

# Loblaw marked down as CFO Wells goes to Biovail, president Mark Foote departs

**Gary Norris & David Friend**, The Canadian Press  
Published: Monday, April 21, 2008

TORONTO - Loblaw Cos. Ltd. shares (TSX:L) were marked down sharply Monday after Canada's biggest supermarket chain lost its chief financial officer and parted ways with the president who had been hailed as a saviour when he joined the company two years ago.

CFO Bill Wells has taken the job of chief executive officer of Biovail Corp. (TSX:BVF), and Loblaw said Mark Foote, president and chief merchandising officer, "will be leaving the company as of today's date," Loblaw announced without explanation.

Allan Leighton, a longtime associate of the controlling Weston family, will become president while continuing as deputy chairman.

"At this crucial juncture, we require more focus and clarity in our leadership structure," Leighton stated. "These changes will provide this."

Foote had joined the company in April 2006, after 27 years at Canadian Tire where he had become head of retail operations.

Loblaw stock fell \$1.96 or 6.2 per cent to \$29.77 by close Monday on the news of the executive-suite shakeup - down from \$55 a year ago.

Also leaving Loblaw immediately is Pietro Satriano, executive vice-president in charge of food operations.

The latest departures come amid a long and tumultuous attempt to turn around Loblaw, after a massive and complex revamp of its merchandising strategy and supply chain fell into disorder.

The shuffle is part of an ambitious project that shouldn't be marked as a success or failure at this point, said **Peter Holden**, an analyst with **Veritas Investment Research**.

"I don't think two years is long enough to give a judgement," he said.

"When I went to the analyst day... it seemed to me that Foote and Weston got along pretty well, so it's not clear what has precipitated this, but the lines of authority at the top weren't all that clear and if nothing else this clarifies that."

A spokeswoman for Loblaw denied that there was a dispute between the executives, and couldn't confirm whether Foote was scheduled to take a job at another company.

In other changes, Bob Vaux, chief financial officer of Loblaw majority owner George Weston Ltd. (TSX:WN), adds the duties of interim CFO at Loblaw.

Frank Rocchetti, current executive vice-president of general merchandise, will succeed Foote as chief merchandising officer.

The company will report its first-quarter results April 30, after earning \$40 million in the fourth quarter of 2007, at the end of what the company has characterized as "a year of transformational change amid intense competition and pressured earnings."

Some analysts have speculated that the executive shuffle could be due to weak upcoming first quarter results, though that's unlikely, suggest Irene Nattel, an analyst at RBC Capital Markets in a note.

"We do not believe the changes have anything to do with Q1 2008 results, except to the extent that they are undoubtedly below where management and the board would like them to be," she wrote.

In the fourth quarter, results were up from a year-earlier net loss of \$756 million which included an \$800-million goodwill impairment charge. Sales in the fourth quarter were \$6.97 billion, up 2.7 per cent from a year earlier.

"Success is basically scored by the investors," **Holden** said.

"If they can deliver a quarter or several quarters in a row where they have good growth and improving margins then the stock is going to take off."