NEWS RELEASE

Loblaw Reports 2015 Fourth Quarter and Fiscal Year Ended January 2, 2016 Results[1]

BRAMPTON, ONTARIO February 25, 2016 Loblaw Companies Limited (TSX: L) ("Loblaw" or the "Company") today announced its unaudited financial results for the fourth quarter ended January 2, 2016 and the release of its 2015 Annual Report ("Annual Report"), which includes the Company's audited consolidated financial statements and Management's Discussion and Analysis ("MD&A") for the fiscal year ended January 2, 2016. The Company's 2015 Annual 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.

"I am pleased to report that we continued to deliver against our financial plan in the fourth quarter and, on a comparable basis, we delivered positive same-store sales and stable margins, achieved growth in operating earnings, and our strong balance sheet allowed us to return capital to our shareholders through share repurchases," said Galen G. Weston, Executive Chairman and President, Loblaw Companies Limited.

"The Company continues to execute on its strategic framework and purpose of *Live Life Well* – consistently delivering the best in food, best in health and beauty, operational excellence, and growth. Our relentless focus on this framework has positioned us to achieve our financial plan amidst a competitive environment and continued pressures from healthcare reform."

2015 FOURTH QUARTER HIGHLIGHTS

The Company's comparative results were negatively impacted by the inclusion of the 53rd week of 2014 ("53rd week"). The 53rd week resulted in the following impacts to the Company's 2014 fourth quarter and full year results: $789 million of higher retail sales, $71 million of higher EBITDA, and estimated impacts on net earnings and basic net earnings per common share of $52 million and $0.13 per share, respectively. The following highlights exclude the impact of the 53rd week, unless otherwise noted:

- Revenue was $10,865 million, an increase of 2.3% compared to the fourth quarter of 2014.
- Adjusted EBITDA[2] was $881 million, an increase of $2 million compared to the fourth quarter of 2014.
- Retail segment sales were $10,606 million, an increase of 2.2% compared to the fourth quarter of 2014.
  - Food retail (Loblaw) same-store sales growth was 3.1%, excluding gas bar and the negative impact of a change in distribution model by a tobacco supplier; and
  - Drug retail (Shoppers Drug Mart) same-store sales growth was 5.0%, with same-store pharmacy sales increasing by 4.2% and same-store front store sales increasing by 5.7%.
- Adjusted net earnings available to common shareholders of the Company[2] were $363 million, an increase of 5.5% compared to the fourth quarter of 2014. Adjusted basic net earnings per common share[2] were $0.88, an increase of 6.0% compared to the fourth quarter of 2014.
- Net earnings available to common shareholders of the Company were $128 million, a decrease of 34.4% compared to the fourth quarter of 2014 (48.2% compared to the fourth quarter of 2014 including the negative impact of the 53rd week). Basic net earnings per common share were $0.31, a decrease of 34.0% compared to the fourth quarter of 2014 (48.3% compared to the fourth quarter of 2014 including the negative impact of the 53rd week).
  - Net earnings available to common shareholders of the Company and basic net earnings per common share were negatively impacted by charges of $112 million resulting from the impairment of Drug retail ancillary assets held for sale and $55 million related to the accelerated finalization of transitioning of certain grocery stores to more cost effective and efficient operating terms under collective agreements ("Labour Agreements").
- The Company realized approximately $69 million of net synergies in the quarter compared to $49 million in the fourth quarter of 2014. In 2015, the Company realized $242 million in synergies (net of related costs).
- The Company repurchased 2,920,000 shares for cancellation at a cost of $185 million.

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

CONSOLIDATED RESULTS OF OPERATIONS

For the periods ended January 2, 2016 and January 3, 2015 (millions of Canadian dollars except where otherwise indicated)	**2015** **(12 weeks)**	2014 (13 weeks)	$ Change	% Change	**2015** **(52 weeks)**	2014 (53 weeks)	$ Change	% Change
Revenue	**$ 10,865**	$ 11,413	$ (548)	(4.8)%	**$ 45,394**	$ 42,611	$ 2,783	6.5%
Revenue excluding 53rd week[ii]	***10,865***	*10,624*	*241*	*2.3 %*	***45,394***	*41,822*	*3,572*	*8.5%*
Adjusted EBITDA[2]	**$ 881**	$ 950	$ (69)	(7.3)%	**$ 3,549**	$ 3,227	$ 322	10.0%
Adjusted EBITDA[2] excluding 53rd week[ii]	***881***	*879*	*2*	*0.2 %*	***3,549***	*3,156*	*393*	*12.5%*
Adjusted EBITDA margin[2]	**8.1%**	8.3%			**7.8%**	7.6%		
Net earnings attributable to shareholders of the Company	**$ 131**	$ 247	$ (116)	(47.0)%	**$ 632**	$ 53	$ 579	1,092.5%
Net earnings available to common shareholders of the Company[i]	**128**	247	(119)	(48.2)%	**625**	53	572	1,079.2%
Net earnings available to common shareholders of the Company[i] excluding 53rd week[ii]	***128***	*195*	*(67)*	*(34.4)%*	***625***	*1*	*624*	*62,400.0%*
Adjusted net earnings available to common shareholders of the Company[2]	**363**	396	(33)	(8.3)%	**1,422**	1,217	205	16.8%
Adjusted net earnings available to common shareholders of the Company[2] excluding 53rd week[ii]	***363***	*344*	*19*	*5.5 %*	***1,422***	*1,165*	*257*	*22.1%*
Basic net earnings per common share ($)	**$ 0.31**	$ 0.60	$ (0.29)	(48.3)%	**$ 1.52**	$ 0.14	$ 1.38	985.7%
Basic net earnings per common share excluding 53rd week[ii] ($)	***$ 0.31***	*$ 0.47*	*$ (0.16)*	*(34.0)%*	***$ 1.52***	*$ —*	*$ 1.52*	*100.0%*
Adjusted basic net earnings per common share[2] ($)	**$ 0.88**	$ 0.96	$ (0.08)	(8.3)%	**$ 3.46**	$ 3.20	$ 0.26	8.1%
Adjusted basic net earnings per common share[2] excluding 53rd week[ii] ($)	***$ 0.88***	*$ 0.83*	*$ 0.05*	*6.0 %*	***$ 3.46***	*$ 3.06*	*$ 0.40*	*13.1%*
Basic weighted average common shares outstanding (in millions)	**410.7**	412.0			**411.5**	380.5		

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

(ii) The impact of the 53rd week on net earnings available to common shareholders of the Company is estimated based on operating income of the 53rd week of $71 million and applying the effective tax rate for the fourth quarter of 2014. The impact of the 53rd week on basic net earnings per common share is based on the estimated net earnings available to common shareholders of the Company divided by the weighted average common shares outstanding for the fourth quarter and year-to-date of 2014, respectively.

Adjusted net earnings available to common shareholders of the Company[2] were $363 million ($0.88 per common share) in the fourth quarter of 2015 compared to $396 million ($0.96 per common share) in the fourth quarter of 2014. Net earnings available to common shareholders of the Company were $128 million ($0.31 per common share) in the fourth quarter of 2015 compared to $247 million ($0.60 per common share) in the fourth quarter of 2014. The Company's comparative results were negatively impacted by the 53rd week of 2014, as noted in the table above.

The following comparisons exclude the impacts of the 53rd week.

Adjusted net earnings available to common shareholders of the Company[2] in the fourth quarter of 2015 were $363 million ($0.88 per common share), an increase of $19 million ($0.05 per common share) compared to 2014, excluding the impact of the 53rd week, primarily due to the following:

- consistent operating performance in the Retail segment, despite the impact of healthcare reform; with the unfavourable impact of non-recurring transactions that had positive impacts in the prior year and unfavourable foreign exchange impacts;
- a positive contribution from incremental net synergies;
- a reduction in depreciation and amortization in the Retail segment due to an increase in the estimated useful life of certain information technology ("IT") systems and lower depreciation on older IT and other store assets; and
- a reduction in adjusted net interest expense and other financing charges[2] primarily driven by repayments of the Company's unsecured term loan facility related to the acquisition of Shoppers Drug Mart.

Net earnings available to common shareholders of the Company in the fourth quarter of 2015 were $128 million ($0.31 per common share), a decrease of $67 million ($0.16 per common share) compared to the fourth quarter of 2014. In addition to the items described above, the decrease in net earnings available to common shareholders of the Company[2] included the year-over-year impact of the following significant items:

- the unfavourable impact of the impairment of Drug retail ancillary assets held for sale of $112 million ($0.20 per common share);
- the unfavourable impact of the accelerated finalization of transitioning of certain grocery stores to more cost effective and efficient Labour Agreements of $55 million ($0.10 per common share);
- the unfavourable impact of a charge related to inventory measurement associated with the conversion of all of its franchised grocery stores to the new IT systems of $33 million ($0.06 per common share); partially offset by
- the favourable impacts of the recognition of the fair value increment on the acquired Shoppers Drug Mart inventory sold in the prior year of $69 million ($0.12 per common share); and
- the favourable impact of a decrease in net interest expense and other financing charges, primarily due to the fair value adjustment to the Trust Unit Liability of $13 million ($0.04 per common share).

REPORTABLE OPERATING SEGMENTS

Retail Segment

For the periods ended January 2, 2016 and January 3, 2015 (millions of Canadian dollars except where otherwise indicated)	**2015 (12 weeks)**	2014 (13 weeks)	$ Change	% Change	**2015 (52 weeks)**	2014 (53 weeks)	$ Change	% Change
Sales	**$ 10,606**	$ 11,164	$ (558)	(5.0)%	**$ 44,469**	$ 41,731	$ 2,738	6.6%
Sales excluding 53rd week	***10,606***	*10,375*	*231*	*2.2 %*	***44,469***	*40,942*	*3,527*	*8.6%*
Gross profit	**2,794**	2,925	(131)	(4.5)%	**11,689**	9,734	1,955	20.1%
Gross profit excluding 53rd week	***2,794***	*2,725*	*69*	*2.5 %*	***11,689***	*9,534*	*2,155*	*22.6%*
Adjusted gross profit(2)	**2,844**	2,994	(150)	(5.0)%	**11,747**	10,722	1,025	9.6%
Adjusted gross profit(2) excluding 53rd week	***2,844***	*2,794*	*50*	*1.8 %*	***11,747***	*10,522*	*1,225*	*11.6%*
Adjusted gross profit %(2)	**26.8%**	26.8%			**26.4%**	25.7%		
Adjusted gross profit %(2) excluding 53rd week	***26.8%***	*26.9%*			***26.4%***	*25.7%*		
Adjusted EBITDA(2)	**$ 823**	$ 897	(74)	(8.2)%	**$ 3,352**	$ 3,040	312	10.3%
Adjusted EBITDA(2) excluding 53rd week	***823***	*826*	*(3)*	*(0.4)%*	***3,352***	*2,969*	*383*	*12.9%*
Adjusted EBITDA margin(2)	**7.8%**	8.0%			**7.5%**	7.3%		
Depreciation and amortization	**$ 369**	$ 388	(19)	(4.9)%	**$ 1,567**	$ 1,453	114	7.8%

For the periods ended January 2, 2016 and January 3, 2015	**2015 (12 weeks)**	2014 (12 weeks)	**2015 (52 weeks)**	2014 (52 weeks)
Food retail same-store sales growth	**2.4%**	2.4%	**1.9%**	2.0%
Drug retail same-store sales growth	**5.0%**	3.8%	**4.3%**	2.6%
Same-store pharmacy sales growth	**4.2%**	4.2%	**3.7%**	2.7%
Same-store front store sales growth	**5.7%**	3.6%	**4.7%**	2.4%

The Company's comparative results in the Retail segment were negatively impacted by the inclusion of the 53rd week, as previously described.

Sales Retail segment sales were $10,606 million in the fourth quarter of 2015 compared to $11,164 million of the fourth quarter of 2014.

- Food retail (Loblaw) sales were $7,631 million in the fourth quarter of 2015 (2014 – $8,110 million) and Drug retail (Shoppers Drug Mart) sales were $2,975 million in the fourth quarter of 2015 (2014 – $3,054 million).
  - Excluding the impact of the 53rd week, Food retail sales were $7,631 million in the fourth quarter of 2015 (2014 – $7,536 million) and Drug retail sales were $2,975 million in the fourth quarter of 2015 (2014 – $2,839 million).

Excluding the impact of the 53rd week of 2014, Retail segment sales increased by $231 million compared to the fourth quarter of 2014, primarily due to the following factors:

- Food retail same-store sales growth was 3.1% for the quarter, after excluding gas bar (0.5%) and the negative impact of a change in distribution model by a tobacco supplier (0.2%). Including these impacts, Food retail same-store sales growth was 2.4% (2014 – 2.4%).
- The Company's Food retail average quarterly internal food price index was moderately higher than (2014 – slightly higher) the average quarterly national food price inflation of 4.1% (2014 – 3.5%) 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 sales of $1,315 million, with same-store sales growth of 4.2% (2014 – 4.2%), and front store sales of $1,660 million, with same-store sales growth of 5.7% (2014 – 3.6%).
- In the last 12 months, there was a decrease in Retail net square footage of 0.1 million, or 0.1%, primarily driven by the Company's store closure plan announced in the second quarter of 2015.

- In 2014, the Company modified its fee arrangements with the franchisees of certain franchise banners. The modified arrangements resulted in an annual reduction of Food retail segment sales and gross profit with a corresponding decrease in selling, general and administrative expenses ("SG&A"). In the fourth quarter of 2015, the impact of the modified arrangements was a $32 million negative impact to Food retail sales and gross profit, with an offsetting $32 million positive impact to SG&A. In 2016, the Company will implement these modified fee arrangements with the remaining franchise banners. In 2016, the incremental impact of modified fee arrangements to the remaining franchise banners is expected to result in an annual reduction in Food retail segment sales and gross profit of approximately $60 million, with a corresponding decrease in SG&A.

Adjusted Gross Profit(2) Adjusted gross profit(2) was $2,844 million in the fourth quarter of 2015 compared to $2,994 million in the fourth quarter of 2014. Excluding the impact of the 53rd week of 2014, adjusted gross profit(2) was $50 million higher compared to the fourth quarter of 2014. Excluding the impact of the 53rd week, adjusted gross profit percentage(2) of 26.8% decreased by 10 basis points compared to the fourth quarter of 2014, and included the following impacts:

- a positive impact of approximately 30 basis points due to the consolidation of franchises, which commenced in the second quarter of 2015; and
- a negative impact of approximately 30 basis points from the above mentioned modification to certain franchise fee arrangements.

After excluding these impacts, the 10 basis points decrease in adjusted gross profit percentage(2) compared to the fourth quarter of 2014 reflects the following:

- a decline in Drug retail gross profit percentage primarily due to the impact of healthcare reform; partially offset by
- the achievement of operational synergies in both Food and Drug retail.

Adjusted EBITDA(2) Adjusted EBITDA(2) was $823 million in the fourth quarter of 2015 compared to $897 million in the fourth quarter of 2014. Excluding the impact of the 53rd week of 2014, adjusted EBITDA(2) decreased by $3 million compared to the fourth quarter of 2014, driven by an increase in SG&A of $53 million, or 10 basis points, partially offset by the increase in adjusted gross profit(2) described above. As a percentage of sales, the increase in SG&A was impacted by the following factors:

- a positive impact of approximately 30 basis points from the above mentioned modification to certain franchise fee arrangements, which was fully offset in gross profit above; and
- a negative impact of approximately 30 basis points due to the consolidation of franchises.

Excluding these impacts, as a percentage of sales, SG&A was essentially flat compared to 2014 and reflects the following:

- non-recurring transactions that had positive impacts in the prior year;
- unfavourable foreign exchange impacts;
- higher store and store support costs; partially offset by
- favourable changes in the fair value of the Company's investments in its franchise business.

Depreciation and Amortization Depreciation and amortization was $369 million in the fourth quarter of 2015, a decrease of $19 million compared to the fourth quarter of 2014, and included $124 million (2014 – $124 million) in amortization of intangible assets related to the acquisition of Shoppers Drug Mart. Excluding this amount, depreciation and amortization decreased by $19 million driven by:

- an increase in the estimated useful life of certain IT systems; and
- lower depreciation on older IT and other store assets.

Other Business Matters

Impairment of Drug Retail Ancillary Assets Held for Sale During 2015, the Company commenced actively marketing the sale of certain assets of the Shoppers ancillary healthcare businesses. As a result, the Company recorded a charge of $112 million in the fourth quarter associated with the write-down of the assets and other related restructuring charges. The charge was excluded in calculating adjusted net earnings available to common shareholders of the Company(2). Of the $112 million charge, $46 million was recognized in gross profit and the remainder in SG&A. Subsequent to the end of 2015, the Company signed an agreement for the sale of certain of these assets. The Company expects the annualized impact of the divestitures to be a decrease in sales of approximately $245 million and an increase in adjusted EBITDA (2) of $14 million.

Inventory Measurement As of the end of 2015, the Company had completed the conversion of all of its franchised grocery stores to the new IT systems that include a perpetual inventory system. The re-measurement of inventory owned by the franchises as a result of implementing the system resulted in a decrease in inventory value of $33 million. The re-measurement resulted in a charge of $4 million in gross profit related to consolidated franchises and $29 million to SG&A related to non-consolidated franchises. The total charge was excluded in calculating adjusted net earnings available to common shareholders of the Company(2).

Consolidation of Franchises As of the end of 2015, 85 franchises were consolidated in the Company's results. The incremental impacts to the Company's results were as follows:

(millions of Canadian dollars)		**2015 (12 weeks)**		2015 (52 weeks)
Sales	**$**	**28**	$	56
Gross profit		**32**		58
Adjusted gross profit(2)		**32**		58
Adjusted EBITDA(2)		**(4)**		(12)
Depreciation and amortization		**3**		5
Net loss attributable to Non-Controlling Interest		**(3)**		(9)

The Company expects that the impact in 2016 of new and current consolidated franchises will be incremental revenue of approximately $320 million, an increase to EBITDA(2) of approximately $40 million and an increase in depreciation and amortization of approximately $20 million.

Accelerated Finalization of Labour Agreements Over the past five years, the Company has been transitioning stores to more cost effective and efficient operating terms under collective agreements. The Company was committed to the transition and accordingly accelerated the finalization of these Labour Agreements for the majority of the remaining stores in the fourth quarter of 2015. The Company incurred a charge of $55 million in SG&A related to the completion of this process in the fourth quarter of 2015, which was excluded in calculating adjusted net earnings available to common shareholders of the Company(2).

Future Disclosures Shoppers Drug Mart is aggregated with the Company's retail businesses in the Retail reportable operating segment on the basis that all of the Company's retail operations have the same economic characteristics. The Retail reportable operating segment is separately discussed in the Company's interim and annual disclosures. Continuing in the 2016 fiscal year, the Company will limit the amount of separate financial disclosures specific to Shoppers Drug Mart in the Retail reportable operating segment. The results of Shoppers Drug Mart will be fully incorporated into the Company's comparative figures in 2016 and as such its year-over-year results will be more meaningful in the future.

The Company will continue to provide sales metrics on Drug retail pharmacy and front store sales to the extent that those categories remain relevant to how the Company views the Retail segment. Disclosures related to gross profit and adjusted EBITDA(2) will be on a combined basis and will include business-specific disclosures only to the extent that those disclosures are significant to the understanding of the underlying drivers of the overall Retail segment results.

Financial Services Segment[3]

For the periods ended January 2, 2016 and January 3, 2015 (millions of Canadian dollars except where otherwise indicated)	2015 (12 weeks)	2014 (13 weeks)	$ Change	% Change	2015 (52 weeks)	2014 (53 weeks)	$ Change	% Change
Revenue	**$ 240**	$ 231	$ 9	3.9 %	**$ 849**	$ 810	$ 39	4.8 %
Adjusted EBITDA[2]	**51**	51	—	— %	**173**	171	2	1.2 %
Earnings before income taxes	**33**	35	(2)	(5.7)%	**106**	111	(5)	(4.5)%

(millions of Canadian dollars except where otherwise indicated)	As at January 2, 2016	As at January 3, 2015	$ Change	% Change
Average quarterly net credit card receivables	**$ 2,642**	$ 2,535	$ 107	4.2%
Credit card receivables	**2,790**	2,630	160	6.1%
Allowance for credit card receivables	**54**	54	—	—%
Annualized yield on average quarterly gross credit card receivables	**13.6%**	13.7%		
Annualized credit loss rate on average quarterly gross credit card receivables	**4.3%**	4.4%		

Earnings before income taxes Earnings before income taxes were $33 million in the fourth quarter of 2015, a decrease of $2 million compared to the fourth quarter of 2014. Revenue, including interest and interchange income, increased, driven by growth of the credit card portfolio, partially offset by an industry-wide reduction in interchange rates by MasterCard® International Incorporated. Higher transaction volumes drove an increase in the costs associated with the Financial Services loyalty program.

Credit Card Receivables As at January 2, 2016, credit card receivables were $2,790 million, an increase of $160 million compared to January 3, 2015. This increase was primarily driven by a growth in the active customer base as a result of continued investments in customer acquisition, marketing and product initiatives. As at January 2, 2016, the allowance for credit card receivables was $54 million, flat compared to January 3, 2015 due to the strong credit performance from the receivables balance.

Choice Properties Segment[3]

For the periods ended January 2, 2016 and January 3, 2015 (millions of Canadian dollars except where otherwise indicated)	**2015 (12 weeks)**	2014 (13 weeks)	$ Change	% Change	**2015 (52 weeks)**	2014 (53 weeks)	$ Change	% Change
Revenue	**$ 191**	$ 175	$ 16	9.1%	**$ 743**	$ 683	$ 60	8.8%
Adjusted EBITDA[2]	**224**	223	1	0.4%	**602**	571	31	5.4%
Net interest expense and other financing charges	**184**	137	47	34.3%	**756**	369	387	104.9%
Adjusted funds from operations[2]	**82**	74	8	10.8%	**313**	285	28	9.8%

Adjusted EBITDA[2] Adjusted EBITDA[2] was $224 million in the fourth quarter of 2015, an increase $1 million compared to the fourth quarter of 2014, primarily driven by:

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

Net Interest Expense and Other Financing Charges Net interest expense and other financing charges were $184 million in the fourth quarter of 2015, an increase of $47 million compared to the fourth quarter of 2014. The increase was primarily driven by the fair value adjustment on Class B Limited Partnership units.

Adjusted Funds from Operations[2] Adjusted funds from operations[2] were $82 million in the fourth quarter of 2015, an increase of $8 million compared to the fourth quarter of 2014, primarily driven by higher contributions from property operations.

Other Matters In the fourth quarter of 2015, Choice Properties Real Estate Investment Trust ("Choice Properties") acquired four properties from the Company for a purchase price of approximately $45 million, excluding acquisition costs, for consideration of $31 million in cash and issuance of 1,294,701 Class B Limited Partnership units.

Subsequent to the end of 2015, Choice Properties entered into certain bond forward contracts with a notional value of $300 million. In addition, Choice Properties issued an early redemption notice for the $300 million Series 5 senior unsecured debenture at par, effective March 7, 2016.

DECLARATION OF DIVIDENDS

Subsequent to the end of the fourth quarter of 2015, the Board of Directors declared a quarterly dividend on Common Shares and Second Preferred Shares, Series B.

Common Shares	$0.25 per common share, payable on April 1, 2016 to shareholders of record on March 15, 2016
Second Preferred Shares, Series B	$0.33 per share, payable on March 31, 2016 to shareholders of record on March 15, 2016

OUTLOOK[5]

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 basic 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 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. 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 2015 Annual Report.

Retail Segment Adjusted Gross Profit and Retail Segment Adjusted Gross Profit Percentage 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 January 2, 2016 and January 3, 2015 (millions of Canadian dollars)	**2015 (12 weeks)**	2014 (13 weeks)	**2015 (52 weeks)**	2014 (53 weeks)
Retail segment gross profit	**$ 2,794**	$ 2,925	**$ 11,689**	$ 9,734
Add impact of the following:				
Impairment of Drug retail ancillary assets held for sale	**46**	—	**46**	—
Charge related to apparel inventory	**—**	—	**8**	—
Charge related to inventory measurement and other conversion differences	**4**	—	**4**	190
Recognition of fair value increment on inventory sold	**—**	69	**—**	798
Retail segment adjusted gross profit	**$ 2,844**	$ 2,994	**$ 11,747**	$ 10,722

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 consolidated statements of earnings for the periods ended January 2, 2016 and January 3, 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.

					2015 (12 weeks)					2014 (13 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					**$ 131**					$ 247
Add (deduct) impact of the following:										
Non-Controlling Interests					**(4)**					—
Net interest expense and other financing charges					**141**					169
Income taxes					**48**					91
Operating income	**$ 265**	**$ 48**	**$ 224**	**$ (221)**	**$ 316**	$ 459	$ 49	$ 223	$ (224)	$ 507
Depreciation and amortization	**369**	**3**	**—**	**4**	**376**	388	2	—	3	393
EBITDA	**$ 634**	**$ 51**	**$ 224**	**$ (217)**	**$ 692**	$ 847	$ 51	$ 223	$ (221)	$ 900
Operating income	**$ 265**	**$ 48**	**$ 224**	**$ (221)**	**$ 316**	$ 459	$ 49	$ 223	$ (224)	$ 507
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart	**124**	**—**	**—**	**—**	**124**	124	—	—	—	124
Impairment of Drug retail ancillary assets held for sale	**112**	**—**	**—**	**—**	**112**	—	—	—	—	—
Labour agreements	**55**	**—**	**—**	**—**	**55**	—	—	—	—	—
Charge related to inventory measurement and other conversion differences	**33**	**—**	**—**	**—**	**33**	—	—	—	—	—
Fixed asset and other related impairments, net of recoveries	**4**	**—**	**—**	**—**	**4**	1	—	—	—	1
Modifications to certain franchise fee arrangements	**(8)**	**—**	**—**	**—**	**(8)**	(40)	—	—	—	(40)
Pension annuities and buy-outs	**6**	**—**	**—**	**—**	**6**	—	—	—	—	—
Fair value adjustment on fuel and foreign currency contracts	**(6)**	**—**	**—**	**—**	**(6)**	4	—	—	—	4
Restructuring and other related costs	**(7)**	**—**	**—**	**—**	**(7)**	—	—	—	—	—
Recognition of fair value increment on inventory sold	**—**	**—**	**—**	**—**	**—**	69	—	—	—	69
Shoppers Drug Mart acquisition-related costs, net of impact from divestitures	**—**	**—**	**—**	**—**	**—**	14	—	—	—	14
Fair value adjustment on Shoppers Drug Mart's equity-based compensation liability	**—**	**—**	**—**	**—**	**—**	2	—	—	—	2
Adjusted operating income	**$ 578**	**$ 48**	**$ 224**	**$ (221)**	**$ 629**	$ 633	$ 49	$ 223	$ (224)	$ 681
Depreciation and amortization	**369**	**3**	**—**	**4**	**376**	388	2	—	3	393
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	**(124)**	**—**	**—**	**—**	**(124)**	(124)	—	—	—	(124)
Adjusted EBITDA	**$ 823**	**$ 51**	**$ 224**	**$ (217)**	**$ 881**	$ 897	$ 51	$ 223	$ (221)	$ 950

(millions of Canadian dollars)	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations	Consolidated 2015 (52 weeks)	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations	Consolidated 2014 (53 weeks)
Net earnings attributable to shareholders of the Company					$ 632					$ 53
Add (deduct) impact of the following:										
Non-Controlling Interests					(9)					—
Net interest expense and other financing charges					644					584
Income taxes					334					25
Operating income	$1,429	$ 163	$ 601	$ (592)	$ 1,601	$ 497	$ 164	$ 568	$ (567)	$ 662
Depreciation and amortization	1,567	10	1	14	1,592	1,453	7	—	12	1,472
EBITDA	$2,996	$ 173	$ 602	$ (578)	$ 3,193	$1,950	$ 171	$ 568	$ (555)	$ 2,134
Operating income	$1,429	$ 163	$ 601	$ (592)	$ 1,601	$ 497	$ 164	$ 568	$ (567)	$ 662
Add (deduct) impact of the following:										
Amortization of intangible assets acquired with Shoppers Drug Mart	536	—	—	—	536	417	—	—	—	417
Restructuring and other related costs	154	—	—	—	154	44	—	2	—	46
Impairment of Drug retail ancillary assets held for sale	112	—	—	—	112	—	—	—	—	—
Labour agreements	55	—	—	—	55	—	—	—	—	—
Charge related to inventory measurement and other conversion differences	33	—	—	—	33	190	—	—	—	190
Fixed asset and other related impairments, net of recoveries	13	—	—	—	13	15	—	1	—	16
Fair value adjustment on fuel and foreign currency contracts	(21)	—	—	—	(21)	4	—	—	—	4
Modifications to certain franchise fee arrangements	(8)	—	—	—	(8)	(40)	—	—	—	(40)
Charge related to apparel inventory	8	—	—	—	8	—	—	—	—	—
Pension annuities and buy-outs	8	—	—	—	8	—	—	—	—	—
Shoppers Drug Mart acquisition-related costs, net of impact from divestitures	2	—	—	—	2	72	—	—	—	72
Recognition of fair value increment on inventory sold	—	—	—	—	—	798	—	—	—	798
Fair value adjustment on Shoppers Drug Mart's equity-based compensation liability	—	—	—	—	—	7	—	—	—	7
Adjusted operating income	$2,321	$ 163	$ 601	$ (592)	$ 2,493	$2,004	$ 164	$ 571	$ (567)	$ 2,172
Depreciation and amortization	1,567	10	1	14	1,592	1,453	7	—	12	1,472
Less: Amortization of intangible assets acquired with Shoppers Drug Mart	(536)	—	—	—	(536)	(417)	—	—	—	(417)
Adjusted EBITDA	$3,352	$ 173	$ 602	$ (578)	$ 3,549	$3,040	$ 171	$ 571	$ (555)	$ 3,227

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 consolidated statements of earnings for the periods ended January 2, 2016 and January 3, 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.

For the periods ended January 2, 2016 and January 3, 2015 (millions of Canadian dollars)	**2015** **(12 weeks)**	2014 (13 weeks)	**2015** **(52 weeks)**	2014 (53 weeks)
Net interest expense and other financing charges	**$ 141**	$ 169	**$ 644**	$ 584
Deduct impact of the following:				
Fair value adjustment to the Trust Unit Liability	**(7)**	(20)	**(81)**	(17)
Accelerated amortization of deferred financing costs	**—**	(5)	**(15)**	(23)
Shoppers Drug Mart acquisition-related costs, net of impact from divestitures	**—**	—	**—**	(15)
Adjusted net interest expense and other financing charges	**$ 134**	$ 144	**$ 548**	$ 529

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 January 2, 2016 and January 3, 2015 (millions of Canadian dollars)	**2015** **(12 weeks)**	2014 (13 weeks)	**2015** **(52 weeks)**	2014 (53 weeks)
Adjusted operating income(i)	**$ 629**	$ 681	**$ 2,493**	$ 2,172
Adjusted net interest expense and other financing charges(i)	**134**	144	**548**	529
Adjusted earnings before taxes	**$ 495**	$ 537	**$ 1,945**	$ 1,643
Income taxes	**$ 48**	$ 91	**$ 334**	$ 25
Add (deduct) impact of the following:				
Tax impact of items included in adjusted earnings before taxes(ii)	**85**	50	**229**	401
Provincial statutory corporate income tax rate change	**—**	—	**(38)**	—
Adjusted income taxes	**$ 133**	$ 141	**$ 525**	$ 426
Effective tax rate	**27.4%**	26.9%	**34.9%**	32.1%
Adjusted income tax rate	**26.9%**	26.3%	**27.0%**	25.9%

(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 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 basic net earnings per common share to GAAP basic net earnings per common share as reported for the periods ended January 2, 2016 and January 3, 2015:

($)	**2015 (12 weeks)**	2014 (13 weeks)	**2015 (52 weeks)**	2014 (53 weeks)
Basic net earnings per common share	**$ 0.31**	$ 0.60	**$ 1.52**	$ 0.14
Add (deduct) impact of the following:				
Amortization of intangible assets acquired with Shoppers Drug Mart	**0.22**	0.22	**0.96**	0.80
Restructuring and other related costs	**(0.01)**	—	**0.31**	0.09
Impairment of Drug retail ancillary assets held for sale	**0.20**	—	**0.20**	—
Fair value adjustment to the Trust Unit Liability(i)	**0.01**	0.05	**0.20**	0.04
Labour agreements	**0.10**	—	**0.10**	—
Provincial statutory corporate income tax rate change	**—**	—	**0.09**	—
Charge related to inventory measurement and other conversion differences	**0.06**	—	**0.06**	0.37
Fixed asset and other related impairments, net of recoveries	**0.01**	—	**0.02**	0.04
Fair value adjustment on fuel and foreign currency contracts	**(0.01)**	0.01	**(0.04)**	0.01
Modifications to certain franchise fee arrangements	**(0.02)**	(0.07)	**(0.02)**	(0.08)
Accelerated amortization of deferred financing costs	**—**	0.01	**0.03**	0.04
Charge related to apparel inventory	**—**	—	**0.02**	—
Pension annuities and buy-outs	**0.01**	—	**0.01**	—
Shoppers Drug Mart acquisition-related costs, net of impact from divestitures	**—**	0.02	**—**	0.19
Recognition of fair value increment on inventory sold	**—**	0.12	**—**	1.55
Fair value adjustment on Shoppers Drug Mart's equity-based compensation liability	**—**	—	**—**	0.01
Adjusted basic net earnings per common share	**$ 0.88**	$ 0.96	**$ 3.46**	$ 3.20
Weighted average common shares outstanding (millions)	**410.7**	412.0	**411.5**	380.5
Adjusted net earnings attributable to shareholders of the Company (millions of Canadian dollars)	**$ 366**	$ 396	**$ 1,429**	$ 1,217
Less: Prescribed dividends on preferred shares in share capital (millions of Canadian dollars)	**(3)**	—	**(7)**	—
Adjusted net earnings available to common shareholders of the Company (millions of Canadian dollars)	**$ 363**	$ 396	**$ 1,422**	$ 1,217

(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 January 2, 2016 and January 3, 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)	**2015 (12 weeks)**	2014 (13 weeks)	**2015 (52 weeks)**	2014 (53 weeks)
Net income (loss)	**$ 41**	$ 87	**$ (155)**	$ 200
Fair value adjustment on Class B Limited Partnership units	**96**	51	**411**	(12)
Fair value adjustment on investment properties	**(88)**	(98)	**(72)**	(82)
Fair value adjustments on unit-based compensation	**—**	—	**1**	(1)
Distributions on Class B Limited Partnership units	**52**	50	**203**	191
Amortization of tenant improvement allowances	**—**	—	**—**	1
Internal expenses for leasing	**—**	—	**1**	—
Funds from Operations	**$ 101**	$ 90	**$ 389**	$ 297
Restructuring	**$ —**	$ —	**$ —**	$ 2
Straight-line rental revenue	**(10)**	(9)	**(37)**	(35)
Amortization of finance charges	**—**	—	**(1)**	50
Unit-based compensation expense	**—**	—	**2**	2
Sustaining property and leasing capital expenditures, normalized(i)	**(9)**	(7)	**(40)**	(31)
Adjusted Funds from Operations	**$ 82**	$ 74	**$ 313**	$ 285

(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.

SELECTED FINANCIAL INFORMATION

The following includes selected quarterly and annual financial information, which is prepared by management in accordance with International Financial Reporting Standards ("IFRS") and is based on the Company's audited annual consolidated financial statements for the year ended January 2, 2016. This financial information does not contain all disclosures required by IFRS, and accordingly, should be read in conjunction with the Company's 2015 Annual Report, which is available in the Investor Centre section of the Company's website at loblaw.ca and on sedar.com.

Consolidated Statements of Earnings

(millions of Canadian dollars except where otherwise indicated)	**January 2, 2016 (12 weeks) (unaudited)**	January 3, 2015 (13 weeks) (unaudited)	**2015 (52 weeks) (audited)**	2014 (53 weeks) (audited)
Revenue	**$ 10,865**	$ 11,413	**$ 45,394**	$ 42,611
Cost of Merchandise Inventories Sold	**7,831**	8,260	**32,846**	32,063
Selling, General and Administrative Expenses	**2,718**	2,646	**10,947**	9,886
Operating Income	**$ 316**	$ 507	**$ 1,601**	$ 662
Net interest expense and other financing charges	**141**	169	**644**	584
Earnings Before Income Taxes	**$ 175**	$ 338	**$ 957**	$ 78
Income taxes	**48**	91	**334**	25
Net Earnings	**$ 127**	$ 247	**$ 623**	$ 53
Attributable to:				
Shareholders of the Company	**$ 131**	$ 247	**$ 632**	$ 53
Non-Controlling Interests	**(4)**	—	**(9)**	—
Net Earnings	**$ 127**	$ 247	**$ 623**	$ 53
Net Earnings per Common Share ($)				
Basic	**$ 0.31**	$ 0.60	**$ 1.52**	$ 0.14
Diluted	**$ 0.31**	$ 0.59	**$ 1.51**	$ 0.14
Weighted Average Common Shares Outstanding (millions)				
Basic	**410.7**	412.0	**411.5**	380.5
Diluted	**415.2**	416.5	**415.2**	384.4

Consolidated Balance Sheets

(millions of Canadian dollars)	As at January 2, 2016	As at January 3, 2015[i]
Assets		
Current Assets		
Cash and cash equivalents	**$ 1,018**	$ 999
Short term investments	**64**	21
Accounts receivable	**1,325**	1,209
Credit card receivables	**2,790**	2,630
Inventories	**4,322**	4,309
Prepaid expenses and other assets	**265**	214
Assets held for sale	**71**	23
Total Current Assets	**$ 9,855**	$ 9,405
Fixed Assets	**10,480**	10,296
Investment Properties	**160**	185
Intangible Assets	**9,164**	9,675
Goodwill	**3,362**	3,318
Deferred Income Tax Assets	**132**	193
Security Deposits	**2**	7
Franchise Loans Receivable	**329**	399
Other Assets	**455**	281
Total Assets	**$ 33,939**	$ 33,759
Liabilities		
Current Liabilities		
Bank indebtedness	**$ 143**	$ 162
Trade payables and other liabilities	**5,106**	4,774
Provisions	**127**	84
Income taxes payable	**82**	34
Short term debt	**550**	605
Long term debt due within one year	**998**	420
Associate interest	**216**	193
Capital securities	**—**	225
Total Current Liabilities	**$ 7,222**	$ 6,497
Provisions	**131**	76
Long Term Debt	**10,013**	11,042
Trust Unit Liability	**821**	722
Deferred Income Tax Liability	**1,834**	1,853
Other Liabilities	**754**	782
Total Liabilities	**$ 20,775**	$ 20,972
Equity		
Preferred Share Capital	**$ 221**	$ —
Common Share Capital	**7,851**	7,857
Retained Earnings	**4,954**	4,810
Contributed Surplus	**102**	104
Accumulated Other Comprehensive Income	**23**	8
Total Equity Attributable to Shareholders of the Company	**$ 13,151**	$ 12,779
Non-Controlling Interests	**13**	8
Total Equity	**$ 13,164**	$ 12,787
Total Liabilities and Equity	**$ 33,939**	$ 33,759

(i) Certain comparative figures have been restated.

Consolidated Statements of Cash Flows

(millions of Canadian dollars)	**January 2, 2016 (12 weeks) (unaudited)**	January 3, 2015 (13 weeks) (unaudited)	**2015 (52 weeks) (audited)**	2014[(i)] (53 weeks) (audited)
Operating Activities				
Net earnings	**$ 127**	$ 247	**$ 623**	$ 53
Adjustments for:				
Income taxes	**48**	91	**334**	25
Net interest expense and other financing charges	**141**	169	**644**	584
Depreciation and amortization	**376**	393	**1,592**	1,472
Net fixed asset and other related impairments	**26**	1	**73**	16
(Gain) Loss on disposal of assets	**2**	10	**(5)**	3
Recognition of fair value increment on inventory sold	**—**	69	**—**	798
Charge related to inventory measurement and other conversion differences	**4**	—	**4**	190
	$ 724	$ 980	**$ 3,265**	$ 3,141
Change in non-cash working capital	**100**	116	**235**	(321)
Change in credit card receivables	**(127)**	(81)	**(160)**	(92)
Income taxes paid	**(65)**	(66)	**(296)**	(293)
Interest received	**2**	3	**7**	29
Other	**(70)**	—	**28**	105
Cash Flows from Operating Activities	**$ 564**	$ 952	**$ 3,079**	$ 2,569
Investing Activities				
Fixed asset purchases	**$ (329)**	$ (304)	**$ (1,008)**	$ (856)
Intangible asset additions	**(104)**	(96)	**(233)**	(230)
Acquisition of Shoppers Drug Mart, net of cash acquired	**—**	—	**—**	(6,619)
Consolidation of franchises	**33**	—	**33**	—
Change in short term investments	**(18)**	28	**(43)**	269
Proceeds from disposal of assets	**2**	53	**36**	129
Change in security deposits	**209**	(1)	**5**	1,694
Other	**34**	(43)	**(28)**	(71)
Cash Flows used in Investing Activities	**$ (173)**	$ (363)	**$ (1,238)**	$ (5,684)
Financing Activities				
Change in bank indebtedness	**$ (100)**	$ (161)	**$ (19)**	$ (133)
Change in short term debt	**(30)**	—	**(55)**	—
Long Term Debt				
Issued	**338**	125	**1,186**	5,865
Retired	**(502)**	(341)	**(1,783)**	(3,336)
Redemption of Capital Securities	**—**	—	**(225)**	—
Interest paid	**(95)**	(113)	**(491)**	(506)
Dividends paid on common and preferred shares	**(105)**	(101)	**(416)**	(496)
Common Share Capital				
Issued	**15**	19	**63**	629
Purchased and held in trust	**(6)**	—	**(63)**	—
Purchased and cancelled	**(186)**	(29)	**(280)**	(178)
Issuance of Preferred Share Capital	**—**	—	**221**	—
Other	**16**	26	**23**	—
Cash Flows (used in) from Financing Activities	**$ (655)**	$ (575)	**$ (1,839)**	$ 1,845
Effect of foreign currency exchange rate changes on cash and cash equivalents	**$ 7**	$ 5	**$ 17**	$ 9
Change in cash and cash equivalents	**$ (257)**	$ 19	**$ 19**	$ (1,261)
Cash and cash equivalents, beginning of period	**1,275**	980	**999**	2,260
Cash and Cash Equivalents, End of Period	**$ 1,018**	$ 999	**$ 1,018**	$ 999

(i) Certain comparative figures have been restated.

SEGMENT INFORMATION

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

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

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

Information for each reportable operating segment is included below:

	January 2, 2016 (12 weeks)					January 3, 2015 (13 weeks)				
(millions of Canadian dollars)	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations(i)	Total	Retail	Financial Services(3)	Choice Properties(3)	Consolidation and Eliminations(i)	Total
Revenue(ii)	$ 10,606	$ 240	$ 191	$ (172)	$ 10,865	$ 11,164	$ 231	$ 175	$ (157)	$ 11,413
EBITDA(iii)	$ 634	$ 51	$ 224	$ (217)	$ 692	$ 847	$ 51	$ 223	$ (221)	$ 900
Adjusting Items(iii)	189	—	—	—	189	50	—	—	—	50
Adjusted EBITDA(iii)	$ 823	$ 51	$ 224	$ (217)	$ 881	$ 897	$ 51	$ 223	$ (221)	$ 950
Depreciation and Amortization(iv)	245	3	—	4	252	264	2	—	3	269
Adjusted Operating Income(iii)	$ 578	$ 48	$ 224	$ (221)	$ 629	$ 633	$ 49	$ 223	$ (224)	$ 681
Net interest expense and other financing charges	$ 82	$ 15	$ 184	$ (140)	$ 141	$ 100	$ 14	$ 137	$ (82)	$ 169

(i) Consolidation and Eliminations includes the following items:

- Revenue includes the elimination of $128 million (2014 – $121 million) of rental revenue and $44 million (2014 – $36 million) of cost recovery recognized by Choice Properties, generated from the Retail segment.
- Operating income includes the elimination of the $128 million (2014 – $121 million) impact of rental revenue described above; the elimination of an $88 million gain (2014 – $98 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 (2014 – $3 million) of depreciation expense for certain investment properties recorded by Choice Properties; and the elimination of intercompany charges of $1 million (2014 – $2 million).
- Net interest expense and other financing charges includes the elimination of $63 million (2014 – $62 million) of interest expense included in Choice Properties related to debt owing to the Company and a $96 million fair value loss (2014 – loss of $51 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 $12 million (2014 – $11 million), which excludes distributions paid to the Company and a $7 million fair value loss (2014 – loss of $20 million) on the Company's Trust Unit Liability.

(ii) Included in Financial Services revenue is $94 million (2014 – $90 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 $124 million (2014 – $124 million) of amortization of intangible assets acquired with Shoppers Drug Mart.

(millions of Canadian dollars)	January 2, 2016 (52 weeks) Retail	Financial Services[3]	Choice Properties[3]	Consolidation and Eliminations[i]	Total	January 3, 2015 (53 weeks) Retail	Financial Services[3]	Choice Properties[3]	Consolidation and Eliminations[i]	Total
Revenue[ii]	**$ 44,469**	**$ 849**	**$ 743**	**$ (667)**	**$ 45,394**	$41,731	$ 810	$ 683	$ (613)	$ 42,611
EBITDA[iii]	**$ 2,996**	**$ 173**	**$ 602**	**$ (578)**	**$ 3,193**	$ 1,950	$ 171	$ 568	$ (555)	$ 2,134
Adjusting Items[iii]	**356**	**—**	**—**	**—**	**356**	1,090	—	3	—	1,093
Adjusted EBITDA[iii]	**$ 3,352**	**$ 173**	**$ 602**	**$ (578)**	**$ 3,549**	$ 3,040	$ 171	$ 571	$ (555)	$ 3,227
Depreciation and Amortization[iv]	**1,031**	**10**	**1**	**14**	**1,056**	1,036	7	—	12	1,055
Adjusted Operating Income[iii]	**$ 2,321**	**$ 163**	**$ 601**	**$ (592)**	**$ 2,493**	$ 2,004	$ 164	$ 571	$ (567)	$ 2,172
Net interest expense and other financing charges	**$ 367**	**$ 57**	**$ 756**	**$ (536)**	**$ 644**	$ 386	$ 53	$ 369	$ (224)	$ 584

(i) Consolidation and Eliminations includes the following items:

- Revenue includes the elimination of $502 million (2014 – $471 million) of rental revenue and $165 million (2014 – $142 million) of cost recovery recognized by Choice Properties, generated from the Retail segment.
- Operating income includes the elimination of the $502 million (2014 – $471 million) impact of rental revenue described above; the elimination of a $72 million gain (2014 – $82 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 $14 million (2014 – $12 million) of depreciation expense for certain investment properties recorded by Choice Properties; and the elimination of intercompany charges of $4 million (2014 – $2 million).
- Net interest expense and other financing charges includes the elimination of $251 million (2014 – $297 million) of interest expense included in Choice Properties related to debt owing to the Company and a $411 million fair value loss (2014 – gain of $12 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 $45 million (2014 – $44 million), which excludes distributions paid to the Company and a $81 million fair value loss (2014 – loss of $17 million) on the Company's Trust Unit Liability.

(ii) Included in Financial Services revenue is $368 million (2014 – $356 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 $536 million (2014 – $417 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, future liquidity, planned capital investments, and status and impact of 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 and the Company's 2015 Annual Information Form (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 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;
- 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 Annual Information Form (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

The Company's 2015 Annual Report is available in the Investor Centre section of the Company's website at loblaw.ca and 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 Investor Centre 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 February 25, 2016 at 10:00 a.m. (ET).

To access via tele-conference, please dial (416) 204-9702. The playback will be made available two hours after the event at (647) 436-0148, access code: 7942699. To access via audio webcast, please visit loblaw.ca, go to Investor Centre and click on webcast. 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

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(1) This News Release contains forward-looking information. See "Forward-Looking Statements" section of this News Release for a discussion of material factors that could cause actual results to differ materially from the forecasts and projections herein and of the material factors and assumptions that were used when making these statements. This News Release should be read in conjunction with Loblaw Companies Limited's filings with securities regulators made from time to time, all of which can be found at sedar.com and at loblaw.ca.

(2) See "Non-GAAP Financial Measures" section of this News Release.

(3) The results for the Financial Services and Choice Properties segments are for the periods ended December 31, 2015 and December 31, 2014, consistent with the segments' fiscal calendars. Adjustments to align Financial Services' and Choice Properties' results to January 2, 2016 and January 3, 2015 are included in Consolidation and Eliminations. See the "Non-GAAP Financial Measures" and the "Segment Information" sections of this News Release.

(4) Certain 2014 figures have been restated to conform with the current year's presentation.

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