NEWS RELEASE

Loblaw Achieves its Synergy Target of $300 Million in the Second Quarter of 2016

BRAMPTON, ONTARIO July 27, 2016 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") today announced its unaudited financial results for the second quarter ended June 18, 2016. The Company's 2016 Second Quarter Report to Shareholders will be available in the Investors section of the Company's website at loblaw.ca and will be filed with SEDAR and available at sedar.com.

"Operating earnings grew in the second quarter of 2016, as we achieved improved same-store sales growth and maintained stable gross margins," said Galen G. Weston, Executive Chairman and President, Loblaw Companies Limited.

"Sales performance in Drug retail remained strong in the quarter. In an increasingly competitive Food retail environment, our initiatives are beginning to put money back in the pockets of Canadians."

2016 SECOND QUARTER HIGHLIGHTS

- Revenue was $10,731 million, an increase of $196 million, or 1.9%, compared to the second quarter of 2015.
- Retail segment sales were $10,494 million, an increase of $176 million, or 1.7%, compared to the second quarter of 2015.
    - Food retail (Loblaw) same-store sales growth was 0.7%, excluding gas bar;
    - Drug retail (Shoppers Drug Mart) same-store sales growth was 4.0%, with same-store pharmacy sales increasing by 3.6% and same-store front store sales increasing by 4.3%; and
    - The timing of Easter had a negative impact of 1.0% in the second quarter on both Food retail same-store sales and Drug retail same-store sales.
- Adjusted EBITDA[(2)] was $924 million, an increase of $67 million, or 7.8%, compared to the second quarter of 2015.
- Adjusted net earnings available to common shareholders of the Company[(2)] were $412 million, an increase of $62 million, or 17.7%, compared to the second quarter of 2015. Adjusted diluted net earnings per common share[(2)] were $1.01, an increase of $0.17, or 20.2%, compared to the second quarter of 2015.
- Net earnings available to common shareholders of the Company were $158 million, a decrease of $27 million, or 14.6%, compared to the second quarter of 2015. Diluted net earnings per common share were $0.39, a decrease of $0.05, or 11.4%, compared to the second quarter of 2015.
- The Company realized approximately $83 million of net synergies in the quarter, an incremental $30 million compared to the second quarter of 2015. As a result, the Company has achieved its annualized synergies target of $300 million since the acquisition of Shoppers Drug Mart.
- The Company repurchased 2.0 million shares for cancellation at a cost of $132 million.

See "News Release Endnotes" at the back of this News Release.

CONSOLIDATED RESULTS OF OPERATIONS

For the periods ended June 18, 2016 and June 20, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (12 weeks)**	2015 (12 weeks)	$ Change	% Change	**2016 (24 weeks)**	2015 (24 weeks)	$ Change	% Change
Revenue	**$ 10,731**	$ 10,535	$ 196	1.9 %	**$ 21,112**	$ 20,583	$ 529	2.6%
Adjusted EBITDA(2)	**924**	857	67	7.8 %	**1,753**	1,646	107	6.5%
Adjusted EBITDA margin(2)	**8.6%**	8.1%			**8.3%**	8.0%		
Net earnings attributable to shareholders of the Company	**$ 161**	$ 185	$ (24)	(13.0)%	**$ 357**	$ 331	$ 26	7.9%
Net earnings available to common shareholders of the Company(i)	**158**	185	(27)	(14.6)%	**351**	331	20	6.0%
Adjusted net earnings available to common shareholders of the Company(2)	**412**	350	62	17.7 %	**750**	651	99	15.2%
Diluted net earnings per common share ($)	**$ 0.39**	$ 0.44	$ (0.05)	(11.4)%	**$ 0.85**	$ 0.79	$ 0.06	7.6%
Adjusted diluted net earnings per common share(2) ($)	**1.01**	0.84	0.17	20.2 %	**1.82**	1.56	0.26	16.7%
Diluted weighted average common shares outstanding (millions)	**409.9**	416.7			**411.5**	416.7		

(i) Net earnings available to common shareholders of the Company are net earnings attributable to shareholders of the Company net of dividends declared on the Company's Second Preferred Shares, Series B.

Adjusted net earnings available to common shareholders of the Company(2) in the second quarter of 2016 were $412 million ($1.01 per common share), an increase of $62 million ($0.17 per common share) compared to the second quarter of 2015, primarily due to the following:

- improved performance in the Retail segment, which included achieving positive same-store sales, maintaining a stable gross margin, and delivering operational efficiencies in selling, general and administrative expenses ("SG&A");
- the positive contribution from incremental net synergies of $30 million;
- improved performance in the Financial Services segment, driven by the growth in credit card receivables and Mobile Shop sales;
- the favourable impact of a decrease in depreciation and amortization of $22 million as a result of a change in the estimated useful life of certain equipment and fixtures; partially offset by
- an impact of an increase in the adjusted income tax rate(2) primarily due to an increase in the Alberta statutory corporate income tax rate and an increase in certain other non-deductible items.

Net earnings available to common shareholders of the Company in the second quarter of 2016 were $158 million ($0.39 per common share), a decrease of $27 million ($0.05 per common share) compared to the second quarter of 2015. Despite of the impact of the items described above, the decrease in net earnings available to common shareholders of the Company included the year-over-year impact of the following significant items:

- the unfavourable impact of an increase in net interest expense and other financing charges, primarily due to the fair value adjustment to the Trust Unit Liability of $141 million ($0.34 per common share); partially offset by
- a prior year charge related to a statutory corporate income tax rate change of $38 million ($0.09 per common share); and
- the favourable impact of a decrease in restructuring and other related costs of $11 million ($0.01 per common share).

REPORTABLE OPERATING SEGMENTS

Retail Segment

For the periods ended June 18, 2016 and June 20, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (12 weeks)**	2015 (12 weeks)	$ Change	% Change	**2016 (24 weeks)**	2015 (24 weeks)	$ Change	% Change
Sales	**$ 10,494**	$ 10,318	$ 176	1.7 %	**$ 20,648**	$ 20,148	$ 500	2.5 %
Gross profit	**2,811**	2,711	100	3.7 %	**5,587**	5,335	252	4.7 %
Adjusted gross profit(2)	**2,826**	2,719	107	3.9 %	**5,603**	5,343	260	4.9 %
Adjusted gross profit %(2)	**26.9%**	26.4%			**27.1%**	26.5%		
Adjusted EBITDA(2)	**$ 875**	$ 814	$ 61	7.5 %	**$ 1,655**	$ 1,553	$ 102	6.6 %
Adjusted EBITDA margin(2)	**8.3%**	7.9%			**8.0%**	7.7%		
Depreciation and amortization	**$ 339**	$ 364	$ (25)	(6.9)%	**$ 701**	$ 728	$ (27)	(3.7)%

For the periods ended June 18, 2016 and June 20, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (12 weeks)**		2015 (12 weeks)		**2016 (24 weeks)**		2015 (24 weeks)	
	Sales	**Same-store sales**	Sales	Same-store sales	**Sales**	**Same-store sales**	Sales	Same-store sales
Food retail	**$ 7,718**	**0.4%**	$ 7,629	2.1%	**$ 15,108**	**1.2%**	$ 14,863	2.0%
Drug retail	**2,776**	**4.0%**	2,689	3.8%	**5,540**	**5.1%**	5,285	3.4%
Pharmacy	**1,324**	**3.6%**	1,274	3.9%	**2,637**	**3.9%**	2,531	3.7%
Front Store	**1,452**	**4.3%**	1,415	3.7%	**2,903**	**6.3%**	2,754	3.2%

Overall Retail Segment Performance Adjusted EBITDA(2) improved by $61 million in the second quarter of 2016 primarily driven by higher sales, incremental net synergies, and improvements in SG&A as a percentage of sales.

Sales Retail segment sales were $10,494 million in the second quarter of 2016 compared to $10,318 million in the second quarter of 2015, an increase of $176 million, primarily due to the following factors:

- Food retail same-store sales growth was 0.7% (2015 – 3.3%(5)) for the quarter, after excluding gas bar (0.3%). Including gas bar, Food retail same-store sales growth was 0.4% (2015 – 2.1%). The timing of Easter had a negative impact of approximately 1.0%.
- The Company's Food retail average quarterly internal food price index was slightly lower than (2015 – higher than) the average quarterly national food price inflation of 1.8% (2015 – 3.9%), as measured by The Consumer Price Index for Food Purchased from Stores ("CPI"). CPI does not necessarily reflect the effect of inflation on the specific mix of goods sold in the Company's stores.
- Drug retail sales were comprised of pharmacy same-store sales growth of 3.6% (2015 – 3.9%) and front store same-store sales growth of 4.3% (2015 – 3.7%). The timing of Easter had a negative impact on same-store sales of approximately 1.0%.
- In the last 12 months, Retail net square footage decreased by 0.4 million square feet, or 0.6%, primarily driven by the Company's store closure plan announced in 2015.
- The Company's store closure plan announced in 2015 had a negative impact on sales of approximately $75 million.

Adjusted gross profit(2), adjusted gross profit percentage(2) and adjusted EBITDA(2) in the second quarter of 2016 included the impacts of the consolidation of franchises in the quarter, as set out in "Other Retail Business Matters".

Adjusted Gross Profit(2) Adjusted gross profit(2) was $2,826 million in the second quarter of 2016 compared to $2,719 million in the second quarter of 2015. Adjusted gross profit percentage(2) of 26.9% increased by 50 basis points compared to the second quarter of 2015. Excluding the consolidation of franchises, the adjusted gross profit percentage(2) was 26.4%, an increase of 10 basis points compared to the second quarter of 2015, driven by the achievement of operational synergies and strong Drug retail front store margins, partially offset by Food retail promotional investment.

Adjusted EBITDA(2) Adjusted EBITDA(2) was $875 million in the second quarter of 2016 compared to $814 million in the second quarter of 2015, an increase of $61 million, or 7.5%, driven by the increase in adjusted gross profit(2) described above, partially offset by an increase in SG&A of $46 million. SG&A as a percentage of sales was 18.6%, an increase of 10 basis points compared to the second quarter of 2015. Excluding the consolidation of franchises, SG&A as a percentage of sales was 18.0%, an improvement of 40 basis points compared to the second quarter of 2015, driven by the positive impact of the Company's store closure plan announced in 2015 and operational efficiencies in retail stores.

Depreciation and Amortization Depreciation and amortization was $339 million in the second quarter of 2016, a decrease of $25 million compared to the second quarter of 2015. Excluding the impact of the amortization of intangible assets related to the acquisition of Shoppers Drug Mart Corporation ("Shoppers Drug Mart") of $123 million (2015 – $124 million), depreciation and amortization decreased by $24 million, primarily attributable to a change in the estimated useful life of certain equipment and fixtures.

Other Retail Business Matters

Gas Bar Network In the second quarter of 2016, the Company began engaging with potential buyers for the sale of its gas bar operations. The gas bar network is comprised of approximately 200 retail fuel sites. On an annual basis, the gas bar operations sell approximately 1,700 million litres of gas and generate sales of approximately $1,600 million.

Consolidation of Franchises The Company has more than 500 franchise stores in its network. As of the end of the second quarter of 2016, 132 of these stores were consolidated for accounting purposes under a new, simplified franchise agreement ("Franchise Agreement") implemented in 2015.

The Company will convert franchises to the Franchise Agreement as existing agreements expire, at the end of which all franchises will be consolidated. The following table presents the franchises consolidated in the second quarter of 2016 and year-to-date, and the total impact of the consolidated franchises:

(millions of Canadian dollars unless where otherwise indicated)	**2016 (12 weeks)**	2015 (12 weeks)	**2016 (24 weeks)**	2015 (24 weeks)
Number of Consolidated Franchise stores, beginning of period	**115**	—	**85**	—
Add: Number of Consolidated Franchise stores in the period	**17**	16	**47**	16
Number of Consolidated Franchise stores, end of period	**132**	16	**132**	16
Sales	**$ 75**	$ 5	**$ 139**	$ 5
Gross Profit	**75**	5	**134**	5
Adjusted gross profit(2)	**75**	5	**134**	5
Adjusted EBITDA(2)	**(1)**	(2)	**(7)**	(2)
Depreciation and amortization	**4**	—	**8**	—
Net income (loss) attributable to Non-Controlling Interest	**(5)**	1	**(14)**	1

Retail Locations in Fort McMurray In the second quarter of 2016, 10 retail locations in Fort McMurray were impacted by a wildfire that caused an evacuation of the city. During the second quarter of 2016, the Company recognized a charge of approximately $12 million related to inventory losses, site clean-up and restoration costs at these locations. An insurance claim is in progress and proceeds are expected to be recorded as the claim progresses.

The Company estimates the financial impact to the Company's results in the second quarter of 2016 from the temporary closure of these retail locations as follows: a decrease in sales of approximately $25 million and a decrease in adjusted EBITDA(2) of approximately $6 million. The Company maintains business interruption insurance and expects that certain losses will be recoverable under this insurance coverage.

Restructuring and Other Related Costs In the second quarter of 2016, the Company recorded an additional charge related to store closures of approximately $43 million. This amount was primarily related to the closure of the remaining Joe Fresh retail location in the U.S.

Drug Retail Ancillary Assets In 2015, the Company began actively marketing the sale of certain assets of the Shoppers Drug Mart ancillary healthcare business and recorded asset impairments on these assets and other related restructuring charges. In the second quarter of 2016, the Company signed agreements for the sale of a portion of these assets, and ceased actively marketing the remaining assets and restructured the remaining assets as part of ongoing operations. As a result, the Company recorded a charge of $4 million related to inventory impairment and reversals of $8 million of previous asset impairments and other related restructuring charges in the second quarter of 2016.

Financial Services Segment[3]

For the periods ended June 18, 2016 and June 20, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (12 weeks)**	2015 (12 weeks)	$ Change	% Change	**2016 (24 weeks)**	2015 (24 weeks)	$ Change	% Change
Revenue	**$ 214**	$ 199	$ 15	7.5%	**$ 421**	$ 398	$ 23	5.8%
Adjusted EBITDA[2]	**44**	38	6	15.8%	**88**	83	5	6.0%
Earnings before income taxes	**29**	22	7	31.8%	**57**	50	7	14.0%

(millions of Canadian dollars except where otherwise indicated)	**As at June 18, 2016**	As at June 20, 2015	$ Change	% Change
Average quarterly net credit card receivables	**$ 2,717**	$ 2,585	$ 132	5.1%
Credit card receivables	**2,767**	2,647	120	4.5%
Allowance for credit card receivables	**52**	48	4	8.3%
Annualized yield on average quarterly gross credit card receivables	**13.6%**	13.7%		
Annualized credit loss rate on average quarterly gross credit card receivables	**4.5%**	4.7%		

Earnings Before Income Taxes Earnings before income taxes were $29 million in the second quarter of 2016, an increase of $7 million compared to the second quarter of 2015, primarily driven by:

- higher interest and net interchange income attributable to growth in credit card receivables; and
- higher Mobile Shop sales; partially offset by
- higher costs associated with higher transaction volumes in the Financial Services loyalty program.

Credit Card Receivables As at June 18, 2016, credit card receivables were $2,767 million, an increase of $120 million compared to June 20, 2015. This increase was primarily driven by growth in the active customer base as a result of continued investments in customer acquisition, marketing and product initiatives. As at June 18, 2016, the allowance for credit card receivables was $52 million, an increase of $4 million compared to June 20, 2015 due to the growth in the credit card receivables portfolio.

Choice Properties Segment[3]

For the periods ended June 18, 2016 and June 20, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016** (12 weeks)	2015 (12 weeks)	$ Change	% Change	**2016** (24 weeks)	2015 (24 weeks)	$ Change	% Change
Revenue	**$ 198**	$ 183	$ 15	8.2 %	**$ 390**	$ 365	$ 25	6.8%
Adjusted EBITDA[2]	**111**	115	(4)	(3.5)%	**247**	242	5	2.1%
Net interest expense and other financing charges	**671**	(75)	746	994.7 %	**939**	264	675	255.7%
Adjusted funds from operations[2]	**83**	77	6	7.8 %	**166**	152	14	9.2%

Adjusted EBITDA[2] Adjusted EBITDA[2] was $111 million in the second quarter of 2016, a decrease of $4 million compared to the second quarter of 2015, primarily driven by:

- the change in fair value adjustment on investment properties; and
- the change in fair value on unit-based compensation; partially offset by
- higher contributions from property operations.

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges were $671 million in the second quarter of 2016, an increase of $746 million compared to the second quarter of 2015, primarily driven by the change in fair value adjustment on Class B Limited Partnership units.

Adjusted Funds from Operations[2] Adjusted funds from operations[2] were $83 million in the second quarter of 2016, an increase of $6 million compared to the second quarter of 2015, primarily driven by higher contributions from property operations.

Other Matters In the second quarter of 2016, Choice Properties Real Estate Investment Trust ("Choice Properties") acquired ten investment properties from the Company for a purchase price of approximately $117 million, excluding acquisition costs, which was fully settled in cash.

Subsequent to the end of the second quarter of 2016, Choice Properties announced an increase in its annual distribution per unit of 6.0% to $0.71 per unit, effective for unitholders of record on July 29, 2016, distribution payable on August 15, 2016.

DECLARATION OF DIVIDENDS

Subsequent to the end of the second quarter of 2016, the Board of Directors declared a quarterly dividend on Common Shares and Second Preferred Shares, Series B.

Common Shares	$0.26 per common share, payable on October 1, 2016 to shareholders of record on September 15, 2016
Second Preferred Shares, Series B	$0.33 per share, payable on September 30, 2016 to shareholders of record on September 15, 2016

OUTLOOK[4]

Loblaw remains focused on its strategic framework, delivering the best in food, best in health and beauty, operational excellence and growth. This strategic framework is supported by a financial strategy of maintaining a stable trading environment that targets positive same-store sales and stable gross margin; surfacing efficiencies; delivering synergies as a result of its acquisition of Shoppers Drug Mart; and returning capital to shareholders. In 2016, the Company expects to:

- deliver positive same-store sales and stable gross margin in its Retail segment in a highly competitive grocery market and with continued negative pressure from healthcare reform;
- grow adjusted net earnings;
- invest approximately $1.3 billion in capital expenditures, including $1.0 billion in its Retail segment; and
- return capital to shareholders by allocating a significant portion of free cash flow to share repurchases.

NON-GAAP FINANCIAL MEASURES

The Company uses the following non-GAAP financial measures: Retail segment adjusted gross profit, Retail segment adjusted gross profit percentage, EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted net interest expense and other financing charges, adjusted income taxes, adjusted income tax rate, adjusted net earnings, adjusted diluted net earnings per common share, and with respect to Choice Properties: adjusted funds from operations. 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.

Management uses these and other non-GAAP financial measures to exclude the impact of certain expenses and income that must be recognized under GAAP when analyzing underlying consolidated and segment operating performance, as the excluded items are not necessarily reflective of the Company's underlying operating performance and make comparisons of underlying financial performance between periods difficult. The Company excludes additional items if it believes doing so would result in a more effective analysis of underlying operating performance. The exclusion of certain items does not imply that they are non-recurring.

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.

For details on the nature of items excluded in the calculation of any of the non-GAAP financial measures detailed below see the "Non-GAAP Financial Measures" section of the Company's 2016 Second Quarter Report to Shareholders.

Retail Segment Adjusted Gross Profit and Retail Segment Adjusted Gross Profit Percentage The following table reconciles the Retail segment adjusted gross profit to Retail segment gross profit. Retail segment adjusted gross profit percentage is calculated as adjusted Retail segment gross profit divided by Retail segment sales. The Company believes that Retail segment adjusted gross profit is useful in assessing the Retail segment's underlying operating performance and in making decisions regarding the ongoing operations of the business.

For the periods ended June 18, 2016 and June 20, 2015 (millions of Canadian dollars)	**2016** **(12 weeks)**	2015 (12 weeks)	**2016** **(24 weeks)**	2015 (24 weeks)
Retail segment gross profit	**$ 2,811**	$ 2,711	**$ 5,587**	$ 5,335
Add impact of the following:				
Charges related to retail locations in Fort McMurray	**9**	—	**9**	—
Net impairment reversals related to Drug retail ancillary assets	**4**	—	**4**	—
Restructuring and other related costs	**2**	—	**3**	—
Charge related to apparel inventory	**—**	8	**—**	8
Retail segment adjusted gross profit	**$ 2,826**	$ 2,719	**$ 5,603**	$ 5,343

The following describes the new adjusting items in the second quarter of 2016:

Charges related to retail locations in Fort McMurray In the second quarter of 2016, 10 retail locations in Fort McMurray were impacted by the wildfire that caused the evacuation of the city. The Company recognized charges related to the inventory losses, site clean-up and other restoration costs as set out in "Other Retail Business Matters".

Net impairment reversals related to Drug retail ancillary assets In the second quarter of 2016, the Company ceased actively marketing the remaining assets in certain Drug retail ancillary operations that were previously marketed for sale, as set out in "Other Retail Business Matters".

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin The following tables reconcile earnings before income taxes, net interest expense and other financing charges and depreciation and amortization ("EBITDA"), adjusted EBITDA and adjusted operating income to operating income, which is reconciled to GAAP net earnings measures reported in the unaudited interim period condensed consolidated statements of earnings for the periods ended June 18, 2016 and June 20, 2015. The Company believes that adjusted EBITDA is useful in assessing the performance of its ongoing operations and its ability to generate cash flows to fund its cash requirements, including the Company's capital investment program.

Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue.

					2016 (12 weeks)					2015 (12 weeks)
(millions of Canadian dollars)	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations	Consolidated	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations	Consolidated
Net earnings attributable to shareholders of the Company					$ 161					$ 185
Add (deduct) impact of the following:										
Non-Controlling Interests					(5)					1
Net interest expense and other financing charges					236					106
Income taxes					125					121
Operating income	$ 475	$ 41	$ 111	$ (110)	$ 517	$ 375	$ 36	$ 115	$ (113)	$ 413
Depreciation and amortization	339	3	—	4	346	364	2	—	3	369
EBITDA	$ 814	$ 44	$ 111	$ (106)	$ 863	$ 739	$ 38	$ 115	$ (110)	$ 782
Operating income	$ 475	$ 41	$ 111	$ (110)	$ 517	$ 375	$ 36	$ 115	$ (113)	$ 413
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart	123	—	—	—	123	124	—	—	—	124
Restructuring and other related costs	43	—	—	—	43	54	—	—	—	54
Charges related to retail locations in Fort McMurray	12	—	—	—	12	—	—	—	—	—
Fair value adjustment on fuel and foreign currency contracts	10	—	—	—	10	9	—	—	—	9
Net impairment reversals related to Drug retail ancillary assets	(4)	—	—	—	(4)	—	—	—	—	—
Charge related to apparel inventory	—	—	—	—	—	8	—	—	—	8
Fixed asset and other related impairments, net of recoveries	—	—	—	—	—	4	—	—	—	4
Adjusted operating income	$ 659	$ 41	$ 111	$ (110)	$ 701	$ 574	$ 36	$ 115	$ (113)	$ 612
Depreciation and amortization	339	3	—	4	346	364	2	—	3	369
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	(123)	—	—	—	(123)	(124)	—	—	—	(124)
Adjusted EBITDA	$ 875	$ 44	$ 111	$ (106)	$ 924	$ 814	$ 38	$ 115	$ (110)	$ 857

(millions of Canadian dollars)	2016 (24 weeks) Retail	Financial Services[3]	Choice Properties[3]	Consolidation and Eliminations	Consolidated	2015 (24 weeks) Retail	Financial Services[3]	Choice Properties[3]	Consolidation and Eliminations	Consolidated
Net earnings attributable to shareholders of the Company					$ 357					$ 331
Add (deduct) impact of the following:										
Non-Controlling Interests					(14)					1
Net interest expense and other financing charges					393					298
Income taxes					217					197
Operating income	$ 868	$ 82	$ 247	$ (244)	$ 953	$ 745	$ 78	$ 242	$ (238)	$ 827
Depreciation and amortization	701	6	—	7	714	728	5	—	6	739
EBITDA	$ 1,569	$ 88	$ 247	$ (237)	$ 1,667	$ 1,473	$ 83	$ 242	$ (232)	$ 1,566
Operating income	$ 868	$ 82	$ 247	$ (244)	$ 953	$ 745	$ 78	$ 242	$ (238)	$ 827
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart	247	—	—	—	247	248	—	—	—	248
Restructuring and other related costs	44	—	—	—	44	66	—	—	—	66
Fair value adjustment on fuel and foreign currency contracts	20	—	—	—	20	(3)	—	—	—	(3)
Charges related to retail locations in Fort McMurray	12	—	—	—	12	—	—	—	—	—
Prior year tax assessment	10	—	—	—	10	—	—	—	—	—
Net impairment reversals related to Drug retail ancillary assets	(4)	—	—	—	(4)	—	—	—	—	—
Fixed asset and other related impairments, net of recoveries	2	—	—	—	2	7	—	—	—	7
Pension annuities and buy-outs	2	—	—	—	2	—	—	—	—	—
Charge related to apparel inventory	—	—	—	—	—	8	—	—	—	8
Shoppers Drug Mart acquisition-related cost, net of impact from divestitures	—	—	—	—	—	2	—	—	—	2
Adjusted operating income	$ 1,201	$ 82	$ 247	$ (244)	$ 1,286	$ 1,073	$ 78	$ 242	$ (238)	$ 1,155
Depreciation and amortization	701	6	—	7	714	728	5	—	6	739
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	(247)	—	—	—	(247)	(248)	—	—	—	(248)
Adjusted EBITDA	$ 1,655	$ 88	$ 247	$ (237)	$ 1,753	$ 1,553	$ 83	$ 242	$ (232)	$ 1,646

Adjusted Net Interest Expense and Other Financing Charges The following table reconciles adjusted net interest expense and other financing charges to net interest expense and other financing charges in the unaudited interim period condensed consolidated statements of earnings for the periods ended June 18, 2016 and June 20, 2015. The Company believes that adjusted net interest expense and other financing charges is useful in assessing the Company's underlying financial performance and in making decisions regarding the financial operations of the business.

(millions of Canadian dollars)	**2016 (12 weeks)**	2015 (12 weeks)	**2016 (24 weeks)**	2015 (24 weeks)
Net interest expense and other financing charges	**$ 236**	$ 106	**$ 393**	$ 298
Add (deduct) impact of the following:				
Fair value adjustment to the Trust Unit Liability	**(108)**	33	**(140)**	(25)
Accelerated amortization of deferred financing costs	**—**	(8)	**—**	(11)
Adjusted net interest expense and other financing charges	**$ 128**	$ 131	**$ 253**	$ 262

Adjusted Income Taxes and Adjusted Income Tax Rate The Company believes adjusted income taxes is useful in assessing the underlying operating performance and in making decisions regarding the ongoing operations of its business.

For the periods ended June 18, 2016 and June 20, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (12 weeks)**	2015 (12 weeks)	**2016 (24 weeks)**	2015 (24 weeks)
Adjusted operating income(i)	**$ 701**	$ 612	**$ 1,286**	$ 1,155
Adjusted net interest expense and other financing charges(i)	**128**	131	**253**	262
Adjusted earnings before taxes	**$ 573**	$ 481	**$ 1,033**	$ 893
Income taxes	**$ 125**	$ 121	**$ 217**	$ 197
Add (deduct) impact of the following:				
Tax impact of items included in adjusted earnings before taxes(ii)	**38**	47	**77**	82
Statutory corporate income tax rate change	**—**	(38)	**(3)**	(38)
Adjusted income taxes	**$ 163**	$ 130	**$ 291**	$ 241
Effective tax rate	**44.5%**	39.4%	**38.8%**	37.2%
Adjusted income tax rate	**28.4%**	27.0%	**28.2%**	27.0%

(i) See reconciliations of adjusted operating income and adjusted net interest expense and other financing charges above.

(ii) See the EBITDA, adjusted EBITDA and adjusted EBITDA margin table and the adjusted net interest expense and other financing charges table above for a complete list of items included in adjusted earnings before taxes.

Adjusted income tax rate is calculated as adjusted income taxes divided by the sum of adjusted operating income less adjusted net interest expense and other financing charges.

Adjusted Net Earnings and Adjusted Diluted Net Earnings Per Common Share The Company believes adjusted net earnings and adjusted diluted net earnings per common share are useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of its business.

The following table reconciles adjusted diluted net earnings per common share to GAAP diluted net earnings per common share as reported for the periods ended June 18, 2016 and June 20, 2015:

($ except where otherwise indicated)	**2016 (12 weeks)**	2015 (12 weeks)	**2016 (24 weeks)**	2015 (24 weeks)
Diluted weighted average common shares outstanding (millions)	**409.9**	416.7	**411.5**	416.7
Net earnings attributable to shareholders of the Company (millions of Canadian dollars)	**$ 161**	$ 185	**$ 357**	$ 331
Less: Prescribed dividends on preferred shares in share capital (millions of Canadian dollars)	**(3)**	—	**(6)**	—
Net earnings available to common shareholders of the Company (millions of Canadian dollars)	**$ 158**	$ 185	**$ 351**	$ 331
Diluted net earnings per common share	**$ 0.39**	$ 0.44	**$ 0.85**	$ 0.79
Add (deduct) impact of the following:				
Fair value adjustment to the Trust Unit Liability[(i)]	**0.26**	(0.08)	**0.34**	0.06
Amortization of intangible assets acquired with Shoppers Drug Mart	**0.23**	0.23	**0.45**	0.44
Restructuring and other related costs	**0.10**	0.11	**0.10**	0.14
Fair value adjustment on fuel and foreign currency contracts	**0.02**	0.02	**0.04**	—
Charges related to retail locations in Fort McMurray	**0.02**	—	**0.02**	—
Net impairment reversals related to Drug retail ancillary assets	**(0.01)**	—	**(0.01)**	—
Statutory corporate income tax rate change	**—**	0.09	**0.01**	0.09
Fixed asset and other related impairments, net of recoveries	**—**	0.01	**—**	0.01
Charge related to apparel inventory	**—**	0.01	**—**	0.01
Accelerated amortization of deferred financing costs	**—**	0.01	**—**	0.02
Prior year tax assessment	**—**	—	**0.02**	—
Adjusted diluted net earnings per common share	**$ 1.01**	$ 0.84	**$ 1.82**	$ 1.56
Adjusted net earnings attributable to shareholders of the Company (millions of Canadian dollars)	**$ 415**	$ 350	**$ 756**	$ 651
Less: Prescribed dividends on preferred shares in share capital (millions of Canadian dollars)	**(3)**	—	**(6)**	—
Adjusted net earnings available to common shareholders of the Company (millions of Canadian dollars)	**$ 412**	$ 350	**$ 750**	$ 651

(i) Gains or losses related to the fair value adjustment to the Trust Unit Liability are not subject to tax.

Choice Properties' Adjusted Funds from Operations The following table reconciles Choice Properties' adjusted funds from operations to GAAP measures for the periods ended June 18, 2016 and June 20, 2015. The Company believes adjusted funds from operations is useful in measuring economic performance and is indicative of Choice Properties' ability to pay distributions.

(millions of Canadian dollars)	**2016 (12 weeks)**	2015 (12 weeks)	**2016 (24 weeks)**	2015 (24 weeks)
Net income (loss)	**$ (560)**	$ 189	**$ (692)**	$ (22)
Fair value adjustments on Class B Limited Partnership units	**580**	(160)	**761**	94
Fair value adjustments on investment properties	**23**	16	**37**	17
Fair value adjustments on unit-based compensation	**4**	—	**5**	—
Fair value adjustments of investment property held in equity accounted joint venture	**—**	—	**(14)**	—
Distributions on Class B Limited Partnership units	**53**	50	**106**	100
Internal expenses for leasing	**2**	1	**2**	1
Funds from Operations	**$ 102**	$ 96	**$ 205**	$ 190
Straight-line rental revenue	**(10)**	(9)	**(19)**	(18)
Amortization of finance charges	**1**	(1)	**—**	(1)
Unit-based compensation expense	**1**	1	**2**	1
Sustaining property and leasing capital expenditures, normalized(i)	**(11)**	(10)	**(22)**	(20)
Adjusted Funds from Operations	**$ 83**	$ 77	**$ 166**	$ 152

(i) Seasonality impacts the timing of capital expenditures. The adjusted funds from operations calculation has been adjusted for this factor to make the quarters more comparable.

SEGMENT INFORMATION

The Company has three reportable operating segments with all material operations carried out in Canada:

- The Retail segment consists primarily of corporate and franchise-owned retail food and Associate-owned drug stores, and includes in-store pharmacies and other health and beauty products, gas bars and apparel and other general merchandise. This segment is comprised of several operating segments that are aggregated primarily due to similarities in the nature of products and services offered for sale in the retail operations and the customer base;
- The Financial Services segment provides credit card services, loyalty programs, insurance brokerage services, personal banking services provided by a major Canadian chartered bank, deposit taking services and telecommunication services; and
- The Choice Properties segment owns and leases income-producing commercial properties. The Choice Properties segment information presented below reflects the accounting policies of Choice Properties, which may differ from those of the consolidated Company. Differences in policies are eliminated in Consolidation and Eliminations.

The Company's chief operating decision maker evaluates segment performance on the basis of adjusted EBITDA(2) and adjusted operating income(2), as reported to internal management, on a periodic basis.

Information for each reportable operating segment is included below:

					June 18, 2016 (12 weeks)					June 20, 2015 (12 weeks)
(millions of Canadian dollars)	**Retail**	**Financial Services(3)**	**Choice Properties(3)**	**Consolidation and Eliminations(i)**	**Total**	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations(i)	Total
Revenue(ii)	**$10,494**	**$ 214**	**$ 198**	**$ (175)**	**$ 10,731**	$ 10,318	$ 199	$ 183	$ (165)	$ 10,535
EBITDA(iii)	**$ 814**	**$ 44**	**$ 111**	**$ (106)**	**$ 863**	$ 739	$ 38	$ 115	$ (110)	$ 782
Adjusting Items(iii)	**61**	**—**	**—**	**—**	**61**	75	—	—	—	75
Adjusted EBITDA(iii)	**$ 875**	**$ 44**	**$ 111**	**$ (106)**	**$ 924**	$ 814	$ 38	$ 115	$ (110)	$ 857
Depreciation and Amortization(iv)	**216**	**3**	**—**	**4**	**223**	240	2	—	3	245
Adjusted Operating Income(iii)	**$ 659**	**$ 41**	**$ 111**	**$ (110)**	**$ 701**	$ 574	$ 36	$ 115	$ (113)	$ 612
Net interest expense and other financing charges	**$ 79**	**$ 12**	**$ 671**	**$ (526)**	**$ 236**	$ 91	$ 14	$ (75)	$ 76	$ 106

(i) Consolidation and Eliminations includes the following items:

- Revenue includes the elimination of $129 million (2015 – $124 million) of rental revenue and $46 million (2015 – $41 million) of cost recovery recognized by Choice Properties, generated from the Retail segment.
- Adjusted operating income includes the elimination of the $129 million (2015 – $124 million) impact of rental revenue described above; the elimination of a $23 million loss (2015 – $16 million loss) recognized by Choice Properties related to the fair value adjustments on investment properties, which are classified as Fixed Assets or Investment Properties by the Company and measured at cost; the recognition of $4 million (2015 – $3 million) of depreciation expense for certain investment properties recorded by Choice Properties; and the elimination of intercompany charges of $2 million in 2015.
- Net interest expense and other financing charges includes the elimination of $65 million (2015 – $62 million) of interest expense included in Choice Properties related to debt owing to the Company and a $580 million fair value loss (2015 – gain of $160 million) recognized by Choice Properties on Class B Limited Partnership units held by the Company. Net interest and other financing charges also includes Unit distributions to external unitholders of $11 million (2015 – $11 million), which excludes distributions paid to the Company and a $108 million fair value loss (2015 – $33 million gain) on the Company's Trust Unit Liability.

(ii) Included in Financial Services revenue is $93 million (2015 – $89 million) of interest income.

(iii) Certain items are excluded from EBITDA(2) to derive adjusted EBITDA(2). Adjusted EBITDA(2) is used internally by management when analyzing segment underlying performance.

(iv) Depreciation and amortization for the calculation of adjusted EBITDA(2) excludes $123 million (2015 – $124 million) of amortization of intangible assets acquired with Shoppers Drug Mart.

	June 18, 2016 (24 weeks)					June 20, 2015 (24 weeks)				
(millions of Canadian dollars)	**Retail**	**Financial Services(3)**	**Choice Properties(3)**	**Consolidation and Eliminations(i)**	**Total**	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations(i)	Total
Revenue(ii)	**$ 20,648**	**$ 421**	**$ 390**	**$ (347)**	**$ 21,112**	$20,148	$ 398	$ 365	$ (328)	$ 20,583
EBITDA(iii)	**$ 1,569**	**$ 88**	**$ 247**	**$ (237)**	**$ 1,667**	$ 1,473	$ 83	$ 242	$ (232)	$ 1,566
Adjusting Items(iii)	**86**	**—**	**—**	**—**	**86**	80	—	—	—	80
Adjusted EBITDA(iii)	**$ 1,655**	**$ 88**	**$ 247**	**$ (237)**	**$ 1,753**	$ 1,553	$ 83	$ 242	$ (232)	$ 1,646
Depreciation and Amortization(iv)	**454**	**6**	**—**	**7**	**467**	480	5	—	6	491
Adjusted Operating Income(iii)	**$ 1,201**	**$ 82**	**$ 247**	**$ (244)**	**$ 1,286**	$ 1,073	$ 78	$ 242	$ (238)	$ 1,155
Net interest expense and other financing charges	**$ 157**	**$ 25**	**$ 939**	**$ (728)**	**$ 393**	$ 177	$ 28	$ 264	$ (171)	$ 298

(i) Consolidation and Eliminations includes the following items:

- Revenue includes the elimination of $257 million (2015 – $247 million) of rental revenue and $90 million (2015 – $81 million) of cost recovery recognized by Choice Properties, generated from the Retail segment.
- Adjusted operating income includes the elimination of the $257 million (2015 – $247 million) impact of rental revenue described above; the elimination of a $37 million loss (2015 – $17 million loss) recognized by Choice Properties related to the fair value adjustments on investment properties, which are classified as Fixed Assets or Investment Properties by the Company and measured at cost; the elimination of a $14 million gain (2015 – nil) recognized by Choice Properties related to the fair value adjustments on investment properties in the joint venture; $7 million (2015 – $6 million) of depreciation expense for certain investment properties recorded by Choice Properties; and the elimination of intercompany charges of $3 million (2015 – $2 million).
- Net interest expense and other financing charges includes the elimination of $130 million (2015 – $124 million) of interest expense included in Choice Properties related to debt owing to the Company and a $761 million fair value loss (2015 – loss of $94 million) recognized by Choice Properties on Class B Limited Partnership units held by the Company. Net interest and other financing charges also includes Unit distributions to external unitholders of $23 million (2015 – $22 million), which excludes distributions paid to the Company and a $140 million fair value loss (2015 – loss of $25 million) on the Company's Trust Unit Liability.

(ii) Included in Financial Services revenue is $189 million (2015 – $181 million) of interest income.

(iii) Certain items are excluded from EBITDA(2) to derive adjusted EBITDA(2). Adjusted EBITDA(2) is used internally by management when analyzing segment underlying performance.

(iv) Depreciation and amortization for the calculation of adjusted EBITDA(2) excludes $247 million (2015 – $248 million) of amortization of intangible assets acquired with Shoppers Drug Mart.

FORWARD-LOOKING STATEMENTS

This News Release contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects, opportunities and legal and regulatory matters. Specific forward-looking statements in this News Release include, but are not limited to, statements with respect to the Company's anticipated future results, events and plans, synergies and other benefits associated with the acquisition of Shoppers Drug Mart, anticipated insurance proceeds related to the Fort McMurray wildfire, future liquidity, planned capital investments, and status and impact of information technology ("IT") systems implementation. These specific forward-looking statements are contained throughout this News Release including, without limitation, in the "Outlook" section of this News Release. Forward-looking statements are typically identified by words such as "expect", "anticipate", "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.

Forward-looking statements reflect the Company's current estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Company's expectation of operating and financial performance in 2016 is based on certain assumptions including assumptions about anticipated cost savings, operating efficiencies and continued growth from current initiatives. The Company's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events, and as such, are subject to change. The Company can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

Numerous risks and uncertainties could cause the Company's actual results to differ materially from those expressed, implied or projected in the forward-looking statements, including those described in Section 12 "Enterprise Risks and Risk Management" of the Management Discussion and Analysis in the 2015 Annual Report – Financial Review ("2015 Annual Report") and the Company's 2015 Annual Information Form ("AIF") (for the year ended January 2, 2016). Such risks and uncertainties include:

- changes to the regulation of generic prescription drug prices, the reduction of reimbursements under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- the inability of the Company's IT infrastructure to support the requirements of the Company's business, or the occurrence of any internal or external security breaches, denial of service attacks, viruses, worms and other known or unknown cybersecurity or data breaches;
- failure to realize benefits from investments in the Company's new IT systems;
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink;
- failure to realize the anticipated strategic benefits associated with the acquisition of Shoppers Drug Mart;
- public health events including those related to food or drug safety;
- failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies associated with the Company's major initiatives, including those from restructuring;
- failure by the Company's franchisees or Shoppers Drug Mart licensees ("Associates") to operate in accordance with prescribed procedures or standards, or disruptions to the Company's relationship with its franchisees or Associates;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements, which could lead to work stoppages;
- changes in the Company's income, capital, commodity, property and other tax and regulatory liabilities, including changes in tax laws, regulations 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;
- issues with vendors in both advanced and developing markets;
- the risk that the Company would experience a financial loss if its counterparties fail to meet their obligations in accordance with the terms and conditions of their contracts with the Company;
- failure to merchandise effectively or in a manner that is responsive to customer demand;
- heightened competition, whether from current competitors or new entrants to the marketplace;
- changes in economic conditions, including economic recession or changes in the rate of inflation or deflation, employment rates, interest rates, currency exchange rates or derivative and commodity prices;
- the impact of potential environmental liabilities; and
- the inability of the Company to collect on or fund its credit card receivables.

This is not an exhaustive list of the factors that may affect the Company's forward-looking statements. 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. Additional risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities ("securities regulators") from time to time, including, without limitation, the section entitled "Risks" in the Company's 2015 AIF (for the year ended January 2, 2016). 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. Except as required by law, the Company does not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

CORPORATE PROFILE

2015 Annual Report and 2016 Second Quarter Report to Shareholders

The Company's 2015 Annual Report and 2016 Second Quarter Report to Shareholders are available in the "Investors" section of the Company's website at loblaw.ca and on sedar.com.

Investor Relations

Investor inquiries, contact:	Media inquiries, contact:
Sophia Bisoukis	Kevin Groh
Vice President, Investor Relations	Vice President, Corporate Affairs and Communication
(905) 861-2436	(905) 861-2437
investor@loblaw.ca	pr@loblaw.ca

Additional financial 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 "Investors" section of the Company's website at loblaw.ca.

Conference Call and Webcast

Loblaw Companies Limited will host a conference call as well as an audio webcast on July 27, 2016 at 10:00 a.m. (EDT).

To access via tele-conference, please dial (416) 204-9271. The playback will be made available approximately two hours after the event at (647) 436-0148, access code: 5576243. To access via audio webcast, please go to the "Investors" section of loblaw.ca. Pre-registration will be available.

Full details about the conference call and webcast are available on the Loblaw Companies Limited website at loblaw.ca.

News Release Endnotes

(1) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release for a discussion of material factors that could cause actual results to differ materially from the forecasts and projections herein and of the material factors and assumptions that were used when making these statements. This News Release should 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" section of this News Release.

(3) The results for the Financial Services and Choice Properties segments are for the periods ended June 30, 2016 and June 30, 2015, consistent with the segments' fiscal calendars. Adjustments to align Financial Services' and Choice Properties' results to June 18, 2016 and June 20, 2015 are included in Consolidation and Eliminations. See the "Non-GAAP Financial Measures" and the "Segment Information" sections of this News Release.

(4) To be read in conjunction with the "Forward-Looking Statements" section of this News Release.

(5) 2015 comparative Food retail same-store sales growth also excludes the negative impact of a change in distribution model by a tobacco supplier, which had no impact in the current period.