NEWS RELEASE

Loblaw Companies Limited Reports 2011 Second Quarter Results[(1)]

BRAMPTON, ONTARIO July 21, 2011 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") today announced its unaudited financial results for the second quarter ended June 18, 2011 based on unaudited results of this period. The Company's second quarter report will be available in the Investor Centre section of the Company's website at loblaw.ca and will be filed with SEDAR and available at sedar.com.

2011 Second Quarter Summary[(1)]

- Basic net earnings per common share of $0.70, up 7.7%
- EBITDA margin[(2)] of 6.9% compared to 6.7% in the second quarter of 2010
- Revenue of $7,278 million, an increase of 0.1% over the second quarter of 2010
- Retail sales growth of 0.2% and a same-store sales decline of 0.4% from the second quarter of 2010

"As we progressed through the second quarter, the Company continued to focus on building out our infrastructure and developing opportunities for growth," said Galen G. Weston, Executive Chairman, Loblaw Companies Limited. "Unpredictable and competitively intense market conditions continue to put retail sales at risk. Investment in information technology and supply chain infrastructure will continue to negatively impact our operating income for the remainder of 2011."

As part of the Company's planned succession process, Vicente Trius, the Company's newly appointed President, will join Loblaw Companies Limited on August 2, 2011.

Due to the transition to International Financial Reporting Standards ("IFRS" or "GAAP") effective January 2, 2011, all comparative figures for 2010 that were previously reported in the consolidated financial statements prepared in accordance with Canadian generally accepted accounting principles ("CGAAP") have been restated to conform with IFRS. Further information on the transition to IFRS and its impact on the Company's financial position, financial performance and cash flows is included in note 16 to Loblaw Companies Limited's (the "Company" or "Loblaw") second quarter 2011 unaudited interim period condensed consolidated financial statements.

With this transition, the Company has two reportable operating segments:

- The **Retail** segment, which consists primarily of food and also includes drugstore, gas bars, apparel and other general merchandise; and
- The **Financial Services** segment, which includes credit card services, a retail loyalty program, insurance brokerage services, personal banking services provided by a major Canadian chartered bank, deposit taking services and telecom.

(1) This report contains forward-looking information. See Forward-Looking Statements on page 5 of this report 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 factors and assumptions that were used. This report 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 sedar.com and at loblaw.ca.

(2) See Non-GAAP Financial Measures on page 7 of this report.

Consolidated Quarterly Results of Operations

For the periods ended June 18, 2011 and June 19, 2010 (unaudited) (millions of Canadian dollars except where otherwise indicated)	**2011 (12 weeks)**	2010 (12 weeks)	% Change	**2011 (24 weeks)**	2010 (24 weeks)	% Change
Revenue	**$ 7,278**	$ 7,269	0.1%	**$ 14,150**	$ 14,182	(0.2%)
Operating income	**345**	345	–	**648**	634	2.2%
Net earnings	**197**	181	8.8%	**359**	313	14.7%
Basic net earnings per common share ($)	**0.70**	0.65	7.7%	**1.28**	1.13	13.3%
Operating margin	**4.7%**	4.7%		**4.6%**	4.5%	
EBITDA(1)	**$ 504**	$ 487	3.5%	**$ 959**	$ 918	4.5%
EBITDA margin(1)	**6.9%**	6.7%		**6.8%**	6.5%	

- Revenue increased by $9 million, or 0.1%, to $7,278 million in the second quarter of 2011 compared to the second quarter of 2010. This increase was primarily due to the increase in Retail sales, which was partially offset by a decrease in Financial Services revenue as described below.

- Operating income and operating margin were flat in the second quarter of 2011 compared to the second quarter of 2010. Retail operating income improved by $20 million, offset by continued investment in the growth of the Financial Services segment which resulted in a decline in operating income of $20 million.

- Consolidated operating income included the following items:
    - Incremental costs of $8 million related to investments in information technology and supply chain. These costs included the following charges:
        - $2 million (2010 – $16 million) related to changes in the distribution network;
        - $38 million (2010 – $26 million) related to depreciation and amortization; and
        - $66 million (2010 - $56 million) related to other supply chain and information technology costs.
    - A $15 million charge related to certain prior years' commodity tax matters;
    - A charge of $15 million (2010 – $10 million) related to the effect of share-based compensation net of equity forwards; and
    - In the second quarter of 2010, a $23 million asset impairment charge was recorded in connection with changes to the Company's distribution network.

- Net earnings increased by $16 million or 8.8%, to $197 million in the second quarter of 2011 compared to the second quarter of 2010 primarily due to lower income taxes and a decrease in net interest expense and other financing charges.

The consolidated quarterly results by reportable operating segments were as follows:

Retail Results of Operations

For the periods ended June 18, 2011 and June 19, 2010 (unaudited) (millions of Canadian dollars except where otherwise indicated)	**2011 (12 weeks)**	2010 (12 weeks)	% Change	**2011 (24 weeks)**	2010 (24 weeks)	% Change
Sales	**$ 7,157**	$ 7,146	0.2%	**$ 13,914**	$ 13,937	(0.2%)
Gross profit	**1,626**	1,601	1.6%	**3,180**	3,143	1.2%
Operating income	**333**	313	6.4%	**618**	578	6.9%
Same-store sales (decline) growth	**(0.4%)**	(0.3%)		**(0.3%)**	0.1%	
Gross profit	**22.7%**	22.4%		**22.9%**	22.6%	
Operating margin	**4.7%**	4.4%		**4.4%**	4.1%	

(1) See Non-GAAP Financial Measures on page 7 of this report.

- In the second quarter of 2011, the following factors explain the major components in the change in Retail sales over the same period in the prior year:
    - Same-store sales declined by 0.4% (2010 – 0.3%);
    - Sales in food were flat;
    - Sales in drugstore declined moderately, negatively impacted by deflation due to 2010 generic prescription drug regulation changes in Ontario and other provinces, the continued impact of new generic versions of certain prescription drugs and further regulatory changes enacted in the second quarter of 2011 in Ontario;
    - Gas bar sales growth was strong as a result of higher retail gas prices and moderate volume growth;
    - Sales in general merchandise, excluding apparel, declined significantly due to continued reductions in square footage and optimization of range and assortment of products;
    - Increased apparel square footage led to a modest increase in sales; and
    - The Company experienced moderate average quarterly internal food price inflation during the second quarter of 2011, which was lower than the average quarterly national food price inflation of 4.0% (2010 – 0.3%) as measured by "The Consumer Price Index for Food Purchased from Stores" ("CPI"). In the second quarter of 2010, the Company experienced marginal average quarterly internal food price deflation. CPI does not necessarily reflect the effect of inflation on the specific mix of goods sold in Loblaw stores.

- Gross profit increased by $25 million to $1,626 million (22.7% of sales) in the second quarter of 2011 compared to $1,601 million in the second quarter of 2010 (22.4% of sales). This increase was mainly attributable to improved control label profitability, the shift of pharmaceutical professional allowances from selling, general and administrative expenses to gross profit and improved shrink. Increases in promotional pricing programs and transportation costs partially offset these improvements.

- Operating income increased by $20 million, or 6.4%, to $333 million in the second quarter of 2011 compared to $313 million in the second quarter of 2010. Operating margin was 4.7% for the second quarter of 2011 compared to 4.4% in 2010. This increase was due to continued labour and other operating cost efficiencies and increased gross profit described above, partially offset by the charge related to certain prior years' commodity tax matters, the incremental costs related to the investment in information technology and supply chain and the impact of share based compensation net of equity forwards. Included in operating income in the second quarter of 2010 was an asset impairment charge in connection with changes in the Company's distribution network.

Financial Services Results of Operations

For the periods ended June 18, 2011 and June 19, 2010 (unaudited) (millions of Canadian dollars except where otherwise indicated)	**2011 (12 weeks)**	2010 (12 weeks)	% Change	**2011 (24 weeks)**	2010 (24 weeks)	% Change
Revenue	**$ 121**	$ 123	(1.6%)	**$ 236**	$ 245	(3.7%)
Operating income	**12**	32	(62.5%)	**30**	56	(46.4%)
Earnings before income taxes	**2**	24	(91.7%)	**7**	37	(81.1%)

Unaudited (millions of Canadian dollars except where otherwise indicated)	**As at June 18, 2011**	As at June 19, 2010	% Change
Average quarterly net credit card receivables	**$ 1,953**	$ 1,950	0.2%
Credit card receivables	**1,974**	1,883	4.8%
Credit card receivables provision	**33**	40	(17.5%)
Annualized yield on average quarterly gross credit card receivables	**12.6%**	13.8%	
Annualized credit loss rate on average quarterly gross credit card receivables	**4.8%**	6.3%	

- Revenue for the second quarter decreased by $2 million, or 1.6%, to $121 million compared to $123 million in the second quarter of 2010. The decrease was primarily driven by increased customer payment rates resulting from both changing customer behaviours and more stringent credit risk management policies implemented in 2009. Although these practices resulted in lower revenues, they favourably impacted the annualized credit loss rate as planned.

- Operating income decreased by $20 million, or 62.5%, to $12 million in the second quarter of 2011 compared to $32 million in the second quarter of 2010. Earnings before income taxes decreased by $22 million, or 91.7%, to $2 million compared to $24 million in the second quarter of 2010. These decreases were attributable to significant marketing investments and customer acquisition costs, consistent with the Company's continued investment in the growth of its Financial Services segment. A lower credit card loss provision release as a result of a more stable economic environment also contributed to the decreases in operating income and earnings before income taxes. Lower revenues were largely offset by improved credit card losses.

The Company's quarterly and annual Management's Discussion and Analysis, financial statements and notes will be posted only to the Company's website at loblaw.ca and filed with the relevant Canadian securities regulators on the System for Electronic Document Analysis and Retrieval (SEDAR). The Company will continue to issue its quarterly press releases through the newswire and on loblaw.ca.

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 revenue 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 share-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.

Non-GAAP Financial Measures

In this news release, 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 of the Company for the reasons outlined below. These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.

EBITDA and EBITDA Margin The following table reconciles earnings before income taxes, net interest expense and other financing charges and depreciation and amortization ("EBITDA") to operating income, which is reconciled to GAAP net earnings measures reported in the unaudited interim period condensed consolidated statements of earnings for the twelve and twenty-four week periods ended June 18, 2011 and June 19, 2010. EBITDA is useful to management in assessing the performance of the Company's ongoing operations and its ability to generate cash flows to fund cash requirements, including the Company's capital investment program.

EBITDA margin is calculated as EBITDA divided by revenue.

For the periods ended June 18, 2011 and June 19, 2010 (unaudited) (millions of Canadian dollars)	**2011 (12 weeks)**	2010 (12 weeks)	**2011 (24 weeks)**	2010 (24 weeks)
Net earnings	**$ 197**	$ 181	**$ 359**	$ 313
Add impact of the following:				
Income taxes	**70**	83	**138**	153
Net interest expense and other financing charges	**78**	81	**151**	168
Operating income	**345**	345	**648**	634
Add impact of the following:				
Depreciation and amortization	**159**	142	**311**	284
EBITDA	**$ 504**	$ 487	**$ 959**	$ 918

2010 Annual Consolidated Financial Statements and MD&A

The Company's 2010 Annual Report is available in the Investor Centre section of the Company's website at loblaw.ca or at 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 July 21, 2011 at 11:00 a.m. (EST).

To access via tele-conference please dial (647) 427-7450. The playback will be made available two hours after the event at (416) 849-0833, access code: 72362626. To access via webcast please visit loblaw.ca, go to Investor Centre, select Events and Presentations and click on webcast. Pre-registration will be available.

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