



For the nine months
ended October 30, 1999

Reitmans (Canada) Limited

Sales for the nine months ended October 30, 1999 increased 11% (7% comparable stores) to \$337,120,000 as compared with \$303,593,000 last year. Operating earnings for the period increased 57% to \$20,251,000 as compared with \$12,937,000 last year. Net earnings for the period, including the gain on the sale of our interest in NetStar Communications Inc., amounted to \$48,890,000 or \$5.39 per share as compared with \$12,628,000 or \$1.42 per share last year. As previously announced, in the first quarter, the Company sold its interest in NetStar Communications Inc. to CTV Inc. resulting in a pre-tax gain of \$45,666,000 which is included in investment income.

During the second quarter the Antels and Cactus stores were closed. The loss from discontinued operations amounts to \$3,161,000 after tax, and includes the operating losses incurred in the nine months to October 30, 1999 and management's best estimate of all expenses to be incurred in closing these Divisions. Accordingly, we have restated last year's results to classify these operations as discontinued.

Sales for the third quarter ended October 30, 1999 increased 9% (3% comparable stores) to \$112,744,000 as compared with \$103,144,000 last year. Operating earnings for the quarter amounted to \$2,704,000 as compared with \$3,228,000 last year. Net earnings for the period amounted to \$2,822,000 or 31 cents per share as compared with \$2,538,000 or 28 cents per share last year.

Significant increases in operating profit were achieved in the Reitmans and Penningtons divisions. Results were weaker in Smart Set/Dalmys which achieved extraordinary increases last year. We are very encouraged by the continuing strong improvement in all facets of these operations and look forward to continued progress.

During the quarter, we launched RW & CO. with the opening of 13 stores. Averaging 4,000 sq. ft. in major malls, RW & CO. caters to junior (18 to 30) ladies and men, offering active, casual and co-ordinated sportswear and accessories at moderate prices under the RW & CO. brand. Initial results

have been most encouraging and 9 stores are scheduled to open in Spring 2000.

In the fourth quarter to date, being the six weeks ended December 11, 1999, total Company sales increased 12% and comparable store sales increased 5%.

Year to date, the Company opened 14 Reitmans, 13 Smart Set/Dalmys, 13 Penningtons and 13 RW & CO. stores. Fifty-four (54) stores were closed. At October 30, 1999, there were 597 stores in operation, consisting of 338 Reitmans, 151 Smart Set/Dalmys, 95 Penningtons and 13 RW & CO. An additional 7 stores are scheduled to open this year and 17 stores will be closed.

The Year 2000 issue and the Company's information technology have been a priority for management for some years. We believe that the Company's hardware and software is now Y2K compliant. We have sought assurances from our outside vendors, finance and service suppliers that they are also Y2K compliant. All major corporations can be affected by the Year 2000 preparedness of other parties and in that regard, the Company cannot be certain that all aspects of the Year 2000 issue will be resolved by external parties. The Company has been assessing the areas of risk and planning accordingly to minimize the potential impact of problems arising from external sources.

At the Board of Directors meeting held on December 14, 1999, a quarterly cash dividend of 16 cents per share on all outstanding Class A non-voting and Common Shares of the capital stock of the Company was declared payable January 28, 2000, to shareholders of record as of the close of business January 14, 2000.



JEREMY H. REITMAN
President

Montreal, December 14, 1999

Reitmans



D A L M Y S

Penningtons
SUPERSTORE

RW & CO.

STATEMENT OF EARNINGS
(unaudited)

(in thousands except per share amounts)	For the nine months ended		For the three months ended	
	October 30 1999	October 31 1998	October 30 1999	October 31 1998
		(Restated)		(Restated)
Sales	\$ 337,120	\$ 303,593	\$ 112,744	\$ 103,144
Cost of goods sold and selling, general and administrative expenses	308,307	283,210	106,866	97,211
	28,813	20,383	5,878	5,933
Depreciation and amortization	8,562	7,446	3,174	2,705
Operating earnings	20,251	12,937	2,704	3,228
Investment income	49,508	7,166	1,272	1,942
Interest on long-term debt	608	1,126	4	394
Earnings from continuing operations before income taxes	69,151	18,977	3,972	4,776
Income taxes	17,100	4,027	1,150	1,339
Earnings from continuing operations	52,051	14,950	2,822	3,437
Loss from discontinued operations	(3,161)	(2,322)	-	(899)
Net earnings	\$ 48,890	\$ 12,628	\$ 2,822	\$ 2,538
Earnings per share from continuing operations:				
Basic	\$ 5.94	\$ 1.69	\$ 0.31	\$ 0.38
Fully diluted	\$ 5.73	\$ 1.69	\$ 0.31	\$ 0.38
Earnings per share:				
Basic	\$ 5.58	\$ 1.42	\$ 0.31	\$ 0.28
Fully diluted	\$ 5.39	\$ 1.42	\$ 0.31	\$ 0.28

The Company's current tax liability has been reduced by the utilization of approximately \$12,300,000 of loss carry-forwards.

CONSOLIDATED STATEMENT OF CASH FLOWS
(unaudited)

(in thousands)	For the nine months ended	
	October 30 1999	October 31 1998
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Earnings from continuing operations	\$ 52,051	\$ 14,950
Adjustments for:		
Depreciation and amortization	8,562	7,446
Deferred income taxes	3,843	2,275
Investment income including gain on sales of securities of \$43,615 (1998 - \$1,238)	(49,508)	(7,166)
Cash from continuing operations before the undernoted	14,948	17,505
Changes in non-cash working capital	(4,536)	(16,079)
Cash from continuing operations	10,412	1,426
Discontinued operations	(773)	(1,638)
	9,639	(212)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in marketable securities	(18,515)	(16,165)
Investment income, excluding gain (loss) on sale of marketable securities	5,893	5,928
	(12,622)	(10,237)
Net additions to capital assets	(36,423)	(12,444)
Net proceeds on sale of NetStar	90,396	-
Investment in NetStar	(169)	(2,236)
	41,182	(24,917)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share capital	1,262	413
Repayment of long-term debt	(29,000)	-
Purchase of Class A non-voting shares for cancellation	-	(2,859)
Dividends paid	(4,207)	(3,462)
	(31,945)	(5,908)
NET INCREASE (DECREASE) IN CASH POSITION DURING THE PERIOD	18,876	(31,037)
CASH POSITION AT BEGINNING OF THE PERIOD	19,416	33,785
CASH POSITION AT END OF THE PERIOD	\$ 38,292	\$ 2,748

Cash position consists of cash balances with banks and investments in short-term deposits.