NEWS RELEASE

Loblaw Companies Limited Reports 2011 First Quarter Results(1)

BRAMPTON, ONTARIO May 4, 2011 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") today announced its unaudited financial results for the first quarter ended March 26, 2011 based on preliminary unaudited results of this period. The Company's first 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 will be available at sedar.com.

2011 First Quarter Summary(1)

- Basic net earnings per common share of $0.58, up 20.8%
- EBITDA margin(2) of 6.6% compared to 6.2% in the first quarter of 2010
- Revenue of $6,872 million, a decline of 0.6% over the first quarter of 2010
- Retail sales and same-store sales declines of 0.5% and 0.1%, respectively, from the first quarter of 2010

"The Company continues to progress with its renewal plan while it begins to turn its focus on new opportunities for growth," said Galen G. Weston, Executive Chairman, Loblaw Companies Limited. "We remain focused on executing the plan in an unpredictable and competitively intense market environment. At the same time, we continue to expect our investment in information technology and supply chain infrastructure to negatively impact our operating income in 2011."

Due to the transition to International Financial Reporting Standards ("IFRS" or "GAAP") effective the first quarter of 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 the new standards adopted. See note 16 to the Company's first quarter 2011 unaudited interim period condensed consolidated financial statements for further information on the transition to IFRS and its impact on the Company's financial position, financial performance and cash flows.

With this transition, the Company now 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 services, personal banking services provided by the direct banking division of a major Canadian chartered bank and telecom.

(1) This news release contains forward-looking information. See Forward-Looking Statements on page 4 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 factors and 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 sedar.com and at loblaw.ca.

(2) See Non-GAAP Financial Measures on page 6 of this news release.

Consolidated Quarterly Results of Operations

For the periods ended March 26, 2011 and March 27, 2010 (unaudited) (millions of Canadian dollars except where otherwise indicated)	2011 (12 weeks)	2010 (12 weeks)	% Change
Revenue	$ 6,872	$ 6,913	(0.6%)
Operating income	303	289	4.8%
Net earnings	162	132	22.7%
Basic net earnings per common share ($)	0.58	0.48	20.8%
Operating margin	4.4%	4.2%	
EBITDA(1)	$ 455	$ 431	5.6%
EBITDA margin(1)	6.6%	6.2%	

- Revenue decreased by $41 million, or 0.6%, to $6,872 million in the first quarter of 2011 compared to the first quarter of 2010. This decrease was primarily due to the declines in Retail sales and Financial Services revenue as described below.

- Operating income increased by $14 million, or 4.8%, to $303 million in the first quarter of 2011 compared to the first quarter of 2010. Operating margin was 4.4% for the first quarter of 2011 compared to 4.2% in 2010. These increases were driven by improvements in gross profit and selling, general and administrative expenses as described below. Included in consolidated operating income are the following items:
  - Incremental costs of $43 million related to investments in information technology and supply chain, which negatively impacted basic net earnings per common share by $0.11. These costs included:
    - A charge of $21 million related to changes in the distribution network, of which $16 million was incremental; and
    - A charge of $36 million related to depreciation and amortization, of which $13 million was incremental.
  - An $8 million charge related to an internal re-alignment of the business centred around the Company's two primary store formats, Discount and Conventional, which negatively impacted basic net earnings per common share by $0.02; and
  - Income related to the effect of share-based compensation net of equity forwards of $7 million (2010 – $6 million charge). The effect on basic net earnings per common share was income of $0.01 (2010 - $0.01 charge).

- Net earnings increased by $30 million or 22.7%, to $162 million in the first quarter of 2011 compared to the first quarter of 2010 due primarily to the increase in operating income, a decrease in net interest expense and other financing charges due to a net decrease in long term debt, an increase in net interest income on financial derivative instruments and an increase in interest income as a result of higher short term interest rates and lower income taxes.

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

Retail Results of Operations

For the periods ended March 26, 2011 and March 27, 2010 (unaudited) (millions of Canadian dollars except where otherwise indicated)	2011 (12 weeks)	2010 (12 weeks)	% Change
Sales	$ 6,757	$ 6,791	(0.5%)
Gross profit	1,554	1,542	0.8%
Operating income	285	265	7.5%
Same-store sales (decline) growth	(0.1%)	0.3%	
Gross profit	23.0%	22.7%	
Operating margin	4.2%	3.9%	

(1) See Non-GAAP Financial Measures on page 6 of this news release.

- In the first quarter of 2011, the following factors explain the major components in the change in Retail sales over the same period in the prior year:
    - Sales growth in food was flat;
    - Sales in drugstore declined marginally, negatively impacted by deflation due to generic prescription drug regulation changes in Ontario and other provinces and the impact of new generic versions of certain prescription drugs;
    - Sales in apparel declined marginally due in part to cooler weather and the timing of the Easter holiday;
    - Sales in other general merchandise declined moderately due to continued reductions in square footage and optimization of range and assortment of products;
    - Gas bar sales growth was strong as a result of higher retail gas prices and modest volume growth; and
    - The Company experienced modest average quarterly internal food price inflation during the first quarter of 2011, which was lower than the average quarterly national food price inflation of 2.5% (2010 – 0.7%) as measured by "The Consumer Price Index for Food Purchased from Stores" ("CPI"). In the first 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 $12 million to $1,554 million (23.0% of sales) in the first quarter of 2011 compared to the first quarter of 2010 (22.7% of sales). This increase was mainly attributable to improved control label profitability, improved shrink, the shift of pharmaceutical professional allowances from selling, general and administrative expenses to gross profit as legislated and a stronger Canadian dollar. The timing of Easter vendor programs and increased transportation costs partially offset these improvements.

- Operating income increased by $20 million, or 7.5%, to $285 million in the first quarter of 2011 compared to $265 million in the first quarter of 2010. Operating margin was 4.2% for the first quarter of 2011 compared to 3.9% in 2010. This increase was due to increased gross profit, labour efficiencies, the improvement in the performance of the Company's franchise business, a stronger Canadian dollar and the impact of share based compensation net of equity forwards, partially offset by the incremental costs related to the investment in information technology and supply chain and the charge associated with the internal re-alignment of the business.

Financial Services Results of Operations

For the periods ended March 26, 2011 and March 27, 2010 (unaudited) (millions of Canadian dollars except where otherwise indicated)	2011 (12 weeks)	2010 (12 weeks)	% Change
Revenues	$ 115	$ 122	(5.7%)
Operating income	18	24	(25.0%)
Average quarterly net credit card receivables	$ 1,942	$ 1,985	(2.2%)
Credit card receivables	1,887	1,874	0.7%
Annualized yield on average quarterly gross credit card receivables	12.6%	13.3%	
Annualized credit loss rate on average quarterly gross credit card receivables	4.6%	6.3%	

- Revenues for the first quarter decreased by $7 million, or 5.7%, to $115 million compared to $122 million in the first quarter of 2010. The decrease was primarily driven by improved customer payment practices resulting from 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 $6 million or 25.0% to $18 million in the first quarter of 2011 compared to $24 million in the first quarter of 2010. This decrease was mainly due to the reduction in revenue and an increase in marketing costs, partially offset by a lower allowance for credit card losses.

The Company has adopted a new approach to releasing quarterly financial results. The Company's first, second and third quarter reports and annual Management's Discussion and Analysis, financial statements and notes will now 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

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 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 week periods ended March 26, 2011 and March 27, 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 March 26, 2011 and March 27, 2010 (unaudited) (millions of Canadian dollars except where otherwise indicated)	2011 (12 weeks)	2010 (12 weeks)
Net earnings	$ 162	$ 132
Add impact of the following:		
Income taxes	68	70
Net interest expense and other financing charges	73	87
Operating income	303	289
Add impact of the following:		
Depreciation and amortization	152	142
EBITDA	$ 455	$ 431

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 May 4, 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: 54542931. 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.