"), as the primary regulator of *PC* Bank, and the Central Bank of Barbados, as the primary regulator of Glenhuron, both wholly-owned subsidiaries of the Company. *PC* Bank's capital management objectives are to maintain a consistently strong capital position while considering the Bank's economic risks and to meet all regulatory capital requirements as defined by OSFI. A new regulatory capital management framework, Basel II, has been implemented in Canada that establishes regulatory capital requirements that are more sensitive to a bank's risk profile. *PC* Bank met all applicable capital targets as at the end of the second quarter of 2008. Glenhuron is currently regulated under Basel I. Under Basel I, Glenhuron's assets are risk weighted and the minimum ratio of capital to risk weighted assets is 8.0%. Glenhuron's ratio of capital to risk weighted assets met the minimum requirements under Basel I as at the end of the second quarter of 2008.

Note 15. Accumulated Other Comprehensive Income

The following table provides further detail regarding the composition of accumulated other comprehensive income for the twenty-four week periods ended June 14, 2008 and June 16, 2007:

	2008 (as at June 14, 2008)			2007 (as at June 16, 2007)		
($ millions)	**Available-for-sale Assets**	**Cash Flow Hedges**	**Total**	Available-for-sale Assets	Cash Flow Hedges	Total
Balance, beginning of period	**$ (3)**	**$ 22**	**$ 19**	$ –	$ –	$ –
Cumulative impact of implementing new accounting standards [net of income taxes of nil (2007 − $1)]	**–**	**–**	**–**	20	(4)	16
Net unrealized gain (loss) on available-for-sale financial assets [net of income taxes of $3 (2007 − $1)]	**22**	**–**	**22**	(29)	–	(29)
Reclassification of loss (gain) on available-for-sale financial assets [net of income taxes recovered of $5 (2007 − nil)]	**(1)**	**–**	**(1)**	(13)	–	(13)
Net (loss) gain on derivatives designated as cash flow hedges [net of income taxes of $2 (2007 − $2)]	**–**	**(15)**	**(15)**	–	25	25
Reclassification of (gain) loss on derivatives designated as cash flow hedges [net of income taxes of nil (2007 − nil)]	**–**	**(18)**	**(18)**	–	13	13
Balance, end of period	**$ 18**	**$ (11)**	**$ 7**	$ (22)	$ 34	$ 12

See note 20 of the Company's 2007 Annual Report for futher details regarding the composition of accumulated other comprehensive income for the year ended December 29, 2007.

An estimated net loss of $7 recorded in accumulated other comprehensive income related to the cash flow hedges as at June 14, 2008, is expected to be reclassified to net earnings during the next 12 months. This will be offset by the available-for-sale financial assets that are hedged. Remaining amounts will be reclassified to net earnings over periods up to 7 years.

Note 16. Fair Values of Financial Instruments

The following table provides a comparison of carrying and fair values for each classification of financial instruments as at June 14, 2008, June 16, 2007 and December 29, 2007:

As at June 14, 2008	Financial derivatives designated in a cash flow hedge	Financial instruments required to be classified as held-for-trading	Financial instruments designated as held-for-trading	Available-for-sale instruments measured at fair value	Loans and receivables	Other financial liabilities	Total carrying amount	Total fair value
Cash and cash equivalents, short term investments and security deposits	$ –	$ –	$ 616	$ 377	$ –	$ –	$ 993	$ 993
Accounts receivable	–	–	–	–	891	–	891	891
Other financial assets	–	–	–	–	81	–	81	81
Available for sale securities	–	–	–	11	–	–	11	11
Derivatives	110	113	–	–	–	–	223	223
Total financial assets	$ 110	$ 113	$ 616	$ 388	$ 972	$ –	$ 2,199	$ 2,199
Short term borrowings	$ –	$ –	$ –	$ –	$ –	$ 853	$ 853	$ 853
Accounts payable and accrued liabilities	–	–	–	–	–	2,360	2,360	2,360
Long term debt	–	–	–	–	–	4,198	4,198	3,802
Derivatives	–	137	–	–	–	–	137	137
Total financial liabilities	$ –	$ 137	$ –	$ –	$ –	$ 7,411	$ 7,548	$ 7,152

The equity investment in franchises is measured at cost of $71 because there is no quoted market prices in an active market and these investments are classified as available-for-sale. The Company has no intention of disposing of these equity investments.

As at June 16, 2007

	Financial derivatives designated in a cash flow hedge	Financial instruments required to be classified as held-for-trading	Financial instruments designated as held-for-trading	Available-for-sale instruments measured at fair value	Loans and receivables	Other financial liabilities	Total carrying amount	Total fair value
Cash and cash equivalents, short term investments and security deposits	$ –	$ –	$ 403	$ 478	$ –	$ –	$ 881	$ 881
Accounts receivable	–	–	–	–	623	–	623	623
Other financial assets	–	–	–	–	44	–	44	44
Available for sale securities	–	–	–	13	–	–	13	13
Derivatives	140	85	–	–	–	–	225	225
Total financial assets	$ 140	$ 85	$ 403	$ 491	$ 667	$ –	$ 1,786	$ 1,786
Short term borrowings	$ –	$ –	$ –	$ –	$ –	$ 580	$ 580	$ 580
Accounts payable and accrued liabilities	–	–	–	–	–	2,296	2,296	2,296
Long term debt	–	–	–	–	–	4,294	4,294	4,511
Derivatives	–	11	–	–	–	–	11	11
Total financial liabilities	$ –	$ 11	$ –	$ –	$ –	$ 7,170	$ 7,181	$ 7,398

The equity investment in franchises is measured at cost of $78 because there is no quoted market prices in an active market and these investments are classified as available-for-sale. The Company has no intention of disposing these equity investments.

As at December 29, 2007

	Financial derivatives designated in a cash flow hedge	Financial instruments required to be classified as held-for-trading	Financial instruments designated as held-for-trading	Available-for-sale instruments measured at fair value	Loans and receivables	Other financial liabilities	Total carrying amount	Total fair value
Cash and cash equivalents, short term investments and security deposits	$ –	$ –	$ 533	$ 444	$ –	$ –	$ 977	$ 977
Accounts receivable	–	–	–	–	885	–	885	885
Other financial assets	–	–	–	–	75	–	75	75
Available for sale securities	–	–	–	16	–	–	16	16
Derivatives	184	101	–	–	–	–	285	285
Total financial assets	$ 184	$ 101	$ 533	$ 460	$ 960	$ –	$ 2,238	$ 2,238
Short term borrowings	$ –	$ –	$ –	$ –	$ –	$ 421	$ 421	$ 421
Accounts payable and accrued liabilities	–	–	–	–	–	2,769	2,769	2,769
Long term debt	–	–	–	–	–	4,284	4,284	4,216
Derivatives	–	120	–	–	–	–	120	120
Total financial liabilities	$ –	$ 120	$ –	$ –	$ –	$ 7,474	$ 7,594	$ 7,526

The equity investment in franchises is measured at cost of $75 because there is no quoted market prices in an active market and these investments are classified as available-for-sale. The Company has no intention of disposing these equity investments.

The following table summarized the change in fair value of financial assets and financial liabilities, including non-financial derivatives, classified as held-for-trading, recognized in net earnings.

	June 14, 2008 (24 weeks)		June 16, 2007 (24 weeks)	
	Designated as held-for-trading	**Required to be classified as held-for-trading**	Designated as held-for-trading	Required to be classified as held-for-trading
Cash equivalents, short term investments and security deposits	**$ (28)**	**$ –**	$ 35	$ –
Retained interest	**(1)**	**–**	1	–
Electricity forward	**–**	**(3)**	–	(5)
Interest rate swaps	**–**	**2**	–	–
Cross currency basis swaps	**–**	**30**	–	(33)
Equity forwards associated with stock-based compensation	**–**	**15**	–	(1)
Embedded currency and commodity derivatives	**–**	**–**	–	–
Fair value loss (gain)	**$ (29)**	**$ 44**	$ 36	$ (39)

Note 17. Stock-Based Compensation ($, except where otherwise indicated)

The Company's compensation cost recognized in operating income related to its stock option plan and the associated equity forwards and the restricted share unit plan was as follows:

($ millions)	**2008 (12 weeks)**	2007 (12 weeks)	**2008 (24 weeks)**	2007 (24 weeks)
Stock option plan expense	**$ 2**	$ 2	**$ 2**	$ 2
Equity forwards loss (gain)	**(15)**	(17)	**10**	(7)
Restricted share unit plan expense	**3**	4	**3**	6
Net stock-based compensation (income) expense	**$ (10)**	$ (11)	**$ 15**	$ 1

Stock Option Plan During the first half of 2008, the Company paid nil (2007 – a nominal amount) on the exercise of nil (2007 – 108,000) stock options. In addition, 1,591,944 (2007 – 752,024) stock options were forfeited or cancelled. Under its existing stock option plan, which allows for settlement in shares or in the share appreciation value in cash at the option of the employee, the Company granted 8,800 (2007 – 38,938 and 148,987) stock options with an exercise price of $33.10 (2007 − $46.01 and $50.80) per common share during the second quarter of 2008 and 3,303,557 (2007 − 3,885,439) stock options with an exercise price of $28.95 (2007 − $47.44) per common share during the first quarter of 2008.

At the end of the second quarter, a total of 8,253,169 (2007 – 7,297,986) stock options were outstanding and represented approximately 3.0% (2007 – 2.7%) of the Company's issued and outstanding common shares, which was within the Company's guideline of 5%. The Company's market price per common share at the end of the second quarter was $31.64 (2007 – $50.10).

Restricted Share Unit ("RSU") Plan Under its existing RSU plan, the Company granted 45,321 (2007 − 10,925) RSUs in the second quarter of 2008, and 352,268 (2007 − 281,818) RSUs in the first quarter of 2008. In addition, 55,106 (2007 – 83,605) RSUs were cancelled and 233,655 (2007 – 86,316) were settled in cash in the amount of $8 million (2007 – $4 million) in the first half of 2008. At the end of the second quarter, 877,515 (2007 – 872,774) RSUs remained outstanding.

Note 18. Financial Risk Management

The Company is exposed to the following risks as a result of holding financial instruments: credit risk, market risk and liquidity risk. The following is a description of those risks and how the exposures are managed:

Credit Risk The Company is exposed to credit risk resulting from the possibility that counterparties may default on their financial obligations, or if there is a concentration of transactions carried out with the same counterparty or of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. Exposure to credit risk relates to derivative instruments, cash equivalents, short term investments, security deposits included in other assets, *PC* Bank's credit card receivables and accounts receivables from independent franchisees, associated stores and independent accounts.

The Company may be exposed to losses if a counterparty to the Company's financial or non-financial derivative agreements fails to fulfill its obligations. The Company's risk management practices are more fully described in note 22 of the Company's 2007 Annual Report.

The Company's maximum exposure to credit risk as it relates to derivative instruments is represented by the positive fair market value of the derivatives on the balance sheet (see note 16).

Refer to note 9 for additional information on the credit quality performance of credit card and accounts receivable from independent franchisees, associated stores and independent accounts.

Market Risk Market risk is the loss that may arise from changes in market factors such as interest rates, foreign currency exchange rates, commodity prices and common share price.

Interest Rate Risk The Company is exposed to interest rate risk which it manages through the use of interest rate swaps. Loblaw's interest rate risk arises from the issuance of medium term notes and US private placement notes included in long term debt, short term debt, and commercial paper net of its cash and cash equivalents, short term investments and security deposits included in other assets. The Company manages fluctuations in its interest expense through its exposure to a mix of fixed and variable interest rates. The Company estimates that a 100 basis point increase (decrease) in interest rates, with all other variables held constant, would result in an increase (decrease) of $11 to interest expense.

Foreign Currency Exchange Rate Risk The Company is exposed to foreign currency exchange rate variability, primarily on its United States dollar denominated cash and cash equivalents, short term investments, security deposits included in other assets, and private placement notes included in long-term debt. To manage its foreign currency exchange rate exposure, the Company enters into cross currency basis swaps. As a result, a significant strengthening (weakening) of the Canadian dollar against the US dollar, with all other variables held constant, would have no significant impact on earnings before income taxes and minority interest.

Commodity Price Risk The Company is exposed to increases in the prices of commodities indirectly linked with its consumer products. To manage this exposure, the Company uses purchase commitments for a portion of its needs for certain consumer products that may be commodities based and the Company expects to take delivery of these consumer products in the normal course of business. A non-financial derivative contract with a notional value of $29 is used to hedge electricity price risk for a portion of the Company's expected electricity consumption in Alberta. In addition, the Company uses an insignificant amount of exchange traded futures and options. The Company estimates that a 10% increase (decrease) in relevant commodity prices, with all other variables held constant, would result in a gain (loss) of $4 on earnings before income taxes and minority interest.

Common Share Price Risk The Company enters into equity forwards to manage its exposure to fluctuations in its stock-based compensation cost as a result of changes in the market price of its common shares. The equity forwards allow for settlement in cash, common shares or net settlement. These forwards change in value as the market price of the Company's common shares changes and provide a partial offset to fluctuations in Loblaw's stock-based compensation cost, including RSU plan expense. The partial offset between the Company's stock-based compensation costs, including RSU plan expense, and the equity forwards is effective when the market price of the Company's common shares exceeds the exercise price of the related employee stock options. When the market price of the common shares is lower than the excise price of the related employee stock options, only RSUs will provide a partial offset to these equity forwards. The amount of net stock-based compensation cost recorded in operating income is mainly dependent upon the number of unexercised stock options and RSUs and their vesting schedules relative to the number of underlying common shares on the equity forwards and the level of and fluctuations in the market price of the underlying common shares. The impact on the equity forwards of a one dollar increase (decrease) of the market value in the Company's underlying common shares, with all other variables held constant, would result in a gain (loss) of $5 in earnings before income taxes and minority interest.

Liquidity Risk Liquidity risk is the risk that the Company cannot meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price. The Company meets liquidity requirements by holding assets that can be readily converted into cash, and by managing cash flows.

The Company's ability to obtain funding from external sources may be restricted by further downgrades in the Company's credit ratings and should the Company's financial performance and condition deteriorate. In addition, credit and capital markets are subject to inherent global risks that may negatively affect the Company's access and ability to fund its short term and long term debt requirements. The Company mitigates these risks by maintaining appropriate levels of cash and cash equivalents, short term investments and security deposits, actively monitoring market conditions and diversifying its sources of funding and maturity profile. The Company also employs risk management strategies including forward-looking liquidity contingency plans.

Maturity Analysis The following are the undiscounted contractual maturities of significant financial liabilities as at June 14, 2008:

	2008 Remaining	2009	2010	2011	2012	Thereafter	Total
Interest rate swaps payable(1)	$ 8	$ 13	$ 13	$ 13	$ 13	$ 5	$ 65
Equity forward contracts(2)	–	–	126	36	26	71	259
Long term debt including fixed interest payments(3)	158	433	589	605	230	6,746	8,761
	$ 166	$ 446	$ 728	$ 654	$ 269	$ 6,822	$ 9,085

(1) Based on the pay fixed interest which will be partially offset by the floating interest received.

(2) Based on the average cost base as at June 14, 2008.

(3) Based on the maturing face values and annual interest for each instrument as well as annual payment obligations for VIEs, mortgages, and capital leases.

The Company's bank indebtedness, commercial paper, short term debt, and accounts payable and accrued liabilities are short term in nature, which are due within the next 12 months, and thus not included above.

Note 19. Contingencies, Commitments and Guarantees

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

During the first quarter of 2008, the Company was notified that an Event of Termination of the independent funding trust agreement for the Company's franchisees had occurred as a result of the credit rating downgrade by Dominion Bond Rating Service ("DBRS") of the Company's long term credit rating to "BBB (high)" from "A (low)". As a result of the Event of Termination, during the second quarter of 2008, the Company finalized an alternative financing arrangement for the independent funding trust in the form of a $475, 364-day revolving committed credit facility provided by a syndicate of banks.

The gross principal amount of loans issued to the Company's independent franchisees outstanding as of June 14, 2008 was $383 (2007 − $417) including $159 (2007 − $154) of loans payable by VIEs consolidated by the Company. Based on a formula, the Company has agreed to provide credit enhancement in the form of a standby letter of credit for the benefit of the independent funding trust equal to approximately 15% (2007 − 10%) of the principal amount of the loans outstanding at any point in time, $66 (2007 − $44) as of June 14, 2008. The standby letter of credit has not been drawn upon. This credit enhancement allows the independent funding trust to provide favorable financing terms to the Company's independent franchisees. As well, each independent franchisee provides security to the independent funding trust for its obligations by way of a general security agreement. In the event that an independent franchisee defaults on its loan and the Company has not, within a specified time period, assumed the loan, or the default is not otherwise remedied, the independent funding trust would assign the loan to the Company and draw upon this standby letter of credit. The Company has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit. This new alternative financing structure has been reviewed and the Company determined there were no material implications with respect to the consolidation of VIEs. In accordance with Canadian GAAP, the financial statements of the independent funding trust are not consolidated with those of the Company.

Legal Proceedings During the first quarter of 2007, the Company was one of 17 defendants served with an action brought in the Superior Court of Ontario by certain beneficiaries of a multi-employer pension plan in which the Company's employees and those of its independent franchisees participate. In their claim against the employers and the trustees of the multi-employer pension plan, the plaintiffs claim that assets of the multi-employer pension plan have been mismanaged and are seeking, among other demands, damages of $1 billion. The action is framed as a representative action on behalf of all the beneficiaries of the multi-employer pension plan. In the second quarter of 2008, the Company received confirmation that the action against the Company has been dismissed, but the action against the trustees is ongoing. One of the trustees, an officer of the Company, may be entitled to indemnification from the Company.

In addition to the claim described above, 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 is uncertain. However, based on information currently available, these claims, individually and in the aggregate, are not expected to have a material impact on the Company.

Note 20. Presentation

Certain prior year information has been reclassified to conform with current year presentation. Security deposits, which were previously presented as cash and cash equivalents and short term investments on the consolidated balance sheets, are now included in other assets on the consolidated balance sheets and totaled $352 as at June 14, 2008 (June 16, 2007 − $329; December 29, 2007 − $322).

Note 21. Subsequent Event ($, except where otherwise indicated)

Second Preferred Shares, Series A (authorized – 12.0 million) Subsequent to June 14, 2008, the Company issued 9.0 million 5.95% non-voting Second Preferred Shares, Series A, with a face value of $225 million for net proceeds of $218 million, which entitle the holder to a fixed cumulative preferred cash dividend of $1.4875 per share per annum which will, if declared, be payable quarterly. On and after July 31, 2013, the Company may, at its option, redeem for cash, in whole or in part, these outstanding preferred shares as follows:

On or after July 31, 2013 at $25.75 per share, together with all accrued and unpaid dividends to but not including the redemption date
On or after July 31, 2014 at $25.50 per share, together with all accrued and unpaid dividends to but not including the redemption date
On or after July 31, 2015 at $25.00 per share, together with all accrued and unpaid dividends to but not including the redemption date

On and after July 31, 2013, the Company may, at its option, convert these preferred shares into that number of common shares of the Company determined by dividing the then applicable redemption price, together with all accrued and unpaid dividends to but excluding the date of conversion, by the greater of $2.00 and 95% of the then current market price of the common shares. On and after July 31, 2015, these outstanding preferred shares are convertible, at the option of the holder, into that number of common shares of the Company determined by dividing $25.00, together with accrued and unpaid dividends to but excluding the date of conversion, by the greater of $2.00 and 95% of the then current market price of the common shares. This option is subject to the Company's right to redeem the preferred shares for cash or arrange for their sale to substitute purchasers. These preferred shares will be classified as other financial liabilities, in accordance with Section 3855, and measured using the effective interest method.

Corporate Profile

Loblaw Companies Limited ("Loblaw" or the "Company") is Canada's largest food distributor and a leading provider of general merchandise products, drugstore and financial products and services. Through its various operating banners, Loblaw is committed to providing Canadians with a one-stop destination in meeting their food and household needs. This goal is pursued through a portfolio of store formats across the country. Loblaw is known for the quality, innovation and value of its food offering. It also offers Canada's strongest control label program, including the unique *President's Choice*, *no name* and *Joe Fresh Style* brands.

Food is at the heart of its offering. Loblaw stores provide a wide, growing and successful range of products and services to meet the everyday household demands of Canadian consumers. In addition, *President's Choice* Financial services offer core banking, a popular MasterCard®, *PC* Financial auto, home, travel and pet insurance, *PC* Mobile phone services as well as the *PC* points loyalty program.

Loblaw is committed to a strategy developed under three core themes: Simplify, Innovate and Grow. The Company strives to be consumer focused, cost effective and agile, with the goal of achieving long term growth for its many stakeholders. Loblaw believes that a strong balance sheet is critical to achieving its potential. It is highly selective in its consideration of acquisitions and other business opportunities. The Company maintains an active product development program to support its control label program. It works to ensure that its technology and systems logistics enhance the efficiency of its operations.

Trademarks

Loblaw Companies Limited and its subsidiaries own a number of trademarks. Several subsidiaries are licensees of additional trademarks. These trademarks are the exclusive property of Loblaw Companies Limited or the licensor and where used in this report are in italics.

Investor Relations

Shareholders, security analysts and investment professionals should direct their requests to Inge van den Berg, Vice President, Public Affairs & Investor Relations at the Company's National Head Office or by e-mail at investor@loblaw.ca.

Additional information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, *President's Choice* Bank. The Company holds an analyst call shortly following the release of its quarterly results. These calls are archived in the Investor Zone section of the Company's website.

Ce rapport est disponible en français.

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Business Review Report

Provides an update on achievements towards Making Loblaw the Best Again, plus outlines Loblaw's priorities for 2008, 2007 financial highlights, facts and statistics, corporate social responsibility summary, corporate governance practices, and corporate and shareholder information.

February 2008

2007 Annual Report

Contains Loblaw Companies Limited annual financial statements, report to shareholders, auditor's report, and management discussion and analysis.

March 2008

2007 Corporate Social Responsibility Report

Loblaw Companies Limited first Corporate Social Responsibility (CSR) report will outline the environmental and social achievements made in 2007 which support our five business pillars. It will describe the strategy and priorities, primarily for 2008, and how we will use this inaugural year to set long-term objectives.

April 2008

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