Loblaw

COMPANIES LIMITED

2008

ANNUAL INFORMATION FORM

March 12, 2009

LOBLAW COMPANIES LIMITED

2008 ANNUAL INFORMATION FORM

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FORWARD-LOOKING STATEMENTS

This Annual Information Form for Loblaw Companies Limited contains forward-looking statements about the Company's objectives, plans, goals, aspirations, strategies, financial condition, results of operations, cash flows, performance, prospects and opportunities. Words such as "anticipate", "expect", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions, as they relate to the Company and its management, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect the Company's current expectations concerning future results and events.

These forward-looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the possibility that the Company's plans and objectives will not be achieved. These risks and uncertainties include, but are not limited to: changes in economic conditions; changes in consumer spending and preferences; heightened competition, whether from new competitors or current competitors; changes in the Company's or its competitors' pricing strategies; failure of the Company's franchised stores to perform as expected; risks associated with the terms and conditions of financing programs offered to the Company's franchisees; failure to realize sales growth, anticipated cost savings or operating efficiencies from the Company's major initiatives, including investments in the Company's information technology systems, supply chain investments and other cost reduction and simplification initiatives; increased costs relating to utilities, including electricity, and fuel; the inability of the Company's information technology infrastructure to support the requirements of the Company's business; the inability of the Company to manage inventory to minimize the impact of obsolete or excess issues and to control shrink; failure to execute successfully and in a timely manner the Company's major initiatives, including the implementation of strategies and introduction of innovative and reformulated products; unanticipated results associated with the Company's strategic initiatives, including those related to compensation costs; the inability of the Company's supply chain to service the needs of the Company's stores; deterioration in the Company's relationship with its employees, particularly through periods of change in the Company's business; failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements which could lead to work stoppages; changes to the regulatory environment in which the Company operates; the adoption of new accounting standards and changes in the Company's use of accounting estimates including in relation to inventory valuation; fluctuations in the Company's earnings due to changes in the value of stock based compensation and equity forward contracts relating to its Common Shares; changes in the Company's tax liabilities resulting from changes in tax laws or future assessments; detrimental reliance on the performance of third-party service providers; public health events; changes in interest and currency exchange rates, the inability of the Company to obtain external financing; the inability of the Company to collect on its credit card receivables; any requirement of the Company to make contributions to its registered funded defined benefit pension plans in excess of those currently contemplated; the inability of the Company to attract and retain key executives; and supply and quality control issues with vendors. These and other risks and uncertainties are discussed in the Company's materials filed with the Canadian securities regulatory authorities from time to time, including the Risks and Risk Management section of the Management's Discussion and Analysis included in the Company's 2008 Annual Report. These forward looking statements reflect management's current assumptions regarding these risks and uncertainties and their respective impact on the Company.

Other risks and uncertainties not presently known to the Company or that the Company presently believes are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Company's expectations only as of the date of this Annual Information Form. The Company disclaims any intention or obligation to update or revise these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

The information in this Annual Information Form is current to March 12, 2009, unless otherwise noted. All amounts are in Canadian dollars.

CORPORATE STRUCTURE

Incorporation

Loblaw Companies Limited was incorporated on January 18, 1956, although portions of its business originated before 1900. It was continued under the *Canada Business Corporations Act* by certificate of continuance dated May 7, 1980. The registered office of the Company is located at 22 St. Clair Avenue East, Toronto, Canada M4T 2S7. The National Head Office and Store Support Centre of the Company is located at 1 President's Choice Circle, Brampton, Canada, L6Y 5S5.

Intercorporate Relationships

Loblaw Companies Limited is a holding company which carries on its business through its subsidiaries. A list of the subsidiaries of the Company that carry on its principal business operations is given below. In each case, the Company owns 100% of the voting and non-voting securities either directly or indirectly. Throughout this Annual Information Form, Loblaw Companies Limited and its subsidiaries are collectively referred to as the "Company".

Subsidiary	**Jurisdiction of Incorporation**
Atlantic Wholesalers Ltd.	New Brunswick
Fortinos Supermarket Ltd.	Ontario
Glenhuron Bank Limited	Barbados
Kelly, Douglas & Company, Limited	British Columbia
Loblaw Alberta Inc.	Alberta
Loblaw Brands Limited	Canada
Loblaw Financial Holdings Inc.	Ontario
Loblaw Properties Limited	Ontario
Loblaw Properties West Inc.	Canada
Loblaws Inc.	Ontario
Loblaws Supermarkets Limited	Ontario
National Grocers Co. Ltd.	Ontario
PGV Acquisition Inc.	Quebec
President's Choice Bank	Canada
Provigo Distribution Inc.	Quebec
Provigo Properties Limited	Canada
Provigo Quebec Inc.	Quebec
Westfair Foods Ltd.	Ontario
Zehrmart Inc.	Ontario

GENERAL DEVELOPMENT OF THE BUSINESS

The past three years were years of evolution as Loblaw continued to transform into a company that is truly competitive over the long term.

Multi-Year Turnaround Plan

The Company is currently executing a three to five year turnaround plan and is in the third year of the plan. In 2006, there was a significant change in senior leadership, following which the management team commenced a review of the Company's operations which focused on key drivers of the business such as fresh food presentation, maximizing employee engagement, the performance of retailing basics and customer satisfaction.

New management then embarked on an initiative to Make Loblaw the Best Again, based on the principles of "Simplify, Innovate and Grow" and a Formula for Growth focused on the key strategies of Best Format; Fresh First; Control Label Advantage; 10% Joe; Health, Home and Wholesome; Priced Right; Always Available; and Friendly Colleagues Motivated to Serve.

Project Simplify, which was executed during 2007, was undertaken to simplify the organization by more clearly defining accountabilities, eliminating duplication and establishing consistent, simple and efficient processes. Regional food merchandising and replenishment functions were centralized to improve the Company's buying scale and create consistent and more effective category management processes. Store operations functions were aligned across all regions to enhance the customer experience. Support functions, such as Marketing, Finance, and Human Resources, were redesigned for effectiveness and efficiency. The changes resulted in a total reduction of approximately 900 employees from the Company during the year. The Company is continuing to build tools, processes and capabilities to maximize the benefits of Project Simplify, while also reducing complexity, focusing on stability and improving execution at stores, distribution centres and store support centres.

The Company has embarked on an initiative to fix the basics of its business, a critical part of its strategy to be known once again as one of the world's best retailers. A major component of this strategy is to have a world-class supply chain, ensure shelf availability, reduce shrink and improve store productivity. The Company also implemented a strategy to lower retail prices to deliver excellent value to customers and to ensure they recognize the benefit of lower prices in its stores where it matters. 2007 was a year of targeted price reductions in many areas of the country. The Company remains committed to adjusting prices to bring value to its customers and maintain its competitiveness.

In 2008 the Company continued to work on these core initiatives and was able to leverage its national scale in order to achieve cost and operating efficiencies. While still affected by complex processes and outdated IT systems, the Company was nonetheless successful in improving store performance in areas such as labour productivity and reducing shrink, continuing its investment in pricing, renewing the food and rationalizing the general merchandise product assortments, improving price perception and ensuring that its support functions are serving the business in the most critical areas. It also began to execute its plans to improve its supply chain and IT infrastructure, as described below.

The Company also made good progress in all facets of its five-point plan to drive profitable sales momentum. The five-point plan includes focus on a "Back-to-Best" great food renewal in Ontario, a Western Canada refurbishment, local market merchandising, improvements in foundational infrastructure and private label innovation.

Several key management changes were made in 2008 with the appointment of a new President, Chief Merchandising Officer and Chief Financial Officer. The Company also streamlined its reporting structure in addition to further clarifying roles and accountabilities.

In 2009 the Company will continue its efforts to simplify and sharpen the Company's operations, continue to fix the basics that matter to customers, restore innovation to the heart of the Company's culture in food and across all our control label products and grow Loblaw through the Formula for Growth while carefully managing cash in an uncertain economic environment.

While the changes described above are expected to bring benefits to the Company in the form of a more agile and consumer-focused business, success is dependent on management effectively implementing these changes and realizing the intended benefits. Ineffective change management may result in disruptions to the operations of the business or adversely affect the ability of the Company to implement and achieve its strategic objectives, due to a lack of clear accountabilities, or cause employees to act in a manner which is inconsistent with Company objectives. Any of these events could negatively impact the Company's performance. The Company may not always achieve the expected cost savings and other benefits of its initiatives.

Supply Chain

Beginning in 2005, and throughout 2006 the Company undertook to restructure its supply chain in an effort to create a national logistics platform. Challenges were experienced with conversions to new systems and this had a negative effect on store service levels for general merchandise products and drugstore. In addition, the Company encountered challenges with the startup of a new third-party owned and operated warehouse and distribution centre for eastern Canada which handles general merchandise and certain drugstore products, primarily health and beauty care products.

In late 2006 and 2007, the new management team continued to focus on supply chain improvement. In 2007 the Company launched a significant initiative to invest in and improve its supply chain. This initiative includes upgrading the physical distribution network, increasing capacity, and the implementation of new forecasting, replenishment, distribution and transportation capabilities that over time will improve in-store availability and operational productivity.

In 2008, four new distribution centres were opened, other distribution centres were reconfigured and availability and service levels consistently improved. In 2009 the Company plans to focus on cost control in its distribution system, improving labour productivity and continuing the physical upgrade to the distribution centre network and transportation systems.

Although these initiatives are expected to result in improved service levels for the Company's stores, the scale of the change and the implementation of new processes could cause disruption in the flow of goods to stores, which would negatively affect sales.

Labour and Employment Matters

The Company's workforce is significantly unionized and as such lacks some of the flexibility of its competitors in areas such as cost control and responsiveness. The Company's relationship with its unions has been satisfactory in the past three years and has been characterized by honest and open discussions regarding the need for change if the Company is to be competitive in the long term.

In the past three years, 207 collective agreements were successfully negotiated, including a new four-year collective agreement in 2006 with members of some Ontario locals of the United Food and Commercial Workers union. The agreement enables the Company to convert 44 stores in Ontario to the *RCSS* banner or food stores with equivalent labour economics and the flexibility to invest in additional store labour where appropriate. Significant labour negotiations took place across the Company in 2008 as 75 collective agreements expired and 75 collective agreements were successfully negotiated, which represented a combination of agreements expiring in 2008, those carried over from prior years, and those negotiated early. The 2008 labour negotiations were challenging and resulted in strikes at 14 stores, one in British Columbia and 13 in Quebec. Strikes affecting the majority of the stores have been resolved. In 2009, 60 collective agreements affecting approximately 19,000 colleagues will expire, with the single largest agreement covering approximately 8,500 colleagues. The Company will also continue to negotiate the 49 collective agreements carried over from 2006, 2007 and 2008.

The Company has good relations with its colleagues and unions. Although possible, the Company does not anticipate any unusual difficulties in renegotiating collective agreements. Renegotiating collective agreements might result in work stoppages or slowdowns, which could negatively affect the Company's financial performance, depending on their nature and duration. The Company is willing to accept the short term costs of labour disruption in order to negotiate competitive labour costs and operating conditions for the longer term.

In 2008 the Company's Human Resources function made significant strides in colleague development, succession planning and safety programs while also building national programs to attract and retain the colleagues necessary to meet business needs. Human Resources launched a colleague discount plan, standardized the process for implementing major business transformation and centralized recruiting. The Company also launched a "Tell It As It Is" colleague engagement survey to receive feedback from more than 100,000 colleagues twice a year. The Human Resources department communicates the results and together with business leaders, creates action plans designed to improve colleague engagement.

In 2009 the Company's Human Resources function will build on programs designed to make Loblaw "A Great Place to Work", including the launch of a national orientation plan and a service award program. In view of the high costs associated with colleague turnover, the Company will focus on the development of key programs that will drive colleague retention which will in turn improve Loblaw's ability to execute its strategies, efficiently run operations and meet its goals for financial performance.

The degree to which the Company is not effective in developing its colleagues (particularly senior colleagues) and establishing appropriate succession planning processes and retention strategies could lead to a lack of requisite knowledge, skills and experience which could in turn affect Loblaw's ability to execute its strategies, efficiently run its operations and meet its goals for financial performance. The Company continues to focus on the development of colleagues at all levels and across all regions. Effective colleague development and succession planning are essential to the growth and success of the Company. However, these areas are not yet fully developed.

Financial Performance

Information on the Company's financial performance can be found in the Management's Discussion and Analysis section of the Company's 2008 Annual Report ("MD&A"). This information is incorporated by reference and is available at www.sedar.com.

Products and Services

The Company is Canada's largest food distributor and a leading provider of drugstore, general merchandise, and financial products and services. Traditional food offerings remain at the core of the Company's business. The Company primarily offers four distinct store formats: Superstore, Great Food, Hard Discount and Wholesale.

Go-to-market strategies have been developed for each format based on customer shopping preferences, competitive considerations, and market opportunities. In 2008, programs took place in each of the three main formats. Great Food stores were enhanced by the "Back to Best" program in the Greater Toronto Area which included innovations to our meat, seafood and produce offerings, as well as improve colleague engagement and service. Eleven Superstores were renovated in 2008 to optimize layout and improve shopping experience. Twelve *no frills* stores opened in western Canada. Similar activities will continue through 2009.

The focus of the Company continues to be to simplify and optimize assortments, getting credit for value by lowering prices in a targeted manner and ensuring its general merchandise offering complements the Company's focus on food. Other products and services offered by the Company are described below. In addition, through certain of its corporate and franchise locations, the Company's offerings include gas bars, photo processing, optical products and services and medical clinics.

Control Label Program

The Company offers a strong and innovative control label program for both food and everyday household needs. This program helps to create customer loyalty and ensure price competitiveness. Over the past three years, the Company has continued to add products to its control label program, in the food, health and beauty, apparel and general merchandise categories. In support of these products in 2008, the Company distributed four issues of the *Insider's Report* that reached millions of homes across Canada. This included a *PC* Healthy *Insider's Report.* The Company also issued a *PC* Home Look Book that featured over 61 items for the home including products for the kitchen, bed and bath, and home décor.

The Company has been a leader in the offering of health-oriented control label products. The Company offers a range of certified organic products and now has over 200 of those products under the *PC Organics* label. Early in 2005 the Company introduced its *Blue Menu* line of products for health and nutrition conscious consumers and now offers over 300 such products.

In 2006, the *Joe Fresh Style* brand of adult apparel was launched in 40 stores with positive customer response. By the end of 2006, *Joe Fresh Style* apparel was in approximately 100 stores in all regions of the country. To facilitate this launch, the Company redesigned the *Joe Fresh Style* shopping environment with wide aisles, a central cash desk and fitting rooms. New fixtures and a signing program were also introduced. In 2007, the Company expanded the *Joe Fresh Style* brand and launched children's wear, intimates and accessories. In 2008 the Company continued to add square footage of selling space for Joe Fresh Style and expanded its distribution in Quebec and Atlantic Canada.

In 2008, the Company launched more than 500 new *President's Choice* products, celebrated the 25th anniversary of the Holiday *Insider's Report* and redesigned packaging for 350 *President's Choice* products. The Company also began to prepare for the celebration of the 25th anniversary of *President's Choice,* which will take place in 2009.

The Company is also focused on its growing line of *PC* Home branded houseware products. In 2008 a new *PC* Home merchandising concept was piloted in the superstore format.

The Company's control label offering was supported in 2007 and 2008 by a new marketing campaign featuring *President's Choice* Signature products, select President's Choice products that provide exceptional quality and value for consumers and also support our Corporate Social Responsibility values. This campaign features Galen Weston, the Company's Executive Chairman, as spokesperson.

The Company's control label products, which are among the most recognized brands in Canada, are manufactured under contract by third-party vendors. In order to preserve the brands' equity, these vendors are held to high standards of quality. While appropriate contractual arrangements are put in place with these third parties, the Company has no direct influence over how such third parties are managed. It is possible that negative events affecting these third parties could in turn negatively impact the Company's operations and its financial performance.

Financial Services

President's Choice Financial services, including chequing and savings accounts, mortgages, RRSPs, mutual funds, loans and lines of credit, are provided by the direct banking division or a wholly owned subsidiary of a major Canadian chartered bank. *President's Choice* Bank, a subsidiary of the Company, offers the *President's Choice Financial* MasterCard®.

The Company currently offers *PC Financial* pet and travel insurance through its subsidiary, PC Financial Insurance Agency Inc. *PC Financial* pet insurance is currently available in each province and territory except for Quebec and New Brunswick. *PC Financial* travel insurance is currently available in all provinces and territories except for Quebec. *PC Financial* Insurance ceased soliciting for new home and automobile insurance business effective February 21, 2009; however, it will continue to provide customer service (including claims service) and renewal policies to existing customers.

Further information on trends affecting the Company and the Company's strategies can be found in the MD&A, which is incorporated by reference.

DESCRIPTION OF THE BUSINESS

Operations

Loblaw, a subsidiary of George Weston Limited, is Canada's largest food distributor and a leading provider of drugstore, general merchandise, and financial products and services. Loblaw's mission is to be Canada's best food, health and home retailer by exceeding customer expectations through innovative products at great prices. For over 50 years, the Company has supplied the Canadian market with innovative products and services through corporate, franchised and associated stores. The Company primarily offers four distinct store formats: Superstore, Great Food, Hard Discount and Wholesale. Corporate owned store banners include *Atlantic Superstore, Dominion** (in Newfoundland and Labrador), *Extra Foods, Loblaws, Loblaw Great Food, Maxi, Maxi & Cie, Provigo, The Real Canadian Superstore, Loblaw Superstore* and *Zehrs* and wholesale outlets operating as Cash & Carry, *Presto* and *The Real Canadian Wholesale Club.* The Company's franchised and associated stores operate under the trade names *Atlantic SaveEasy, Fortinos, Extra Foods, no frills, SuperValu, Valu-mart* and *Your Independent Grocer.* The store network is supported by 21 Company operated and five third-party warehouse facilities located across Canada, as well as temporary storage facilities when required.

In addition, the Company makes available to consumers *President's Choice Financial* services and products, including the *President's Choice Financial* MasterCard®, and *PC Financial* auto, home, travel and pet insurance, *PC* Mobile phone service, as well as a loyalty program known as *PC* points.

* Trademark used under license

Geographic and Banner Summary

For the recently completed year, the Company operated across Canada as set out below:

	Corporate Stores	Franchised Stores	Associated Stores	Independent Accounts	Warehouses
Newfoundland and Labrador	13	7	4	202	1
Prince Edward Island	4	3	1	82	
Nova Scotia	34	21		494	2
New Brunswick	21	20	4	233	2
Quebec	223	21	283	3,609	4
Ontario	155	277	11	72	5
Manitoba	25	5	27		1
Saskatchewan	33	16	21		1
Alberta	60	14	9		3
Northwest Territories	2		1		
Yukon	1	1			
British Columbia	38	42	17		2
Total	609	427	378	4,692	21

The following table sets out the distribution of the Company's store formats and the banners associated with each format.

	Corporate Stores	Franchised Stores	Associated Stores
Superstore			
Atlantic Superstore	53		
Dominion* (in Newfoundland and Labrador)	12		
The Real Canadian Superstore	107		
Great Food			
Atlantic SaveEasy		44	5
Fortinos		20	
Loblaws	79		
Provigo	64	21	3
SuperValu	2	14	7
Valu-mart		56	9
Your Independent Grocer		53	1
Zehrs	44		
Other	2	34	244
Hard Discount			
Extra Foods	68	25	
Maxi	93		
Maxi & Cie	17		
No Frills		160	
Wholesale			
Cash & Carry	22		109
Presto	12		
The Real Canadian Wholesale Club	34		
Total	609	427	378

* Trademark used under license

The average store size at year end 2008 for corporate stores and franchised stores was 61,900 and 28,400 square feet, respectively. The average store size for both corporate stores and franchised stores has increased by 3.4% and 1.6% respectively over the last three years as the Company has generally moved to larger store formats.

Whenever practical, the Company follows a strategy of purchasing land for future store locations. At year end 2008, the Company owned 74% of the real estate on which its corporate stores are located, 48% of the real estate on which its franchised stores are located, as well as various properties under development or held for future development. The Company's owned properties are essentially unencumbered, with only $10 million in mortgage debt on total fixed assets including real estate, having a net book value of approximately $8.0 billion at year end 2008. The total square footage of the owned corporate and franchise stores is approximately 27.4 million square feet and 6.0 million square feet, respectively.

A substantial portion of the Company's revenues and earnings come from amounts paid by franchisees. The Company benefits from the management of these stores by entrepreneurial owner/operators. Franchisees enter into agreements with the Company that generally require the franchisee to purchase inventory from the Company and to pay certain fees in exchange for services provided by the Company or approved suppliers and for the right to use certain trademarks owned by the Company. The Company also participates in the profits of most of its franchise stores by way of preferred shareholdings or other arrangements. Services available to the franchisees by the Company include store set-up, marketing support and accounting systems. Independent franchisees generally lease the land and store building from the Company and, if eligible, may obtain financing through a structure involving independent trusts to facilitate the purchase of the majority of their inventory and fixed assets, consisting mainly of fixtures and equipment.

Franchisees are independent businesses and, as a result, their operations may be negatively affected by factors beyond the Company's control which in turn may damage the Company's reputation and potentially affect revenues and earnings. Revenues and earnings would also be negatively affected and the Company's reputation could be harmed, if a significant number of franchisees were to: experience operational failures, including health and safety exposures; experience financial difficulty; or be unwilling or unable to pay the Company for products, rent or other fees. The Company's franchise system is also subject to franchise laws and regulations enacted by a number of provinces. Any new legislation or failure to comply with existing legislation may negatively affect operations, and could add administrative costs and burdens associated with these regulations, all of which could affect the Company's relationship with its franchisees.

The Company is currently in the process of renewing a financing arrangement for the benefit of its franchisees, which is expected to be completed during the second quarter of 2009. This financing could result in higher financing costs to the franchisees, which in turn could adversely affect operating results. Although the Company anticipates that appropriate financing for the franchisees will continue to be secured in the future, any failure to do so could adversely affect the Company's franchise programs and may impact its operating results. In addition, the renewed financing structure would need to be reviewed to determine if there are any implications with respect to the consolidation of VIEs.

Competitive Conditions

The retail industry in Canada is highly competitive and the Company faces strong competitors. The industry is driven primarily by consumer demand, which is impacted by economic trends, changing demographics, ethnic diversity, health and environmental awareness and time availability. Recent consumer trends that dominate the industry include customer's concerns for their own and their family's health, concerns regarding the recent economic downturn, lack of time, increasing demand for value and premium products in one location, a willingness to buy certain general merchandise on food-focused shopping trips and an increasing demand that retailers source ethically and in a way that demonstrates care for the environment and the community.

The Company's competitors include traditional supermarket operators, as well as mass merchandisers, warehouse clubs, drugstores, limited assortment stores, discount stores, convenience stores and specialty stores. Many of these competitors now offer a selection of food, drugstore and general merchandise. Others remain focused on supermarket-type merchandise.

The Company's inability to compete effectively with its current or any future competitors could result in, among other things, lessening of market share and lower pricing in response to its competitors' pricing activities. Accordingly, the Company's competitive position and financial performance could be negatively impacted.

Although much work remains to be done to successfully implement the Company's strategies, the Company believes that its competitive position in Canada remains strong. The Company will continue to focus on the value proposition of its banners and ensuring the right format is in the right market. In addition, its control label offering promotes customer loyalty and allows pricing flexibility with respect to national brands.

Customers

The Company is not dependent upon a small number of customers or any single customer.

Products and Services

Control Label Products

The Company has developed a successful line of control label products and services that are sold or made available in its corporate, franchised and associated stores and are available on a limited basis to certain independent customers. The Company's experienced product development team works closely with third-party vendors in developing and manufacturing products for its control label brands.

The Company markets control label products in the food, health and beauty, apparel and general merchandise, categories under brand names including *President's Choice, PC, PC Organics, Blue Menu, Mini Chefs, no name, Joe Fresh Style, Club Pack, G.R.E.E.N, Exact, Teddy's Choice* and *Life@Home*.

Health, Home and Wholesome is Loblaw's goal to be recognized as making healthy living affordable for all Canadians. Loblaw offers healthy food products with its control label products, particularly *Blue Menu* and *PC Organics* lines.

In recent years a selection of general merchandise items has been developed under the *PC* and *Life@ Home* brands as part of the expansion into general merchandise departments. These products are sourced world wide and cater to all areas of the home including bed, bath, kitchen, home decor and outdoor living.

In 2006, the *Joe Fresh Style* brand of adult apparel was launched in 40 stores with positive customer response. By the end of 2006, *Joe Fresh Style* apparel was in approximately 100 stores in all regions of the country. To facilitate this launch, the Company redesigned the *Joe Fresh Style* shopping environment with wide aisles, a central cash desk and fitting rooms. New fixtures and a signing program were also introduced. In 2007, the Company expanded the *Joe Fresh Style* brand and launched children's wear, intimates and accessories. In 2008 the Company continued to add square footage of selling space for Joe Fresh Style and expanded its distribution in Quebec and Atlantic Canada.

Marketing

The Company's marketing programs are focused on scheduled events and on the promotion and advertising for various control-label products and services which are exclusive to the Company. These programs are supported by research activity, including consumer insight and brand awareness measures. The marketing team also influences item selection to be promoted in weekly flyers, across all store formats.

The Company sells a wide variety of national brands and the marketing of these brands is accomplished primarily through promotion in-flyer, or through promotional activity in-store in collaboration with the national brands suppliers.

A variety of unique communications media are used to inform and educate consumers about the Company's products and services. The *President's Choice Insider's Report* is considered a "must-read" by millions of consumers across the country. The *Insider's Report* is a creative description of all new products offered by the season and highlights price, value and quality of its control-label advantage. While the loyalty program for the Company is managed through *President's Choice Financial*, the marketing team supports its brands by including special loyalty offers of *PC* points, redeemable at any banner for any products, in many marketing promotions. Twice a year, the Company participates in Canada's Fashion Week to promote its *Joe Fresh Style* apparel brand.

The Company's focus on marketing initiatives has increased over the last year, with increased investments, higher profile marketing campaigns and a greater emphasis on event marketing.

The Company's control label offering was supported in 2007 and 2008 by a new marketing campaign featuring *President's Choice* Signature products, select *President's Choice* products that provide exceptional quality and value for consumers and also support our Corporate Social Responsibility values. This campaign features Galen Weston, the Company's Executive Chairman, as spokesperson.

The Company also promotes its products and engages its consumers though its websites such as www.PC.ca and www.joe.ca which allow consumers to participate in contests, rate and review food products, and create a personal wardrobe.

President's Choice Financial

The Company offers *President's Choice Financial* banking services and products, which are provided by the direct banking division of a major Canadian chartered bank.

The *President's Choice Financial* MasterCard® is offered throughout Canada by *President's Choice* Bank. Third-party service providers process credit card transactions and provide call centre services and support in addition to certain credit and fraud monitoring for the *President's Choice Financial* MasterCard®. As at January 3, 2009, approximately $1.775 billion of credit card receivables had been securitized and $431 million of receivables were held by *President's Choice* Bank.

The Company currently offers *PC Financial* pet and travel insurance through its subsidiary, PC Financial Insurance Agency Inc. *PC Financial* pet insurance is currently available in each province and territory except for Quebec and New Brunswick. *PC Financial* travel insurance is currently available in all provinces and territories except for Quebec. *PC Financial* Insurance ceased soliciting for new home and automobile insurance business effective February 21, 2009; however, it will continue to provide customer service (including claims service) and renewal policies to existing customers.

The use of many of the products and services offered through *President's Choice Financial* allows customers to earn *PC* points through a loyalty program which are redeemable towards free groceries and other rewards.

PC Mobile

The Company offers the *PC* Mobile line of prepaid cellular phone services and related accessories. *PC* Mobile services are provided in conjunction with a major Canadian telecommunications company.

Intellectual Property

The Company has established procedures to register or otherwise protect its intellectual property including the trademarks used in its store-trading or banner names and those associated with its control label programs. Store-trading or banner names are associated with specific retail concepts and are important to both corporate store and franchised store operations. Franchisees use the banner names associated with their franchised program pursuant to licensing arrangements. The Company's trademarks used in connection with its control label program are discussed under the section "Products and Services". Other intellectual property of the Company includes domain names, packaging designs and product formulations and specifications. The intellectual property rights associated with and used in connection with the Company's business are important assets and are defended vigorously. Certain of the Company's trademarks are licensed to third party service providers, primarily in connection with *President's Choice Financial* Services. The trademarks of the Company when used in this Annual Information Form are presented in italics.

Information Technology

The Company uses various systems to support the major functional aspects of its business. The Information Technology ("IT") team provides support, maintenance and development services for these systems as well as managing the strategic direction of the Company's IT functions.

The Company operates point of sale technology that connects to a suite of in-store management tools for functions such as labour management, product ordering and inventory management. Warehouses are equipped with inventory management systems that facilitate picking and shipping. In addition, support tools are maintained for major functional areas of the Company's business such as merchandising, finance, human resources and marketing.

The Company maintains a secure, chain-wide network that transmits data between its stores, distribution centres and corporate offices and carries debit and credit transactional information from stores to the Company's provider of clearing services. Loblaw also uses outsourced services, in particular for its mainframe-related applications and technology, pharmacy and Photolab businesses and services to *President's Choice Financial* Services.

During 2007, an IT strategic plan was developed to guide the new systems environment that Loblaw requires. In 2008 the Company began to implement this plan, announcing key vendors. The Company also made initial investments in the systems needed to support its apparel line, build a company-wide master data file and establish overall infrastructure stability.

In 2009 the Company's plan is to move from design to implementation by beginning to introduce new enterprise wide systems.

The Company has under invested in its IT infrastructure in the past and its systems are in need of being upgraded. The existing systems may not properly support the required business processes of the

Company. An IT strategic plan was developed to guide the new systems environment that Loblaw requires. Implementation of this plan was initiated in 2008 and will continue throughout 2009. Change management risk and other associated risks will arise from the various projects which will be undertaken to upgrade existing systems and introduce new systems to effectively manage the business going forward. Failure by the Company to appropriately invest in information technology or failure to implement information technology infrastructure in a timely and effective manner may negatively impact the Company's financial performance.

Any significant failure or disruption of IT systems could negatively affect the Company's reputation, revenues and financial performance. Failure or disruption in the Company's IT systems may result in a lack of relevant and reliable information that enables management to effectively prioritize its strategies which in turn may preclude the Company from optimizing its overall performance.

Any failures in the Company's information security systems or non-compliance with information security standards, including those in relation to personal information belonging to the Company's customers, could result in harm to the reputation or competitive position of the Company and could negatively affect financial performance.

Supply Chain

The Company's supply chain is responsible for the flow of goods and information between its vendors and suppliers and the Company's distribution centres and ultimately to its stores. In some cases certain goods flow directly to the Company's stores from the vendors. The Company continuously evaluates its methods of distribution including its relationship with vendors and suppliers, technology, facilities and modes of transportation. When appropriate, the Company implements changes to its supply chain infrastructure to ensure a continued reliable and cost efficient system.

The Company's supply chain and distribution network is comprised of a total of 26 warehouses and distribution centres. Third-party logistics service providers are used at 5 distribution centres located in Pickering, Ajax, Caledon, Calgary and Vancouver. The Company uses various modes of transportation including its own trucking fleet and third- party common carriers, railways and ships. The Company is not dependent on any one third-party transport provider.

In 2007 the Company commenced a multi-year plan to invest in and improve its supply chain, as described on page 6 of this Annual Information Form. A new food distribution center in Ajax, Ontario, operated by a third party service provider opened in 2008.

Seasonality

The Company's operations as they relate to food, specifically inventory levels, sales volume and product mix, are impacted to some degree by certain holiday periods in the year. Certain general merchandise offerings are subject to more seasonal fluctuations.

Foreign Operations

Glenhuron Bank Limited, a wholly owned indirect subsidiary of the Company with operations in Barbados, is engaged in financial services including cash management and treasury-related services. The Company is not dependent on these operations.

Colleagues

As of January 3, 2009, the Company and its franchisees together employ over 139,000 full-time and part-time employees. A majority of the Company's store level and distribution centre colleagues are unionized. Currently the Company's unionized workforce is covered by a total of 372 collective agreements with 17 unions.

Lending

The President's Choice Bank Board of Directors has approved risk management policies that provide governance and oversight to effectively manage and control existing and potential credit risks involved in extending credit to President's Choice Financial Mastercard® customers. In order to minimize the associated credit risk, President's Choice Bank employs advanced credit scoring tools, stringent credit card portfolio monitoring, and technology that produces an effective account management and collection process.

Environmental and Health and Safety Matters

The Company has environmental, health and workplace safety programs and has established policies and procedures aimed at ensuring compliance with applicable environmental legislative requirements. To this end, the Company employs environmental risk assessments and audits using internal and external resources together with employee awareness programs throughout its operating locations. The Company endeavours to be socially and environmentally responsible, and recognizes that the competitive pressures for economic growth and cost efficiency must be integrated with sound environmental stewardship and ecological considerations. The Company participates in industry and government-led environmental initiatives aimed at reducing the environmental impact of its operations.

The Company maintains a large portfolio of real estate and is subject to environmental risks associated with the contamination of such properties, whether by previous owners or occupants, neighbouring properties or from its own operations. The Company could be subject to increased or unexpected costs associated with the related remediation activities.

In recent years, provincial and municipal governments have introduced legislation that imposes liabilities on retailers for costs associated with recycling and disposal of consumer goods packaging. This is a growing trend and the Company expects to be subject to increased costs associated with these laws.

The Environmental, Health and Safety Committee of the Board of Directors receives regular reporting from management addressing current and potential future issues, identifying new regulatory concerns and related communication efforts. The Company's dedicated Environmental Affairs staff works closely with the operations to help ensure corporate requirements are met.

Corporate Social Responsibility

Loblaw has established a framework through which our corporate social responsibility ("CSR") activities are pursued and linked our commitments to our business plan through five pillars: Respect the environment; Source with integrity; Make a positive difference in our community; Reflect our nation's diversity; and Be a great place to work. Operations are reviewed and assessed against these pillars, and performance is reported through vehicles such as the CSR Report.

The Company believes that publishing CSR objectives and progress in a public document helps keep Loblaw on track and motivated, and enables others to get engaged and involved with our efforts. The Company welcomes this dialogue as a means of building our record of accountability and effecting lager-scale positive change.

Loblaw will issue its second CSR Report in April 2009.

Food Safety, Public Health and Labelling

The Company is subject to risks associated with product defects, food safety and product handling. Such liabilities may arise in relation to the storage, distribution and display of products and, with respect to the Company's control label products, in relation to the production, packaging and design of products. Any event related to these matters has the potential to adversely affect the Company's reputation and its financial performance.

A majority of the Company's sales are generated from food products and the Company could be vulnerable in the event of a significant outbreak of food-borne illness or increased public health concerns in connection with certain food products. Such an event could negatively affect the Company's financial performance. Procedures are in place to manage such events, should they occur. These procedures identify risks, provide clear communication to employees and consumers and are aimed at ensuring that potentially harmful products are expeditiously removed from inventory. Food safety related liability exposures are insured by the Company's insurance program. In addition, the Company has food safety procedures and programs which address safe food handling and preparation standards. The Company endeavours to employ best practices for the storage and distribution of food products and also actively supports consumer awareness of safe food handling and consumption. The ability of these procedures to address such events is dependent on their successful execution. The existence of these procedures does not mean that the Company will in all circumstances be able to mitigate these risks.

The Company strives to ensure its control label products meet all applicable regulatory requirements including having nutritional labeling so that today's health conscious consumer can make informed choices.

Privacy and Ethics

The Company is committed to managing its activities in an ethical and proper manner in all respects. The Company has adopted a Code of Business Conduct setting out the Company's expectations for the ethical and appropriate behaviour of all its directors and employees. In addition, the Company has established an Ethics and Business Conduct Committee to monitor compliance with the Code of Business Conduct and deal with conduct and ethics issues as they arise. The Company also has a Privacy Code that sets out the Company's commitment to protect the privacy of personal information.

The Company encourages reporting of unethical conduct and has established a toll-free anonymous response line, which can be used by employees to report suspected accounting, internal control or auditing irregularities and unethical behaviour impacting the Company.

The Company has adopted a Vendor Code of Conduct which sets out the Company's expectations of its vendor community in the areas of social, environmental and legal compliance.

Any failure of the Company to adhere to its policies, the law or ethical business practices could significantly affect its reputation and brands and could, therefore, negatively impact the Company's financial performance.

Risks and Risk Management

In 2008, the Company assessed key operating risks by conducting risk assessments with members of the senior management team and Board of Directors. Risks identified through these assessments were analyzed and discussed as part of the Company's annual business planning process and were also factored into the development of a risk-based internal audit plan. The Company has operating and risk management strategies and insurance programs which help to mitigate the potential financial impact of these operating risks. While the Company employs strategies to mitigate these risks, these strategies do not guarantee that events or circumstances will not occur which could negatively affect the Company's financial condition and performance.

A description of some of these and other risks are found throughout this AIF and others are included in the MD&A on pages 18 through 26 of the Company's 2008 Annual Report, which is incorporated herein by reference.

Further information on the Company's business can be found in the MD&A. This information is incorporated herein by reference.

CAPITAL STRUCTURE AND MARKET FOR SECURITIES

Share Capital

Loblaw Companies Limited's authorized share capital is composed of Common Shares, First Preferred Shares and Second Preferred Shares, Series A.

Common Shares have voting rights of one vote per Common Share. The holders of Common Shares are entitled, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares of the Company, to receive any dividend declared by the Company and to receive the remaining property of the Company upon dissolution. As at January 3, 2009 there were 274,173,564 Common Shares issued and outstanding. There are an unlimited number of authorized Common Shares.

The First Preferred Shares are entitled to preference over the Common Shares, or the shares of any other class ranking junior to them, with respect to the payment of dividends. Holders of First Preferred Shares are not entitled to vote unless and until the Company fails to pay in the aggregate eight quarterly dividends on any series of First Preferred Shares. The First Preferred Shares are limited in number to 1,000,000. No First Preferred Shares have been issued or are outstanding.

The Second Preferred Shares, Series A rank after the First Preferred Shares to the extent that there is a conflict between the preferences, priorities and rights attaching to the two classes of preferred shares. They are entitled to preferences over the Common Shares and any other shares of the Company ranking junior to the Second Preferred Shares, Series A, (i) with respect to the priority in the payment of dividends and (ii) with respect to the priority in the distribution of assets of the Company. Holders of the Second Preferred Shares, Series A are not entitled to vote. On and after July 31, 2013 the Company may redeem the Second Preferred Shares, Series A for cash or may, at its option, convert them into Common Shares on specified terms and conditions. As at January 3, 2009 there were 9,000,000 Second Preferred Shares, Series A outstanding.

Share Trading Price and Volume

Loblaw Companies Limited's Common Shares and Second Preferred Shares, Series A are listed and posted for trading on the Toronto Stock Exchange and trade under the share symbols "L" and "L.PR.A", respectively. The monthly highs and lows and average daily volumes by month for Loblaw Companies Limited's Common Shares and Second Preferred Shares, Series A for the year ended January 3, 2009 were as follows:

COMMON SHARES

Month	High ($ per common share)	Low ($ per common share)	Average Daily Volume by Month (in shares)
January	35.74	31.18	585,668
February	32.31	28.59	515,570
March	30.85	26.75	564,112
April	32.99	29.12	395,525
May	34.35	32.21	442,630
June	34.44	30.11	361,517
July	31.49	27.26	320,120
August	30.67	28.46	269,802
September	32.00	28.30	1,064,622
October	30.61	26.11	658,784
November	32.24	26.86	593,202
December	35.93	31.01	578,529

SECOND PREFERRED SHARES, SERIES A

Month	High ($ per common share)	Low ($ per common share)	Average Daily Volume by Month (in shares)
January	-	-	-
February	-	-	-
March	-	-	-
April	-	-	-
May	-	-	-
June	24.90	23.00	7,154
July	23.91	22.50	3,830
August	23.60	22.00	6,342
September	23.10	22.10	47,211
October	22.82	20.60	27,531
November	23.25	21.60	29,179
December	23.25	22.20	10,713

Loblaw Companies Limited's Medium Term Notes ("MTN") are not listed or quoted on a recognized exchange.

Credit Ratings

Between the second quarter of 2007 and February 7, 2008, the Company's MTN, other notes and debentures ratings were downgraded twice and the commercial paper ratings once by each of Dominion Bond Rating Service ("DBRS") and Standard & Poor's ("S&P").

As at March 12, 2009 Loblaw Companies Limited's credit ratings for its securities were as follows:

	Dominion Bond Rating Service		**Standard & Poor's**	
	Rating	**Trend**	**Rating**	**Outlook**
Commercial Paper	R-2(middle)	Stable	A-2	Negative
Medium Term Notes	BBB	Negative	BBB	Negative
Other Notes and Debentures	BBB	Negative	BBB	Negative
Preferred Shares	Pfd-3	Negative	P-3 (high)	

The rating organizations base the ratings on quantitative and qualitative considerations which are relevant for Loblaw Companies Limited. These ratings are intended to give an indication of the risk that Loblaw Companies Limited will not fulfill its obligations in a timely manner. Credit ratings may not reflect the potential impact of all risks on the value of the securities. These ratings are not recommendations to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization.

A definition of the categories of each rating has been obtained from the respective rating organization's website and is outlined below:

Dominion Bond Rating Service

Commercial Paper

DBRS' ratings for commercial paper range from R-1 (high) to D. The R-2 (middle) rating is ranked fifth of ten rating categories. Short-term debt rated R-2 (middle) is considered to be of adequate credit quality. Relative to the R-2 (high) category, entities rated R-2 (middle) typically have some combination of higher volatility, weaker debt or liquidity positions, lower future cash flow capabilities, or are negatively impacted by weaker industry. Ratings in this category would be more vulnerable to adverse changes in financial and economic conditions.

Long Term Debt (Medium Term Notes, Other Notes and Debentures)

DBRS' credit ratings for long term debt range from AAA to D. Each rating category is denoted by the subcategories "high" and "low". The absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category.

The BBB rating is ranked fourth of ten rating categories. Long-term debt rated BBB is of adequate credit quality. Protection of interest and principal is considered acceptable, but the entity is susceptible to adverse changes in financial and economic conditions, or there may be other adverse conditions present, which reduce the strength of the entity and its rated securities.

DBRS uses "rating trends" for its ratings in the corporate sector. Rating trends provide guidance in respect of DBRS's opinion regarding the outlook for the rating in question, with rating trends falling into one of three categories - "Positive", "Stable" or "Negative". The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue, or in some cases, unless challenges are addressed. In general, the DBRS view is based primarily on an evaluation of the issuing entity, but may also include consideration of the outlook for the industry or industries in which the issuing entity operates.

A Positive or Negative Trend is not an indication that a rating change is imminent. Rather, a Positive or Negative Trend represents an indication that there is a greater likelihood that the rating could change in the future than would be the case if a Stable Trend were assigned to the security.

DBRS assigns a rating trend for each security of an issuing entity and it is not unusual for securities of the same entity to have different trends.

Preferred Shares

DBRS' credit rating for preferred shares range from Pfd-1 to D. The Pfd-3 rating is ranked third of six rating categories. Preferred shares rated Pfd-3 are of adequate credit quality. While protection of dividends and principal is still considered acceptable, the issuing entity is more susceptible to adverse changes in financial and economic conditions, and there may be other adverse conditions present which detract from debt protection. Pfd-3 ratings generally correspond with companies whose senior bonds are rated in the higher end of the BBB category.

<u>Standard & Poor's</u>

Commercial Paper

Standard & Poor's Canadian ratings for Commercial Paper range from A-1 to D. The A-2 rating is ranked fourth of eight rating categories. Obligations rated A-2 reflect a satisfactory capacity of the obligor to fulfill its financial commitment on the obligation, while exhibiting higher susceptibility to changing circumstances or economic conditions than obligations rated A-1 (Low). Obligations rated A-2 on the Canadian commercial paper rating scale would qualify for a rating of A-2 on Standard & Poor's global short-term rating scale.

Long Term Debt (Medium Term Notes, Other Notes and Debentures)

Standard & Poor's long-term issue credit ratings range from AAA to D. The BBB rating is ranked fourth of ten rating categories. An obligation rated BBB exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

A Standard & Poor's rating outlook assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change or future CreditWatch action. A Negative outlook means that a rating may be lowered whereas a Stable outlook means that a rating is not likely to change.

Preferred Shares

Standard & Poor's Canadian scale preferred share ratings range from P-1 to D. The P-3 (high) rating is ranked third of eight rating categories. An obligation rated P-3 (high) is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

DIVIDENDS

The Company has paid quarterly dividends on its Common Shares for over 50 years. The declaration and payment of dividends and the amount thereof are at the discretion of the Board, which takes into account the Company's financial results, capital requirements, available cash flow and other factors the Board considers relevant from time to time. Over the long-term, the Company's objective is for its dividend payment ratio to be in the range of 20% to 25% of the prior year's basic net earnings per Common Share adjusted as appropriate for items which are not regarded to be reflective of ongoing operations, giving consideration to the year end cash position, future cash flow requirements and investment opportunities.

The Second Preferred Shares, Series A rank after the First Preferred Shares to the extent that there is a conflict between the preferences, priorities and rights attaching to the two classes of preferred shares, and shall be entitled to preferences over the Common Shares with respect to the priority in the payment of dividends. Other than the foregoing, there is currently no restriction that would prevent the Company from paying dividends at current levels.

For the past three years, dividends on Common Shares have been declared quarterly in equal amounts. The amount of cash dividends declared in each of the three most recently completed years is as follows:

	2008	2007	2006
Dividends declared per common share	$ 0.84	$ 0.84	$ 0.84
Dividends declared per second preferred share, series A	$ 0.91	-	-

Subsequent to year end 2008, the Board of Directors declared a quarterly dividend of $0.21 per Common Share, payable April 1, 2009 and a quarterly dividend of $0.37 per Second Preferred Share, series "A" payable April 30, 2009.

DIRECTORS AND OFFICERS

The following list of Directors and Officers is current to March 12, 2009.

Directors

Name, Province and Country of Residence	Principal Occupation	Director Since
Galen G. Weston[1] Ontario, Canada	Executive Chairman of the Corporation	2006
Allan L. Leighton[1] Ontario, Canada	Deputy Chairman and President of the Corporation, Deputy Chairman of George Weston Limited	2006

Directors - continued

Name, Province and Country of Residence	Principal Occupation	Director Since
Paul M. Beeston, C.M. [2,3] Ontario, Canada	Chief Executive Officer (Interim), Toronto Blue Jays Baseball Club and Corporate Director	2005
Gordon A.M. Currie[4] Ontario, Canada	Executive Vice President and Chief Legal Officer of the Corporation and George Weston Limited	2006
Camilla H. Dalglish[5] Ontario, Canada	Corporate Director	1991
Anthony S. Fell, O.C. [3*, 4*] Ontario, Canada	Corporate Director	2001
Anthony R. Graham[1,3,4] Ontario, Canada	President, Wittington Investments, Limited, holding company controlled by Mr. W.G. Weston, Chairman, George Weston Limited	1999
John S. Lacey Ontario, Canada	Chairman of Advisory Board, Tricap Restructuring Fund	2007
Nancy H.O. Lockhart, O.Ont.[3,5*] Ontario, Canada	Chief Administrative Officer, Frum Development Group, property development and management company	2005
Pierre Michaud, C.M.[5] Quebec, Canada	Corporate Director	1999
Thomas C. O'Neill [2*] Ontario, Canada	Corporate Director	2003
Karen Radford [5] Quebec, Canada	Executive Vice President and President, TELUS Quebec and Partner Solutions	2008
John D. Wetmore[2, 4] Ontario, Canada	Corporate Director	2006

1. Executive Committee
2. Audit Committee
3. Governance, Employee Development, Nominating and Compensation Committee
4. Pension and Benefits Committee
5. Environmental, Health and Safety Committee

* Chairman of the Committee

All directors hold office until the close of the next annual meeting of the shareholders of the Company or until their successors are duly elected or appointed.

Officers

Name, Province and Country of Residence	Principal Occupation
Galen G. Weston Ontario, Canada	Executive Chairman
Allan L. Leighton Ontario, Canada	Deputy Chairman and President
Gordon A.M. Currie Ontario, Canada	Executive Vice President, Chief Legal Officer
Dalton Philips Ontario, Canada	Executive Vice President, Chief Operating Officer
Frank Rocchetti Ontario, Canada	Executive Vice President, Chief Merchandising Officer
Robert Vaux Ontario Canada	Chief Financial Officer
Roland Boudreau Ontario, Canada	Executive Vice President, Ontario Market
Jocyanne Bourdeau Quebec, Canada	Executive Vice President, Quebec Market
Mark Butler Ontario, Canada	Executive Vice President, Central Operations
Barry K. Columb Ontario, Canada	Executive Vice President, Financial Services
Roy R. Conliffe Ontario, Canada	Executive Vice President, Labour Relations
Sarah R. Davis Ontario, Canada	Executive Vice President, Finance
Grant B.Froese Alberta, Canada	Executive Vice President, Western Market and Ontario Superstore
Andrew MacIsaac, Nova Scotia, Canada	Executive Vice President, Atlantic Market
S. Jane Marshall Ontario, Canada	Executive Vice President, Real Estate Loblaw Properties Limited
Judy McCrie Ontario, Canada	Executive Vice President, Human Resources

Officers - continued

Name, Province and Country of Residence	Principal Occupation
Peter K. McMahon Ontario, Canada	Executive Vice President, Supply Chain and IT
Robert A. Balcom Ontario, Canada	Senior Vice President, Secretary
Catherine A. Booth Ontario, Canada	Senior Vice President, Information Technology
Craig R. Hutchison Ontario, Canada	Senior Vice President, Marketing
Manny J. DiFilippo Ontario, Canada	Senior Vice President, Risk Management and Strategic Initiatives
Todd Friars Ontario, Canada	Senior Vice President, Controller, Financial Systems and Processes
George S. Hamam Ontario, Canada	Senior Vice President, Finance Operations
J. Bradley Holland Ontario, Canada	Senior Vice President, Taxation
Michael W. Lovsin Ontario, Canada	Senior Vice President, Loblaw Brands Limited
Doug S. Moffatt Ontario, Canada	Senior Vice President Finance, Merchandising
Lucy J. Paglione Ontario, Canada	Senior Vice President, Pension and Benefits
Timothy J. Scott Ontario, Canada	Senior Vice President, Internal Audit and Internal Control Compliance
Geoffrey H. Wilson Ontario, Canada	Senior Vice President, Shared Services

As a group, the directors and executive officers of the Company hold approximately 0.15% of the outstanding Common Shares.

All the foregoing directors and executive officers have held their present occupations or other positions with the same or associated companies or organizations for the past five years except: Ms. Catherine A. Booth who was Vice President, Retail Information Technology at Canadian Tire Corporation and prior to that was Vice President, Capgemini Canada; Mr. Roland Boudreau, who was Senior Vice-President, Operations at A&P Canada and prior to that was Senior Vice-President, Operations at Wal-Mart Canada; Ms. Sarah R. Davis who was Vice President, Controller at Rogers Communication Inc. and prior to that held various positions in the finance department at BCE Inc.; Mr. Barry K. Columb who was President at CitiCards Canada; Mr. Gordon A.M. Currie, who was Senior Vice President and General Counsel of Direct Energy Marketing Limited and prior to that a partner at Blake, Cassels & Graydon LLP; Mr. Craig R. Hutchison who was Vice President, Marketing and Sales at Weston Bakeries Limited; Mr. Michael W. Lovsin who was Vice President, Merchandising, Cosmetics and Fragrances for Ulta Salons and previous to that was Vice President, Category Management for Shoppers Drug Mart Corporation; Ms. Judy McCrie who was Vice President, General Manager for Neilson Dairy; Mr. Peter K. McMahon, who was a senior executive at Wal-Mart Europe; Mr. Dalton Philips who was CEO at Brown, Thomas and previous to that was COO at Wal-Mart's international division; Mr. Frank Rocchetti who was Senior Vice-President, Chief Merchant at Sears Canada; Mr. Timothy J. Scott, who held positions at Maple Leaf Foods Inc. including, Vice President, Finance for Maple Leaf Global Foods and prior to that was Vice President, Internal Audit for Maple Leaf Foods Inc. and Canada Bread Company Ltd.; and Mr. John D. Wetmore who was Vice President, Contact Centre Development of IBM Americas and formerly President and Chief Executive Officer of IBM Canada.

In December of 1998 Mr. Lacey joined the board of directors of The Loewen Group Inc. and was acting as Chairman when it filed a petition for creditor protection under Chapter 11 of the U.S. Bankruptcy Code and the Companies' Creditors Arrangement Act (CCAA) in June 1999. The Loewen Group Inc. emerged from Chapter 11 and CCAA proceedings in November 2006.

In March of 2006 Mr. Lacey joined the board of directors of Stelco Inc as a nominee of Tricap Management Limited. Stelco filed for protection under the CCAA in January of 2004 and emerged from those proceedings on March 31, 2006 at which time Mr. Lacey resigned from the board.

Mr. Leighton was a member of the board of directors of Leeds United, PLC when that company was subject to bankruptcy proceedings.

As director of Research in Motion Limited ("RIM"), John Wetmore was subject to a management cease trade order issued by the Ontario Securities Commission on November 7, 2006 as a result of RIM not having filed its second quarter financial statements for fiscal 2007 before the statutory filing deadline. That order ceased to be in effect as of May 23, 2007 as result of RIM making all of the filings it was required to make pursuant to Ontario securities laws.

LEGAL PROCEEDINGS

In the ordinary course of its business, the Company is named as a defendant in legal actions or may commence legal actions against third parties.

The trustees of a multi-employer pension plan in which the Company's employees and those of its independent franchisees participate are involved in proceedings brought by Financial Services Commission of Ontario whereby it has been alleged that the trustees violated certain provisions of the Pension Benefits Act (Ontario) in its management of the plan's funds. One of the trustees, an officer of Loblaw, is entitled to indemnification from the Company.

MATERIAL CONTRACTS

The Company has an agreement with its parent and majority shareholder George Weston Limited ("Weston") to provide certain administrative services by each company to the other. The services to be provided under this agreement include those related to commodity management, pension and benefits, tax, medical, travel, information system, risk management, treasury and legal. Payments are made quarterly based on the actual costs of providing these services. Where services are provided on a joint basis for the benefit of the Company and Weston together, each party pays the appropriate portion of such costs. Net payments under this agreement in 2008 were $13 million. Fees paid under this agreement are reviewed each year by the Audit Committee.

TRANSFER AGENTS AND REGISTRARS

The transfer agent and registrar of the Company is Computershare Investor Services Inc. and they are located in Toronto, Canada.

EXPERTS

The Company's auditors are KPMG LLP, who has prepared the Auditors' Report to Shareholders in respect of its audited annual consolidated financial statements. KPMG LLP is independent of the Company in accordance with the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

AUDIT COMMITTEE INFORMATION

The Audit Committee Charter, as approved by the Company's Board of Directors on March 11, 2009 is included in Appendix A. The members of the Audit Committee are indicated above. All members of the Audit Committee are independent and financially literate (as those terms are defined in Multilateral Instrument 52-110 of the Canadian Securities Administrators) and have the following education and experience which is relevant to their roles as Audit Committee Members:

> Mr. Beeston is an FCA and the former President and CEO of Major League Baseball. He received a B.A. from the University of Western Ontario.
>
> Mr. O'Neill is an FCA and former Chairman of PricewaterhouseCoopers Consulting, COO of PricewaterhouseCoopers LLP, Global, and CEO of PricewaterhouseCoopers LLP, Canada. Mr. O'Neill has a Bachelor of Commerce Degree from Queen's University.
>
> Mr. Wetmore is the former President and Chief Executive Officer and also former Chief Financial Officer of IBM Canada. He also held various senior finance positions at IBM Americas. He has a Bachelor of Mathematics from the University of Waterloo and graduated from the Advanced Executive Program at the Kellogg School, Northwestern University.

EXTERNAL AUDIT FEES

The aggregate fees of KPMG LLP for professional services rendered for the audit of the Company's financial statements and other services for the fiscal years 2008 and 2007 are as follows:

	2008 Actual $(000' s)	**2007 Actual $(000's)**
Audit fees(1)	2,326	2,341
Audit-related fees(2)	1,965	1,462
All other fees(3)	26	5
Total Fees	**4,317**	**3,808**

(1) Audit fees include fees for services related to the audit of the Corporation's consolidated financial statements.
(2) Audit-related fees include assurance and related services that are performed by the Corporation's auditor. These services include the review of quarterly reports to shareholders, audit of pension plans, comfort letters and the interpretation of accounting and financial reporting standards.
(3) Other fees for services related to risk management, internal control/compliance, legislative and/or regulatory compliance.

The Audit Committee charter provides that the Audit Committee shall pre-approve the retaining of the auditor for any non-audit service. The Audit Committee may delegate to one or more members the authority to pre-approve the retaining of the Auditor for any non-audit service to the extent permitted by law.

ADDITIONAL INFORMATION

1. Additional information including directors' and officers' remuneration and indebtedness, principal holders of the Company securities, and securities authorized for issuance under equity compensation plans, where applicable, is contained in the Company's Management Proxy Circular for the Annual Meeting of shareholders to be held May 6, 2009. Additional financial information is also provided in the Company's consolidated financial statements and MD&A for its most recently completed financial year.

2. Additional information has been filed on the System for Electronic Document Analysis and Retrieval (SEDAR) available online at www.sedar.com, 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's internet address is: www.loblaw.ca

APPENDIX "A"

LOBLAW COMPANIES LIMITED

AUDIT COMMITTEE CHARTER

1. RESPONSIBILITY

The Audit Committee is responsible for assisting the Board of Directors of the Company ("Board") in fulfilling its oversight responsibilities in relation to:

- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements as they relate to the Company's financial statements;
- the qualifications, independence and performance of the Company's external auditor (the "Auditor");
- internal control over financial reporting and disclosure controls and procedures;
- the performance of the Company's internal audit function; and
- performing the additional duties set out in this Charter or otherwise delegated to the Audit Committee by the Board.

2. MEMBERS

The Board shall appoint a minimum of three directors to be members of the Audit Committee. The members of the Audit Committee shall be selected by the Board on recommendation of the Governance, Employee Development, Nominating and Compensation Committee of the Company, and shall be selected based upon the following, to the extent that the following are required under applicable law:

- each member shall be an independent director; and
- each member shall be financially literate.

For the purpose of this Charter, the terms "independent" and "financially literate" shall have the respective meanings attributed thereto in Multilateral Instrument 52-110 Audit Committees, as the same may be amended from time to time.

3. CHAIR

Each year, the Board shall appoint one member to be Chair of the Audit Committee. If, in any year, the Board does not appoint a Chair, the incumbent Chairman shall continue in office until a successor is appointed. The Board shall adopt and approve periodically a position description for the Chair which sets out his or her role and responsibilities.

4. TENURE

Each member shall hold office until his or her term as a member of the Audit Committee expires or is terminated.

5. QUORUM, REMOVAL AND VACANCIES

A majority of the Audit Committee's members shall constitute a quorum. Any member may be removed and replaced at any time by the Board. The Board shall fill vacancies in the Audit Committee by appointment from among the members of the Board. If a vacancy exists on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains in office.

6. DUTIES

The Audit Committee shall have the duties set out below as well as any other duties that are specifically delegated to the Audit Committee by the Board.

(a) Appointment and Review of Auditor

The Auditor is ultimately accountable to the Audit Committee as representatives of the shareholders. The Audit Committee has direct responsibility for overseeing the work of the Auditor. Accordingly, the Audit Committee shall evaluate and be responsible for the Company's relationship with the Auditor. Specifically, the Audit Committee shall:

- select, evaluate and nominate the Auditor to be proposed for appointment or reappointment, as the case may be, by the shareholders;
- review the Auditor's engagement letter;
- at least annually, obtain and review a report by the Auditor describing:
    - the Auditor's internal quality-control procedures; and
    - any material issues raised by the most recent internal quality-control review, peer review, review by any independent oversight body such as the Canadian Public Accountability Board or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the Auditor and the steps taken to deal with any issues raised in these reviews.

(b) Confirmation of Independence of Auditor

At least annually, and before the Auditor issues its report on the annual financial statements, the Audit Committee shall:

- ensure that the Auditor submits a formal written statement describing all relationships between the Auditor and the Company;
- discuss with the Auditor any disclosed relationships or services that may affect the objectivity and independence of the Auditor; and
- obtain written confirmation from the Auditor that it is objective and independent within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs.

(c) Rotation of Engagement Partner/Lead Partners

The Audit Committee shall, after taking into account the opinions of management, evaluate the performance of the Auditor and the engagement partner/lead partners and shall rotate the engagement partner/lead partners when required or necessary.

(d) Pre-Approval of Non-Audit Services

The Audit Committee shall pre-approve the retaining of the Auditor for any non-audit service, provided that no approval shall be provided for any service that is prohibited under the rules of the Canadian Public Accountability Board or the Independence Standards of the Canadian Institute of Chartered Accountants. Before the retaining of the Auditor for any non-audit service, the Audit Committee shall consider the compatibility of the service with the Auditor's independence. The Audit Committee may pre-approve the retaining of the Auditor for the engagement of any non-audit services by establishing policies and procedures to be followed prior to the appointment of the Auditor for the provision of such non-audit services. In addition, the Audit Committee may delegate to one or more members the authority to pre-approve the retaining of the Auditor for any non-audit service to the extent permitted by applicable law.

(e) Communications with Auditor

The Audit Committee shall meet privately with the Auditor as frequently as the Audit Committee feels is appropriate for the Audit Committee to fulfil its responsibilities (which shall not be less frequently than quarterly) to discuss any items of concern to the Audit Committee or the Auditor, such as:

- matters that will be referred to in the Auditor's management letter;
- whether or not the Auditor is satisfied with the quality and effectiveness of the financial recording procedures and systems;
- the extent to which the Auditor is satisfied with the nature and scope of the Auditor's examination.

(f) Review of Audit Plan

The Audit Committee shall review a summary of the Auditor's audit plan in advance for each audit.

(g) Review of Audit Fees

The Audit Committee has the direct responsibility for approving the Auditor's fee. In approving the Auditor's fee, the Audit Committee should consider, among other things, the number and nature of reports issued by the Auditors, the quality of the internal controls, the size, complexity and financial condition of the Company and the extent of internal audit and other support provided by the Company to the Auditor.

(h) Review of Annual Audited Financial Statements

The Audit Committee shall review the annual audited financial statements, together with the Auditor's report thereon and the related MD&A, before recommending them for approval by the Board, to assess whether or not they present fairly in all material respects in accordance with GAAP the financial condition, results of operations and cash flows of the Company.

In conducting their review, the Audit Committee should:

- discuss the annual audited financial statements and MD&A with management and the Auditor;
- consider the quality of, and not just the acceptability of, the accounting principles applied, the reasonableness of management's judgments and estimates that have a significant effect upon the financial statements, and the clarity of the disclosures in the financial statements;
- discuss with the Auditor its report which addresses:
    - all critical accounting policies and practices to be used;
    - all alternative treatments of financial information within GAAP that have been discussed with management of the Company, ramifications of the use of alternative disclosures and treatments, and the treatment preferred by the Auditors; and
    - other material written communication between the Auditor and management of the Company, such as any management letter or schedule of unadjusted differences;
- discuss any analyses prepared by management and the Auditor that set out significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP;
- discuss the effect of off-balance sheet transactions, arrangements, obligations (including contingent liabilities) and other relationships with unconsolidated entities or other persons that may have a material current or future effect on the Company's financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues and expenses;
- consider any changes in accounting practices or policies and their impact on financial statements of the Company;
- discuss with management, the Auditor and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments, that could have a material effect upon the financial position of the Company, and the manner in which these matters have been disclosed in the financial statements;
- discuss with management and the Auditor correspondence with regulators or governmental agencies, employee complaints or published reports that raise material issues regarding the Company's financial statements or accounting policies;
- discuss with the Auditor any special audit steps taken in light of any material weaknesses in internal control;
- discuss with the Auditor any difficulties encountered in the course of the audit work, including any restrictions on the scope of their procedures and access to requested information, accounting adjustments proposed by the Auditor that were not applied (because they were immaterial or otherwise), and significant disagreements with management;
- consider any other matter which in its judgment should be taken into account in reaching its recommendation to the Board concerning the approval of the financial statements;
- satisfy itself that appropriate accounting policies and practices have been selected and applied consistently; and

- satisfy itself that management has established appropriate procedures to comply with applicable legislation for the remittance of taxes, pension monies and employee remuneration.

(i) Review of Interim Financial Statements

The Audit Committee shall also engage the Auditor to review the interim financial statements prior to the Audit Committee's review of such financial statements. The Audit Committee should discuss the interim financial statements and related MD&A with management and the Auditor and, if satisfied that the interim financial statements present fairly in all material respects in accordance with GAAP the financial condition, results of operations and cash flows, recommend the interim financial statements and the related MD&A to the Board for approval.

(j) Other Financial Information

The Audit Committee shall review other financial-related releases, as well as the nature of any financial information and earnings guidance provided to analysts and rating agencies in accordance with the Company's disclosure policy. In addition, the Audit Committee shall satisfy itself that adequate procedures are in place for the review of the public disclosure of information extracted or derived from the Company's financial statements and must periodically assess the adequacy of those procedures.

(k) Review of Prospectuses and Other Regulatory Filings

The Audit Committee shall review all other financial statements of the Company that require approval by the Board before they are released to the public, including, without limitation, financial statements for use in prospectuses or other offering or public disclosure documents and financial statements required by regulatory authorities. The Audit Committee shall review the Annual Information Form of the Company prior to its filing.

(l) Review of Related Party Transactions

The Audit Committee shall review all material proposed related party transactions that are not dealt with by a "special committee" of "independent directors" pursuant to securities law rules.

(m) Review of Internal Audit Function

The Audit Committee shall review the mandate of the internal audit function, the budget, planned activities and organizational structure of the internal audit function to ensure that it is independent of management and has sufficient resources to carry out its mandate.

The members shall meet privately with the senior officer in charge of internal audit as frequently as the Audit Committee feels is appropriate for the Audit Committee to fulfil its responsibilities, which shall not be less frequently than quarterly, to discuss any areas of concern to the Audit Committee or to the senior officer in charge of internal audit to confirm that:

- significant resolved and any unresolved issues between auditors and management have been brought to its attention;

- the principal risks of the Company's businesses have been identified by management and appropriate policies and systems have been implemented to manage these risks; and

- the integrity of the Company's internal control and management information systems are satisfactory.

(n) Relations with Management

The members shall meet privately with management as frequently as the Audit Committee feels is appropriate to fulfil its responsibilities, which shall not be less frequently than quarterly, to discuss any areas of concern to the Audit Committee or management.

(o) Oversight of Internal Control over Financial Reporting and Disclosure Controls and Procedures

The Audit Committee shall review with the assistance of management the adequacy of the internal control over financial reporting that have been adopted by the Company.

The Audit Committee shall review with the assistance of management the effectiveness of the controls and procedures that have been adopted to ensure the disclosure of all material information about the Company and its subsidiaries that is required to be disclosed under applicable law or the rules of those exchanges on which securities of the Company are listed or quoted. The Audit Committee shall receive regular reports from the Company's Disclosure Committee with respect to the Company's system of disclosure controls and procedures. The Audit Committee shall also review no less than annually the Company's Disclosure Policy.

(p) Legal Compliance

The Audit Committee shall review with legal counsel any legal matters that may have a significant effect on the Company's financial statements. The Audit Committee should review with legal counsel material inquiries received from regulators and governmental agencies. The Audit Committee shall review with a representative of the Ethics and Conduct Committee any material matters arising from any known or suspected violation of the Company's Code of Conduct with respect to financial and accounting matters and any material concerns regarding questionable accounting or auditing matters raised through the Company's ethics response line or otherwise.

(q) Risk Management

The Audit Committee shall meet periodically with management to discuss the Company's policies with respect to risk assessment and management.

(r) Taxation Matters

The Audit Committee shall review the status of taxation matters of the Company.

(s) Hiring Policies

The Audit Committee shall review and approve the Company's hiring policies regarding partners and professional employees of the present and former external auditor of the Company.

7. COMPLAINTS PROCEDURE

The Audit Committee shall monitor the effectiveness of the Company's procedures for the receipt, retention and follow-up of complaints received by the Company regarding accounting, internal controls, disclosure controls or auditing matters and for the confidential, anonymous submission of concerns by employees of the Company regarding accounting, internal controls, or auditing matters. The Committee shall review with management periodic reports in this regard.

8. REPORTING

The Audit Committee shall report to the Board on:

- the Auditor's independence;
- the performance of the Auditor and the Audit Committee's recommendations regarding the reappointment or termination of the Auditor;
- the performance of the internal audit function;
- the adequacy of the Company's internal control over financial reporting and disclosure controls and procedures;
- the Audit Committee's review of the annual and interim financial statements of the Company and any GAAP reconciliation, including any issues with respect to the quality or integrity of the financial statements, along with the MD&A, and shall recommend whether or not the Board should approve the financial statements and any GAAP reconciliation and the MD&A;
- the Audit Committee's review of the Annual Information Form;
- the Company's compliance with legal and regulatory matters to the extent they affect the financial statements of the Company; and
- all other material matters dealt with by the Audit Committee.

9. REVIEW AND DISCLOSURE

This Charter should be reviewed by the Audit Committee at least annually and be submitted to the Governance, Employee Development, Nominating and Compensation Committee for consideration with such amendments as the Audit Committee proposes and for recommendation to the Board for approval with such further amendments as the Governance, Employee Development, Nominating and Compensation Committee proposes.

This Charter shall be posted on the Company's Web site.

10. FREQUENCY OF MEETINGS

The Audit Committee shall meet at least five times annually.

11. RETENTION OF EXPERTS

The Audit Committee may engage such special legal, accounting or other experts, without Board approval and at the expense of the Company, as it considers necessary to perform its duties.