

Financial Results

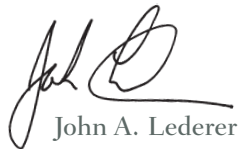
MANAGEMENT'S STATEMENT OF RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Loblaw Companies Limited is responsible for the preparation, presentation and integrity of the accompanying consolidated financial statements, Management's Discussion and Analysis and all other information in this Annual Report. This responsibility includes the selection and consistent application of appropriate accounting principles and methods in addition to making the judgments and estimates necessary to prepare the consolidated financial statements in accordance with Canadian generally accepted accounting principles. It also includes ensuring that the financial information presented elsewhere in this Annual Report is consistent with the consolidated financial statements.

To provide reasonable assurance that assets are safeguarded and that relevant and reliable financial information is produced, management maintains a system of internal controls reinforced by the Company's standards of conduct and ethics set out in written policies. Internal auditors, who are employees of the Company, review and evaluate internal controls on management's behalf, coordinating this work with the independent auditors. KPMG LLP, whose report follows, were appointed as independent auditors by a vote of the Company's shareholders to audit the consolidated financial statements.

The Board of Directors, acting through an Audit Committee comprised solely of directors who are unrelated to and independent of the Company, is responsible for determining that management fulfills its responsibilities in the preparation of the consolidated financial statements and the financial control of operations. The Audit Committee recommends the independent auditors for appointment by the shareholders. The Audit Committee meets regularly with financial management, internal auditors and the independent auditors to discuss internal controls, auditing activities and financial reporting matters. The independent auditors and internal auditors have unrestricted access to the Audit Committee. These consolidated financial statements and Management's Discussion and Analysis have been approved by the Board of Directors for inclusion in this Annual Report based on the review and recommendation of the Audit Committee.

Toronto, Canada
March 9, 2004



John A. Lederer
PRESIDENT



Richard P. Mavrincac
EXECUTIVE VICE PRESIDENT



Stephen A. Smith
EXECUTIVE VICE PRESIDENT

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Loblaw Companies Limited:

We have audited the consolidated balance sheets of Loblaw Companies Limited as at January 3, 2004 and December 28, 2002 and the consolidated statements of earnings, retained earnings and cash flow for the 53 week and 52 week years then ended, respectively. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at January 3, 2004 and December 28, 2002 and the results of its operations and its cash flow for the years then ended in accordance with Canadian generally accepted accounting principles.



Toronto, Canada
March 9, 2004

Chartered Accountants

Consolidated Statements of Earnings

For the years ended January 3, 2004 and December 28, 2002
(\$ millions except where otherwise indicated)

	2003 (53 weeks)	2002 (52 weeks)
SALES	\$ 25,220	\$ 23,082
OPERATING EXPENSES		
Cost of sales, selling and administrative expenses	23,360	21,425
Depreciation	393	354
	23,753	21,779
OPERATING INCOME	1,467	1,303
Interest Expense (note 3)	196	161
EARNINGS BEFORE INCOME TAXES	1,271	1,142
Income Taxes (note 7)		
Provision	419	414
Other	7	
	426	414
NET EARNINGS	\$ 845	\$ 728
NET EARNINGS PER COMMON SHARE (\$) (note 4)		
Basic	\$ 3.07	\$ 2.64
Diluted	\$ 3.05	\$ 2.62

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Retained Earnings

For the years ended January 3, 2004 and December 28, 2002
(\$ millions except where otherwise indicated)

	2003 (53 weeks)	2002 (52 weeks)
RETAINED EARNINGS, BEGINNING OF YEAR	\$ 2,929	\$ 2,375
Impact of implementing new accounting standard (note 1)		(25)
Net earnings	845	728
Premium on common shares purchased for cancellation (note 14)	(71)	(16)
Dividends declared per common share – 60¢ (2002 – 48¢)	(165)	(133)
RETAINED EARNINGS, END OF YEAR	\$ 3,538	\$ 2,929

See accompanying notes to the consolidated financial statements.

Consolidated Balance Sheets

As at January 3, 2004 and December 28, 2002

(\$ millions)

	2003	2002
ASSETS		
Current Assets		
Cash and cash equivalents (note 5)	\$ 618	\$ 823
Short term investments (note 5)	378	304
Accounts receivable (note 6)	588	571
Inventories	1,778	1,702
Future income taxes (note 7)	92	68
Prepaid expenses and other assets	31	24
Total Current Assets	3,485	3,492
Fixed Assets (note 8)	6,422	5,587
Goodwill (note 9)	1,607	1,599
Future Income Taxes (note 7)	7	15
Other Assets (note 10)	656	417
TOTAL ASSETS	\$ 12,177	\$ 11,110
LIABILITIES		
Current Liabilities		
Bank indebtedness	\$ 38	
Commercial paper	603	\$ 533
Accounts payable and accrued liabilities	2,227	2,336
Income taxes	140	179
Long term debt due within one year (note 12)	106	106
Total Current Liabilities	3,114	3,154
Long Term Debt (note 12)	3,956	3,420
Future Income Taxes (note 7)	138	68
Other Liabilities (note 13)	237	344
TOTAL LIABILITIES	7,445	6,986
SHAREHOLDERS' EQUITY		
Common Share Capital (note 14)	1,194	1,195
Retained Earnings	3,538	2,929
TOTAL SHAREHOLDERS' EQUITY	4,732	4,124
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 12,177	\$ 11,110

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board



W. Galen Weston
DIRECTOR



T. Iain Ronald
DIRECTOR

Consolidated Cash Flow Statements

For the years ended January 3, 2004 and December 28, 2002
(\$ millions)

	2003 (53 weeks)	2002 (52 weeks)
OPERATING ACTIVITIES		
Net earnings	\$ 845	\$ 728
Depreciation	393	354
Future income taxes	50	37
Change in non-cash working capital	(250)	(163)
Other	(6)	42
CASH FLOWS FROM OPERATING ACTIVITIES	1,032	998
INVESTING ACTIVITIES		
Fixed asset purchases	(1,271)	(1,079)
Short term investments	(114)	135
Proceeds from fixed asset sales	35	63
Credit card receivables, after securitization (note 6)	(16)	(100)
Franchise investments and other receivables	(48)	(10)
Other	(34)	(4)
CASH FLOWS USED IN INVESTING ACTIVITIES	(1,448)	(995)
FINANCING ACTIVITIES		
Bank indebtedness	38	(95)
Commercial paper	70	342
Long term debt (note 12)		
– Issued	655	200
– Retired	(102)	(77)
Common share capital		
– Issued (note 15)	2	2
– Retired (note 14)	(76)	(17)
Dividends	(198)	(127)
Other	(3)	(2)
CASH FLOWS FROM FINANCING ACTIVITIES	386	226
Effect of foreign currency exchange rate changes on cash and cash equivalents (note 5)	(175)	19
Change in Cash and Cash Equivalents	(205)	248
Cash and Cash Equivalents, Beginning of Year	823	575
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 618	\$ 823

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the years ended January 3, 2004 and December 28, 2002

(\$ millions except where otherwise indicated)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements were prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

Basis of Consolidation The consolidated financial statements include the accounts of Loblaw Companies Limited and its subsidiaries, collectively referred to as the "Company". The Company's interest in the voting share capital of its subsidiaries is 100%.

Fiscal Year The fiscal year of the Company ends on the Saturday closest to December 31. As a result, the Company's fiscal year is usually 52 weeks in duration but includes a 53rd week every 5 to 6 years. The years ended January 3, 2004 and December 28, 2002 contained 53 weeks and 52 weeks, respectively.

Revenue Recognition Sales include revenues from customers through corporate stores operated by the Company and sales to and service fees from its franchised stores, associated stores and independent account customers. The Company recognizes revenue at the time the sale is made to its customers.

Earnings per Share ("EPS") Basic EPS is calculated by dividing the net earnings available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted EPS is calculated using the treasury stock method, which assumes that all outstanding stock options with an exercise price below the average market price are exercised and the assumed proceeds are used to purchase the Company's common shares at the average market price during the year.

Cash, Cash Equivalents and Bank Indebtedness Cash balances which the Company has the ability and intent to offset are used to reduce reported bank indebtedness. Cash equivalents are highly liquid investments with a maturity of 90 days or less.

Short Term Investments Short term investments are carried at the lower of cost or quoted market value and consist primarily of United States government securities, commercial paper and bank deposits.

Credit Card Receivables The Company, through President's Choice Bank ("PC Bank"), a wholly owned subsidiary of the Company, has credit card receivables that are stated net of an allowance for credit losses. Credit card receivables are fully written off when payments are contractually 180 days in arrears or when the likelihood of collection is considered remote. Interest income on credit card receivables is recorded when billed to customers and is recognized in operating income.

Allowance for Credit Losses PC Bank maintains a general allowance for credit losses which, in management's opinion, is adequate to absorb all credit-related losses in its credit card receivables portfolio, based upon a statistical analysis of past performance and management's judgment. The allowance for credit losses is deducted from the credit card receivables balance. The net credit loss experience for the year is recognized in operating income.

Securitization PC Bank securitizes credit card receivables through the sale of a portion of the total interest in these receivables to an independent trust and does not exercise any control over the trust's management, administration or assets. When PC Bank sells credit card receivables in a securitization transaction, it has a retained interest in the securitized receivables represented by a cash reserve account and the right to future cash flows after obligations to investors have been met. Although PC Bank remains responsible for servicing all credit card receivables, it does not receive additional compensation for servicing those credit card receivables sold to the trust. Any gain or loss on the sale of these receivables depends, in part, on the previous carrying amount of receivables involved in the securitization,

allocated between the receivables sold and the retained interest, based on their relative fair values at the date of securitization. The fair values are determined using a financial model. Any gain or loss on a sale is recognized in operating income at the time of the securitization. The carrying value of retained interests is periodically reviewed and when a decline in value is identified that is other than temporary, the carrying value is written down to fair value.

Inventories Retail store inventories are stated at the lower of cost and estimated net realizable value less normal gross profit margin. Wholesale inventories are stated at the lower of cost and estimated net realizable value. Cost is determined substantially using the first-in, first-out method.

Fixed Assets Fixed assets are recorded at cost including capitalized interest. Depreciation commences when the assets are put into use and is recognized principally on a straight-line basis to depreciate the cost of these assets over their estimated useful lives. Estimated useful lives range from 20 to 40 years for buildings and from 3 to 10 years for equipment and fixtures. Leasehold improvements are depreciated over the lesser of the applicable useful life and the term of the lease plus one renewal period to a maximum of 10 years.

Fixed assets are written-down to their net recoverable amount when their estimated future cash flows are less than their net carrying value. A write-down is recognized in operating income.

Goodwill Goodwill represents the excess of the purchase price of a business acquired over the fair value of the underlying net assets acquired at the date of acquisition. Goodwill is not amortized and its carrying value is tested at least annually for impairment. Any impairment in the carrying value of goodwill is recognized in operating income. The Company performed the annual impairment test for goodwill and determined that there was no impairment to the carrying value of goodwill.

Foreign Currency Translation Assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the foreign currency exchange rate in effect at each year end date. Exchange gains or losses arising from the translation of these balances denominated in foreign currencies are recognized in operating income. Revenues and expenses denominated in foreign currencies are translated into Canadian dollars at the average foreign currency exchange rate for the year.

Financial Derivative Instruments The Company uses financial derivative agreements in the form of cross currency basis swaps, interest rate swaps and equity forwards to manage its current and anticipated exposure to fluctuations in foreign currency exchange rates, interest rates and the market price of the Company's common shares. The Company does not enter into financial derivative agreements for trading or speculative purposes.

The Company enters into cross currency basis swaps and interest rate swaps as a hedge against its exposure to fluctuations in foreign currency exchange rates and interest rates on a portion of its United States dollar denominated assets, principally cash, cash equivalents and short term investments. Realized and unrealized foreign currency exchange rate adjustments on cross currency basis swaps are offset by realized and unrealized foreign currency exchange rate adjustments on a portion of the Company's United States dollar denominated assets and are recognized in operating income. The cumulative unrealized foreign currency exchange rate receivable or payable is recorded in other assets or other liabilities, respectively. The exchange of interest payments on the cross currency basis swaps and interest rate swaps is recognized on an accrual basis in interest expense. Unrealized gains or losses on the interest rate swaps are not recognized.

Equity forwards are used to manage exposure to fluctuations in the Company's stock-based compensation cost because they change in value as the market price of the underlying common shares changes. The market price adjustments on the equity forwards are recognized in operating income as gains or losses and the cumulative unrealized gains or losses are recorded in other assets or liabilities, respectively. Interest on the equity forwards is recognized on an accrual basis in interest expense.

The Company entered into an electricity forward contract to minimize price volatility and to maintain a portion of the Company's electricity costs in Ontario, Canada at approximately 2001 rates. This contract is identified as a hedge of an anticipated transaction as it partially offsets the volatility in the price of electricity.

Income Taxes The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future income tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective income tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in income taxes expense when enacted or substantively enacted. Future income tax assets are evaluated and a valuation allowance, if required, is recorded against any future income tax asset if it is more likely than not that the asset will not be realized.

Pension, Post-Retirement and Post-Employment Benefits The cost of the Company's defined benefit pension plans, post-retirement and post-employment benefits is accrued based on actuarial valuations, which are determined using the projected benefit method pro-rated on service and management's best estimate of the expected long term rate of return on plan assets, salary escalation, retirement ages and expected growth rate of health care costs. Market values are used to value benefit plan assets. The obligation related to employee future benefits is measured using current market interest rates, assuming a portfolio of Corporate AA bonds with terms to maturity that, on average, match the terms of the obligation. Past service costs from plan amendments and the excess net actuarial gain or loss over 10% of the greater of the accrued benefit plan obligation and the market value of the benefit plan assets are amortized on a straight-line basis over the average remaining service period of the active employees, ranging from 6 to 17 years with a weighted average of 12 years at year end. The cost of pension benefits for defined contribution plans and multi-employer pension plans are expensed as contributions are paid.

Stock-Based Compensation Effective December 30, 2001, the Company implemented the standard issued by the Canadian Institute of Chartered Accountants ("CICA") on stock-based compensation and other stock-based payments. The standard was implemented retroactively without restatement of the prior period consolidated financial statements. The cumulative effect of implementation was a decrease to retained earnings of \$25 (\$80 less \$23 of future income tax recoverable and the \$32 fair value impact of the equity forwards).

The Company recognizes a compensation cost in operating income and a liability related to employee stock options that allow for settlement in shares or in the share appreciation value in cash at the option of the employee, which is accounted for using the intrinsic value method. Under the intrinsic value method, the stock-based compensation liability is the amount by which the market price of the common shares exceeds the exercise price of the stock options. A year over year change in the stock-based compensation liability is recognized in operating income.

The Company accounts for stock options issued prior to December 30, 2001 that will be settled by issuing common shares as capital transactions. Consideration paid by employees on the exercise of this type of stock option is credited to common share capital. This type of option was last issued in 2001 and represents approximately 3% of all options outstanding.

The Company maintains an Employee Share Ownership Plan for its employees which allows employees to acquire the Company's common shares through regular payroll deductions of up to 5% of their gross regular earnings. The Company contributes an additional 15% of each employee's contribution to the plan, which is recognized in operating income as a compensation cost when the contribution is made.

Outside members of the Company's Board of Directors may elect annually to receive all or a portion of their annual retainer(s) and fees in the form of deferred share units. The deferred share units obligation is accounted for using the intrinsic value method and the year over year change in the deferred share units obligation is recognized as a compensation expense in operating income and as a liability.

Use of Estimates and Assumptions The preparation of the consolidated financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures made in the consolidated financial statements and accompanying notes. These estimates and assumptions are based on management's historical experience, best knowledge of current events and conditions and activities that the Company may undertake in the future. Actual results could differ from these estimates.

Comparative Information Certain prior year's information was reclassified to conform with the current year's presentation.

NOTE 2. SPECIAL VOLUNTARY EARLY RETIREMENT PROGRAM

As a result of union negotiations, certain employees of Locals 1000A, 1977 and 175 of the United Food and Commercial Workers union in Ontario became eligible to receive a voluntary early retirement offer. Employees of Locals 1000A and 1977 were required to indicate their acceptance of this voluntary offer in writing by October 31, 2003 and employees of Local 175 had to respond by January 31, 2004. At year end, 541 employees had accepted the voluntary early retirement offer which resulted in a charge of \$25 recognized in operating income. Approximately \$5 of this charge had been paid by the end of 2003. The remaining accrual is expected to be paid during the first half of fiscal 2004. Subsequent to year end, an additional 94 employees of Local 175 had accepted the voluntary early retirement offer. Therefore, an additional charge of \$2 will be recognized in operating income in fiscal 2004.

NOTE 3. INTEREST EXPENSE

	2003	2002
Interest on long term debt	\$ 269	\$ 246
Other long term interest	(45)	(38)
Net long term interest	224	208
Net short term interest	5	(17)
Capitalized to fixed assets	(33)	(30)
Interest expense	\$ 196	\$ 161

Net interest paid in 2003 was \$211 (2002 – \$185).

NOTE 4. BASIC AND DILUTED NET EARNINGS PER COMMON SHARE

	2003	2002
Net earnings	\$ 845	\$ 728
Weighted average common shares outstanding (in millions)	275.4	276.2
Dilutive effect of stock-based compensation (in millions)	1.7	1.7
Diluted weighted average common shares outstanding (in millions)	277.1	277.9
Basic net earnings per common share (\$)	\$ 3.07	\$ 2.64
Dilutive effect of stock-based compensation per common share (\$)	(0.02)	(0.02)
Diluted net earnings per common share (\$)	\$ 3.05	\$ 2.62

NOTE 5. CASH, CASH EQUIVALENTS AND SHORT TERM INVESTMENTS

At year end, the Company had \$991 (2002 – \$1.1 billion) in cash, cash equivalents and short term investments held by Glenhuron Bank Limited (“Glenhuron”), a wholly owned subsidiary of the Company in Barbados. The \$14 (2002 – \$24) of income from cash, cash equivalents and short term investments was recognized in net short term interest.

The Company recognized an unrealized foreign currency exchange rate loss of \$215 (2002 – gain of \$32) as a result of translating its United States dollar denominated cash, cash equivalents and short term investments of which \$175 (2002 – gain of \$19) related to cash and cash equivalents. The resulting loss on cash, cash equivalents and short term investments is offset in operating income by the unrealized foreign currency exchange rate gain on the cross currency basis swaps. A cumulative unrealized foreign currency exchange rate receivable of \$96 (2002 – payable of \$131) relating to these swaps is recorded in other assets on the balance sheet.

NOTE 6. CREDIT CARD RECEIVABLES

During 2003, the Company through PC Bank securitized \$202 (2002 – \$244) of credit card receivables, yielding a minimal loss (2002 – minimal gain) on the initial sale, inclusive of a \$2 (2002 – \$2) servicing liability. Servicing liabilities expensed during the year were \$9 (2002 – \$4) and the fair value of recognized servicing liabilities was \$6 (2002 – \$4). The trust's recourse to PC Bank's assets is limited to PC Bank's retained interests and is further supported by the Company through a standby letter of credit for 15% of the securitized amount.

	2003	2002
Credit card receivables	\$ 711	\$ 502
Amount securitized	(558)	(356)
Net credit card receivables	\$ 153	\$ 146
Net credit loss experience	\$ 9	\$ 6

The following table shows the key economic assumptions used in measuring the retained interests at the date of securitization for securitizations completed in 2003. The table also displays the sensitivity of the current fair value of retained interests to an immediate 10% and 20% adverse change in the 2003 key economic assumptions.

	2003	Change in Assumptions	
		(10%)	(20%)
Carrying value of retained interests	\$ 9		
Payment rate (monthly)	45.0%		
Weighted average life (years)	0.6		
Expected credit losses (annual)	3.4%	\$ (0.3)	\$ (0.7)
Discounted residual cash flows (annual)	14.0%	\$ (1.2)	\$ (2.4)

The details on the cash flows from securitization are as follows:

	2003	2002
Proceeds from new securitizations	\$ 202	\$ 244
Net cash flows received on retained interests	\$ 53	\$ 24

NOTE 7. INCOME TAXES

The Company's effective income tax rate in the consolidated statements of earnings is reported at a rate less than the weighted average basic Canadian federal and provincial statutory income tax rate for the following reasons:

	2003	2002
Weighted average basic Canadian federal and provincial statutory income tax rate	36.5%	38.6%
Net decrease resulting from:		
Earnings in jurisdictions taxed at rates different from the Canadian statutory income tax rates	(3.8)	(2.9)
Non-taxable amounts (including capital gains/losses)	(0.3)	(0.1)
Large corporation tax	0.6	0.7
Enacted changes in income tax rates	0.5	
Effective income tax rate	33.5%	36.3%

Net income taxes paid in 2003 were \$399 (2002 – \$313).

In 2003, the Ontario government enacted both the repeal of the income tax rate reductions of 1.5% scheduled for each of 2004, 2005 and 2006 and the increase in the provincial income tax rate to 14% in 2004 from 12.5% in 2003. Therefore, future income tax balances were adjusted resulting in a \$7 charge to future income tax expense in 2003.

The income tax effects of temporary differences that gave rise to significant portions of the future income tax assets (liabilities) were as follows:

	2003	2002
Accounts payable and accrued liabilities	\$ 85	\$ 62
Long term debt (including amounts due within one year)	7	11
Other liabilities	78	55
Losses carried forward (expiring 2007)	3	20
Fixed assets	(183)	(132)
Other assets	(39)	(19)
Other	10	18
Net future income tax assets (liabilities)	\$ (39)	\$ 15

	2003	2002
PRESENTED ON THE CONSOLIDATED BALANCE SHEETS AS:		
Future income tax assets		
Current	\$ 92	\$ 68
Non-current	7	15
Future income tax liabilities	99	83
Non-current	(138)	(68)
Net future income tax assets (liabilities)	\$ (39)	\$ 15

NOTE 8. FIXED ASSETS

	2003			2002		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Properties held for development	\$ 433		\$ 433	\$ 336		\$ 336
Properties under development	248		248	234		234
Land	1,387		1,387	1,201		1,201
Buildings	3,484	\$ 638	2,846	2,983	\$ 552	2,431
Equipment and fixtures	2,724	1,612	1,112	2,421	1,415	1,006
Leasehold improvements	651	264	387	599	233	366
	8,927	2,514	6,413	7,774	2,200	5,574
Capital leases – buildings and equipment	83	74	9	83	70	13
	\$ 9,010	\$ 2,588	\$ 6,422	\$ 7,857	\$ 2,270	\$ 5,587

NOTE 9. BUSINESS ACQUISITIONS

In the normal course of business, the Company acquires franchisee stores and converts them to corporate stores. In 2003, the Company acquired 15 franchisee businesses. The acquisitions were accounted for using the purchase method of accounting with the results of the businesses acquired included in the Company's consolidated financial statements from the date of acquisition. The fair value of the net assets acquired consisted of fixed assets of \$7, other assets, principally inventory, of \$6 and goodwill of \$8 for cash consideration of \$11, net of accounts receivable due from the franchisees of \$10.

NOTE 10. OTHER ASSETS

	2003	2002
Franchise investments and other receivables	\$ 315	\$ 300
Accrued pension and other benefit plans (note 11)	87	37
Unrealized equity forwards receivable (note 16)	92	34
Deferred charges and other	66	46
Unrealized cross currency basis swaps receivable (note 16)	96	
	\$ 656	\$ 417

NOTE 11. PENSION, POST-RETIREMENT AND POST-EMPLOYMENT BENEFITS

The Company has a number of defined benefit and defined contribution plans providing pension and other retirement and post-employment benefits to certain employees. The Company also contributes to various multi-employer pension plans providing pension benefits.

Information about the Company's defined benefit plans, in aggregate, was as follows:

	2003		2002	
	Pension Benefit Plans	Other Benefit Plans	Pension Benefit Plans	Other Benefit Plans
BENEFIT PLAN ASSETS				
Fair value, beginning of year	\$ 628	\$ 23	\$ 690	\$ 16
Actual return on plan assets	94	1	(19)	4
Employer contributions	93	20	13	13
Employees' contributions	2		2	
Benefits paid	(45)	(14)	(51)	(10)
Other	(1)		(7)	
Fair value, end of year	\$ 771	\$ 30	\$ 628	\$ 23
ACCRUED BENEFIT PLAN OBLIGATIONS				
Balance, beginning of year	\$ 817	\$ 166	\$ 692	\$ 103
Current service cost	30	5	21	2
Interest cost	54	10	52	7
Benefits paid	(45)	(14)	(51)	(10)
Actuarial loss	28	23	106	64
Plan amendments	4		(1)	
Other	(1)		(2)	
Balance, end of year	\$ 887	\$ 190	\$ 817	\$ 166
DEFICIT OF PLAN ASSETS VERSUS PLAN OBLIGATIONS				
Unamortized past service costs	6		3	
Unamortized net actuarial loss	143	75	168	56
Net accrued benefit plan asset (liability)	\$ 33	\$ (85)	\$ (18)	\$ (87)
Accrued benefit plan asset included in other assets	\$ 68	\$ 19	\$ 31	\$ 6
Accrued benefit plan liability included in other liabilities	(35)	(104)	(49)	(93)
Net accrued benefit plan asset (liability)	\$ 33	\$ (85)	\$ (18)	\$ (87)

At year end 2003, the deficit of plan assets versus plan obligations for those pension benefit plans and post-employment benefit plans where the accrued benefit plan obligations exceeded the fair value of benefit plan assets were \$118 and \$12, respectively (2002 – \$193 and \$14). There are no plan assets in non-registered pension plans. The Company's post-retirement benefit plans also had no plan assets and, at year end 2003, had an aggregate accrued benefit plan obligation of \$148 (2002 – \$129).

The significant annual weighted average actuarial assumptions used in measuring the Company's accrued benefit plan obligations as of the end of the year were as follows:

	2003		2002	
	Pension Benefit Plans	Other Benefit Plans	Pension Benefit Plans	Other Benefit Plans
Discount rate	6.25%	6.0%	6.5%	6.2%
Rate of compensation increase	3.5%		3.5%	

The significant annual weighted average actuarial assumptions used in calculating the Company's net defined benefit plan expense for the year were as follows:

	2003		2002	
	Pension Benefit Plans	Other Benefit Plans	Pension Benefit Plans	Other Benefit Plans
Discount rate	6.5%	6.2%	7.5%	6.9%
Expected long term rate of return on plan assets	8.0%	5.0%	8.0%	6.0%
Rate of compensation increase	3.5%		3.5%	

The Company's growth rate of health care costs, primarily drug costs, was estimated at 9.0% (2002 – 9.0%) and assumed to decrease gradually to 5.0% in 2011 and remain at that level thereafter.

The accrued benefit plan obligations and the fair value of the benefit plan assets were determined using a September 30 measurement date.

The total net expense for the Company's benefit plans and the multi-employer pension plans was as follows:

	2003		2002	
	Pension Benefit Plans	Other Benefit Plans	Pension Benefit Plans	Other Benefit Plans
Current service cost, net of employee contributions	\$ 28	\$ 5	\$ 19	\$ 2
Interest cost on plan obligations	54	10	52	7
Expected return on plan assets	(50)	(1)	(54)	(1)
Amortization of net actuarial loss	9	4		
Other			1	
Net defined benefit plan expense	41	18	18	8
Defined contribution plan expense	6		5	
Multi-employer pension plan expense	37		33	
Net benefit plan expense	\$ 84	\$ 18	\$ 56	\$ 8

NOTE 12. LONG TERM DEBT

	2003	2002
PROVIGO INC. DEBENTURES		
Series 1997, 6.35%, due 2004	\$ 100	\$ 100
Series 1996, 8.70%, due 2006	125	125
Other (i)	9	13
LOBLAW COMPANIES LIMITED NOTES		
6.60%, due 2003 (ii)		100
6.95%, due 2005	200	200
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 (ii)	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	(11)	(4)
6.85%, due 2032	200	200
6.54%, due 2033 (ii)	200	
8.75%, due 2033	200	200
6.05%, due 2034 (ii)	200	
6.45%, due 2039	200	200
7.00%, due 2040	150	150
5.86%, due 2043 (ii)	55	
Other at a weighted average interest rate of 10.64%, due 2004 to 2040	43	51
Total long term debt	4,062	3,526
Less amount due within one year	106	106
	\$ 3,956	\$ 3,420

The five year schedule of repayment of long term debt based on maturity is as follows: 2004 – \$106; 2005 – \$215; 2006 – \$129; 2007 – \$5; 2008 – \$393.

(i) Other of \$9 (2002 – \$13) represents the unamortized portion of the adjustment to fair value the Provigo Inc. Debentures. This adjustment was recorded as part of the Provigo purchase equation and was calculated using the Company's average credit spread applicable to the remaining life of the Provigo Inc. Debentures. The adjustment is being amortized over the remaining term of the Provigo Inc. Debentures.

(ii) During 2003, the Company issued \$200 of 5.40% Medium Term Notes ("MTN") due 2013, \$200 of 6.54% MTN due 2033, \$200 of 6.05% MTN due 2034 and \$55 of 5.86% MTN due 2043. The Company also repaid its \$100 of 6.60% MTN as it matured.

(iii) Subsequent to year end 2003, the Company issued \$200 of 6.15% MTN due 2035.

NOTE 13. OTHER LIABILITIES

	2003	2002
Accrued pension and other benefit plans (note 11)	\$ 139	\$ 142
Unrealized cross currency basis swaps payable (note 16)		131
Stock-based compensation	82	54
Other	16	17
	\$ 237	\$ 344

NOTE 14. COMMON SHARE CAPITAL (authorized – unlimited)

The changes in the common shares issued and outstanding during the year were as follows:

	2003		2002	
	Number of Common Shares	Common Share Capital	Number of Common Shares	Common Share Capital
Issued and outstanding, beginning of year	276,018,714	\$ 1,195	276,252,714	\$ 1,194
Issued for stock options exercised (note 15)	93,200	4	75,000	2
Purchased for cancellation	(1,282,900)	(5)	(309,000)	(1)
Issued and outstanding, end of year	274,829,014	\$ 1,194	276,018,714	\$ 1,195
Weighted average outstanding	275,405,585		276,209,323	

Normal Course Issuer Bids ("NCIB") During 2003, the Company purchased for cancellation 1,282,900 (2002 – 309,000) of its common shares for \$76 (2002 – \$17) and entered into equity forwards to buy 1,103,500 (2002 – 390,100) of its common shares, pursuant to its NCIB. In addition, the Company intends to renew its NCIB to purchase on the Toronto Stock Exchange or enter into equity forwards to purchase up to 5% of its common shares outstanding. The Company, in accordance with the rules and by-laws of the Toronto Stock Exchange, may purchase its shares at the then market price of such shares.

Subsequent to year end, the Company purchased for cancellation 132,400 of its common shares for \$8, pursuant to its NCIB.

NOTE 15. STOCK-BASED COMPENSATION (\$)

The Company maintains three types of stock-based compensation plans, which are described below.

Stock Option Plan The Company maintains a stock option plan for certain employees. Under this plan, the Company may grant options for up to 20.4 million common shares, however the Company has set a guideline which limits the number of stock option grants to a maximum of 5% of outstanding common shares at any time. Stock options have up to a seven-year term, vest 20% cumulatively on each anniversary date of the grant and are exercisable at the designated common share price, which is 100% of the market price of the Company's common shares on the last trading day prior to the effective date of the grant. Each stock option is exercisable into one common share of the Company at the price specified in the terms of the option, or option holders may elect to receive in cash the share appreciation value equal to the excess of the market price at the date of exercise over the specified option price.

During 2003, the Company granted 2,367,746 stock options to 196 employees with an exercise price of \$53.60 per common share and 20,000 stock options with an exercise price of \$61.95 per common share under its existing stock option plan, which allows for settlement in shares or in the share appreciation value in cash at the option of the employee.

In 2003, the Company recognized in operating income a compensation cost related to its stock option plan of \$62 million (2002 – \$21 million) and a gain on the fair value impact of the equity forwards of \$66 million (2002 – \$7 million). The share appreciation value of \$28 million (2002 – \$22 million) was paid on the exercise of 802,701 (2002 – 685,447) stock options. The Company issued 93,200 common shares on the exercise of stock options for cash consideration of \$2 million for which it had recorded a stock-based compensation liability of \$4 million. In 2002, the Company issued 75,000 common shares for cash consideration of \$2 million on the exercise of stock options issued prior to December 30, 2001 that will be settled by issuing common shares.

At year end, a total of 5,407,026 (2002 – 4,055,237) stock options were outstanding, and represented approximately 2.0% (2002 – 1.5%) of the Company's issued and outstanding common shares, which was within the Company's guideline of 5%. Of the 5,407,026 outstanding options, 5,253,286 relate to stock option grants that allow for settlement in shares or in the share appreciation value in cash at the option of the employee and 153,740 relates to stock option grants, issued prior to December 30, 2001 that will be settled by issuing common shares.

A summary of the status of the Company's stock option plan and activity was as follows:

	2003		2002	
	Options (number of shares)	Weighted Average Exercise Price/Share	Options (number of shares)	Weighted Average Exercise Price/Share
Outstanding options, beginning of year	4,055,237	\$ 32.029	4,832,900	\$ 30.680
Granted	2,387,746	\$ 53.670	80,000	\$ 55.400
Exercised	(895,901)	\$ 24.570	(760,447)	\$ 25.857
Forfeited/cancelled	(140,056)	\$ 43.173	(97,216)	\$ 32.477
Outstanding options, end of year	5,407,026	\$ 42.533	4,055,237	\$ 32.029
Options exercisable, end of year	2,016,552	\$ 37.527	1,491,119	\$ 28.192

	2003 Outstanding Options			2003 Exercisable Options	
	Number of Options Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price/Share	Number of Exercisable Options	Weighted Average Exercise Price/Share
Range of Exercise Prices					
\$ 24.500 – \$ 35.600	2,615,146	3	\$ 31.399	1,384,538	\$ 30.790
\$ 43.800 – \$ 49.050	394,190	4	\$ 48.294	156,476	\$ 48.100
\$ 53.600 – \$ 61.950	2,397,690	6	\$ 53.730	475,538	\$ 53.661

Employee Share Ownership Plan ("ESOP") The Company maintains an ESOP for its employees, which allows employees to acquire the Company's common shares through regular payroll deductions of up to 5% of their gross regular earnings. The Company contributes an additional 15% of each employee's contribution to the plan. The ESOP is administered through a trust, which purchases the Company's common shares on the open market on behalf of employees. A compensation cost of \$2 million (2002 – \$2 million) related to this plan was recognized in operating income.

Deferred Share Units Plan Outside members of the Company's Board of Directors may elect annually to receive all or a portion of their annual retainer(s) and fees in the form of deferred share units, the value of which is determined by the market price of the Company's common shares at the time of payment of the director's annual retainer(s) or fees. Upon termination of Board service, the common shares due to the director, as represented by the deferred share units, will be purchased on the open market on the director's behalf. At year end, 21,489 (2002 – 12,941) deferred share units were outstanding. The year over year change in the deferred share units obligation was minimal and was recognized in operating income.

NOTE 16. FINANCIAL INSTRUMENTS

A summary of the Company's outstanding financial derivative instruments is as follows:

	Notional Amounts Maturing in						2003 Total	2002 Total
	2004	2005	2006	2007	2008	Thereafter		
Cross currency basis swaps	\$ 331		\$ 11	\$ 68	\$ 227	\$ 577	\$ 1,214	\$ 1,118
Interest rate swaps	\$ 282	\$ 161	\$ (43)		\$ 240	\$ 40	\$ 680	\$ 867
Equity forwards						\$ 233	\$ 233	\$ 150
Electricity forward contract	\$ 47	\$ 16					\$ 63	\$ 106

Cross Currency Basis Swaps The Company enters into cross currency basis swaps to hedge its exposure to fluctuations in the foreign currency exchange rate on a portion of its United States dollar denominated assets, principally cash, cash equivalents and short term investments.

The Company entered into cross currency basis swaps to exchange United States dollars for \$1.2 billion (2002 – \$1.1 billion) Canadian dollars, which mature by 2016. Currency adjustments receivable or payable arising from these swaps may be settled in cash on maturity or the term may be extended. At year end, a cumulative unrealized foreign currency exchange rate receivable of \$96 was recorded in other assets (2002 – \$131 payable recorded in other liabilities).

Interest Rate Swaps The Company enters into interest rate swaps to hedge a portion of its exposure to fluctuations in interest rates.

The Company entered into interest rate swaps converting a net notional \$680 (2002 – \$867) of its floating rate investments to fixed rate investments at 6.72% (2002 – 6.88%), which mature by 2013.

Equity Forwards (\$) The Company enters into equity forwards to manage its exposure to fluctuations in its stock-based compensation cost as a result of changes in the market price of its common shares.

In 2003, the Company entered into equity forwards to buy 1,103,500 (2002 – 390,100) of its common shares at an average forward price of \$56.39 (2002 – \$55.65) per common share, with an average initial term of 10 years (2002 – 10 years). At year end, the Company had cumulative equity forwards to buy 4.8 million (2002 – 3.7 million) of its common shares at an average forward price of \$48.56 (2002 – \$44.88) including \$3.69 (2002 – \$3.47) per common share of interest expense net of dividends that will be paid at redemption. The equity forwards allow for settlement in cash, common shares or net settlement. The Company has included a cumulative unrealized market gain of \$92 million (2002 – \$34 million) in other assets relating to these equity forwards.

Electricity Forward Contract The Company entered into an electricity forward contract to minimize price volatility and to maintain a portion of the Company's electricity costs in Ontario, Canada at approximately 2001 rates. This electricity forward contract has an initial term of three years and expires in May 2005.

Counterparty Risk The Company may be exposed to losses should any counterparty to its financial derivative agreements fail to fulfill its obligations. The Company has sought to minimize potential counterparty risk and losses by conducting transactions for its derivative agreements with counterparties that have at minimum a long term A credit rating and by placing risk adjusted limits on its exposure to any single counterparty for its financial derivative agreements. The Company has internal policies, controls and reporting processes, which require ongoing assessment and corrective action, if necessary with respect to its derivative transactions. In addition, principal amounts on cross currency basis swaps and equity forwards are each netted by agreement and there is no exposure to loss of the original notional principal amounts on the interest rate swaps and equity forwards.

Fair Value of Financial Instruments The fair value of a financial instrument is the estimated amount that the Company would receive or pay to terminate the instrument agreement at the reporting date. The following methods and assumptions were used to estimate the fair value of each type of financial instrument by reference to various market value data and other valuation techniques as appropriate.

The fair values of cash, cash equivalents, short term investments, accounts receivable, bank indebtedness, commercial paper, accounts payable and accrued liabilities approximated their carrying values given their short term maturities.

The fair value of the cross currency basis swaps was estimated based on the market spot exchange rates and forward interest rates and approximated carrying value.

The fair value of long term debt issues was estimated based on the discounted cash flows of the debt at the Company's estimated incremental borrowing rates for debt of the same remaining maturities.

The fair value of the interest rate swaps was estimated by discounting net cash flows of the swaps at market and forward interest rates for swaps of the same remaining maturities.

The fair value of the equity forwards, which approximated carrying value, was estimated by multiplying the number of the Company's common shares outstanding under the equity forwards by the difference between the market price of its common shares and the average forward price of the outstanding forwards at year end.

The fair value of the electricity forward contract was provided by the counterparty based on expected future electricity prices.

	2003		2002	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Long term debt liability	\$ 4,062	\$ 4,457	\$ 3,526	\$ 3,890
Interest rate swaps net asset		\$ 12		\$ 32
Electricity forward contract net asset		\$ 2		\$ 15

NOTE 17. CONTINGENCIES, COMMITMENTS AND GUARANTEES

The Company is involved in and potentially subject to various claims and litigation arising out of the normal course and conduct of its business including product liability, labour and employment, environmental and tax. Although such matters cannot be predicted with certainty, management considers the Company's exposure to such claims and litigation, to the extent not provided for through insurance or otherwise, not to be material to these consolidated financial statements.

The Company is committed to various operating leases. Future minimum lease payments relating to these operating leases are as follows:

	Amounts Maturing in						2003 Total	2002 Total
	2004	2005	2006	2007	2008	Thereafter to 2049		
Operating lease payments	\$ 159	\$ 147	\$ 132	\$ 117	\$ 103	\$ 626	\$ 1,284	\$ 1,260
Expected sub-lease income	(38)	(37)	(35)	(31)	(24)	(40)	(205)	(258)
Net operating lease payments	\$ 121	\$ 110	\$ 97	\$ 86	\$ 79	\$ 586	\$ 1,079	\$ 1,002

At year end, the Company has committed approximately \$370 with respect to capital investment projects such as the construction, expansion and renovation of buildings and the purchase of real property.

The Company establishes standby letters of credit used in connection with certain obligations mainly related to real estate transactions and benefit and insurance programs. The aggregate gross potential liability related to these standby letters of credit is approximately \$82. Other standby letters of credit related to the financing program for the Company's franchisees and securitization of PC Bank's credit card receivables have been identified as guarantees and are discussed further in the Guarantees section below.

In connection with the purchase of Provigo, the Company committed to support Quebec small business and farming communities as follows: for a period of seven years commencing in 1999 and, subject to business dispositions, the aggregate amount of goods and services purchased from Quebec suppliers in the normal course of business will not fall below those of 1998. The Company has fulfilled its commitment in each year from 1999 to and including 2003.

Guarantees Effective December 29, 2002, the Company implemented Accounting Guideline 14, "Disclosure of Guarantees", issued by the CICA, which requires a guarantor to disclose in its notes to the consolidated financial statements significant information about guarantees it has provided. Under this Guideline, a guarantee is defined as a contract or indemnification agreement, which requires the Company to make payments (cash, financial instruments, other assets, the Company's own shares or the provision of services) to a third party contingent on future events (a "Guarantee"). These payments are contingent on one of the following: (i) a change in an underlying interest rate, security price, commodity price, foreign currency exchange rate or other variable that is related to an asset, liability or an equity security of the guaranteed party, (ii) the failure of another entity to perform under an obligating agreement or (iii) the failure of another party to pay its indebtedness when due. The disclosures are required even when the likelihood of the guarantor having to make any payment under the Guarantee is remote.

The Company has provided to third parties the following significant Guarantees:

Standby Letters of Credit A standby letter of credit for the benefit of an independent trust with respect to the credit card receivables securitization program of PC Bank has been provided by a major Canadian bank. This standby letter of credit could be drawn upon in the event of a major decline in the income flow from or in the value of the securitized credit card receivables after the cash reserve account established pursuant to the securitization agreement has been depleted. The Company has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit. The Company believes that the likelihood of this occurrence is remote. The aggregate gross potential liability under this arrangement, which represents 15% of the securitized credit card receivables amount, is approximately \$84.

A standby letter of credit has been provided by a major Canadian bank in the amount of \$35 for the benefit of an independent trust which provides loans to the Company's franchisees for their purchase of inventory and fixed assets, mainly fixturing and equipment. In the event that a franchisee defaults on its loan and the Company has not, within a specified time period, (i) assumed the loan, (ii) purchased the assets of the defaulting franchisee over which security has been taken by the trust, or (iii) provided for an increase of the amount of the standby letter of credit by the outstanding amount under the loan, the trust may draw upon this standby letter of credit or realize on its security. The Company has agreed to reimburse the issuing bank for any amount drawn on the standby letter of credit.

Lease Obligations In connection with historical dispositions of certain of its assets, the Company has assigned leases to third parties. The Company remains contingently liable for these lease obligations in the event any of the assignees are in default of their lease obligations. The estimated amount for minimum rent, which does not include other lease related expenses such as property tax and common area maintenance charges, is \$173 (2002 – \$204).

Indemnification Provisions The Company from time to time enters into agreements in the normal course of its business, such as service arrangements and leases, in connection with business or asset acquisitions or dispositions. These agreements by their nature may provide for indemnification of counterparties. These indemnification provisions may be in connection with breaches of representation and warranty or with future claims for certain liabilities, including liabilities related to tax and environmental matters. The terms of these indemnification provisions vary in duration and may extend for an unlimited period of time. Given the nature of such indemnification provisions, the Company is unable to reasonably estimate its total maximum potential liability as certain indemnification provisions do not provide for a maximum potential amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

NOTE 18. OTHER INFORMATION

Segment Information The Company's only reportable operating segment is food distribution. All sales to external parties were generated in Canada and all fixed assets and goodwill were attributable to Canadian operations.

Related Party Transactions The Company's majority shareholder, George Weston Limited, its subsidiaries and its affiliates are related parties. It is the Company's policy to conduct all transactions and settle balances with related parties on normal trade terms. Total purchases from related parties represented approximately 3% (2002 – 3%) of the cost of sales, selling and administrative expenses.

Pursuant to an investment management agreement, the Company, through Glenhuron, manages certain United States cash, cash equivalents and short term investments on behalf of wholly owned non-Canadian subsidiaries of George Weston Limited. Management fees were based on market rates and were included in interest expense.

Eleven Year Summary ⁽¹⁾

Year ⁽²⁾

(\$ millions except where otherwise indicated)

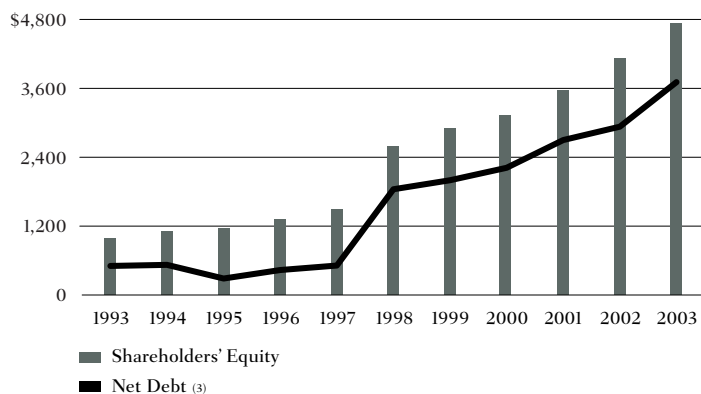
	2003	2002	2001	2000
OPERATING RESULTS				
Sales	25,220	23,082	21,486	20,121
EBITDA ⁽³⁾	1,860	1,657	1,451	1,259
Operating income	1,467	1,303	1,136	976
Interest expense	196	161	158	143
Net earnings	845	728	563	473
FINANCIAL POSITION				
Working capital	371	338	290	(291)
Fixed assets	6,422	5,587	4,931	4,174
Goodwill	1,607	1,599	1,599	1,641
Total assets	12,177	11,110	10,025	9,025
Net debt ⁽³⁾	3,707	2,932	2,699	2,216
Shareholders' equity	4,732	4,124	3,569	3,124
CASH FLOW				
Cash flows from operating activities	1,032	998	818	785
Capital investment	1,271	1,079	1,108	943
PER COMMON SHARE (\$)				
Basic net earnings	3.07	2.64	2.04	1.71
Basic earnings before goodwill charges	3.07	2.64	2.20	1.87
Dividend rate at year end	.60	.48	.40	.40
Cash flows from operating activities	3.75	3.61	2.96	2.84
Capital investment	4.62	3.91	4.01	3.42
Book value	17.22	14.94	12.92	11.31
Market price at year end	67.85	54.00	51.85	50.50
FINANCIAL RATIOS				
EBITDA margin (%) ⁽³⁾	7.4	7.2	6.8	6.3
Operating margin (%)	5.8	5.6	5.3	4.9
Net earnings margin (%)	3.4	3.2	2.6	2.4
Return on average total assets (%) ⁽³⁾	13.9	13.7	13.4	12.8
Return on average shareholders' equity (%)	19.1	18.9	16.8	15.7
Interest coverage	7.5	8.1	7.2	6.8
Net debt to equity ⁽³⁾	.78	.71	.76	.71
Cash flows from operating activities to net debt ⁽³⁾	.28	.34	.30	.35
Price/net earnings ratio at year end	22.1	20.5	25.4	29.5
Market/book ratio at year end	3.9	3.6	4.0	4.5

(1) For financial definitions and ratios refer to the Glossary of Terms on page 66.

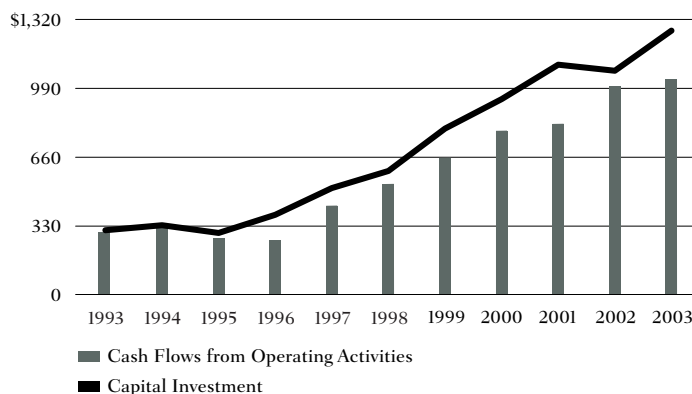
(2) 2003 and 1997 contained 53 weeks.

(3) See Non-GAAP Financial Measures on page 44.

Shareholders' Equity and Net Debt
(\$ millions)

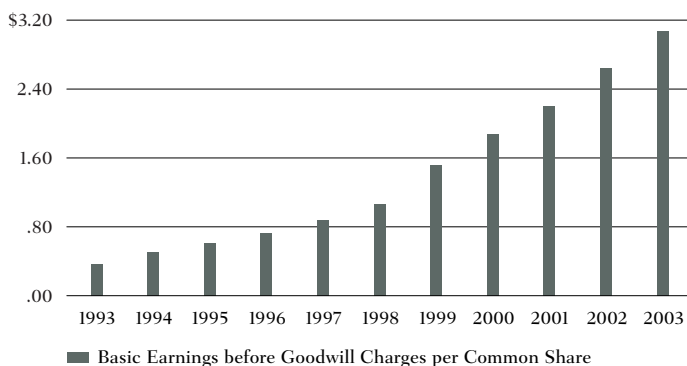


Cash Flows from Operating Activities and Capital Investment
(\$ millions)



1999	1998	1997	1996	1995	1994	1993
18,783	12,497	11,008	9,848	9,854	10,000	9,356
1,077	712	573	481	449	410	326
811	529	428	361	322	274	203
112	68	44	46	54	63	54
376	261	213	174	147	126	90
(397)	(707)	202	154	179	29	148
3,549	3,194	2,093	1,738	1,491	1,603	1,414
1,685	1,363	38	40	42	44	49
7,979	7,105	4,013	3,531	3,197	3,042	2,743
1,999	1,842	513	435	287	525	506
2,904	2,595	1,495	1,311	1,160	1,105	985
656	530	426	262	270	328	279
802	599	517	389	302	339	315
1.37	1.06	.88	.72	.60	.50	.36
1.52	1.06	.88	.73	.61	.50	.37
.24	.20	.16	.12	.12	.09	.08
2.38	2.15	1.76	1.08	1.12	1.35	1.15
2.92	2.43	2.14	1.62	1.25	1.41	1.34
10.56	9.46	6.08	5.35	4.74	4.27	3.79
35.25	37.40	26.00	14.25	10.29	7.96	7.63
5.7	5.7	5.2	4.9	4.6	4.1	3.5
4.3	4.2	3.9	3.7	3.3	2.7	2.2
2.0	2.1	1.9	1.8	1.5	1.3	1.0
11.9	10.9	14.2	13.6	12.3	10.6	8.6
13.7	12.8	15.3	14.2	13.4	12.5	9.7
7.2	7.8	9.7	7.9	6.0	4.3	3.7
.69	.71	.34	.33	.25	.48	.51
.33	.29	.83	.60	.94	.62	.58
25.8	35.3	29.6	19.8	17.2	15.9	21.2
3.3	4.0	4.3	2.7	2.2	1.9	2.0

Basic Earnings before Goodwill Charges per Common Share (\$)



Common Share Market Price Range (\$)

