Loblaw

COMPANIES LIMITED

NEWS RELEASE

Loblaw Companies Limited Reports 2013 Third Quarter Results[(1)]

BRAMPTON, ONTARIO November 13, 2013 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") today announced its unaudited financial results for the third quarter ended October 5, 2013. Commencing this quarter, the Company has introduced new non-GAAP measures including adjusted basic net earnings per common share[(2)], adjusted net earnings[(2)], adjusted operating income[(2)] and adjusted EBITDA[(2)]. The introduction of these measures better reflects how management reviews the underlying operating performance of the business. The Company's third quarter report will be available in the Investor Centre section of the Company's website at loblaw.ca and will be filed with SEDAR and available at sedar.com.

2013 Third Quarter Highlights[(1)]

- Revenue of $10,009 million, an increase of 1.9% over the third quarter of 2012.
- Adjusted EBITDA[(2)] down 0.3% to $657 million compared to $659 million in the third quarter of 2012.
- Adjusted basic net earnings per common share[(2)] down 3.7% to $0.78 compared to $0.81 in the third quarter of 2012.
- Basic net earnings per common share[(3)] down 28.6% to $0.55 compared to $0.77 in the third quarter of 2012.
- Retail sales growth of 1.5% and same-store sales[(3)] growth of 0.4% compared to the third quarter of 2012. Retail same-store sales[(3)] growth was negatively impacted by the timing of the Thanksgiving holiday, estimated to be 0.5% to 0.7%.
- Financial Services revenue increased by 11.0% over the third quarter of 2012.
- Choice Properties Real Estate Investment Trust ("Choice Properties") completed an Initial Public Offering ("IPO") of trust units ("Units") and concurrent sale of Units to George Weston Limited ("Weston").
- Shoppers Drug Mart Corporation ("Shoppers Drug Mart") shareholders voted in favour of the Company's agreement to acquire all of Shoppers Drug Mart's outstanding common shares.
- Subsequent to the end of the third quarter of 2013, the Company announced the reduction of approximately 275 store-support positions.

"During the third quarter, we remained focused on our strategy to invest in the customer proposition and this resulted in the third straight quarter of same-store sales growth in an intensely competitive environment," said Galen G. Weston, Executive Chairman, Loblaw Companies Limited. "At the same time, we continued to create efficiencies in our business particularly in labour and supply chain. Unfortunately, due to incremental margin investment in the back half of the year, we are lowering our earnings growth expectations for 2013," continued Mr. Weston.

"Despite this disappointment, confidence remains high: our customer proposition continues to improve; cost reductions and efficiencies have momentum; and SAP is scaling up. Over the next three quarters, we will carefully balance our commitment to competitiveness and financial performance. Looking forward, the strength of the core business, combined with the acquisition of Shoppers Drug Mart, will powerfully position Loblaw Companies to deliver long-term earnings growth."

(1) This News Release contains forward-looking information. See Forward-Looking Statements on page 8 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 on page 10 of this News Release.

(3) For financial definitions and ratios refer to the Glossary of Terms on page 103 of the 2012 Annual Report.

As at the completion of the IPO of Choice Properties, Loblaw held an 81.7% effective interest in Choice Properties. With the creation of Choice Properties, Loblaw now has three reportable operating segments:

- The Retail segment, which consists primarily of food operations and also includes drugstore, gas bar, apparel and other general merchandise operations;
- The Financial Services segment, which provides credit card services, a retail loyalty program, insurance brokerage services, personal banking services provided by a major Canadian chartered bank, deposit taking services and telecommunication services; and
- The Choice Properties segment, which owns and leases income-producing commercial properties.

Beginning in the third quarter of 2013, the Company has introduced new financial measures: adjusted operating income(1), adjusted operating margin(1), adjusted EBITDA(1), adjusted EBITDA margin(1), adjusted net earnings(1) and adjusted basic net earnings per common share(1), which are all non-GAAP measures. 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 consolidated and segment underlying 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. From time to time, the Company may exclude 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.

With respect to Choice Properties segment results, management also uses net operating income(1), funds from operations(1), adjusted funds from operations(1), adjusted funds from operations per unit diluted(1) and adjusted funds from operations payout ratio(1) to measure Choice Properties' operations. Management uses these measures to assess the financial performance and financial condition of Choice Properties. See the Non-GAAP Financial Measures section of this News Release for more information on the Company's non-GAAP financial measures.

Consolidated Quarterly Results of Operations

For the periods ended October 5, 2013 and October 6, 2012 (unaudited) (millions of Canadian dollars except where otherwise indicated)	**2013 (16 weeks)**	2012(2) (16 weeks)	$ Change	% Change	**2013 (40 weeks)**	2012(2) (40 weeks)	$ Change	% Change
Revenue	**$ 10,009**	$ 9,827	$ 182	1.9 %	**$ 24,731**	$ 24,139	$ 592	2.5%
Operating income	**381**	405	(24)	(5.9)%	**1,012**	934	78	8.4%
Adjusted operating income(1)	**403**	418	(15)	(3.6)%	**1,003**	967	36	3.7%
Adjusted operating margin(1)	**4.0%**	4.3%			**4.1%**	4.0%		
Adjusted EBITDA(1)	**$ 657**	$ 659	$ (2)	(0.3)%	**$ 1,631**	$ 1,557	$ 74	4.8%
Adjusted EBITDA margin(1)	**6.6%**	6.7%			**6.6%**	6.5%		
Net interest expense and other financing charges	**$ 171**	$ 107	$ 64	59.8 %	**$ 327**	$ 267	$ 60	22.5%
Net earnings	**154**	217	(63)	(29.0)%	**503**	495	8	1.6%
Adjusted net earnings(1)	**220**	228	(8)	(3.5)%	**548**	525	23	4.4%
Basic net earnings per common share(3) ($)	**0.55**	0.77	(0.22)	(28.6)%	**1.79**	1.76	0.03	1.7%
Adjusted basic net earnings per common share(1) ($)	**0.78**	0.81	(0.03)	(3.7)%	**1.95**	1.87	0.08	4.3%

- During the third quarter of 2013, Choice Properties completed a $460 million IPO of Units, including the exercise of a $60 million over-allotment option, a public offering of $600 million aggregate principal amount of senior unsecured debentures and issued $200 million of Units to Weston. During the third quarter of 2013, the Company recorded $6 million of start-up and general and administrative costs in operating income and recorded $43 million in IPO transaction costs in net interest expense and other financing charges related to Choice Properties.

(1) See Non-GAAP Financial Measures on page 10 of this News Release.
(2) Certain 2012 figures have been restated due to the implementation of revised IAS 19, "Employee Benefits". See the "Accounting Standards Implemented in 2013 and Changes in Significant Accounting Policies" section on page 28 of the Company's 2013 Third Quarter Management's Discussion and Analysis.
(3) For financial definitions and ratios refer to the Glossary of Terms on page 103 of the 2012 Annual Report

- On September 12, 2013, Shoppers Drug Mart shareholders voted in favour of the Company's agreement to acquire all of the outstanding common shares of Shoppers Drug Mart, and the Company subsequently completed the financing required to close this acquisition, as described in the Agreement to Acquire Shoppers Drug Mart section of this News Release. During the third quarter of 2013, the Company recorded income of $1 million in operating income and an $11 million charge in net interest expense and other financing charges in connection with the committed financing related to this acquisition.
- The $182 million increase in revenue compared to the third quarter of 2012 was primarily driven by increases in the Company's Retail and Financial Services segments.
- Operating income decreased by $24 million and adjusted operating income(1) decreased $15 million compared to the third quarter of 2012, primarily driven by a decrease in the Company's Retail segment, partially offset by an increase in the Company's Financial Services segment. Operating income was also negatively impacted by start-up and general and administrative costs related to Choice Properties and restructuring charges.
- Adjusted operating margin(1) was 4.0% for the third quarter of 2013 compared to 4.3% in the same quarter in 2012.
- Net interest expense and other financing charges increased by $64 million compared to the third quarter of 2012 and were negatively impacted by Choice Properties IPO transaction costs of $43 million, early debt settlement costs of $18 million and Shoppers Drug Mart acquisition related costs of $11 million, partially offset by a $7 million fair value gain on the Trust Unit Liability, which represents the fair value of Choice Properties Units held by unitholders other than the Company. Excluding these impacts, net interest expense and other financing charges decreased by $1 million.
- Net earnings decreased by $63 million compared to the third quarter of 2012, primarily driven by the decrease in operating income described above and the increase in net interest expense and other financing charges. Adjusted net earnings(1) decreased by $8 million compared to the third quarter of 2012, primarily driven by the decrease in adjusted operating income(1) described above.
- Basic net earnings per common share(2) were $0.55 in the third quarter of 2013 compared to $0.77 in the third quarter of 2012. Adjusted basic net earnings per common share(1) were $0.78 in the third quarter of 2013 compared to $0.81 in the third quarter of 2012.
- In the third quarter of 2013, the Company invested $252 million in capital expenditures.
- Subsequent to the end of the third quarter of 2013, the Company announced the reduction of approximately 275 store-support positions. The Company expects to incur a charge of approximately $30 million in the fourth quarter of 2013, reflecting the anticipated costs of the reductions.

(1) See Non-GAAP Financial Measures on page 10 of this News Release.

(2) For financial definitions and ratios refer to the Glossary of Terms on page 103 of the 2012 Annual Report.

Retail Results of Operations

For the periods ended October 5, 2013 and October 6, 2012 (unaudited) (millions of Canadian dollars except where otherwise indicated)	**2013 (16 weeks)**	2012 (16 weeks)	$ Change	% Change	**2013 (40 weeks)**	2012 (40 weeks)	$ Change	% Change
Sales	**$ 9,772**	$ 9,627	$ 145	1.5 %	**$ 24,181**	$ 23,671	$ 510	2.2 %
Gross profit	**2,104**	2,104	—	— %	**5,323**	5,244	79	1.5 %
Operating income	**342**	373	(31)	(8.3)%	**915**	873	42	4.8 %
Adjusted operating income(1)	**357**	386	(29)	(7.5)%	**899**	906	(7)	(0.8)%
Adjusted EBITDA(1)	**606**	624	(18)	(2.9)%	**1,517**	1,488	29	1.9 %

For the periods ended October 5, 2013 and October 6, 2012 (unaudited)	**2013 (16 weeks)**	2012 (16 weeks)	**2013 (40 weeks)**	2012 (40 weeks)
Same-store sales(2) growth (decline)	**0.4%**	(0.2)%	**1.3%**	(0.2)%
Gross profit percentage	**21.5%**	21.9 %	**22.0%**	22.2 %
Adjusted operating margin(1)	**3.7%**	4.0 %	**3.7%**	3.8 %
Adjusted EBITDA margin(1)	**6.2%**	6.5 %	**6.3%**	6.3 %

- In the third quarter of 2013, the increase in Retail sales of $145 million, or 1.5%, over the same period in the prior year was a result of the following factors:
  - Same-store sales(2) growth was 0.4% (2012 – decline of 0.2%) and excluding gas bar was 0.1% (2012 – decline of 0.3%), negatively impacted by the timing of the Thanksgiving holiday, estimated to be 0.5% to 0.7%;
  - Sales growth in food was modest;
  - Sales in drugstore declined marginally;
  - Sales growth in gas bar was strong;
  - Sales in general merchandise, excluding apparel, declined marginally;
  - Sales growth in apparel was strong;
  - The Company's average quarterly internal food price index was flat during the third quarter of 2013 (2012 – modest inflation) and was lower than the average quarterly national food price inflation of 0.9% (2012 – 1.8%) 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 Loblaw stores; and
  - 27 corporate and franchise stores were opened and 17 corporate and franchise stores were closed in the last 12 months, resulting in a net increase of 0.6 million square feet, or 1.2%.
- In the third quarter of 2013, gross profit percentage was 21.5%, down 40 basis points compared to the third quarter of 2012. The decline in gross profit percentage was primarily driven by continued investments in food margins and a change in sales mix, partially offset by margin improvements in general merchandise, including apparel, and improved shrink. In the third quarter of 2013, gross profit was flat compared to the third quarter of 2012 and included investments in food margins that were not covered by increased sales volumes, affected by the competitive marketplace, offset by gross profit improvements in general merchandise, including apparel, and lower shrink.
- Operating income decreased by $31 million and adjusted operating income(1) decreased by $29 million compared to the third quarter of 2012, primarily driven by declines in foreign exchange gains, increased other operating costs, including depreciation and amortization, and changes in the value of the Company's investments in its franchise business, partially offset by supply chain and labour efficiencies. Adjusted EBITDA(1) decreased by $18 million compared to the third quarter of 2012.
- For the third quarter of 2013, adjusted operating margin(1) and adjusted EBITDA margin(1) were 3.7% and 6.2%, respectively, compared to 4.0% and 6.5% in the same period in 2012 and were negatively impacted by the decline in gross profit percentage.

(1) See Non-GAAP Financial Measures on page 10 of this News Release.
(2) For financial definitions and ratios refer to the Glossary of Terms on page 103 of the 2012 Annual Report.

Financial Services Results of Operations

For the periods ended October 5, 2013 and October 6, 2012 (unaudited) (millions of Canadian dollars except where otherwise indicated)	**2013 (16 weeks)**	2012 (16 weeks)	$ Change	% Change	**2013 (40 weeks)**	2012 (40 weeks)	$ Change	% Change
Revenue	**$ 222**	$ 200	$ 22	11.0%	**$ 535**	$ 468	$ 67	14.3%
Operating income	**41**	32	9	28.1%	**99**	61	38	62.3%
Earnings before income taxes	**27**	19	8	42.1%	**64**	27	37	137.0%

(millions of Canadian dollars except where otherwise indicated) (unaudited)	**As at October 5, 2013**	As at October 6, 2012	$ Change	% Change
Average quarterly net credit card receivables	**$ 2,297**	$ 2,055	$ 242	11.8%
Credit card receivables	**2,430**	2,073	357	17.2%
Allowance for credit card receivables	**45**	39	6	15.4%
Annualized yield on average quarterly gross credit card receivables(1)	**13.5%**	12.8%		
Annualized credit loss rate on average quarterly gross credit card receivables(1)	**4.2%**	4.4%		

- Revenue for the third quarter of 2013 increased by 11.0% compared to the third quarter of 2012. This increase was primarily driven by higher interest and interchange income from increased credit card receivable balances and higher *PC* Telecom revenues resulting from growth in the Mobile Shop business.
- Operating income and earnings before income taxes increased by $9 million and $8 million, respectively, compared to the third quarter of 2012. These increases were mainly attributable to the higher revenue described above and lower costs related to the renegotiation of vendor contracts, partially offset by investments in marketing, customer acquisitions and the Mobile Shop business.
- As at October 5, 2013, credit card receivables were $2,430 million, an increase of $357 million compared to October 6, 2012. This increase was primarily driven by growth in the active customer base as a result of continued investments in customer acquisitions and marketing initiatives over the past two years. As at October 5, 2013, the allowance for credit card receivables was $45 million, an increase of $6 million compared to October 6, 2012, primarily due to the growth in the credit card receivables portfolio.

(1) For financial definitions and ratios refer to the Glossary of Terms on page 103 of the 2012 Annual Report.

Choice Properties Results of Operations

For the periods ended October 5, 2013 and October 6, 2012 (unaudited) (millions of Canadian dollars)	**2013[1] (16 weeks)**	2012 (16 weeks)	**2013[1] (40 weeks)**	2012 (40 weeks)
Revenue	**$ 154**	$ —	**$ 154**	$ —
Operating income	**184**	—	**184**	—
Adjusted operating income[2]	**191**	—	**191**	—
Net interest expense and other financing charges	**110**	—	**110**	—

For the periods ended October 5, 2013 and October 6, 2012 (unaudited) (millions of Canadian dollars except where otherwise indicated)	**2013[1] (16 weeks)**	2012 (16 weeks)	**2013[1] (40 weeks)**	2012 (40 weeks)
Net operating income[2]	**$ 108**	$ —	**$ 108**	$ —
Funds from operations[2]	**76**	—	**76**	—
Adjusted funds from operations[2]	**66**	—	**66**	—
Adjusted funds from operations per unit diluted[2] ($)	**0.18**	—	**0.18**	—
Adjusted funds from operations payout ratio[2]	**85.0%**	—%	**85.0%**	—%

- Revenue for the third quarter of 2013 was $154 million, of which $139 million was received from the Retail segment. Revenue consists of base rent, operating cost and property tax recoveries.
- Operating income for the third quarter of 2013 was $184 million and was negatively impacted by $7 million of start-up and general and administrative costs. Adjusted operating income[2] was $191 million and included a $76 million gain related to fair value adjustments on investment properties, which are measured by the Company at cost.
- Net operating income[2] for the third quarter of 2013 was $108 million, which consists of cash rental revenue less property operating costs.
- Funds from operations[2] and adjusted funds from operations[2] for the third quarter of 2013 were $76 million and $66 million respectively.
- Results of Choice Properties operations for the third quarter of 2013 were in line with the financial forecast included in Choice Properties' equity and debt prospectuses dated June 26, 2013.

(1) Results are for the period ended September 30, 2013, consistent with Choice Properties' fiscal calendar. Adjustments to October 5, 2013 are included in Consolidation and Eliminations.

(2) See Non-GAAP Financial Measures on page 10 of this News Release.

Agreement to Acquire Shoppers Drug Mart

On July 14, 2013, the Company entered into an arrangement agreement to acquire all of the outstanding common shares of Shoppers Drug Mart for consideration of up to approximately $6.7 billion of cash and the issuance of up to approximately 119.9 million common shares. Based on Loblaw's closing common share price on that date, the purchase price would be approximately $12.4 billion.

In connection with the acquisition of Shoppers Drug Mart, the Company entered into bank facilities consisting of a $3.5 billion term loan facility and a $1.6 billion bridge loan facility. On September 10, 2013, the Company issued $1.6 billion aggregate principal amount of senior unsecured notes and concurrently cancelled the $1.6 billion bridge loan facility. As part of the financing of the acquisition, the Company's controlling shareholder, Weston, has agreed to subscribe for approximately $500 million of additional Loblaw common shares.

On September 12, 2013, Shoppers Drug Mart shareholders voted in favour of the agreement and on September 16, 2013 a final order of the Ontario Superior Court of Justice approving the agreement was obtained. The transaction is subject to compliance with the *Competition Act* (Canada) and certain other closing conditions customary in transactions of this nature. The process of review under the *Competition Act* (Canada) is proceeding as expected and the Company anticipates that the transaction will be completed during the first quarter of 2014. Further information on the transaction and its expected effects on the Company can be found in the Information Statement filed by the Company on August 20, 2013, in respect of Shoppers Drug Mart shareholder approval of the transaction. There can be no assurance that all conditions will be met or waived or that the Company will be able to successfully consummate the proposed transaction as currently contemplated or at all.

Following a review of the implications of the Company's agreement to acquire Shoppers Drug Mart during the third quarter of 2013, Dominion Bond Rating Service and Standard & Poor's re-confirmed Loblaw and Choice Properties' credit ratings of BBB stable in each case, with a stable outlook.

Declaration of Dividends

Subsequent to the end of the third quarter of 2013, the Board of Directors declared a quarterly dividend on Loblaw Companies Limited common shares of $0.24 payable December 30, 2013 to shareholders of record on December 15, 2013 and a dividend on the Second Preferred Shares, Series A of $0.371875 per share payable January 31, 2014 to shareholders of record on January 15, 2014.

Outlook[1]

In a highly competitive market, Loblaw's strategy of focusing on its customer proposition has delivered same-store sales growth in each of the first three quarters of 2013. In addition to its focus on sales growth, the Company is committed to creating efficiencies in its business. Consistent with the first half of the year, in the third quarter the Company delivered operating efficiencies in its core retail business, including labour and supply chain efficiencies.

In the third quarter of 2013, the Company made greater than anticipated investments in targeted food categories as a result of an increasingly competitive environment driven by greater than historical square footage expansion. The Company remains committed to its strategy to drive its customer proposition, including investments in food margins, in the fourth quarter of 2013. As a result, the Company expects adjusted operating income[2] and operating income[3] for the full year to be flat compared to 2012.

(1) See Forward-Looking Statements on page 8 of this News Release.

(2) See Non-GAAP Financial Measures on page 10 of this News Release.

(3) Guidance given in previous quarters was not calculated on an adjusted basis. Items excluded for the calculation of operating income growth are: the $61 million restructuring charges recorded in the fourth quarter of 2012; the $51 million gain recorded in the first quarter of 2013 associated with amendments to certain defined benefit plans; costs associated with the creation and recently completed IPO of Choice Properties; cost incurred in connection with the agreement to acquire Shoppers Drug Mart; and $30 million of restructuring charges expected to be recorded in the fourth quarter of 2013.

Forward-Looking Statements

This News Release for Loblaw Companies Limited contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Specific forward-looking statements in this News Release include, but are not limited to, statements with respect to the Company's anticipated future results, planned capital expenditures, expected costs associated with restructuring, status and impact of information technology ("IT") systems implementation, the Canadian retail environment and future plans. 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 2013 is based on certain assumptions including assumptions about revenue growth, anticipated cost savings and operating efficiencies, no unanticipated changes in the effective income tax rates, the Company's plan to increase net retail square footage by 1% and no unexpected adverse events or costs related to the Company's investments in IT and supply chain. 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 the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to:

- failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies from the Company's major initiatives, including those from restructuring;
- failure to realize benefits from investments in the Company's IT systems, including the Company's IT systems implementation, or unanticipated results from these initiatives;
- the inability of the Company's IT infrastructure to support the requirements of the Company's business;
- heightened competition, whether from current competitors or new entrants to the marketplace;
- changes in economic conditions including the rate of inflation or deflation, changes in interest and currency exchange rates and derivative and commodity prices;
- public health events including those related to food safety;
- failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements, which could lead to work stoppages;
- the inability of the Company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink;
- the impact of potential environmental liabilities;
- failure to respond to changes in consumer tastes and buying patterns;
- reliance on the performance and retention of third-party service providers including those associated with the Company's supply chain and apparel business;
- supply and quality control issues with vendors;
- changes to the regulation of generic prescription drug prices and the reduction of reimbursement under public drug benefit plans and the elimination or reduction of professional allowances paid by drug manufacturers;
- changes in the Company's income, commodity, other tax and regulatory liabilities including changes in tax laws, regulations or future assessments;
- any requirement of the Company to make contributions to its registered funded defined benefit pension plans or the multi-employer pension plans in which it participates in excess of those currently contemplated;
- 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;
- the inability of the Company to collect on its credit card receivables;
- failure of Choice Properties to execute its plan and realize its forecasted results; and

- failure by the Company to complete the acquisition of Shoppers Drug Mart or to realize the anticipated strategic benefits or operational, competitive or cost synergies.

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 from time to time, including the Enterprise Risks and Risk Management section of the Management's Discussion and Analysis and the Enterprise Risks and Risk Management section on pages 23 to 31 of the Company's 2012 Annual Report – Financial Review ("2012 Annual Report"). 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.

Non-GAAP Financial Measures

The Company uses the following non-GAAP financial measures: adjusted operating income, adjusted operating margin, adjusted EBITDA, adjusted EBITDA margin, adjusted net earnings, adjusted basic net earnings per common share, and with respect to Choice Properties, net operating income, funds from operations, adjusted funds from operations, adjusted funds from operations per unit diluted and adjusted funds from operations payout ratio. 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 consolidated and segment underlying 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. From time to time, the Company may exclude 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.

Adjusted Operating Income, Adjusted Operating Margin, Adjusted EBITDA and Adjusted EBITDA Margin The following table reconciles adjusted operating income and adjusted earnings before income taxes, net interest expense and other financing charges and depreciation and amortization ("adjusted EBITDA") to operating income, which is reconciled to GAAP net earnings measures reported in the condensed consolidated statements of earnings for the 16 and 40 week periods ended October 5, 2013 and October 6, 2012. The Company believes that adjusted operating income is useful in assessing the Company's underlying operating performance and in making decisions regarding the ongoing operations of the business. The Company believes that adjusted EBITDA is also 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 operating margin is calculated as adjusted operating income divided by revenue. Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue.

					2013 (16 weeks)					2012[(1)] (16 weeks)
(millions of Canadian dollars) (unaudited)	**Retail**	**Financial Services**	**Choice Properties[(2)]**	**Consolidation and Eliminations**	**Consolidated**	**Retail**	**Financial Services**	**Choice Properties**	**Consolidation and Eliminations**	**Consolidated**
Net earnings					**$ 154**					$ 217
Add impact of the following:										
Net interest expense and other financing charges					**171**					107
Income taxes					**56**					81
Operating income	**$ 342**	**$ 41**	**$ 184**	**$ (186)**	**$ 381**	$ 373	$ 32	$ —	$ —	$ 405
Add (deduct) impact of the following:										
Equity-based compensation, net of equity forwards	**10**	**—**	**—**	**—**	**10**	9	—	—	—	9
Fixed asset and other related impairments, net of recoveries	**4**	**—**	**—**	**—**	**4**	4	—	—	—	4
Restructuring costs	**3**	**—**	**—**	**—**	**3**	—	—	—	—	—
Choice Properties general and administrative costs	**(1)**	**—**	**4**	**—**	**3**	—	—	—	—	—
Choice Properties start-up costs	**—**	**—**	**3**	**—**	**3**	—	—	—	—	—
Shoppers Drug Mart related costs	**(1)**	**—**	**—**	**—**	**(1)**	—	—	—	—	—
Adjusted operating income	**$ 357**	**$ 41**	**$ 191**	**$ (186)**	**$ 403**	$ 386	$ 32	$ —	$ —	$ 418
Depreciation and amortization	**249**	**2**	**—**	**3**	**254**	238	3	—	—	241
Adjusted EBITDA	**$ 606**	**$ 43**	**$ 191**	**$ (183)**	**$ 657**	$ 624	$ 35	$ —	$ —	$ 659

(1) Certain 2012 figures have been restated due to the implementation of revised IAS 19, "Employee Benefits". See the "Accounting Standards Implemented in 2013 and Changes in Significant Accounting Policies" section on page 28 of the Company's 2013 Third Quarter Management's Discussion and Analysis.

(2) Results are for the period ended September 30, 2013, consistent with Choice Properties' fiscal calendar. Adjustments to October 5, 2013 are included in Consolidation and Eliminations.

(millions of Canadian dollars) (unaudited)	Retail	Financial Services	Choice Properties[(2)]	Consolidation and Eliminations	2013 (40 weeks) Consolidated	Retail	Financial Services	Choice Properties	Consolidation and Eliminations	2012[(1)] (40 weeks) Consolidated
Net earnings					$ 503					$ 495
Add impact of the following:										
Net interest expense and other financing charges					327					267
Income taxes					182					172
Operating income	$ 915	$ 99	$ 184	$ (186)	$ 1,012	$ 873	$ 61	$ —	$ —	$ 934
Add (deduct) impact of the following:										
Equity-based compensation, net of equity forwards	24	—	—	—	24	26	—	—	—	26
Fixed asset and other related impairments, net of recoveries	10	—	—	—	10	7	—	—	—	7
Restructuring costs	3	—	—	—	3	—	—	—	—	—
Choice Properties general and administrative costs	(1)	—	4	—	3	—	—	—	—	—
Choice Properties start-up costs	—	—	3	—	3	—	—	—	—	—
Shoppers Drug Mart related costs	(1)	—	—	—	(1)	—	—	—	—	—
Defined benefit plan amendments	(51)	—	—	—	(51)	—	—	—	—	—
Adjusted operating income	$ 899	$ 99	$ 191	$ (186)	$ 1,003	$ 906	$ 61	$ —	$ —	$ 967
Depreciation and amortization	618	7	—	3	628	582	8	—	—	590
Adjusted EBITDA	$ 1,517	$ 106	$ 191	$ (183)	$ 1,631	$ 1,488	$ 69	$ —	$ —	$ 1,557

Equity-based compensation, net of equity forwards Until the first quarter of 2013, Glenhuron Bank Limited ("Glenhuron") held equity forwards to partially hedge the impact of increases in the value of Loblaw common shares on equity-based compensation costs. The amount of net equity-based compensation costs recorded in operating income has historically been mainly dependent upon changes in the value of Loblaw common shares and the number and vesting of Restricted Share Units ("RSUs") and Performance Share Units ("PSUs") relative to the number of common shares underlying the equity forwards. In the first quarter of 2013, Glenhuron settled its remaining equity forward contracts and the RSU and PSU plans were amended to require settlement in common shares rather than in cash. As a result of the settlements and plan amendments, the components of equity-based compensation and their exposure to changes in the value of Loblaw common shares have changed. In order to assess operating performance on a consistent basis, management excludes the impact of equity-based compensation from operating income. In the third quarter of 2013, a charge of $10 million (2012 – $9 million) and year-to-date $24 million (2012 – $26 million) related to equity-based compensation net of equity forwards were recorded.

Fixed asset and other related impairments, net of recoveries At each balance sheet date, the Company assesses and, when required, records impairments and recoveries of previous impairments related to the carrying value of its fixed assets, investment properties and intangible assets. In the third quarter of 2013, the Company recorded a charge of $4 million (2012 – $4 million) and year-to-date $10 million (2012 – $7 million) related to fixed asset and other related impairments, net of recoveries.

(1) Certain 2012 figures have been restated due to the implementation of revised IAS 19, "Employee Benefits". See the "Accounting Standards Implemented in 2013 and Changes in Significant Accounting Policies" section on page 28 of the Company's 2013 Third Quarter Management's Discussion and Analysis.

(2) Results are for the period ended September 30, 2013, consistent with Choice Properties' fiscal calendar. Adjustments to October 5, 2013 are included in Consolidation and Eliminations.

Restructuring costs During the third quarter of 2013 and year-to-date, the Company recorded $3 million (2012 – nil) of restructuring costs in operating income.

Choice Properties general and administrative costs During the third quarter of 2013 and year-to-date, the Company recorded incremental general and administrative costs relating to Choice Properties of $3 million in operating income.

Choice Properties start-up costs In connection with the IPO of Choice Properties, the Company incurred certain costs to facilitate the start-up of the new entity. During the third quarter of 2013 and year-to-date, the Company recorded $3 million of Choice Properties start-up costs in operating income.

Shoppers Drug Mart related costs In connection with the agreement to acquire all of the outstanding common shares of Shoppers Drug Mart, the Company incurred $9 million of acquisition costs, which were recorded in operating income during the third quarter of 2013. In addition, in connection with the issuance of $1.6 billion of unsecured notes in the third quarter of 2013, the Company hedged its exposure to interest rates in the period prior to the issuance. As the hedge did not qualify for hedge accounting, the resulting $10 million gain on settlement was recorded in operating income.

Defined benefit plan amendments During the first quarter of 2013, the Company announced amendments to certain of its defined benefit plans impacting certain employees retiring after January 1, 2015. As a result, the Company recorded a gain of $51 million in the first quarter of 2013 and year-to-date.

Adjusted Net Earnings and Adjusted Basic Net Earnings Per Common Share The Company believes adjusted net earnings and adjusted basic 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 net earnings and adjusted basic net earnings per common share to GAAP net earnings and basic net earnings per common share reported for the 16 and 40 week periods ended October 5, 2013 and October 6, 2012:

(millions of Canadian dollars/Canadian dollars) (unaudited)	**2013 (16 weeks)**		2012[1] (16 weeks)		**2013 (40 weeks)**		2012[1] (40 weeks)	
Net earnings/basic net earnings per common share	**$ 154**	**$ 0.55**	$ 217	$ 0.77	**$ 503**	**$ 1.79**	$ 495	$ 1.76
Add (deduct) impact of the following:								
Equity-based compensation, net of equity forwards	**9**	**0.03**	8	0.03	**21**	**0.07**	25	0.09
Fixed asset and other related impairments, net of recoveries	**3**	**0.01**	3	0.01	**7**	**0.03**	5	0.02
Restructuring costs	**2**	**—**	—	—	**2**	**—**	—	—
Choice Properties general and administrative costs	**2**	**—**	—	—	**2**	**—**	—	—
Choice Properties start-up costs and IPO transaction costs	**34**	**0.12**	—	—	**34**	**0.12**	—	—
Shoppers Drug Mart related costs	**10**	**0.04**	—	—	**10**	**0.04**	—	—
Defined benefit plan amendments	**—**	**—**	—	—	**(37)**	**(0.13)**	—	—
Early debt settlement costs	**13**	**0.05**	—	—	**13**	**0.05**	—	—
Fair value adjustment of Trust Unit liability	**(7)**	**(0.02)**	—	—	**(7)**	**(0.02)**	—	—
Adjusted net earnings/adjusted basic net earnings per common share	**$ 220**	**$ 0.78**	$ 228	$ 0.81	**$ 548**	**$ 1.95**	$ 525	$ 1.87

Choice Properties IPO transaction costs In addition to the start-up costs recorded in operating income noted above, during the third quarter and year-to-date transaction costs of $43 million on a pre-tax basis were incurred related directly to the Choice Properties IPO. These transaction costs were recorded in net interest and other financing charges.

Shoppers Drug Mart related costs In addition to the related costs recorded in operating income noted above, during the third quarter and year-to-date additional costs of $11 million on a pre-tax basis were incurred in connection with the committed financing related to the acquisition. These financing charges were recorded in net interest expense and other financing charges.

Early debt settlement costs During the third quarter of 2013, the Company settled its remaining United States dollar $150 million US private placement note in advance of its May 29, 2015 maturity date and related cross currency swap. The Company incurred early-settlement costs related to the prepayment of $18 million on a pre-tax basis, which were recorded in net interest expense and other financing charges.

Fair value adjustment of Trust Unit Liability The Company is exposed to market price fluctuations as a result of the Choice Properties Units held by unitholders other than the Company. These Units are presented as a liability on the Company's condensed consolidated balance sheets as they are redeemable for cash at the option of the holder, subject to certain restrictions. This liability is recorded at fair value at each reporting period based on the market price of Units. In the third quarter of 2013 and year-to-date, the Company recorded a gain of $7 million (2012 – nil) related to the fair value adjustment of the Trust Unit Liability.

(1) Certain 2012 figures have been restated due to the implementation of revised IAS 19, "Employee Benefits". See the "Accounting Standards Implemented in 2013 and Changes in Significant Accounting Policies" section on page 28 of the Company's 2013 Third Quarter Management's Discussion and Analysis.

Choice Properties Net Operating Income The following table reconciles Choice Properties net operating income to GAAP measures for the 16 and 40 week periods ended October 5, 2013 and October 6, 2012. The Company believes net operating income is useful in measuring Choice Properties operating performance and the performance of the real estate properties.

(millions of Canadian dollars) (unaudited)	**2013[1] (16 and 40 weeks)**	2012 (16 and 40 weeks)
Rental revenue	**$ 154**	$ —
Reverse - Straight-line rent	**(8)**	—
	146	—
Property Operating Costs	**(38)**	—
Net Operating Income	**$ 108**	$ —

Choice Properties Funds from Operations, Adjusted Funds from Operations, Adjusted Funds from Operations per Unit Diluted and Adjusted Funds from Operations Payout Ratio The following table reconciles Choice Properties funds from operations and adjusted funds from operations to GAAP measures for the 16 and 40 week periods ended October 5, 2013 and October 6, 2012. The Company believes funds from operations is useful in measuring Choice Properties operating performance and the performance of the real estate properties and adjusted funds from operations is useful in measuring economic performance and is indicative of Choice Properties' ability to pay distributions.

(millions of Canadian dollars) (unaudited)	**2013[1] (16 and 40 weeks)**	2012 (16 and 40 weeks)
Net income	**$ 74**	$ —
Fair value adjustments on Class B Limited Partnership units	**35**	—
Fair value adjustments on investment properties	**(76)**	—
Fair value adjustments on unit-based compensation	**—**	—
Distributions on Class B Limited Partnership units	**43**	—
Amortization of tenant improvement allowances	**—**	—
Funds from Operations	**$ 76**	$ —
Business start-up costs	**3**	—
Straight-line rental revenue	**(8)**	—
Amortization of finance charges	**—**	—
Unit-based compensation expense	**—**	—
Sustaining capital expenditures[2]	**(5)**	—
Leasing capital expenditures	**—**	—
Adjusted Funds from Operations	**$ 66**	$ —

Adjusted funds from operations per unit diluted is calculated as adjusted funds from operations divided by Choice Properties' diluted weighted average units outstanding, which were 359.3 million in the third quarter of 2013.

Adjusted funds from operations payout ratio is calculated as Choice Properties' distribution per unit, which was $0.156416 in the third quarter of 2013, divided by adjusted funds from operations per unit diluted.

(1) Results are for the period ended September 30, 2013, consistent with Choice Properties' fiscal calendar. Adjustments to October 5, 2013 are included in Consolidation and Eliminations.

(2) Anticipated quarterly sustainable capital is approximately $5 million, however only $1 million was incurred in the third quarter of 2013.

Selected Financial Information

The following includes selected quarterly financial information, which is prepared by management in accordance with International Financial Reporting Standards ("IFRS") and is based on the Company's 2013 Third Quarter Report to Shareholders. This financial information does not contain all interim period disclosures required by IFRS, and accordingly, should be read in conjunction with the Company's 2012 Annual Report and 2013 Third Quarter Report to Shareholders which are available in the Investor Centre section of the Company's website at loblaw.ca.

Condensed Consolidated Statements of Earnings

(millions of Canadian dollars except where otherwise indicated) (unaudited)	**October 5, 2013 (16 weeks)**	October 6, 2012(1) (16 weeks)	**October 5, 2013 (40 weeks)**	October 6, 2012(1) (40 weeks)
Revenue	**$ 10,009**	$ 9,827	**$ 24,731**	$ 24,139
Cost of Merchandise Inventories Sold	**7,686**	7,538	**18,901**	18,454
Selling, General and Administrative Expenses	**1,942**	1,884	**4,818**	4,751
Operating Income	**$ 381**	$ 405	**$ 1,012**	$ 934
Net interest expense and other financing charges	**171**	107	**327**	267
Earnings Before Income Taxes	**$ 210**	$ 298	**$ 685**	$ 667
Income taxes	**56**	81	**182**	172
Net Earnings	**$ 154**	$ 217	**$ 503**	$ 495
Net Earnings per Common Share ($)				
Basic	**$ 0.55**	$ 0.77	**$ 1.79**	$ 1.76
Diluted	**$ 0.54**	$ 0.75	**$ 1.77**	$ 1.75

(1) Certain 2012 figures have been restated. See note 2 of the Company's 2013 Third Quarter Report to Shareholders.

Condensed Consolidated Balance Sheets

(millions of Canadian dollars) (unaudited)		**As at October 5, 2013**		As at October 6, 2012[1]		As at December 29, 2012[1]
Assets						
Current Assets						
Cash and cash equivalents	**$**	**1,438**	$	749	$	1,079
Short term investments		**883**		836		716
Accounts receivable		**565**		491		456
Credit card receivables		**2,430**		2,073		2,305
Inventories		**2,099**		1,946		2,007
Prepaid expenses and other assets		**152**		105		74
Assets held for sale		**22**		30		30
Total Current Assets	**$**	**7,589**	$	6,230	$	6,667
Fixed Assets		**8,940**		8,808		8,973
Investment Properties		**96**		97		100
Goodwill and Intangible Assets		**1,057**		1,061		1,057
Deferred Income Taxes		**249**		255		260
Security Deposits		**1,899**		243		252
Franchise Loans Receivable		**362**		365		363
Other Assets		**268**		295		289
Total Assets	**$**	**20,460**	$	17,354	$	17,961
Liabilities						
Current Liabilities						
Trade payables and other liabilities	**$**	**3,383**	$	3,307	$	3,720
Provisions		**45**		40		78
Income taxes payable		**54**		11		21
Short term debt		**905**		905		905
Long term debt due within one year		**982**		219		672
Total Current Liabilities	**$**	**5,369**	$	4,482	$	5,396
Provisions		**62**		46		59
Long Term Debt		**6,648**		5,373		4,997
Trust Unit Liability		**653**		—		—
Deferred Income Taxes		**22**		24		18
Capital Securities		**223**		222		223
Other Liabilities		**576**		892		849
Total Liabilities	**$**	**13,553**	$	11,039	$	11,542
Shareholders' Equity						
Common Share Capital	**$**	**1,633**	$	1,548	$	1,567
Retained Earnings		**5,204**		4,704		4,792
Contributed Surplus		**70**		58		55
Accumulated Other Comprehensive Income		**—**		5		5
Total Shareholders' Equity	**$**	**6,907**	$	6,315	$	6,419
Total Liabilities and Shareholders' Equity	**$**	**20,460**	$	17,354	$	17,961

(1) Certain 2012 figures have been restated. See note 2 of the Company's 2013 Third Quarter Report to Shareholders.

Condensed Consolidated Statements of Cash Flow

(millions of Canadian dollars) (unaudited)	**October 5, 2013 (16 weeks)**	October 6, 2012[1] (16 weeks)	**October 5, 2013 (40 weeks)**	October 6, 2012[1] (40 weeks)
Operating Activities				
Net earnings	**$ 154**	$ 217	**$ 503**	$ 495
Income taxes	**56**	81	**182**	172
Net interest expense and other financing charges	**171**	107	**327**	267
Depreciation and amortization	**254**	241	**628**	590
Income taxes paid	**(79)**	(63)	**(207)**	(185)
Interest received	**16**	7	**43**	34
Settlement of equity forward contracts	**—**	—	**(16)**	—
Settlement of cross currency swaps	**10**	—	**18**	—
Change in credit card receivables	**(151)**	(15)	**(125)**	28
Change in non-cash working capital	**(247)**	(84)	**(572)**	(376)
Fixed asset and other related impairments	**4**	4	**10**	7
Gain on disposal of assets	**(2)**	1	**(3)**	(1)
Gain on defined benefit plan amendments	**—**	—	**(51)**	—
Other	**24**	(6)	**16**	1
Cash Flows from Operating Activities	**210**	490	**753**	1,032
Investing Activities				
Fixed asset purchases	**(252)**	(289)	**(561)**	(656)
Change in short term investments	**(29)**	(151)	**(144)**	(115)
Proceeds from fixed asset sales	**12**	17	**23**	33
Change in franchise investments and other receivables	**2**	(4)	**27**	(1)
Change in security deposits	**(1,673)**	(5)	**(1,643)**	17
Intangible asset additions	**(3)**	(3)	**(12)**	(44)
Cash Flows used in Investing Activities	**(1,943)**	(435)	**(2,310)**	(766)
Financing Activities				
Long term debt:				
Issued	**2,277**	12	**2,287**	49
Retired	**(178)**	(24)	**(402)**	(97)
Deferred debt financing costs	**(11)**	—	**(11)**	—
Issuance of Trust Units	**660**	—	**660**	—
Trust Unit issue costs	**(43)**	—	**(43)**	—
Interest paid	**(114)**	(94)	**(272)**	(253)
Dividends paid	**(135)**	(118)	**(259)**	(177)
Common shares:				
Issued	**12**	3	**67**	7
Purchased and held in trust	**—**	—	**(46)**	—
Purchased for cancellation	**(73)**	(2)	**(73)**	(6)
Cash Flows from (used in) Financing Activities	**2,395**	(223)	**1,908**	(477)
Effect of foreign currency exchange rate changes on cash and cash equivalents	**5**	(6)	**8**	(6)
Change in cash and cash equivalents	**667**	(174)	**359**	(217)
Cash and cash equivalents, beginning of period	**771**	923	**1,079**	966
Cash and Cash Equivalents, End of Period	**$ 1,438**	$ 749	**$ 1,438**	$ 749

(1) Certain 2012 figures have been restated. See note 2 of the Company's 2013 Third Quarter Report to Shareholders.

2012 Annual Report and 2013 Third Quarter Report to Shareholders

The Company's 2012 Annual Report and 2013 Third Quarter Report to Shareholders are available in the Investor Centre section of the Company's website at loblaw.ca or at sedar.com.

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Additional information has been filed electronically with various securities regulators in Canada through the System for Electronic Document Analysis and Retrieval (SEDAR) and with the Office of the Superintendent of Financial Institutions (OSFI) as the primary regulator for the Company's subsidiary, President's Choice Bank.

Conference Call and Webcast

Loblaw Companies Limited will host a conference call as well as an audio webcast on November 13, 2013 at 11:00 a.m. (EST).

To access via tele-conference please dial (647) 427-7450. The playback will be made available two hours after the event at (416) 849-0833, access code: 83804490. To access via audio webcast please visit loblaw.ca, go to Investor Centre and click on webcast. Pre-registration will be available.

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