Loblaw Companies Limited

NEWS RELEASE

Loblaw Reports Third Quarter 2016 Results(1)

BRAMPTON, ONTARIO November 16, 2016 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") today announced its unaudited financial results for the third quarter ended October 8, 2016. The Company's 2016 Third 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.

"We lowered prices and consumers responded," said Galen G. Weston, Executive Chairman and President, Loblaw Companies Limited.

"In the third quarter we continued to gain momentum, improving our sales performance, while remaining focused on executing our financial plan."

2016 THIRD QUARTER HIGHLIGHTS

- Revenue was $14,143 million, an increase of $197 million, or 1.4%, compared to the third quarter of 2015.
- Retail segment sales were $13,891 million, an increase of $176 million, or 1.3%, compared to the third quarter of 2015.
    - Food retail (Loblaw) same-store sales growth was 1.4%, excluding gas bar;
    - Drug retail (Shoppers Drug Mart) same-store sales growth was 2.8%, with same-store pharmacy sales increasing by 1.6% and same-store front store sales increasing by 3.9%.
- Adjusted EBITDA(2) was $1,143 million, an increase of $121 million, or 11.8%, compared to the third quarter of 2015.
- Adjusted net earnings available to common shareholders of the Company(2) were $512 million, an increase of $104 million, or 25.5%, compared to the third quarter of 2015. Adjusted diluted net earnings per common share(2) were $1.26, an increase of $0.28, or 28.6%, compared to the third quarter of 2015.
- Net earnings available to common shareholders of the Company were $419 million, an increase of $253 million, or 152.4%, compared to the third quarter of 2015. Diluted net earnings per common share were $1.03, an increase of $0.63, or 157.5%, compared to the third quarter of 2015. Net earnings growth is significantly higher than adjusted net earnings(2) growth due to the impact of restructuring charges included in prior year net earnings and the impact of the fair value adjustment to the Trust Unit Liability when compared to the third quarter of 2015.
- The Company repurchased 2.1 million shares for cancellation at a cost of $145 million.

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

CONSOLIDATED RESULTS OF OPERATIONS

For the periods ended October 8, 2016 and October 10, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (16 weeks)**	2015 (16 weeks)	$ Change	% Change	**2016 (40 weeks)**	2015 (40 weeks)	$ Change	% Change
Revenue	**$ 14,143**	$ 13,946	$ 197	1.4%	**$ 35,255**	$ 34,529	$ 726	2.1%
Adjusted EBITDA(2)	**1,143**	1,022	121	11.8%	**2,896**	2,668	228	8.5%
Adjusted EBITDA margin(2)	**8.1%**	7.3%			**8.2%**	7.7%		
Net earnings attributable to shareholders of the Company	**$ 422**	$ 170	$ 252	148.2%	**$ 779**	$ 501	$ 278	55.5%
Net earnings available to common shareholders of the Company(i)	**419**	166	253	152.4%	**770**	497	273	54.9%
Adjusted net earnings available to common shareholders of the Company(2)	**512**	408	104	25.5%	**1,262**	1,059	203	19.2%
Diluted net earnings per common share ($)	**$ 1.03**	$ 0.40	$ 0.63	157.5%	**$ 1.88**	$ 1.19	$ 0.69	58.0%
Adjusted diluted net earnings per common share(2) ($)	**1.26**	0.98	0.28	28.6%	**3.08**	2.55	0.53	20.8%
Diluted weighted average common shares outstanding (millions)	**407.0**	416.0			**410.0**	415.9		

(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 third quarter of 2016 were $512 million ($1.26 per common share), an increase of $104 million ($0.28 per common share) compared to the third quarter of 2015, primarily due to the following:

- improvements in the performance of the Retail segment, which (excluding the impact of the consolidation of franchises) included achieving positive same-store sales, maintaining a stable gross margin and lower selling, general and administrative expenses ("SG&A");
- improvements in the performance of the Financial Services segment, driven by the growth in credit card receivables and Mobile Shop sales;
- improvements in the performance of the Choice Properties segment, driven by an increase in base rent and net recoveries of property tax and operating costs from existing properties; and
- the favourable impact of a decrease in depreciation and amortization of $13 million primarily due to a change in the estimated useful life of certain equipment and fixtures in the second quarter of 2016.

Net earnings available to common shareholders of the Company in the third quarter of 2016 were $419 million ($1.03 per common share), an increase of $253 million ($0.63 per common share) compared to the third quarter of 2015. In addition to the impact of the items described above, the increase in net earnings available to common shareholders of the Company included the year-over-year impact of the following significant items:

- the favourable impact of a decrease in restructuring and other related costs of $95 million ($0.18 per common share); and
- a decrease in net interest expense and other financing charges, primarily due to the fair value adjustment to the Trust Unit Liability of $69 million ($0.17 per common share).

REPORTABLE OPERATING SEGMENTS

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.

Retail Segment

For the periods ended October 8, 2016 and October 10, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (16 weeks)**	2015 (16 weeks)	$ Change	% Change	**2016 (40 weeks)**	2015 (40 weeks)	$ Change	% Change
Sales	**$ 13,891**	$ 13,715	$ 176	1.3 %	**$ 34,539**	$ 33,863	$ 676	2.0 %
Gross profit	**3,718**	3,560	158	4.4 %	**9,305**	8,895	410	4.6 %
Adjusted gross profit(2)	**3,714**	3,560	154	4.3 %	**9,317**	8,903	414	4.7 %
Adjusted gross profit %(2)	**26.7%**	26.0%			**27.0%**	26.3%		
Adjusted EBITDA(2)	**$ 1,087**	$ 976	$ 111	11.4 %	**$ 2,742**	$ 2,529	$ 213	8.4 %
Adjusted EBITDA margin(2)	**7.8%**	7.1%			**7.9%**	7.5%		
Depreciation and amortization(i)	**$ 456**	$ 470	$ (14)	(3.0)%	**$ 1,157**	$ 1,198	$ (41)	(3.4)%

(i) Depreciation and amortization for the calculation of adjusted EBITDA(2) excludes $164 million (2015 – $164 million) and $411 million (2015 – $412 million) of amortization of intangible assets acquired with Shoppers Drug Mart Corporation for the third quarter of 2016 and year-to-date basis, respectively.

For the periods ended October 8, 2016 and October 10, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (16 weeks)**		2015 (16 weeks)		**2016 (40 weeks)**		2015 (40 weeks)	
	Sales	**Same-store sales**	Sales	Same-store sales	**Sales**	**Same-store sales**	Sales	Same-store sales
Food retail	**$ 10,278**	**0.8%**	$ 10,178	1.3%	**$ 25,386**	**1.1%**	$ 25,041	1.7%
Drug retail	**3,613**	**2.8%**	3,537	4.9%	**9,153**	**4.2%**	8,822	4.0%
Pharmacy	**1,732**	**1.6%**	1,699	3.5%	**4,369**	**3.0%**	4,230	3.6%
Front Store	**1,881**	**3.9%**	1,838	6.2%	**4,784**	**5.3%**	4,592	4.4%

Overall Retail Segment Performance Adjusted EBITDA(2) improved by $111 million in the third quarter of 2016. Excluding the impact of the consolidation of franchises, adjusted EBITDA(2) increased by $105 million driven by higher sales, stable gross margins and lower SG&A.

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

Sales Retail segment sales in the third quarter of 2016 were $13,891 million, an increase of $176 million compared to the third quarter of 2015. Excluding the consolidation of franchises, Retail segment sales increased by $74 million primarily driven by the following factors:

- Food retail same-store sales growth was 1.4% (2015 – 3.1%(5)) for the quarter, after excluding gas bar (0.6%). Food retail same-store sales also reflect the impact of retail promotional investments. Including gas bar, Food retail same-store sales growth was 0.8% (2015 – 1.3%).
- The Company's Food retail average quarterly internal food price index declined and was lower than (2015 – higher than) the average quarterly national food price inflation of 0.2% (2015 – 3.8%), 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 1.6% (2015 – 3.5%) and front store same-store sales growth of 3.9% (2015 – 6.2%).
- In the last 12 months, Retail net square footage decreased by 0.2 million square feet, or 0.3%, primarily driven by the Company's store closure plan announced in 2015.

Adjusted Gross Profit(2) Adjusted gross profit(2) in the third quarter of 2016 was $3,714 million, an increase of $154 million compared to the third quarter of 2015. Adjusted gross profit percentage(2) of 26.7% increased by 70 basis points compared to the third quarter of 2015. Excluding the consolidation of franchises, the adjusted gross profit percentage(2) was 26.1%, an increase of 30 basis points compared to the third quarter of 2015. Food retail promotional investment drove margins lower, however Drug retail pharmacy margins improved and offset the impacts of promotional investments. Adjusted gross profit percentage(2) improved largely due to improvements in shrink compared to the third quarter of 2015.

Adjusted EBITDA(2) Adjusted EBITDA(2) in the third quarter of 2016 was $1,087 million, an increase of $111 million, or 11.4%, compared to the third quarter of 2015 driven by the increase in adjusted gross profit(2) described above, partially offset by an increase in SG&A of $43 million. SG&A as a percentage of sales was 18.9%, an increase of 10 basis points compared to the third quarter of 2015. Excluding the consolidation of franchises, SG&A as a percentage of sales was 18.2%, an improvement of 50 basis points compared to the third quarter of 2015, driven by the following factors:

- the positive impact of the Company's store closure plan announced in 2015;
- favourable changes in the value of the Company's investments in its franchise business;
- favourable year-over-year foreign exchange impacts; and
- the favourable impact related to settlement of collective agreements in the third quarter of 2015.

Depreciation and Amortization Depreciation and amortization in the third quarter of 2016 was $456 million, a decrease of $14 million compared to the third 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 $164 million (2015 – $164 million), depreciation and amortization decreased by $14 million, primarily attributable to a change in the estimated useful life of certain equipment and fixtures in the second quarter of 2016.

Other Retail Business Matters

Consolidation of Franchises The Company has more than 500 franchise food retail stores in its network. As of the end of the third quarter of 2016, 165 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 third quarter of 2016 and year-to-date, and the total impact of the consolidated franchises:

For the periods ended October 8, 2016 and October 10, 2015 (millions of Canadian dollars unless where otherwise indicated)	**2016 (16 weeks)**	2015 (16 weeks)	**2016 (40 weeks)**	2015 (40 weeks)
Number of Consolidated Franchise stores, beginning of period	**132**	16	**85**	—
Add: Net number of Consolidated Franchise stores in the period	**33**	27	**80**	43
Number of Consolidated Franchise stores, end of period	**165**	43	**165**	43
Sales	**$ 125**	$ 23	**$ 264**	$ 28
Gross Profit	**120**	21	**254**	26
Adjusted gross profit(2)	**120**	21	**254**	26
Adjusted EBITDA(2)	**—**	(6)	**(7)**	(8)
Depreciation and amortization	**7**	2	**15**	2
Net loss attributable to Non-Controlling Interest	**(7)**	(6)	**(21)**	(5)

Financial Services Segment(3)

For the periods ended October 8, 2016 and October 10, 2015 (millions of Canadian dollars except where otherwise indicated)	2016 (16 weeks)	2015 (16 weeks)	$ Change	% Change	2016 (40 weeks)	2015 (40 weeks)	$ Change	% Change
Revenue	**$ 229**	$ 211	$ 18	8.5%	**$ 650**	$ 609	$ 41	6.7%
Adjusted EBITDA(2)	**44**	39	5	12.8%	**132**	122	10	8.2%
Earnings before income taxes	**28**	23	5	21.7%	**85**	73	12	16.4%

(millions of Canadian dollars except where otherwise indicated)	As at October 8, 2016	As at October 10, 2015	$ Change	% Change
Average quarterly net credit card receivables	**$ 2,730**	$ 2,604	$ 126	4.8%
Credit card receivables	**2,769**	2,663	106	4.0%
Allowance for credit card receivables	**53**	51	2	3.9%
Annualized yield on average quarterly gross credit card receivables	**13.6%**	13.6%		
Annualized credit loss rate on average quarterly gross credit card receivables	**4.5%**	4.4%		

Earnings Before Income Taxes Earnings before income taxes in the third quarter of 2016 were $28 million, an increase of $5 million compared to the third quarter of 2015, primarily driven by:

- higher interest and net interchange income attributable to growth in the credit card portfolio; and
- higher Mobile Shop sales; partially offset by
- higher costs associated with higher transaction volumes in the Financial Services loyalty program; and
- higher operating costs and credit losses as a result of an increase in the active customer base.

Credit Card Receivables As at October 8, 2016, credit card receivables were $2,769 million, an increase of $106 million compared to October 10, 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 October 8, 2016, the allowance for credit card receivables was $53 million, an increase of $2 million compared to October 10, 2015 due to the growth in the credit card receivables portfolio.

Choice Properties Segment[3]

For the periods ended October 8, 2016 and October 10, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (16 weeks)**	2015 (16 weeks)	$ Change	% Change	**2016 (40 weeks)**	2015 (40 weeks)	$ Change	% Change
Revenue	**$ 196**	$ 187	$ 9	4.8 %	**$ 586**	$ 552	$ 34	6.2%
Adjusted EBITDA[2]	**186**	136	50	36.8 %	**433**	378	55	14.6%
Net interest expense and other financing charges	**(28)**	308	(336)	(109.1)%	**911**	572	339	59.3%
Adjusted funds from operations[2]	**82**	79	3	3.8 %	**248**	231	17	7.4%

Adjusted EBITDA[2] Adjusted EBITDA[2] in the third quarter of 2016 was $186 million, an increase of $50 million compared to the third quarter of 2015, primarily driven by:

- the change in fair value adjustment on investment properties; and
- an increase in base rent and net recoveries of property tax and operating costs from existing properties.

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges in the third quarter of 2016 resulted in income of $28 million compared to a charge of $308 million in the third quarter of 2015, a decrease of $336 million. The decrease in net interest expense and other financing charges was 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] in the third quarter of 2016 were $82 million, an increase of $3 million compared to the third quarter of 2015, primarily driven by higher contributions from property operations partially offset by increased spending in operating capital.

Other Matters In the third quarter of 2016, Choice Properties Real Estate Investment Trust ("Choice Properties") acquired one investment property from a third-party for a purchase price of approximately $20 million, excluding acquisition costs, which was fully settled in cash.

DECLARATION OF DIVIDENDS

Subsequent to the end of the third 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 December 30, 2016 to shareholders of record on December 15, 2016
Second Preferred Shares, Series B	$0.33 per share, payable on December 31, 2016 to shareholders of record on December 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 Third 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 October 8, 2016 and October 10, 2015 (millions of Canadian dollars)	**2016** **(16 weeks)**	2015 (16 weeks)	**2016** **(40 weeks)**	2015 (40 weeks)
Retail segment gross profit	**$ 3,718**	$ 3,560	**$ 9,305**	$ 8,895
Add impact of the following:				
Charges related to retail locations in Fort McMurray, net of recoveries	**(4)**	—	**5**	—
Net impairment reversals related to Drug retail ancillary assets	**—**	—	**4**	—
Restructuring and other related costs	**—**	—	**3**	—
Charge related to apparel inventory	**—**	—	**—**	8
Retail segment adjusted gross profit	**$ 3,714**	$ 3,560	**$ 9,317**	$ 8,903

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 October 8, 2016 and October 10, 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 (16 weeks)					2015 (16 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					**$ 422**					$ 170
Add (deduct) impact of the following:										
Non-Controlling Interests					**(7)**					(6)
Net interest expense and other financing charges					**132**					205
Income taxes					**143**					89
Operating income	**$ 642**	**$ 41**	**$ 185**	**$ (178)**	**$ 690**	$ 419	$ 37	$ 135	$ (133)	$ 458
Depreciation and amortization	**456**	**3**	**1**	**4**	**464**	470	2	1	4	477
EBITDA	**$1,098**	**$ 44**	**$ 186**	**$ (174)**	**$ 1,154**	$ 889	$ 39	$ 136	$ (129)	$ 935
Operating income	**$ 642**	**$ 41**	**$ 185**	**$ (178)**	**$ 690**	$ 419	$ 37	$ 135	$ (133)	$ 458
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart	**164**	**—**	**—**	**—**	**164**	164	—	—	—	164
Restructuring and other related costs	**—**	**—**	**—**	**—**	**—**	95	—	—	—	95
Charges related to retail locations in Fort McMurray, net of recoveries	**(5)**	**—**	**—**	**—**	**(5)**	—	—	—	—	—
Fair value adjustment on fuel and foreign currency contracts	**(9)**	**—**	**—**	**—**	**(9)**	(12)	—	—	—	(12)
Fixed asset and other related impairments, net of recoveries	**3**	**—**	**—**	**—**	**3**	2	—	—	—	2
Pension annuities and buy-outs	**—**	**—**	**—**	**—**	**—**	2	—	—	—	2
Adjusted operating income	**$ 795**	**$ 41**	**$ 185**	**$ (178)**	**$ 843**	$ 670	$ 37	$ 135	$ (133)	$ 709
Depreciation and amortization	**456**	**3**	**1**	**4**	**464**	470	2	1	4	477
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	**(164)**	**—**	**—**	**—**	**(164)**	(164)	—	—	—	(164)
Adjusted EBITDA	**$1,087**	**$ 44**	**$ 186**	**$ (174)**	**$ 1,143**	$ 976	$ 39	$ 136	$ (129)	$ 1,022

(millions of Canadian dollars)	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations	Consolidated 2016 (40 weeks)	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations	Consolidated 2015 (40 weeks)
Net earnings attributable to shareholders of the Company					**$ 779**					$ 501
Add (deduct) impact of the following:										
Non-Controlling Interests					**(21)**					(5)
Net interest expense and other financing charges					**525**					503
Income taxes					**360**					286
Operating income	**$ 1,510**	**$ 123**	**$ 432**	**$ (422)**	**$ 1,643**	$ 1,164	$ 115	$ 377	$ (371)	$ 1,285
Depreciation and amortization	**1,157**	**9**	**1**	**11**	**1,178**	1,198	7	1	10	1,216
EBITDA	**$ 2,667**	**$ 132**	**$ 433**	**$ (411)**	**$ 2,821**	$ 2,362	$ 122	$ 378	$ (361)	$ 2,501
Operating income	**$ 1,510**	**$ 123**	**$ 432**	**$ (422)**	**$ 1,643**	$ 1,164	$ 115	$ 377	$ (371)	$ 1,285
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart	**411**	**—**	**—**	**—**	**411**	412	—	—	—	412
Restructuring and other related costs	**44**	**—**	**—**	**—**	**44**	161	—	—	—	161
Fair value adjustment on fuel and foreign currency contracts	**11**	**—**	**—**	**—**	**11**	(15)	—	—	—	(15)
Charges related to retail locations in Fort McMurray, net of recoveries	**7**	**—**	**—**	**—**	**7**	—	—	—	—	—
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	**5**	**—**	**—**	**—**	**5**	9	—	—	—	9
Pension annuities and buy-outs	**2**	**—**	**—**	**—**	**2**	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	**$ 1,996**	**$ 123**	**$ 432**	**$ (422)**	**$ 2,129**	$ 1,743	$ 115	$ 377	$ (371)	$ 1,864
Depreciation and amortization	**1,157**	**9**	**1**	**11**	**1,178**	1,198	7	1	10	1,216
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	**(411)**	**—**	**—**	**—**	**(411)**	(412)	—	—	—	(412)
Adjusted EBITDA	**$ 2,742**	**$ 132**	**$ 433**	**$ (411)**	**$ 2,896**	$ 2,529	$ 122	$ 378	$ (361)	$ 2,668

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 October 8, 2016 and October 10, 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 (16 weeks)**	2015 (16 weeks)	**2016 (40 weeks)**	2015 (40 weeks)
Net interest expense and other financing charges	**$ 132**	$ 205	**$ 525**	$ 503
Add (deduct) impact of the following:				
Fair value adjustment to the Trust Unit Liability	**20**	(49)	**(120)**	(74)
Accelerated amortization of deferred financing costs	**—**	(4)	**—**	(15)
Adjusted net interest expense and other financing charges	**$ 152**	$ 152	**$ 405**	$ 414

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 October 8, 2016 and October 10, 2015 (millions of Canadian dollars except where otherwise indicated)	**2016 (16 weeks)**	2015 (16 weeks)	**2016 (40 weeks)**	2015 (40 weeks)
Adjusted operating income(i)	**$ 843**	$ 709	**$ 2,129**	$ 1,864
Adjusted net interest expense and other financing charges(i)	**152**	152	**405**	414
Adjusted earnings before taxes	**$ 691**	$ 557	**$ 1,724**	$ 1,450
Income taxes	**$ 143**	$ 89	**$ 360**	$ 286
Add (deduct) impact of the following:				
Tax impact of items included in adjusted earnings before taxes(ii)	**40**	62	**117**	144
Statutory corporate income tax rate change	**—**	—	**(3)**	(38)
Adjusted income taxes	**$ 183**	$ 151	**$ 474**	$ 392
Effective tax rate	**25.6%**	35.2%	**32.2%**	36.6%
Adjusted income tax rate	**26.5%**	27.1%	**27.5%**	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 October 8, 2016 and October 10, 2015:

($ except where otherwise indicated)	**2016 (16 weeks)**	2015 (16 weeks)	**2016 (40 weeks)**	2015 (40 weeks)
Diluted weighted average common shares outstanding (millions)	**407.0**	416.0	**410.0**	415.9
Net earnings attributable to shareholders of the Company (millions of Canadian dollars)	**$ 422**	$ 170	**$ 779**	$ 501
Less: Prescribed dividends on preferred shares in share capital (millions of Canadian dollars)	**(3)**	(4)	**(9)**	(4)
Net earnings available to common shareholders of the Company (millions of Canadian dollars)	**$ 419**	$ 166	**$ 770**	$ 497
Diluted net earnings per common share	**$ 1.03**	$ 0.40	**$ 1.88**	$ 1.19
Add (deduct) impact of the following:				
Fair value adjustment to the Trust Unit Liability(i)	**(0.05)**	0.12	**0.30**	0.18
Amortization of intangible assets acquired with Shoppers Drug Mart	**0.30**	0.29	**0.74**	0.73
Restructuring and other related costs	**—**	0.18	**0.10**	0.32
Fair value adjustment on fuel and foreign currency contracts	**(0.01)**	(0.02)	**0.02**	(0.03)
Charges related to retail locations in Fort McMurray, net of recoveries	**(0.01)**	—	**0.01**	—
Net impairment reversals related to Drug retail ancillary assets	**—**	—	**(0.01)**	—
Statutory corporate income tax rate change	**—**	—	**0.01**	0.09
Fixed asset and other related impairments, net of recoveries	**—**	—	**0.01**	0.02
Charge related to apparel inventory	**—**	—	**—**	0.02
Accelerated amortization of deferred financing costs	**—**	0.01	**—**	0.03
Prior year tax assessment	**—**	—	**0.02**	—
Adjusted diluted net earnings per common share	**$ 1.26**	$ 0.98	**$ 3.08**	$ 2.55
Adjusted net earnings attributable to shareholders of the Company (millions of Canadian dollars)	**$ 515**	$ 412	**$ 1,271**	$ 1,063
Less: Prescribed dividends on preferred shares in share capital (millions of Canadian dollars)	**(3)**	(4)	**(9)**	(4)
Adjusted net earnings available to common shareholders of the Company (millions of Canadian dollars)	**$ 512**	$ 408	**$ 1,262**	$ 1,059

(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 October 8, 2016 and October 10, 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 (16 weeks)**	2015 (16 weeks)	**2016 (40 weeks)**	2015 (40 weeks)
Net income (loss)	**$ 213**	$ (174)	**$ (479)**	$ (196)
Fair value adjustments on Class B Limited Partnership units	**(124)**	221	**637**	315
Fair value adjustments on investment properties	**(44)**	(1)	**(7)**	16
Fair value adjustments on unit-based compensation	**—**	1	**5**	1
Fair value adjustments of investment property held in equity accounted joint venture	**—**	—	**(14)**	—
Distributions on Class B Limited Partnership units	**57**	51	**163**	151
Internal expenses for leasing	**—**	—	**2**	1
Funds from Operations	**$ 102**	$ 98	**$ 307**	$ 288
Straight-line rental revenue	**(8)**	(9)	**(27)**	(27)
Amortization of finance charges	**—**	—	**—**	(1)
Unit-based compensation expense	**—**	1	**2**	2
Sustaining property and leasing capital expenditures, normalized(i)	**(12)**	(11)	**(34)**	(31)
Adjusted Funds from Operations	**$ 82**	$ 79	**$ 248**	$ 231

(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 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:

	October 8, 2016 (16 weeks)					October 10, 2015 (16 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)]	**$13,891**	**$ 229**	**$ 196**	**$ (173)**	**$ 14,143**	$ 13,715	$ 211	$ 187	$ (167)	$ 13,946
EBITDA[(iii)]	**$ 1,098**	**$ 44**	**$ 186**	**$ (174)**	**$ 1,154**	$ 889	$ 39	$ 136	$ (129)	$ 935
Adjusting Items[(iii)]	**(11)**	**—**	**—**	**—**	**(11)**	87	—	—	—	87
Adjusted EBITDA[(iii)]	**$ 1,087**	**$ 44**	**$ 186**	**$ (174)**	**$ 1,143**	$ 976	$ 39	$ 136	$ (129)	$ 1,022
Depreciation and Amortization[(iv)]	**292**	**3**	**1**	**4**	**300**	306	2	1	4	313
Adjusted Operating Income[(iii)]	**$ 795**	**$ 41**	**$ 185**	**$ (178)**	**$ 843**	$ 670	$ 37	$ 135	$ (133)	$ 709
Net interest expense and other financing charges	**$ 99**	**$ 13**	**$ (28)**	**$ 48**	**$ 132**	$ 108	$ 14	$ 308	$ (225)	$ 205

(i) Consolidation and Eliminations includes the following items:

- Revenue includes the elimination of $130 million (2015 – $127 million) of rental revenue and $43 million (2015 – $40 million) of cost recovery recognized by Choice Properties, generated from the Retail segment.
- Adjusted operating income includes the elimination of the $130 million (2015 – $127 million) impact of rental revenue described above; the elimination of a $44 million gain (2015 – $1 million gain) 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 – $4 million) of depreciation expense for certain investment properties recorded by Choice Properties; and the elimination of intercompany charges of nil (2015 – $1 million).
- Net interest expense and other financing charges includes the elimination of $69 million (2015 – $64 million) of interest expense included in Choice Properties related to debt owing to the Company and a $124 million fair value gain (2015 – loss of $221 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 $13 million (2015 – $11 million), which excludes distributions paid to the Company and a $20 million fair value gain (2015 – $49 million loss) on the Company's Trust Unit Liability.

(ii) Included in Financial Services revenue is $97 million (2015 – $93 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 $164 million (2015 – $164 million) of amortization of intangible assets acquired with Shoppers Drug Mart.

(millions of Canadian dollars)	**October 8, 2016 (40 weeks)** Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations(i)	Total	October 10, 2015 (40 weeks) Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations(i)	Total
Revenue(ii)	**$ 34,539**	**$ 650**	**$ 586**	**$ (520)**	**$ 35,255**	$33,863	$ 609	$ 552	$ (495)	$ 34,529
EBITDA(iii)	**$ 2,667**	**$ 132**	**$ 433**	**$ (411)**	**$ 2,821**	$ 2,362	$ 122	$ 378	$ (361)	$ 2,501
Adjusting Items(iii)	**75**	**—**	**—**	**—**	**75**	167	—	—	—	167
Adjusted EBITDA(iii)	**$ 2,742**	**$ 132**	**$ 433**	**$ (411)**	**$ 2,896**	$ 2,529	$ 122	$ 378	$ (361)	$ 2,668
Depreciation and Amortization(iv)	**746**	**9**	**1**	**11**	**767**	786	7	1	10	804
Adjusted Operating Income(iii)	**$ 1,996**	**$ 123**	**$ 432**	**$ (422)**	**$ 2,129**	$ 1,743	$ 115	$ 377	$ (371)	$ 1,864
Net interest expense and other financing charges	**$ 256**	**$ 38**	**$ 911**	**$ (680)**	**$ 525**	$ 285	$ 42	$ 572	$ (396)	$ 503

(i) Consolidation and Eliminations includes the following items:

- Revenue includes the elimination of $387 million (2015 – $374 million) of rental revenue and $133 million (2015 – $121 million) of cost recovery recognized by Choice Properties, generated from the Retail segment.
- Adjusted operating income includes the elimination of the $387 million (2015 – $374 million) impact of rental revenue described above; the elimination of a $7 million gain (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 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; $11 million (2015 – $10 million) of depreciation expense for certain investment properties recorded by Choice Properties; and the elimination of intercompany charges of $3 million (2015 – $3 million).
- Net interest expense and other financing charges includes the elimination of $199 million (2015 – $188 million) of interest expense included in Choice Properties related to debt owing to the Company and a $637 million fair value loss (2015 – loss of $315 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 $36 million (2015 – $33 million), which excludes distributions paid to the Company and a $120 million fair value loss (2015 – loss of $74 million) on the Company's Trust Unit Liability.

(ii) Included in Financial Services revenue is $286 million (2015 – $274 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 $411 million (2015 – $412 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 recoveries, 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 Third Quarter Report to Shareholders

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

Investor Relations

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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 November 16, 2016 at 9:00 a.m. (ET).

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: 9000693. 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, which includes the reconciliation of such non-GAAP measures to the most directly comparable GAAP measures.

(3) The results for the Financial Services and Choice Properties segments are for the periods ended September 30, 2016 and September 30, 2015, consistent with the segments' fiscal calendars. Adjustments to align Financial Services' and Choice Properties' results to October 8, 2016 and October 10, 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.