LOBLAW COMPANIES LIMITED TO ACQUIRE SHOPPERS DRUG MART CORPORATION FOR $12.4 BILLION IN CASH AND STOCK

Transformational combination brings together two iconic businesses to deliver more choice, value, and convenience to help Canadians live life well

- Combines best-in-class pharmacy and food businesses to create a unique retailer with unmatched capabilities in health & wellness and nutrition
- Loblaw gains powerful footprint in the important and growing small-urban store sector
- Retaining its name and brand, Shoppers Drug Mart will operate as a separate division of Loblaw and expand its product offerings to include Loblaw's private label and convenience food
- Combined company generated, on a 2012 pro forma basis, revenues in excess of $42 billion, EBITDA* of $3 billion, and annual free cash flow* of $1 billion

BRAMPTON AND TORONTO, ON, July 15, 2013 – Loblaw Companies Limited (TSX: L) and Shoppers Drug Mart Corporation (TSX: SC) today announced a definitive agreement under which Loblaw will acquire all of the outstanding Shoppers Drug Mart common shares for $33.18 in cash plus 0.5965 Loblaw common shares per each Shoppers Drug Mart common share, on a fully pro rated basis. Using the Loblaw closing common share price on July 12, 2013, this amounts to $61.54 per Shoppers Drug Mart common share. This price represents a 29.4% premium to the 20-day VWAP of Shoppers Drug Mart common shares as of July 12, 2013.

This strategic union will enhance the companies' competitive positioning in an evolving retail landscape, creating new growth opportunities for shareholders, more and better choices for customers, and greater convenience through Shoppers Drug Mart's footprint in the important and growing small-urban store sector.

Creating Compelling New Blueprint for Serving Canadian Customers

"This transformational partnership changes the retail landscape in Canada. With scale and capability, we will be able to accelerate our momentum and strengthen our position in the increasingly competitive marketplace," said Galen G. Weston, Executive Chairman of Loblaw. "This combination creates a compelling new blueprint for the future, positioning us to capitalize on important trends in society, from the emphasis on health, wellness and nutrition, to the imperatives of value and convenience."

"Our customer proposition is at the heart of this combination," said Vicente Trius, President of Loblaw. "Together, we will be able to significantly enhance the customer experience by offering even greater assortments, service, value and convenience while preserving the unique shopping experiences that make both companies leaders in their respective segments. We are extremely happy to welcome Shoppers Drug Mart and its talented people, including their entrepreneurial and trusted Associate-owners, who are well-known for their patient care and friendly customer service. We intend to preserve the great strengths of what the company has built by keeping Shoppers Drug Mart as a separate division of Loblaw, with its own dedicated management team led by Domenic Pilla.

"This acquisition also will allow us to accelerate our success in driving growth and profitability at Loblaw organically. Our customer proposition continues to deliver results, and I am enthusiastic about the prospect of value creation opportunities on multiple fronts," Mr. Trius concluded.

Domenic Pilla, President and Chief Executive Officer of Shoppers Drug Mart, said: "We are delighted to partner with Loblaw to leverage our combined strengths. For our shareholders, this transaction provides significant and immediate value, as well as the ability to benefit from future upside by virtue of their continued ownership of shares in the combined company. For our Associate-owners and employees, who are a valued part of the equation, it provides the opportunity to pursue rewarding careers as we grow together. And for our customers, it provides more locations with an enhanced mix of products and offerings that contribute to the good health of Canadians."

Financial Highlights

On a pro forma basis, the combined company generated in excess of $42 billion in revenue, $3 billion in EBITDA*, and $1 billion in free cash flow* in 2012. The transaction is expected to lead to double-digit accretion, adjusted for intangible amortization, in Loblaw earnings per share in the first year.

The combination is expected to yield annual cost synergies of $300 million by year three, phased in evenly over the first three years following closing. These synergies are not dependent on any store closings.

The total consideration will consist of approximately 53.9% cash and 46.1% Loblaw common shares. Shoppers Drug Mart shareholders will have the ability to choose whether to receive $61.54 in cash or 1.29417 Loblaw common shares plus $0.01 cash for each Shoppers Drug Mart share held, subject to pro ration. The maximum amount of cash to be paid by Loblaw will be approximately $6.7 billion and the maximum number of Loblaw common shares to be issued will be approximately 119.9 million, based on the fully diluted number of Shoppers Drug Mart shares outstanding.

Shoppers Drug Mart shareholders, who will own approximately 29% of the combined company, stand to benefit from substantial upside over the long-term, driven by the combined company's strategic position and achievement of full run-rate synergies.

Loblaw has structured the financing with the intent of maintaining its current BBB-mid credit rating. Loblaw will finance the cash element of the transaction with available cash resources and committed bank facilities fully underwritten by Merrill Lynch, Pierce, Penner & Smith Inc., Bank of America, N.A., Canada Branch and Bank of America, N.A. These committed facilities consist of a $3.5 billion term loan and a $1.6 billion bridge loan that Loblaw plans to replace primarily through issuance of unsecured notes. The combined company's significant cash flow will allow for rapid debt repayment and will ensure that Loblaw will have ample liquidity and maximum flexibility to support ongoing growth prospects, acquisitions and investments.

George Weston Limited, Loblaw's controlling shareholder, has entered into a voting agreement in support of the transaction. To finance a portion of the cash consideration, Weston has agreed to subscribe for $500 million of additional Loblaw common shares at a price of $47.55 per share, Loblaw's closing share price on July 12, 2013. After giving effect to this investment, Weston's voting ownership will be approximately 46% of Loblaw's common shares upon completion of the transaction.

Approvals and Closing Conditions

The transaction will be carried out by way of a court-approved plan of arrangement and will require the approval of at least 66 2/3% of the votes cast by the shareholders of Shoppers Drug Mart at a special meeting expected to take place in September 2013. Under applicable TSX rules, the transaction also requires the approval of Loblaw shareholders by majority vote, as the number of Loblaw common shares to be issued in the transaction exceeds 25% of the total number of outstanding Loblaw common shares. As Weston holds approximately 63% of Loblaw's common shares, Loblaw expects that the TSX will accept Weston's agreement to support the transaction as evidence of shareholder approval and not require Loblaw to hold a shareholder meeting. In addition to shareholder and court approvals, the transaction is subject to compliance with the Competition Act and certain other closing conditions customary in transactions of this nature. Loblaw and Shoppers Drug Mart anticipate that the transaction will be completed within six to seven months.

Further information regarding the transaction will be included in the management proxy circular expected to be mailed to Shoppers Drug Mart shareholders in August. Copies of the arrangement agreement and management proxy circular will be available on SEDAR at www.sedar.com. The transaction will provide a capital gains tax-deferred roll-over option for taxable Canadian holders of Shoppers Drug Mart shares who elect to receive Loblaw shares. The arrangement agreement provides that Shoppers Drug Mart is subject to non-solicitation provisions and provides that the Board of Directors of Shoppers Drug Mart may, under certain circumstances, terminate the agreement in favour of an unsolicited superior proposal, subject to payment of a termination fee of $300 million to Loblaw and subject to a right of Loblaw to match the superior proposal in question.

Both companies' boards of directors have unanimously determined that the proposed combination is in the best interest of their respective companies. BofA Merrill Lynch is acting as financial advisor to Loblaw for purposes of this transaction and delivered an opinion to Loblaw's Board of Directors as to the fairness, from a financial point of view, of the consideration to be paid by Loblaw in the transaction. RBC Capital Markets is acting as financial advisor to Shoppers Drug Mart and has provided an opinion to the board of directors of Shoppers Drug Mart that the consideration under the transaction is fair, from a financial point of view, to Shoppers Drug Mart shareholders. Loblaw retained Torys LLP as its legal counsel and Borden Ladner Gervais LLP in connection with competition matters. Osler, Hoskin & Harcourt LLP is acting as legal counsel to Shoppers Drug Mart.

Conference Call Information

Loblaw and Shoppers Drug Mart will host a conference call and webcast accompanied by slides on July 15, 2013 at 8:00 a.m. ET.

To access via tele-conference, please dial (877) 613-8340. The playback will be made available two hours after the event at (800) 585-8367. To access the webcast please use this link: http://event.on24.com/r.htm?e=658120&s=1&k=CE6458FADBA8B6E1FB869CBF5E40B764. The Conference ID number is 19476058.

To download presentation slides, please use this link: http://files.newswire.ca/1251/LoblawShpprsFnl.pdf.

About Loblaw Companies Limited
Loblaw Companies Limited, a subsidiary of George Weston Limited, is Canada's largest food retailer and a leading provider of drugstore, general merchandise and financial products and services. Loblaw is one of the largest private sector employers in Canada. With more than 1,000 corporate and franchised stores from coast to coast, Loblaw and its franchisees employ approximately 134,000 full-time and part-time employees. Through its portfolio of store formats, Loblaw is committed to providing Canadians with a wide, growing and successful range of products and services to meet the everyday household demands of Canadian consumers. Loblaw is known for the quality, innovation and value of its food offering. It offers Canada's strongest control (private) label program, including the unique President's Choice®, no name® and Joe Fresh® brands. In addition, the Company makes available to consumers President's Choice® financial services and offers the PC® points and PC Plus™ loyalty program. For more information, visit Loblaw's website at www.loblaw.ca and Loblaw's issuer profile at www.sedar.com.

About Shoppers Drug Mart Corporation
Shoppers Drug Mart Corporation is one of the most recognized and trusted names in Canadian retailing. The Company is the licensor of full-service retail drug stores operating under the name Shoppers Drug Mart (Pharmaprix in Québec). With 1,242 Shoppers Drug Mart and Pharmaprix stores operating in prime locations in each province and two territories, the Company is one of the most convenient retailers in Canada. The Company also licenses or owns 57 medical clinic pharmacies operating under the name Shoppers Simply Pharmacy (Pharmaprix Simplement Santé in Québec) and six luxury beauty destinations operating as Murale. As well, the Company owns and operates 62 Shoppers Home Health Care stores, making it the largest Canadian retailer of home health care products and services. In addition to its retail store network, the Company owns Shoppers Drug Mart Specialty Health Network Inc., a provider of specialty drug distribution, pharmacy and comprehensive patient support services; and MediSystem Technologies Inc., a provider of pharmaceutical products and services to long-term care facilities.

For more information, visit www.shoppersdrugmart.ca.

Forward-Looking Statements
This News Release for Loblaw Companies Limited ("Loblaw') and Shoppers Drug Mart Corporation ("Shoppers Drug Mart ") contains forward-looking statements about the proposed acquisition by Loblaw of all of the outstanding common shares of Shoppers Drug Mart . Forward-looking statements are typically identified by words such as "expect", "anticipate", "believe", "foresee", "could", "estimate", "goal", "intend", "plan", "seek", "strive", "will", "may" and "should" and similar expressions. Forward-looking statements reflect current estimates, beliefs and assumptions, which are based on Loblaw's and Shoppers Drug Mart 's perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. Loblaw's and Shoppers Drug Mart's estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Loblaw and Shoppers Drug Mart can give no assurance that such estimates, beliefs and assumptions will prove to be correct.

This News Release contains forward-looking statements concerning: the combined company's financial position, cash flow and growth prospects; certain strategic benefits, and operational, competitive and cost synergies; management of the combined company; the timing of the Shoppers Drug Mart's shareholders meeting and publication of related shareholder materials; the expected completion date of the proposed transaction; the anticipated tax treatment of the proposed combination for Shoppers Drug Mart shareholders; and Loblaw's and Shoppers Drug Mart's anticipated future results. The pro forma information set forth in this News Release should not be considered to be what the actual financial position or other results of operations would have necessarily been had Loblaw and Shoppers Drug Mart operated as a single combined company as, at, or for the periods stated.

Numerous risks and uncertainties could cause the combined company's actual results to differ materially from the estimates, beliefs and assumptions expressed or implied in the forward-looking statements, including, but not limited to: failure to realize anticipated results, including revenue growth, anticipated cost savings or operating efficiencies from the combined company's major initiatives, including those from restructuring; failure to realize benefits from investments in the combined company's IT systems, including the combined company's IT systems implementation, or unanticipated results from these initiatives; the inability of the combined company's IT infrastructure to support the requirements of the combined company's business; heightened competition, whether from current competitors or new entrants to the marketplace, changes in economic conditions including the rate of inflation or deflation, changes in interest and currency exchange rates and derivative and commodity prices; public health events including those related to food safety; failure to achieve desired results in labour negotiations, including the terms of future collective bargaining agreements, which could lead to work stoppages; failure to attract and retain key employees and pharmacists or effectively manage succession planning; risks associated with the performance of the combined company's associate-owned or franchised store network; the inability of the combined company to manage inventory to minimize the impact of obsolete or excess inventory and to control shrink; the impact of potential environmental liabilities; failure to respond to changes in consumer tastes and buying patterns; reliance on the performance and retention of third-party service providers including those associated with the combined company's supply chain and apparel business; supply and quality control issues with vendors; other disruptions to the combined company's distribution operations or supply chain; damage to the reputation of brands promoted by the combined company, or to the reputation of any supplier or manufacturer of these brands; product quality and product safety risks which could expose the combined company to product liability claims and negative publicity; new, or changes to current, federal and provincial laws, rules and regulations, including pharmacy reimbursement programs, prescription drug pricing and the availability of manufacturer allowances, or changes to such laws and regulations that increase compliance costs; the risk that the combined company will be unable to implement successful strategies to manage the impact of the drug system reform initiates implemented or proposed in most provincial jurisdictions; risks associated with alternative arrangements for sourcing generic drug products, including intellectual property and product liability risks; changes in the combined company's income, commodity, other tax and regulatory liabilities including changes in tax laws, regulations or future assessments; new, or changes to existing, accounting pronouncements; any requirement of the combined company to make contributions to its registered funded defined benefit pension plans, post-employment benefits plan or the multi-employer pension plans in which it participates in excess of those currently contemplated; the risk that the combined company would experience a financial loss if its counterparties fail to meet their obligations in accordance with the terms and conditions of their contracts with the combined company; the inability of the combined company to collect on its credit card receivables; failure of the combined company to lease or obtain suitable store locations on economically favourable terms; the effect of seasonality fluctuations; the risk of violations of law, breaches of the combined company's policies or unethical behavior; property and casualty risks; injuries at the workplace or health issues; the risk of material adverse effects arising as a result of litigation; and events or series of events may cause business interruptions.

Readers are cautioned that the foregoing list of factors is not exhaustive. Other risks and uncertainties not presently known to Loblaw and Shoppers Drug Mart or that Loblaw and Shoppers Drug Mart presently believe are not material could also cause actual results or events to differ materially from those expressed in its forward-looking statements. Additional information on these and other factors that could affect the operations or financial results of Loblaw, Shoppers Drug Mart or the combined company are included in reports filed by Loblaw and Shoppers Drug Mart with applicable securities regulatory authorities and may be accessed through the SEDAR website (www.sedar.com).

There can be no assurance that the proposed combination will occur or that the anticipated strategic benefits and operational, competitive and cost synergies will be realized. The proposed combination is subject to various regulatory approvals, including approvals under the Competition Act and by the TSX, and the fulfillment of certain conditions, and there can be no assurance that any such approvals will be obtained and/or any such conditions will be met. The proposed combination could be modified, restructured or terminated.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect Loblaw's and Shoppers Drug Mart's expectations only as of the date of this News Release. Loblaw and Shoppers Drug Mart disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**This News Release uses the following non-GAAP measures: EBITDA and free cash flow. Loblaw and Shoppers Drug Mart believe these non-GAAP financial measures provide useful information to both management and investors in measuring financial performance. These measurers do not have a standard meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measurers presented by other publicly traded companies, and should not be construed as an alternative to other financial measures determined in accordance with GAAP.*

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