Loblaw
COMPANIES LIMITED
LES COMPAGNIES LOBLAW LIMITÉE

NEWS RELEASE

Loblaw Companies Limited Reports 2010 Fourth Quarter and Fiscal Year Ended January 1, 2011 Results(1)

BRAMPTON, ONTARIO February 24, 2011 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") today is announcing its unaudited financial results for the fourth quarter of 2010, and the release of its 2010 Annual Report, including the Company's audited consolidated financial statements and Management's Discussion and Analysis for the fiscal year ended January 1, 2011. The Company's 2010 Annual Report will be available in the Investor Zone section of the Company's website at www.loblaw.ca and will be filed with SEDAR and will be available at www.sedar.com.

Fourth Quarter 2010 Summary

- Basic net earnings per common share of $0.54, which includes various charges as described below.
- EBITDA margin was 6.2% compared to 5.7% in the fourth quarter of 2009.
- Gross profit of $1.8 billion an increase of 2.7% compared to the fourth quarter of 2009. Gross profit as a percentage of sales was 24.8% compared to 23.6% in the fourth quarter of 2009.
- Sales and same-store sales declined 2.1% and 1.6%, respectively, from the fourth quarter of 2009.

For the periods ended January 1, 2011 and January 2, 2010 ($ millions except where otherwise indicated)	**2010 (unaudited) (12 weeks)**	2009 (unaudited) (12 weeks)	Change	**2010 (unaudited) (52 weeks)**	2009 (unaudited) (52 weeks)	Change
Sales	**$ 7,161**	$ 7,311	(2.1%)	**$ 30,997**	$ 30,735	0.9%
Gross profit	**1,774**	1,728	2.7%	**7,604**	7,196	5.7%
Operating income	**289**	277	4.3%	**1,269**	1,205	5.3%
Net earnings	**151**	165	(8.5%)	**681**	656	3.8%
Basic net earnings per common share ($)	**0.54**	0.60	(10.0%)	**2.45**	2.39	2.5%
Same-store sales decline (%)	**(1.6%)**	(7.8%)		**(0.6%)**	(1.1%)	
Operating margin	**4.0%**	3.8%		**4.1%**	3.9%	
EBITDA(2)	**$ 442**	$ 420	5.2%	**$ 1,924**	$ 1,794	7.2%
EBITDA margin(2)	**6.2%**	5.7%		**6.2%**	5.8%	

"2010 was another year of real progress towards completing our renewal plan," said Galen G. Weston, Executive Chairman, Loblaw Companies Limited. "In the year ahead, we expect to continue our focus on executing the plan in a market environment that remains unpredictable and competitively intense. In 2011, the Company plans to continue its investment in information technology and supply chain which will negatively impact operating income by approximately $135 million over 2010, and estimates capital expenditures for the year to be roughly $1.0 billion."

(1) This News Release contains forward-looking information. See Forward-Looking Statements on page 3 of this News Release for a discussion of material factors that could cause actual results to differ materially from the conclusions, forecasts and projections herein and of the material assumptions that were used. This News Release must be read in conjunction with Loblaw Companies Limited's filings with securities regulators made from time to time, all of which can be found at www.sedar.com and at www.loblaw.ca.

(2) See Non-GAAP Financial Measures on page 8 of this News Release.

- In the fourth quarter of 2010:
    - sales in food declined marginally;
    - sales in drugstore declined moderately, impacted by deflation due to regulatory changes in Ontario and the impact of generic versions of certain prescription drugs;
    - sales growth in apparel was moderate while sales of other general merchandise declined significantly due to lower discretionary consumer spending and reductions in assortment and square footage;
    - gas bar sales growth was strong as a result of higher retail gas prices and moderate volume growth; and
    - the Company's average quarterly internal retail food price index was flat. This compared to average quarterly internal retail food price deflation in the fourth quarter of 2009.

- Gross profit increased by $46 million, or 2.7%, to $1,774 million (24.8% of sales) in the fourth quarter of 2010 compared to the fourth quarter of 2009 (23.6% of sales). This increase was primarily attributable to improved control label profitability and continued buying synergies and disciplined vendor management, the shift of pharmaceutical vendor rebates from selling and administrative expenses to gross profit, improved shrink and a stronger Canadian dollar. Increased transportation costs partially offset these improvements.

- Operating income increased by $12 million, or 4.3%, to $289 million in the fourth quarter of 2010 compared to the fourth quarter of 2009. Operating margin was 4.0% for the fourth quarter of 2010 compared to 3.8% in 2009. In addition to the increase in gross profit described above, the following items influenced the Company's operating income in the fourth quarter of 2010 compared to 2009:
    - a charge related to the effect of stock-based compensation net of equity forwards of $7 million (2009 –$5 million). The effect on basic net earnings per common share was a charge of $0.02 (2009 – $0.01);
    - incremental costs of $27 million related to its investment in information technology and supply chain, which negatively impacted basic net earnings per common share by $0.07; and
    - a charge of $28 million (2009 - $27 million) for fixed asset impairments related to asset carrying values in excess of fair values for certain stores which negatively impacted basic net earnings per common share by $0.07 (2009 - $0.07).

- Due to changes in the federal tax legislation that resulted in the elimination of the Company's ability to deduct costs associated with cash-settled stock options the Company has recognized a tax expense of $12 million in the fourth quarter of 2010. The effect on basic net earnings per common share was a charge of $0.04.

- The Company invested $1.3 billion in capital in 2010 and estimates capital expenditures to be approximately $1.0 billion for 2011.

- Subsequent to year-end, the Board of Directors approved discontinuing the Company's dividend reinvestment plan after the dividend payment on April 1, 2011 when approximately $300 million in common share equity will be raised through the program as planned.

Forward-Looking Statements

This News Release for Loblaw Companies Limited 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", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions, as they relate to the Company and its management, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect the Company's current expectations concerning future results and events.

These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including, but not limited to:

- the possibility that the Company's plans and objectives will not be achieved;
- changes in economic conditions including the rate of inflation or deflation and changes in interest and currency exchange rates;
- 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;
- failure to realize sales growth, anticipated cost savings or operating efficiencies from the Company's major initiatives, including investments in the Company's information technology systems, supply chain investments and other cost reduction initiatives, or unanticipated results from these initiatives;
- increased costs relating to utilities, including electricity and fuel;
- the inability of the Company to successfully implement its infrastructure and information technology components of its plan;
- 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 inventory and to control shrink;
- failure to execute successfully and in a timely manner the Company's introduction of innovative and reformulated products or new and renovated stores;
- the inability of the Company's supply chain to service the needs of the Company's stores;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements, which could lead to work stoppages;
- changes to and failure to comply with the legislative/regulatory environment in which the Company operates, including failure to comply with environmental laws and regulations;
- the adoption of new accounting standards and changes in the Company's use of accounting estimates;
- fluctuations in the Company's earnings due to changes in the value of stock based compensation and equity forward contracts relating to its Common Shares;
- changes in the Company's income, commodity and other tax liabilities including changes in tax laws or future assessments;
- reliance on the performance and retention of third-party service providers including those associated with the Company's supply chain and apparel business;
- public health events including those related to food safety;
- the inability of the Company to collect on its credit card receivables;
- any requirement of the Company to make contributions to its registered funded defined benefit pension plans in excess of those currently contemplated;
- the inability of the Company to attract and retain key executives;
- supply and quality control issues with vendors; and
- failure by the Company to maintain appropriate documentation to support its compliance with accounting, tax or legal rules, regulations and policies.

These and other risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Enterprise Risks and Risk Management section of the Management's Discussion and Analysis ("MD&A") included in the Company's 2010 Annual Report – Financial Review. These forward looking statements reflect management's current assumptions regarding these risks and uncertainties and their respective impact on the Company.

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

Consolidated Statements of Earnings

For the periods ended January 1, 2011 and January 2, 2010 ($ millions except where otherwise indicated)	2010 (unaudited) (12 weeks)	2009 (unaudited) (12 weeks)	2010 (unaudited) (52 weeks)	2009 (unaudited) (52 weeks)
Sales	**$ 7,161**	$ 7,311	**$ 30,997**	$ 30,735
Cost of Merchandise Inventories Sold	**5,387**	5,583	**23,393**	23,539
Gross Profit	**1,774**	1,728	**7,604**	7,196
Operating Expenses				
Selling and administrative expenses	**1,332**	1,308	**5,680**	5,402
Depreciation and amortization	**153**	143	**655**	589
	1,485	1,451	**6,335**	5,991
Operating Income	**289**	277	**1,269**	1,205
Interest expense and other financing charges	**63**	64	**273**	269
Earnings before Income Taxes and Minority Interest	**226**	213	**996**	936
Income Taxes	**71**	39	**297**	269
Net Earnings before Minority Interest	**155**	174	**699**	667
Minority Interest	**4**	9	**18**	11
Net Earnings	**$ 151**	$ 165	**$ 681**	$ 656
Net Earnings Per Common Share ($)				
Basic	**$ 0.54**	$ 0.60	**$ 2.45**	$ 2.39
Diluted	**$ 0.54**	$ 0.59	**$ 2.44**	$ 2.38

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Consolidated Balance Sheets

As at January 1, 2011 and January 2, 2010 ($ millions)	2010	2009
Assets		
Current Assets		
Cash and cash equivalents	**$ 932**	$ 776
Short term investments	**735**	614
Accounts receivable	**724**	774
Inventories	**2,114**	2,112
Future income taxes	**39**	38
Prepaid expenses and other assets	**82**	92
Total Current Assets	**4,626**	4,406
Fixed Assets	**9,123**	8,559
Goodwill and Intangible Assets	**1,029**	1,026
Security Deposits	**354**	250
Other Assets	**787**	750
Total Assets	**$ 15,919**	$ 14,991
Liabilities		
Current Liabilities		
Bank indebtedness	**$ 3**	$ 2
Accounts payable and accrued liabilities	**3,416**	3,279
Income taxes payable	**–**	41
Long term debt due within one year	**433**	343
Total Current Liabilities	**3,852**	3,665
Long Term Debt	**4,213**	4,162
Other Liabilities	**534**	497
Future Income Taxes	**178**	143
Capital Securities	**221**	220
Minority Interest	**41**	31
Total Liabilities	**9,039**	8,718
Shareholders' Equity		
Common Share Capital	**1,475**	1,308
Retained Earnings	**5,395**	4,948
Accumulated Other Comprehensive Income	**10**	17
Total Shareholders' Equity	**6,880**	6,273
Total Liabilities and Shareholders' Equity	**$ 15,919**	$ 14,991

Consolidated Cash Flow Statements

For the periods ended January 1, 2011 and January 2, 2010 ($ millions)	2010 (unaudited) (12 weeks)	2009 (unaudited) (12 weeks)	2010 (unaudited) (52 weeks)	2009 (unaudited) (52 weeks)
Operating Activities				
Net earnings before minority interest	**$ 155**	$ 174	**$ 699**	$ 667
Depreciation and amortization	**153**	143	**655**	589
Future income taxes	**34**	(33)	**42**	(29)
Settlement of equity forward contracts	**–**	(17)	**–**	(55)
Change in non-cash working capital	**245**	298	**66**	707
Fixed assets and other related impairments	**32**	36	**72**	46
Other	**(16)**	14	**60**	20
Cash Flows from Operating Activities	**603**	615	**1,594**	1,945
Investing Activities				
Fixed asset purchases	**(453)**	(365)	**(1,280)**	(971)
Short term investments	**56**	(98)	**(159)**	(181)
Proceeds from asset sales	**53**	17	**90**	27
Credit card receivables, after securitization	**(138)**	(228)	**7**	8
Business acquisitions - net of cash acquired	**–**	(10)	**–**	(204)
Franchise investments and other receivables	**2**	10	**(11)**	6
Security deposits	**(6)**	34	**(115)**	148
Other	**5**	(7)	**20**	(45)
Cash Flows used in Investing Activities	**(481)**	(647)	**(1,448)**	(1,212)
Financing Activities				
Bank indebtedness	**2**	1	**1**	(50)
Short term debt	**–**	–	**–**	(190)
Long term debt				
Issued	**45**	32	**450**	402
Retired	**(26)**	(10)	**(368)**	(167)
Common shares retired	**–**	(56)	**–**	(56)
Dividends	**(15)**	(18)	**(65)**	(112)
Cash Flows from (used in) Financing Activities	**6**	(51)	**18**	(173)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**(4)**	5	**(8)**	(27)
Change in Cash and Cash Equivalents	**124**	(78)	**156**	533
Cash and Cash Equivalents, Beginning of Period	**808**	854	**776**	243
Cash and Cash Equivalents, End of Period	**$ 932**	$ 776	**$ 932**	$ 776

Non-GAAP Financial Measures

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

EBITDA and EBITDA Margin The following table reconciles earnings before minority interest, income taxes, interest expense and depreciation and amortization ("EBITDA") to operating income which is reconciled to Canadian GAAP net earnings measures reported in the consolidated statements of earnings for the 12 weeks and 52 weeks ended January 1, 2011 and January 2, 2010, respectively. 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.

($ millions)	**2010 (unaudited) (12 weeks)**	2009 (unaudited) (12 weeks)	**2010 (unaudited) (52 weeks)**	2009 (unaudited) (52 weeks)
Net earnings	**$ 151**	$ 165	**$ 681**	$ 656
Add impact of the following:				
Minority interest	**4**	9	**18**	11
Income taxes	**71**	39	**297**	269
Interest expense and other financing charges	**63**	64	**273**	269
Operating income	**289**	277	**1,269**	1,205
Add impact of the following:				
Depreciation and amortization	**153**	143	**655**	589
EBITDA	**$ 442**	$ 420	**$ 1,924**	$ 1,794

EBITDA margin is calculated as EBITDA divided by sales.

2010 Annual Consolidated Financial Statements and MD&A

The Company's 2010 Annual Report will be available in the Investor Zone section of the Company's website at www.loblaw.ca or at www.sedar.com.

Investor Relations

Shareholders, security analysts and investment professionals should direct their requests to Kim Lee, Vice President, 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.

Conference Call and Webcast

Loblaw Companies Limited will host a conference call as well as an audio webcast on February 24, 2011 at 11:00 a.m. (EST).

To access via tele-conference please dial (647) 427-7450. The playback will be made available one hour after the event at (416) 849-0833, passcode: 35155003#. To access via webcast please visit www.loblaw.ca, go to Investor Zone and click on webcast. Pre-registration will be available.

Full details are available on the Loblaw Companies Limited website at www.loblaw.ca.