



C O M P A N I E S L I M I T E D

MAKING **Loblaws** THE BEST AGAIN

Allan Leighton

President & Deputy Chairman

2009 CIBC World Markets

Retail Conference

March 4, 2009

Forward-Looking Statements

This publication for Loblaw 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 costs 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 equity forward contracts relating

Forward-Looking Statements (Continued)

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; 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 MD&A included in the Company's 2007 Annual Report and its 2008 Quarterly Reports. 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 publication. 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.

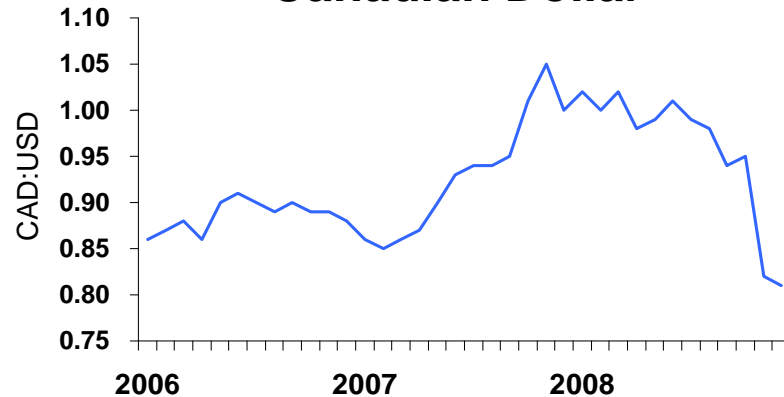
In a Changing World

18 Months that May Change the World (or an Industry)!

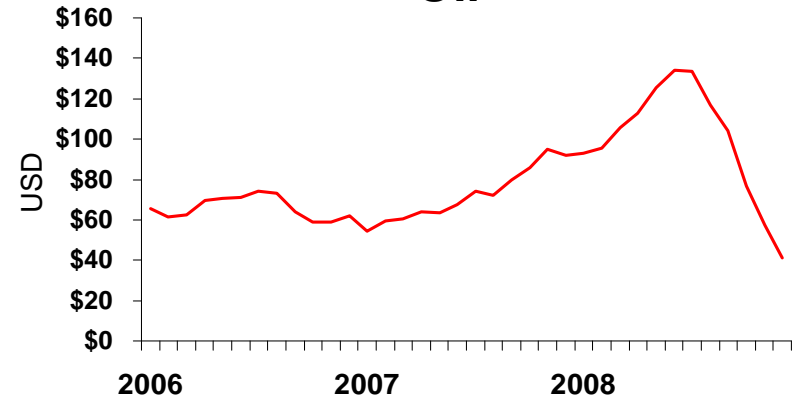
- **It's the Economy Stupid**
- **The 3 Habits of Highly Effective Consumers**
- **Riding out the "Flations" Waves**
- **Cash / Scale / Productivity to the Fore**
- **The Productivity Gap... Why... and Retail**
- **Consolidation and Carney**
- **Who Wins**
- **Thoughts for the Day**

It's the Economy, Stupid

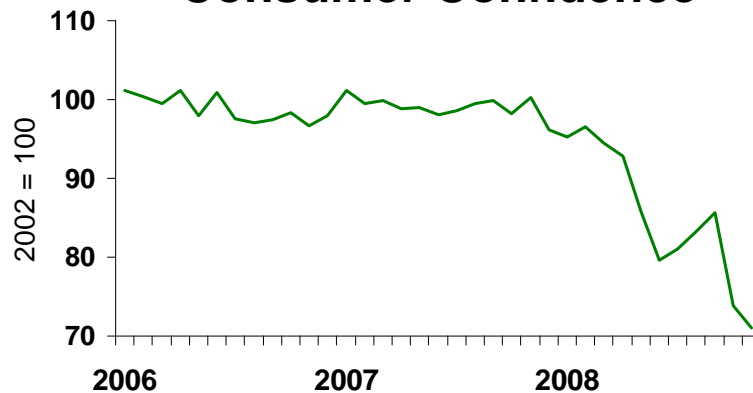
Canadian Dollar



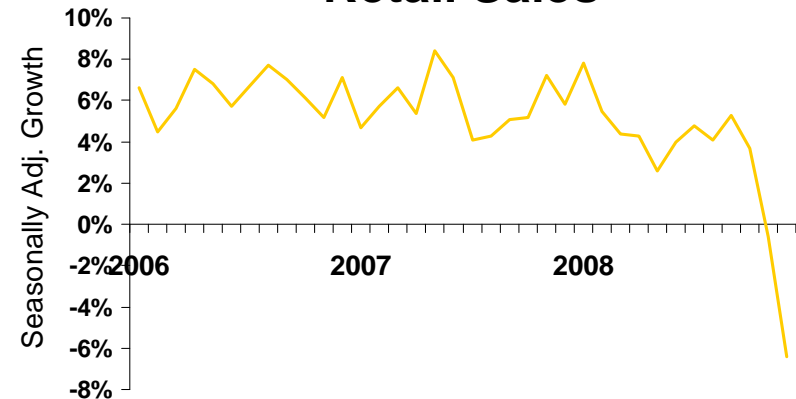
Oil



Consumer Confidence



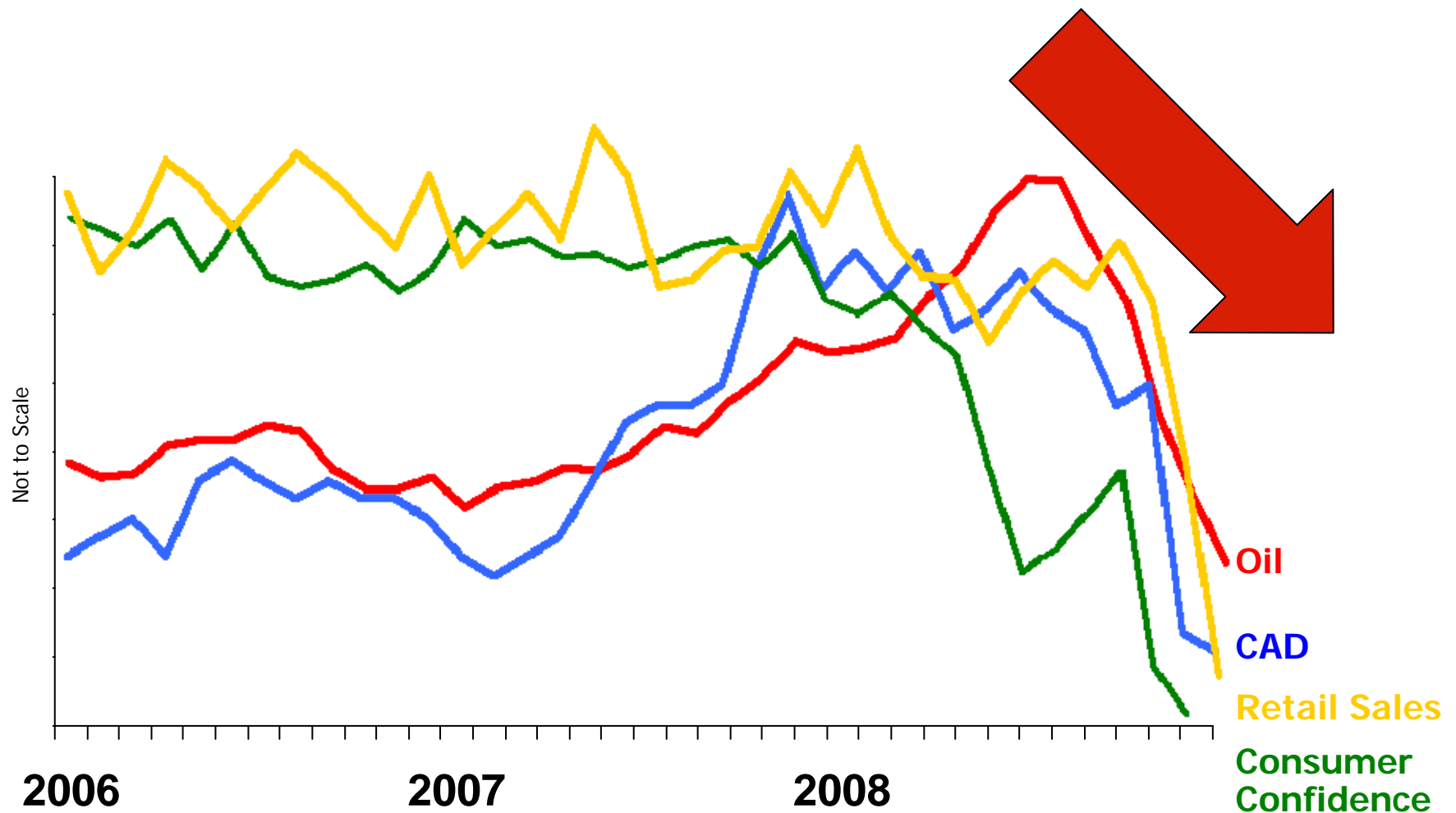
Retail Sales



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Sources: Oanda (CAD); Energy Information Administration (Oil); Conference Board of Canada (Consumer Confidence); Statistics Canada (Retail Sales)

It's the Economy, Stupid



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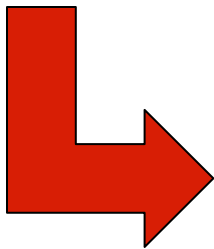
Sources: Oanda (CAD); Energy Information Administration (Oil); Conference Board of Canada (Consumer Confidence); Statistics Canada (Retail Sales)

The 3 Habits of Highly Effective Consumers

1. The downwardly mobile
2. The slammed shut walleeters
3. Those with... but won't

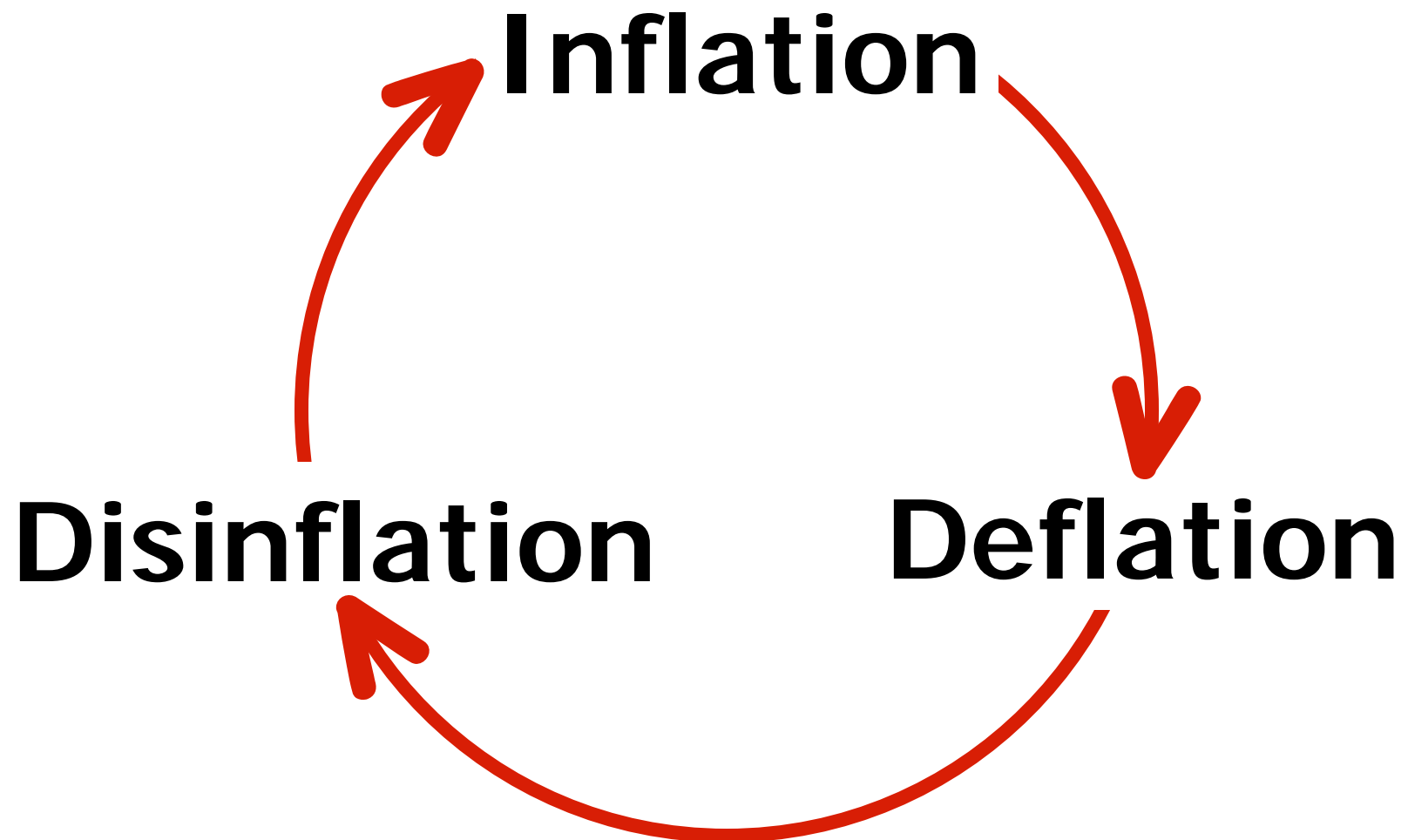
What Customers 'Do'

1. Mortgage / Rent
2. Eat
3. In
4. Pharmacy



- Flight to value... Long haul, not short
- Trade into control label
- Reduce discretionary item spending

Riding the “Flations” Waves



Inflation: The Retailers' Friend?

- Price increases are easier
- Enhances revenue growth
- Covers wage cost creep
- Increases buying leverage

BUT

- Flatters volume decline
- Masks labour productivity
- Hit unacceptable price points

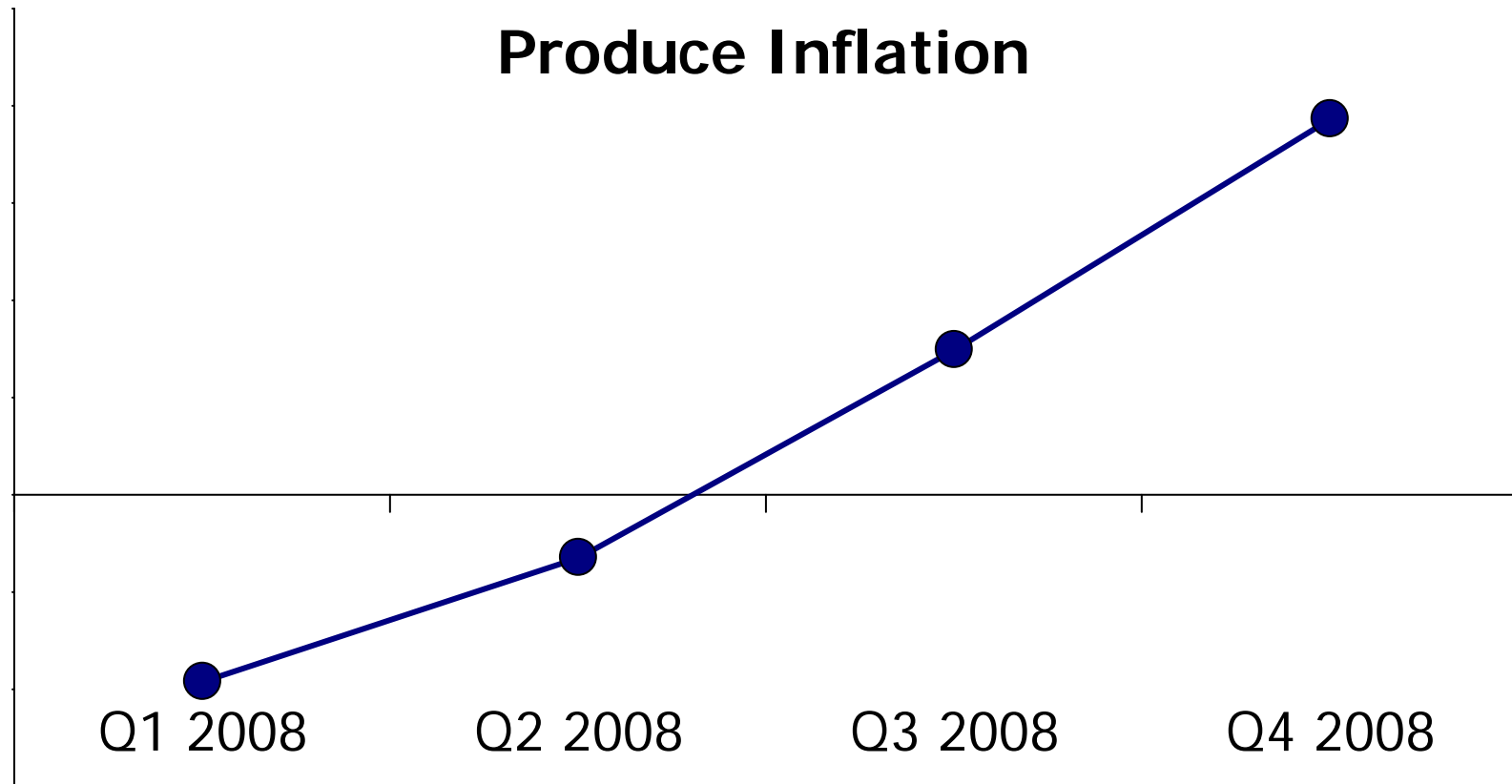
Deflation: The Retailers' Foe?

- Wage rates are not volume driven
- Price points move down
- Margins under pressure

BUT

- Commodity costs should reduce
- Buying leverage

A Year of Two Halves



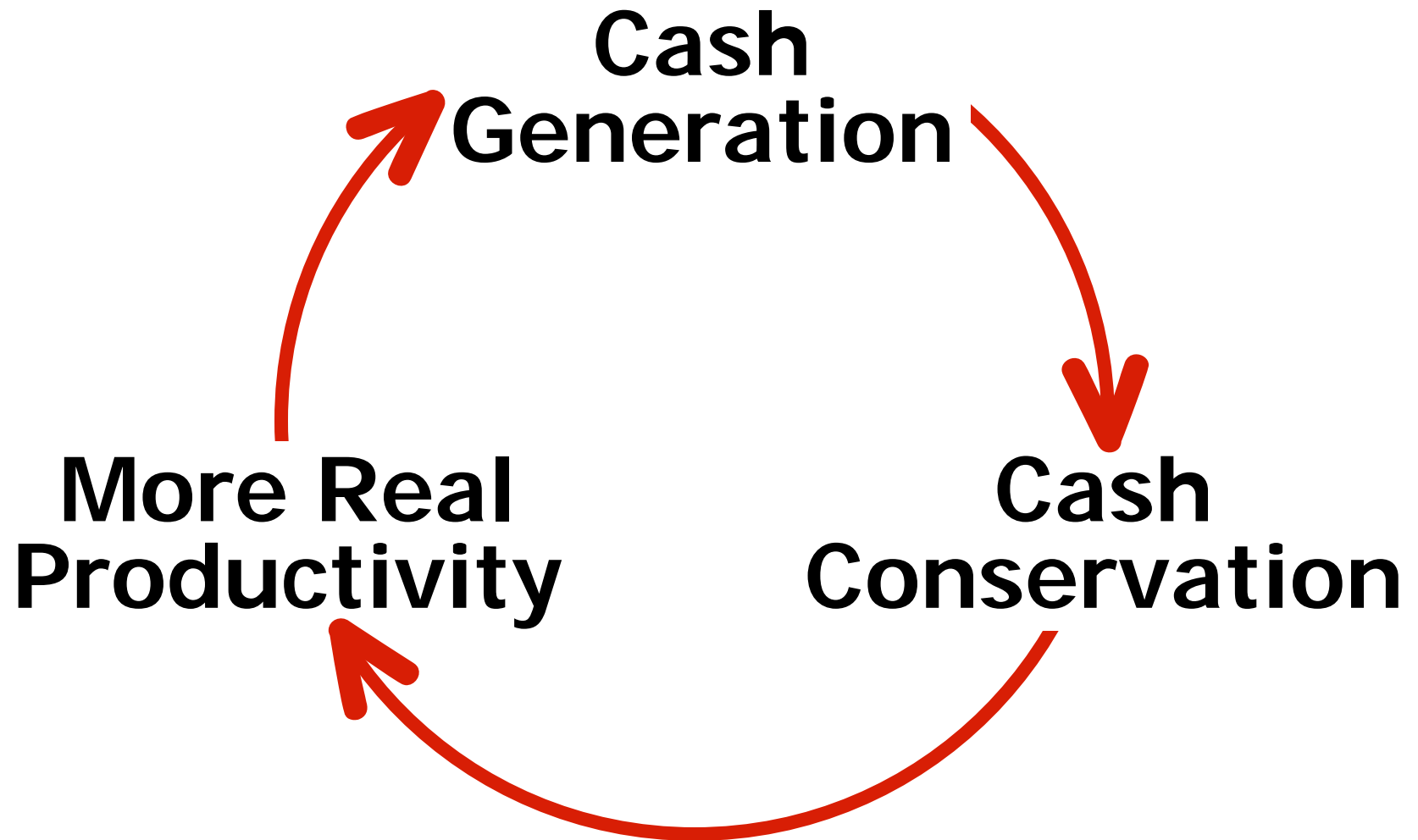
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Sources: Loblaws Industry Estimates

Disinflation is a Controllable

- Customer driven
 - Plays to the flight to value
- Retailer controls
 - Mix back in margin
 - Use buying leverage

Cash is More than King



In Conservation and Generation... **SCALE** Counts

COGS

\$24 Billion

GNFR

\$3 Billion

**Payables and
Accrued Liabilities**

\$3 Billion

Inventory

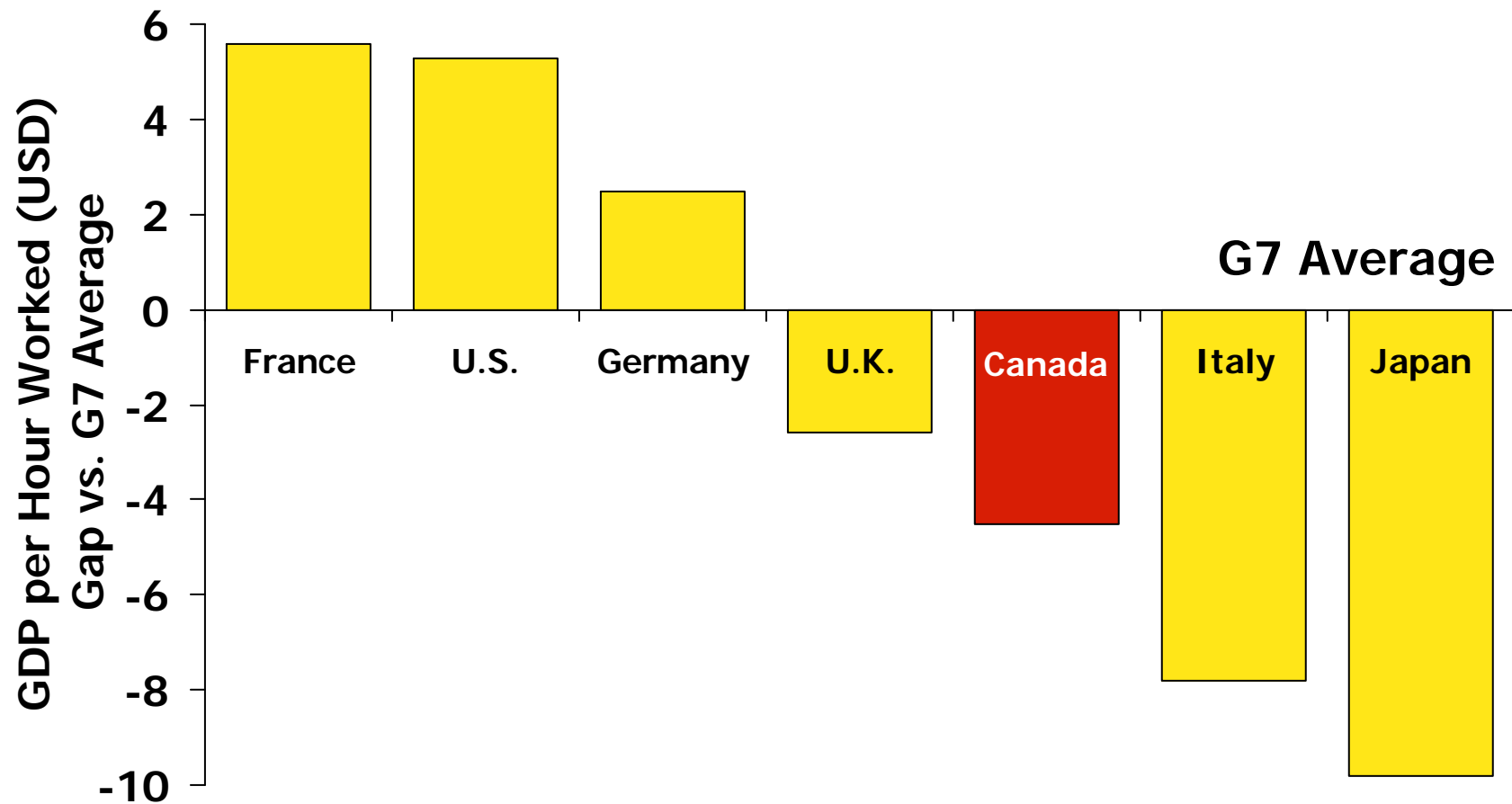
\$2 Billion

It's a Buyer's Market

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Sources: Loblaw Companies Limited

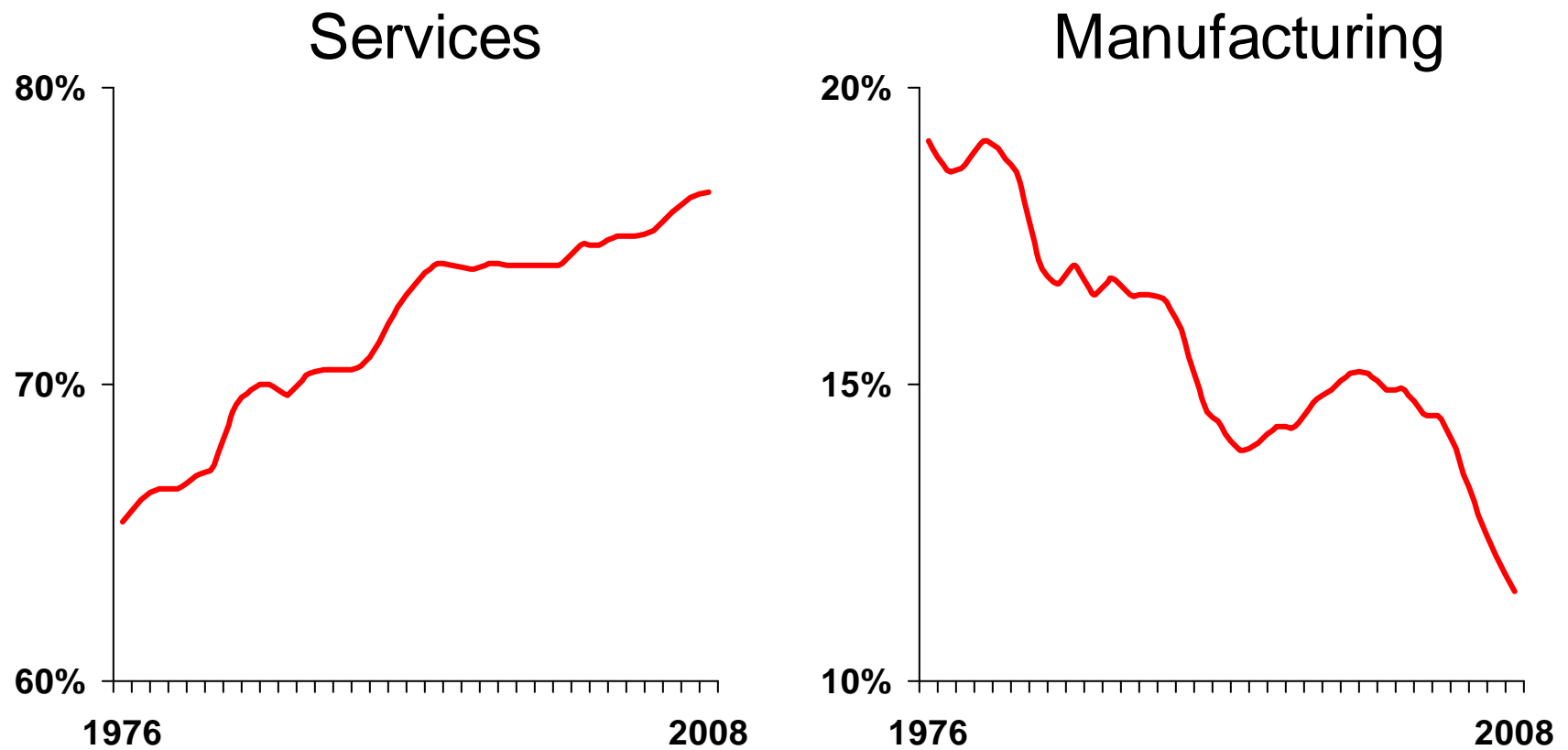
Canada's Productivity Gap



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Where's the Job Creation?

Share of Total Employment

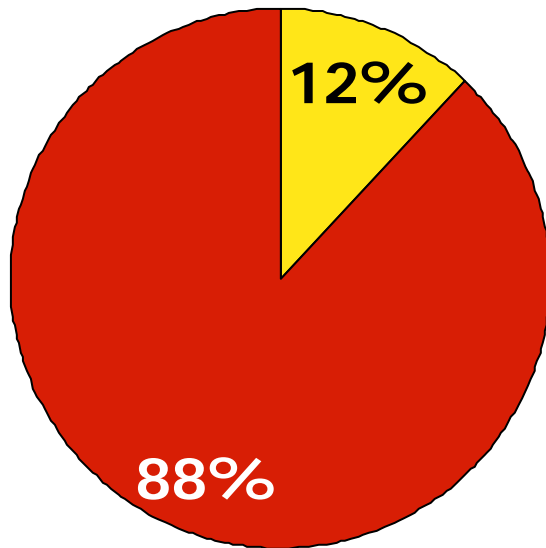


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Sources: Statistics Canada

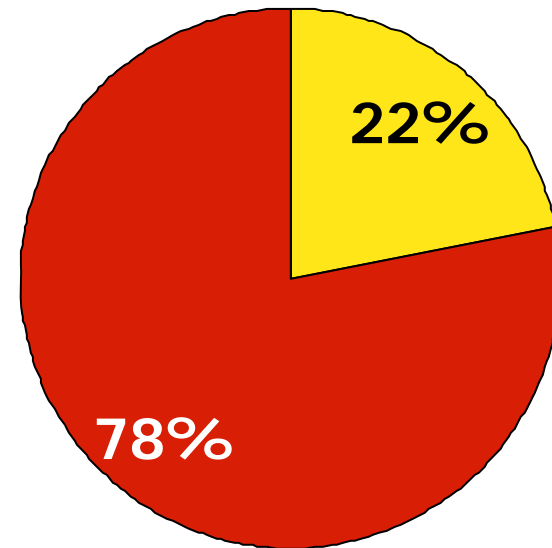
What's the Part-Time vs. Full-Time Mix?

Goods Producing Sectors



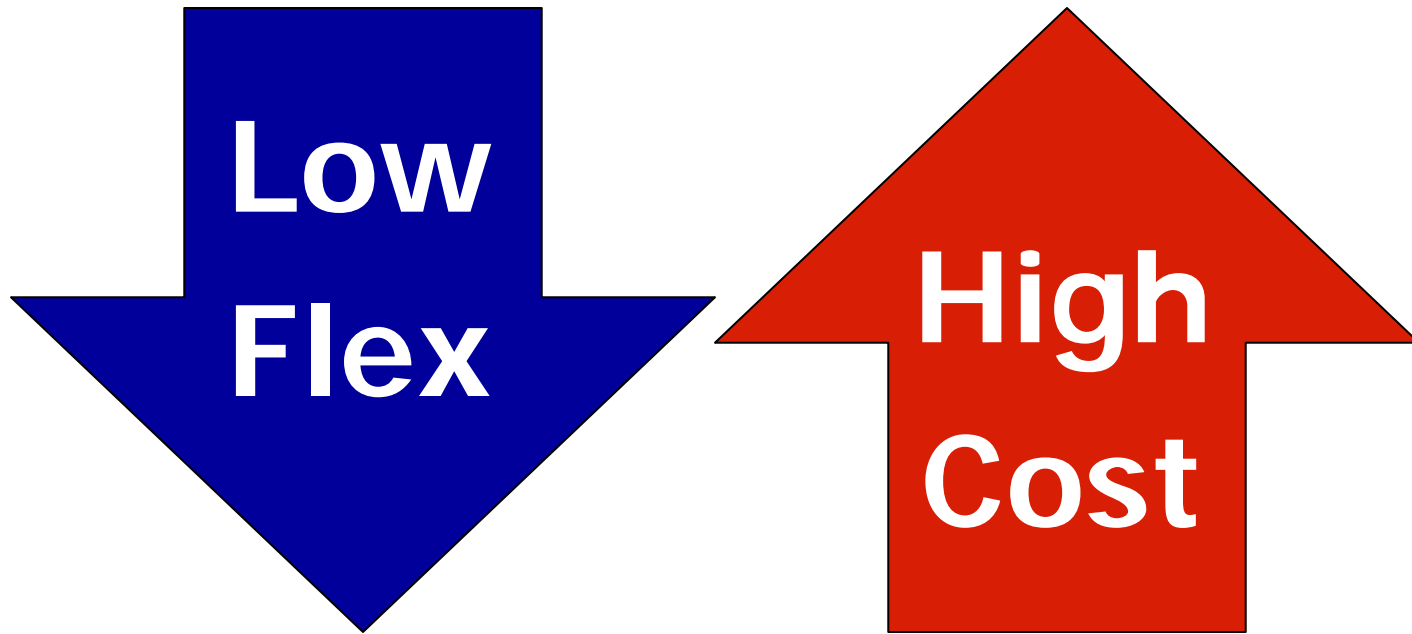
■ Part-Time ■ Full-Time

Service Sectors



■ Part-Time ■ Full-Time

Retail Productivity Trap



Labour Contracts

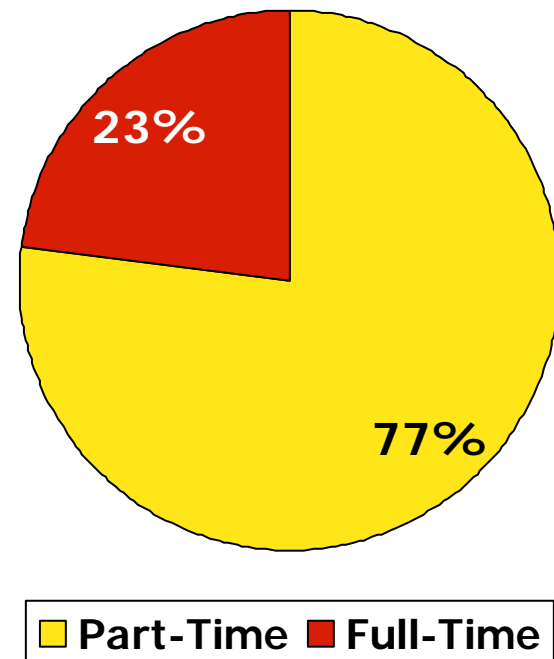
Less Full Time Jobs and Massive Churn

Labour Turnover

Percent of Total Departures

Within 3 Months	45%
3 to 6 Months	20%
6 to 12 Months	15%
Over 12 Months	20%

Grocery Store Employees

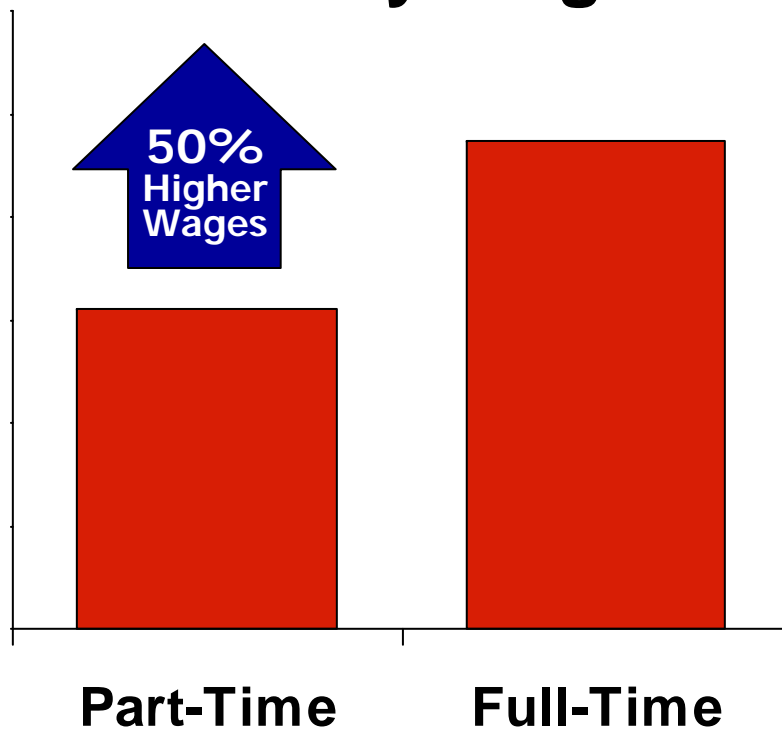


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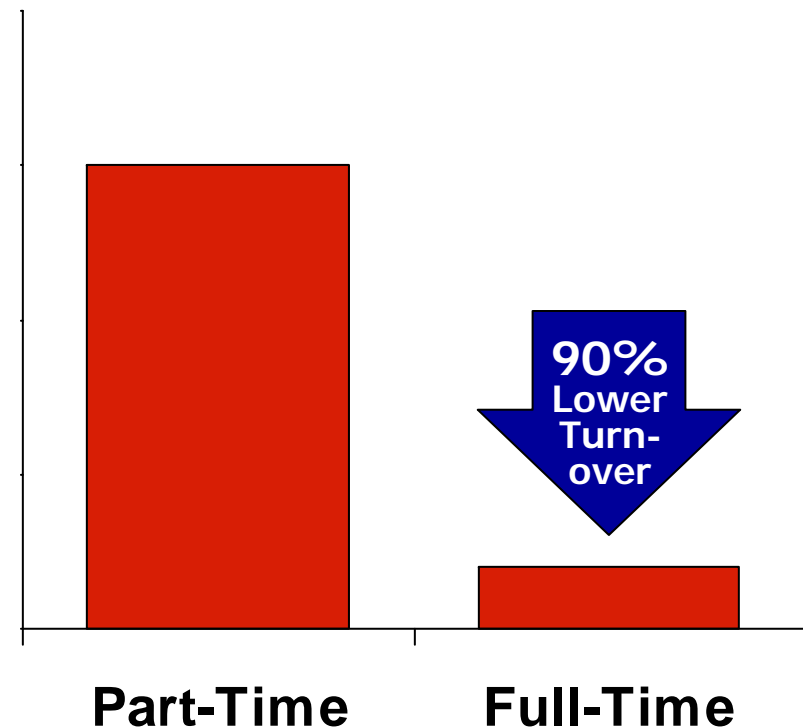
Sources: Loblaws Industry Estimates

Full-Time Can be More Productive for Everyone

Average Hourly Wage



Labour Turnover



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10,000

More Full-Time Jobs

Why Consolidation Takes Place

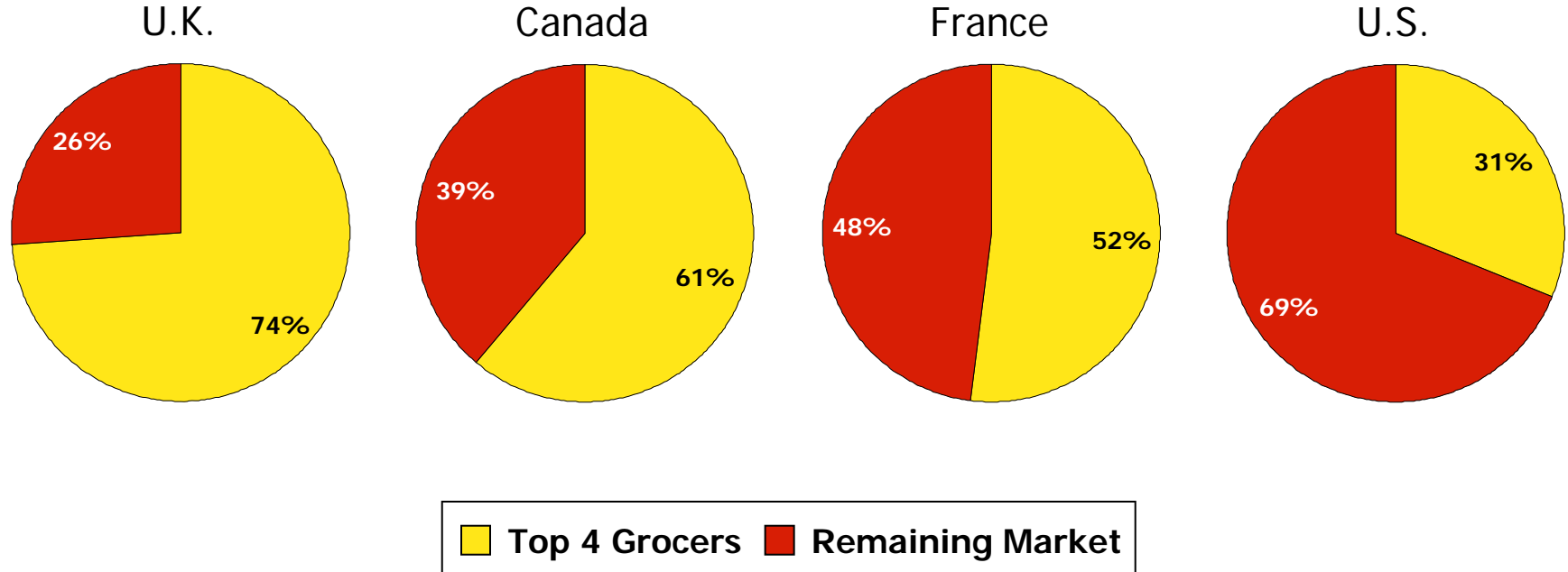
1. Synergy
2. Cost Efficiencies
3. Scale

**Carney May
Be Right**

Is It U Shaped or L

If He Isn't, Expect More Consolidation

Market Share Concentration among Food Retailers



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Who Wins...

- ✓ Food
- ✓ Value high ground
- ✓ Strong profitable control label
- ✓ Multiple formats
- ✓ Scale
- ✓ Strong balance sheet

Execution is Everything

Thoughts for the Day

- The unimaginable is now the predictable
- What we don't know will hurt us
- Flat is the new up
- The best companies are always worried
- Invest in today's customer...
for tomorrow's growth

Loblaws[®]

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Thank You

**Company reports are
available online at
www.loblaw.ca**

**For any investor
inquiries, please email
investor@loblaw.ca**

Reports Soon to be Released

March 13, 2009

2008 Annual Report – Management Discussion & Analysis
2008 Annual Report – Financial Statements
2008 Annual Information Form

April 2, 2009

2008 Annual Report – Business Review Report
2008 Corporate Social Responsibility Report

Upcoming Events

May 6, 2009

Q1 2009 Earnings Release and Annual General Meeting

