

Note 16. Long Term Debt

	2006	2005
Provigo Inc. Debentures		
Series 1996, 8.70%, due 2006 (i)	\$ —	\$ 125
Other	—	1
Loblaw Companies Limited Notes		
6.00%, due 2008	390	390
5.75%, due 2009	125	125
7.10%, due 2010	300	300
6.50%, due 2011	350	350
5.40%, due 2013	200	200
6.00%, due 2014	100	100
7.10%, due 2016	300	300
6.65%, due 2027	100	100
6.45%, due 2028	200	200
6.50%, due 2029	175	175
11.40%, due 2031		
— principal	151	151
— effect of coupon repurchase	(34)	(26)
6.85%, due 2032	200	200
6.54%, due 2033	200	200
8.75%, due 2033	200	200
6.05%, due 2034	200	200
6.15%, due 2035	200	200
5.90%, due 2036 (i)	300	300
6.45%, due 2039	200	200
7.00%, due 2040	150	150
5.86%, due 2043	55	55
Other at a weighted average interest rate of 8.69%, due 2007 to 2043	21	33
VIE loans payable and capital leases (ii)	156	126
Total long term debt	4,239	4,355
Less amount due within one year	27	161
	\$ 4,212	\$ 4,194

The five year schedule of repayment of long term debt, inclusive of VIE and other debt, based on maturity is as follows: 2007 – \$27; 2008 – \$420; 2009 – \$148; 2010 – \$319; 2011 – \$369.

- (i) During 2006, the Company repaid its \$125 of 8.70% Series 1996 Provigo Inc. Debenture as it matured. During 2005, the Company issued \$300 of 5.90% Medium Term Notes (“MTN”) due 2036 and \$200 of 6.95% MTN matured and was repaid.
- (ii) Pursuant to the requirements of AcG 15, the consolidated balance sheet as at December 30, 2006 includes \$156 (2005 – \$126) of loans payable and capital lease obligations of VIEs consolidated by the Company, \$23 (2005 – \$23) of which is due within one year.

Notes to the Consolidated Financial Statements

The loans payable of \$124 (2005 – \$126) represent financing obtained by eligible independent franchisees through a structure involving independent trusts to facilitate the purchase of the majority of their inventory and fixed assets, consisting mainly of fixturing and equipment. The loans payable, which have an average term to maturity of 8 years (2005 – 7 years), are due and payable on demand under certain predetermined circumstances and are secured through a general security agreement made by the independent franchisees in favour of the independent funding trust. Interest is charged on a floating rate basis and prepayment of the loans may be made without penalty. The independent funding trust within the structure finances its activities through the issuance of short term asset-backed notes to third-party investors. As disclosed in Note 21, a standby letter of credit has been provided by a major Canadian chartered bank for the benefit of the independent funding trust equal to approximately 10% of the total principal amount of the loans outstanding at any point in time. The Company has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit. In the event of a default by an independent franchisee the independent funding trust may assign the loan to the Company and draw upon the standby letter of credit. No amount has ever been drawn on the standby letter of credit.

Capital lease obligations of \$32 (2005 – nil) are included in the consolidated balance sheet as at year end. The capital lease obligations are related to equipment of the third-party VIE that provides distribution and warehousing services. The amount due within one year is \$4 (2005 – nil).