Loblaw
COMPANIES LIMITED

Management Proxy Circular

LOBLAW COMPANIES LIMITED
ANNUAL MEETING MAY 6, 2009

THIS DOCUMENT CONTAINS

- NOTICE OF MEETING
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Loblaw
COMPANIES LIMITED

Management Proxy Circular

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Loblaw
COMPANIES LIMITED

March 27, 2009

Invitation to Shareholders

Fellow Shareholder,

It is my pleasure to invite you to the Annual Meeting of Shareholders, which will be held on Wednesday, May 6, 2009, at 11:00 a.m. (local time) at the Metro Toronto Convention Centre, South Building, Meeting Room 701, 222 Bremner Boulevard, Toronto, Ontario, Canada. The Notice of Annual Meeting and related materials are enclosed.

This Management Proxy Circular describes the business to be conducted and other important matters to be discussed at the Annual Meeting. It is important that you exercise your vote, either in person at the Meeting or by completing and sending in your proxy form.

We hope you will be able to join us in person, or through our webcast, which will be available live from the Investor Zone section of the Corporation's website at www.loblaw.ca. A replay version of the Meeting will continue to be available on our website following the Meeting.

Yours very truly,

Galen G. Weston
Executive Chairman

Loblaw
COMPANIES LIMITED

Notice of Annual Meeting of Shareholders

The 2009 Annual Meeting of Shareholders of Loblaw Companies Limited will be held on Wednesday, May 6, 2009, at 11:00 a.m. (local time), at the Metro Toronto Convention Centre, South Building, Meeting Room 701, 222 Bremner Boulevard, Toronto, Ontario, Canada, for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the financial year ended January 3, 2009, and the auditors' report thereon;
2. to elect the directors of the Corporation;
3. to appoint KPMG LLP as the Corporation's auditors and authorize the directors to fix their remuneration; and
4. to transact such other business as may properly be brought before the Annual Meeting.

Holders of common shares of the Corporation at the close of business on March 18, 2009, are entitled to vote at the Annual Meeting.

Shareholders are entitled to vote at the Annual Meeting either in person or by proxy. Any shareholder who is unable to attend the Annual Meeting in person is requested to either complete, date, sign and return the enclosed form of proxy in the envelope provided for that purpose to the Corporation's transfer agent, Computershare Investor Services Inc., or vote via the Internet.

The Management Proxy Circular and form of proxy accompany this Notice of Annual Meeting of Shareholders.

Dated at Toronto, Ontario, this 27th day of March, 2009.

BY ORDER OF THE BOARD OF
DIRECTORS

Robert A. Balcom
Senior Vice President and Secretary

Please Note:

In order to attend the Annual Meeting, all shareholders and guests should have photo identification and will require an admittance card which will be provided by the transfer agent. Security measures will be in force. No cameras, parcels, knapsacks or bags will be allowed into the meeting.

NOTE: Registered shareholders wishing to receive (or continue to receive) interim financial statements and interim management's discussion and analysis by mail during 2009 must mark the request box at the bottom of their form of proxy, and non-registered shareholders must complete and return the enclosed interim report request form. **Unless you request them, interim reports will not be sent to you**. Financial results are announced by media release, and financial statements and management's discussion and analysis are available on the Loblaw Companies Limited website at www.loblaw.ca.

Some households may receive multiple copies of annual reports in shareholder mailings as a result of having multiple registered shareholders residing at that address. Registered shareholders may decline to receive future annual reports, containing annual financial statements and annual management's discussion and analysis, by marking the annual report box at the bottom of the form of proxy. In order to receive future annual reports, non-registered shareholders must complete and return the enclosed annual report request form.

SECTION 1 Voting Information

About this Circular and Related Proxy Materials

We are providing you with this Management Proxy Circular (the “Circular”) and other proxy materials in connection with the Annual Meeting of Shareholders (the “Meeting”) of Loblaw Companies Limited (the “Corporation”) to be held on Wednesday, May 6, 2009, at 11:00 a.m. (local time), at the Metro Toronto Convention Centre, South Building, Meeting Room 701, 222 Bremner Boulevard, Toronto, Ontario, Canada.

This Circular describes the items to be voted on at the Meeting as well as the voting process, and provides information about director and executive compensation, our corporate governance practices and other relevant matters.

Please see the “Voting Process” section below for an explanation of how you can vote on the matters to be considered at the Meeting, whether or not you decide to attend the Meeting.

Unless otherwise indicated, all amounts in this Circular are in Canadian dollars and information is current as of March 27, 2009.

Business of the Meeting

At the Meeting, the annual financial statements of the Corporation and the auditors’ report thereon will be placed before the shareholders. In addition, shareholders will be voting on: (i) the election of directors; and (ii) the appointment of the auditors and the authorization of the directors to fix their remuneration. We are not aware of any other matters to be considered at the Meeting. However, you may also vote on any other business that may properly come before the Meeting.

In addition, the Corporation’s management will report on the performance of the Corporation and respond to questions from shareholders.

Voting Process

Who can vote?

Holders of common shares of the Corporation (the “Common Shares”) as at the close of business on March 18, 2009, are entitled to vote at the Meeting. Each Common Share is entitled to one vote. As of March 27, 2009, the Corporation had 274,173,564 Common Shares issued and outstanding.

A simple majority of the votes cast at the Meeting is required to approve each of the items specified in the notice of meeting which accompanies this Circular.

How do I vote?

The voting process for both registered shareholders and non-registered shareholders is as follows:

Registered Shareholders

Registered shareholders hold Common Shares directly in their name. If you are a registered shareholder, you can vote in one of two ways:

1. In Person

If you are a registered shareholder and wish to vote your Common Shares in person at the Meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the Corporation’s transfer agent, Computershare Investor Services Inc. (“Computershare”), upon arrival at the Meeting.

2. Via Proxy

If it is not convenient for you to attend the Meeting, you may vote via proxy in one of two ways:

- You can authorize the management representatives named in the enclosed proxy form (also available through the Internet at www.investorvote.com) to vote your shares. If returning the proxy by mail, complete the enclosed proxy form by indicating how you want your shares voted. Sign, date and return the proxy form in the envelope provided. Computershare's address for receiving proxies is 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1; or

- **You may appoint another person to attend the Meeting on your behalf and vote your shares. If you choose this option, print the person's name in the blank space provided on the back of the proxy form and indicate how you want your shares voted. If returning the proxy form by mail, please use the envelope provided as described above.** You may choose anyone to be your proxyholder; the person does not have to be another shareholder. The person you appoint must attend the Meeting and vote on your behalf in order for your votes to be counted. Proxyholders must register with representatives of Computershare when they arrive at the Meeting.

Please remember that your proxy or voting instruction form must be received by 5:00 p.m. (local time) on May 4, 2009, or, if the Meeting is adjourned, before 5:00 p.m. (local time) on the second last business day before any adjournment thereof.

If you have returned a proxy form or given voting instructions, you may revoke them in any of the following ways:

- by completing and signing a proxy form with a later date than the proxy form you previously returned and delivering it to Computershare;
- by delivering a written statement signed by you or your attorney authorized in writing to (a) the offices of Computershare at any time before 5:00 p.m. (local time) on May 4, 2009, or, if the Meeting is adjourned, before 5:00 p.m. (local time) on the second last business day before any adjournment thereof; or (b) the Secretary of the Meeting before the Meeting starts; or
- in any other manner permitted by law.

Non-Registered Shareholders
Non-registered shareholders beneficially own Common Shares but the shares are held in the name of a nominee, such as a bank, broker or trust company. If you are a non-registered shareholder, you may vote your shares in one of two ways:

1. In Person

If you wish to attend the Meeting and vote in person, you should do one of the following:

- If you have received a proxy form from your intermediary, insert your own name in the blank space on the form to appoint yourself as proxyholder. If the intermediary has not signed the form, you must sign and date it. Follow your intermediary's instructions for returning the proxy form. Do not otherwise complete the form as your vote will be taken at the Meeting; or
- If you have received a voting instruction form from your intermediary, follow your intermediary's instructions for completing the form.

2. Via Proxy

If it is not convenient for you to attend the Meeting, you should do one of the following:

- If you have received a proxy form from your intermediary, you may vote by authorizing the management representatives named on the form to vote your shares. If you choose this option, you may complete the proxy form by indicating how you want your shares to be voted. If the intermediary has not signed the proxy form, you must sign and date it. Return the completed proxy form as indicated on the form. **Alternatively, you may appoint another person to attend the Meeting on your behalf and vote your shares by printing that person's name in the blank space on the form and indicating how you want your shares to be voted.** The person you choose does not have to be another shareholder. The person named on the form must attend the Meeting and vote on your behalf in order for your votes to be counted; or
- If you have received a voting instruction form from your intermediary, follow your intermediary's instructions for completing the form.

You may revoke a proxy or voting instruction (or a waiver of the right to receive meeting materials and to vote) given to your intermediary by written notice to the intermediary provided that the revocation is received by the intermediary at least seven days before the Meeting. If your revocation is not received by that time, your intermediary is not required to act on it.

How will my shares be voted if I appoint a proxyholder?

Your proxyholder must vote your shares in accordance with your instructions if you have completed and signed the enclosed proxy form correctly and delivered it to Computershare.

If you have not specified how to vote on a particular matter, then your proxyholder can vote your shares as he or she sees fit. **If you have appointed the management representatives named on the enclosed form of proxy as your proxyholder and you have not specified how you want to vote, your shares will be voted as follows:**

- **FOR the election of the directors; and**
- **FOR the appointment of KPMG LLP as the auditors of the Corporation and the authorization of the directors to fix their remuneration.**

What happens if any amendments are made to these matters or if other matters are properly brought before the Meeting?

Your proxyholder will have discretionary authority to vote your shares as he or she sees fit with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders that accompanies this Circular and with respect to other matters which may properly come before the Meeting. As of March 27, 2009, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting.

Who is soliciting my proxy?

Management of the Corporation is soliciting proxies for use at the Meeting. The Corporation is soliciting proxies by mail and its employees may also solicit them personally. The costs of such solicitation will be paid by the Corporation.

Is my vote confidential?

Yes, proxies returned to Computershare are counted and tabulated to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management, in the event of questions as to the validity of the proxy, or where it is necessary to do so to meet applicable legal requirements.

Controlling Shareholder

As at March 27, 2009, George Weston Limited (the Corporation's parent corporation) ("Weston") beneficially owned, directly or indirectly through its subsidiaries, a total of 169,576,651 Common Shares, representing approximately 61.85% of the outstanding Common Shares. Weston is controlled by Mr. W. Galen Weston. Note 29 to the Corporation's 2008 consolidated financial statements provides information on certain transactions that the Corporation entered into with Weston in 2008 and 2007. As of March 27, 2009, Mr. W. Galen Weston also beneficially owned 3,695,484 Common Shares, representing approximately 1.3% of the outstanding Common Shares. To the knowledge of the Corporation, no other person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the outstanding Common Shares.

SECTION 2 Business of the Meeting

Financial Statements and Auditors' Report

The Corporation's annual consolidated financial statements for the year ended January 3, 2009, and the auditors' report thereon, will be presented at the Meeting. These documents are included in the 2008 Annual Report. A copy of the 2008 Annual Report is available on SEDAR at www.sedar.com.

Election of Directors

On March 12, 2009, the board of directors of the Corporation (the "Board"), in accordance with the Corporation's by-laws, determined that the number of directors to be elected at the Meeting will be 15.

It is proposed that the persons named below be nominated for election as directors of the Corporation. All nominees, other than Messrs. Stephen E. Bachand and Paviter S. Binning, are currently directors of the Corporation and have established their eligibility and willingness to continue to serve as directors. Mr. Bachand is the retired President and Chief Executive Officer of Canadian Tire Corporation, Limited and is currently a director of Weston, but will not be standing for re-election at the Weston Annual Meeting of Shareholders. Mr. Binning is the Executive Vice President and Chief Financial Officer of Nortel Networks Corporation. Management does not believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons designated in the enclosed form of proxy may vote for another nominee at their discretion. Each director shall hold office until the next annual meeting of shareholders or until the director resigns or a successor is elected or appointed.

The following pages set out the name of each proposed nominee for election as director, together with his or her age, place of residence, year first elected or appointed as a director, principal occupation and other directorships. Also indicated for each nominee are the number of securities of the Corporation and Weston beneficially owned by him or her, or over which he or she exercises control or direction, as well as whether the nominee meets the share ownership guideline, in each case, as of January 3, 2009.

Nominees for Election to the Board of Directors

Stephen E. Bachand, 70
Ponte Vedra Beach, Florida

Director Nominee
Independent Director

Mr. Bachand, a corporate director, is the retired President and Chief Executive Officer of Canadian Tire Corporation, Limited.

Mr. Bachand graduated from Williams College with a B.A. and from the Darden School of the University of Virginia with an M.B.A.

Mr. Bachand is a director of Weston.

In the past five years, Mr. Bachand has also served as a director of Fairmont Hotels and Resorts Inc., Canadian Pacific Railway Limited and the Bank of Montreal.(1)

Committee Memberships	Shareholdings	2008	2007
	Common	4,500	4,500
	Weston DSUs	4,595	1,584

(1) Mr. Bachand was a director of Krystal Bond Inc. when it became subject to a cease trade order on April 12, 2002 for failure to file financial statements. It has since ceased to operate as a going concern. Mr. Bachand is no longer a director of Krystal Bond Inc.

Paul M. Beeston, C.M., F.C.A., 63
Toronto, Ontario

Director Since: 2005
Independent Director
Meets share ownership guidelines

Mr. Beeston is the interim Chief Executive Officer of the Toronto Blue Jays Baseball Team. He is the former President and Chief Executive Officer of Major League Baseball and former President of the Toronto Blue Jays Baseball Team.

Mr. Beeston graduated from the University of Western Ontario with a B.A. and is a chartered accountant.

Mr. Beeston is a director of President's Choice Bank (a subsidiary of the Corporation). Mr. Beeston is also Chairman of the Centre for Addiction and Mental Health.

In the past five years, Mr. Beeston has served as a trustee of Newport Partners Income Fund.

Committee Memberships	Shareholdings	2008	2007
Audit	Common	7,900	7,900
Governance, Employee Development, Nominating and Compensation	DSUs	10,518	6,086

Paviter S. Binning, 48
Toronto, Ontario

Director Nominee
Independent Director

Mr. Binning is the Executive Vice President, Chief Financial Officer and Chief Restructuring Officer of Nortel Networks Corporation and is a member of the Nortel Executive Committee.(2) Prior to joining Nortel, Mr. Binning held senior financial roles at Hanson plc, Marconi Corporation plc and Telent plc. Mr. Binning previously held various senior corporate and operational finance roles at Diageo plc (a global consumer goods company).

Mr. Binning is a fellow of the Chartered Institute of Management Accountants (U.K.).

In the past five years, Mr. Binning has served as director of Hanson plc, Marconi Corporation plc and Telent plc.

Committee Memberships	Shareholdings	2008	2007

(2) In November of 2007, Mr. Binning was appointed Chief Financial Officer of Nortel Networks Corporation. On January 14, 2009, Nortel Networks Corporation filed for creditor protection under the *Companies' Creditors Arrangement Act* in Canada. As well, certain of Nortel Networks Corporation's subsidiaries filed voluntary petitions in the United States under Chapter 11 of the *U.S. Bankruptcy Code* and in other jurisdictions under equivalent restructuring regimes.

Gordon A.M. Currie, 50
Toronto, Ontario

Director Since: 2006
Non-Independent Director

Mr. Currie is Executive Vice President and Chief Legal Officer of the Corporation and of Weston. He was formerly Senior Vice President and General Counsel of Direct Energy.

Mr. Currie graduated from the University of Western Ontario with a B.A. and from the University of Toronto with an LL.B.

Committee Memberships	Shareholdings	2008	2007
Pension and Benefits	Common	1,000	1,000
	Weston Common	1,720	835

Camilla H. Dalglish, 71
Toronto, Ontario

Director Since: 1991
Non-Independent Director
Meets share ownership guidelines

Mrs. Dalglish, a corporate director, is a director of The W. Garfield Weston Foundation, The Garfield Weston Foundation, London, UK and is also a former director of the Nature Conservancy of Canada.

Mrs. Dalglish is the former President of the Civic Garden Centre and a former director of the Royal Botanical Gardens.

Mrs. Dalglish graduated from McGill University with a B.A.

Committee Memberships	Shareholdings	2008	2007
Environmental, Health and Safety	Common	2,800	2,800
	DSUs	12,398	9,290
	Second Preferred Shares Series A	4,000	—
	Weston Common	310,560	310,560
	Weston Preferred Shares Series I	20,000	20,000
	Weston Preferred Shares Series II	40,000	40,000
	Weston Preferred Shares Series III	20,000	20,000

Anthony S. Fell, O.C., 70
Toronto, Ontario

Director Since: 2001
Independent Director
Lead Director
Meets share ownership guidelines

Mr. Fell is the former Chairman of RBC Capital Markets Inc. (investment and financial corporation) and former Chairman and Chief Executive Officer of RBC Dominion Securities and former Deputy Chairman of Royal Bank of Canada.

Mr. Fell is Chairman of the Munich Reinsurance Company of Canada and a director of BCE Inc. and CAE Inc.

Committee Memberships	Shareholdings	2008	2007
Governance, Employee Development, Nominating and Compensation (Chair)	Common	20,000	20,000
Pension and Benefits (Chair)	DSUs	15,159	10,770

Anthony R. Graham, 52
Toronto, Ontario

Director Since: 1999
Non-Independent Director
Meets share ownership guidelines

Mr. Graham is President and a director of Wittington Investments, Limited and President and Chief Executive Officer of Sumarria Inc. He is the former Vice-Chairman and director of National Bank Financial and Senior Executive Vice President and Managing Director of Lévesque Beaubien Geoffrion Inc.

Mr. Graham is Chairman and a director of President's Choice Bank (a subsidiary of the Corporation). He is also a director of Weston, Brown Thomas Group Limited, Graymont Limited, Holt, Renfrew & Co., Limited, Power Corporation of Canada, Power Financial Corporation and Selfridges & Co. Ltd.

Committee Memberships	Shareholdings	2008	2007
Executive	Common	10,000	10,000
Governance, Employee Development, Nominating and Compensation	DSUs	13,585	9,360
Pension and Benefits	Weston Common	10,000	10,000
	Weston DSUs	9,668	6,413

John S. Lacey, 65
Toronto, Ontario

Director Since: 2007
Non-Independent Director

Mr. Lacey is Chairman of the Advisory Board of Tricap Restructuring Fund. Mr. Lacey serves as an advisor to the Chairman of the Board of Weston. He is the former President and Chief Executive Officer of the Oshawa Group (a major food retailer, now part of Sobeys Inc.).

Mr. Lacey graduated from Kearsney College, South Africa and the Harvard Graduate School of Business Administration.

Mr. Lacey is a director of TELUS Corporation and Ainsworth Lumber Co. Ltd.

In the past five years, Mr. Lacey has served as a director of Canadian Imperial Bank of Commerce, Canadian Tire Corporation Limited, Stelco Inc.(3), Alderwoods Group, Inc. and The Loewen Group(4).

Committee Memberships	Shareholdings	2008	2007
	Common	2,009	2,009
	DSUs	5,270	1,711

Allan L. Leighton, 55
Toronto, Ontario

Director Since: 2006
Non-Independent Director

Mr. Leighton is Deputy Chairman and President of the Corporation and Deputy Chairman of Weston. He is also Deputy Chairman of Selfridges & Co. Ltd.

Mr. Leighton is the former President and Chief Executive Officer of Wal-Mart Europe. He held executive positions, including Chief Executive, with Asda Stores Ltd. from 1992 to 2000.

Mr. Leighton is a graduate of the Advanced Management Program at Harvard University.

Mr. Leighton is a director of Weston, BskyB plc, Selfridges & Co. Ltd., Holt, Renfrew & Co., Limited and Brown Thomas Group Limited.

In the past five years Mr. Leighton has also served as Chairman of Royal Mail Group (U.K. Postal Service) and as a director of BHS Ltd. Mr. Leighton was a member of the board of directors of Leeds United Football, PLC.(5)

Committee Memberships	Shareholdings	2008	2007
Executive	Common	1,711	—
	Weston Common	4,781	2,648

(3) In March 2006, Mr. Lacey joined the board of directors of Stelco Inc. as a nominee of Tricap Management Limited. Stelco filed for protection under the *Companies' Creditors Arrangement Act* in January of 2004 and emerged from those proceedings in March of 2006, at which time Mr. Lacey resigned from the Stelco board of directors.

(4) Mr. Lacey was Chairman of The Loewen Group Inc. when it filed a petition for creditor protection under Chapter 11 of the *U.S. Bankruptcy Code* and the *Companies' Creditors Arrangement Act* in June of 1999. The Loewen Group Inc. has since emerged from Chapter 11 and CCAA proceedings were held in November of 2006.

(5) Mr. Leighton was a member of the board of directors of Leeds United Football, PLC when that company was subject to administration proceedings.

Nancy H.O. Lockhart, O. Ont., 54
Toronto, Ontario

Director Since: 2005
Independent Director
Meets share ownership guidelines

Ms. Lockhart is the Chief Administrative Officer of Frum Development Group (property development and management corporation) and a former Vice President of Shoppers Drug Mart Corporation.

Ms. Lockhart is a director of the Canada Deposit Insurance Corporation and The Stratford Chef's School. She is a former Chair of the Ontario Science Centre, former President of the Canadian Club of Toronto and a former Chair of the Canadian Film Centre.

Ms. Lockhart is also a former member of the Board of Trustees of Retirement Residences Real Estate Investment Trust.

Committee Memberships	Shareholdings	2008	2007
Environmental, Health and Safety (Chair)	Common	750	750
Governance, Employee Development, Nominating and Compensation	DSUs	10,405	6,165
	Weston Common	1,860	1,860

Pierre Michaud, C.M., 65
Montreal, Quebec

Director Since: 1999
Non-Independent Director
Meets share ownership guidelines

Mr. Michaud is Vice-Chairman of Laurentian Bank of Canada and is a former director and past Chairman of Provigo Inc. (a subsidiary of the Corporation). He is the founder of Réno Dépot Inc.

Mr. Michaud is a director of Bombardier Recreational Products Inc., Gaz Métro Inc. and Capital GVR Inc.

In the past five years, Mr. Michaud has also served as a director of Laurentian Trust of Canada Inc., Réno Dépot Inc., Capital d'Amerique CDPQ and the Old Port of Montreal Corporation.

Committee Memberships	Shareholdings	2008	2007
Environmental, Health and Safety	Common	24,866	24,866

Thomas O'Neill, F.C.A., 63
Toronto, Ontario

Director Since: 2003
Independent Director
Meets share ownership guidelines

Mr. O'Neill, a corporate director, is the retired Chairman of PricewaterhouseCoopers Consulting. Mr. O'Neill was previously Chief Executive Officer, and prior to that, Chief Operating Officer, of PricewaterhouseCoopers LLP.

Mr. O'Neill graduated from Queen's University with a B.Comm. and is a chartered accountant. Mr. O'Neill received an Honorary LL.D. from Queen's University.

Mr. O'Neill is the Chairman and a director of BCE Inc. and a director of Nexen Inc., The Bank of Nova Scotia and Adecco S.A. He is a member of the External Audit Committee of the International Monetary Fund. He is a former director of Dofasco Inc.

Mr. O'Neill is a director of St. Michael's Hospital and is a former Vice-Chair of the Board of Governors of Queen's University and a past member of the Advisory Council of Queen's University School of Business.

Committee Memberships	Shareholdings	2008	2007
Audit (Chair)	Common	3,703	2,000
	DSUs	6,504	4,274
	Weston Common	500	500

Karen Radford, 40
Montreal, Quebec

Director Since: 2008
Independent Director

Ms. Radford is Executive Vice President and President, TELUS Québec and TELUS Partner Solutions.

Ms. Radford graduated from Mount Allison University with a B.Sc. and from Dalhousie University with an M.B.A.

Ms. Radford serves as a special adviser to Youth in Motion. She is a member of the Alberta Children's Hospital Foundation Board of Trustees and is president and co-founder of the Women's Leadership Foundation. She is also a member of the TELUS Montreal Community Board and the Fondation du maire de Montreal pour la jeunesse.

Committee Memberships	Shareholdings	2008	2007
Environmental, Health and Safety	Common	—	—
	DSUs	2,814	—

Galen G. Weston, 36
Toronto, Ontario

Director Since: 2006
Non-Independent Director
Meets share ownership guidelines

Mr. Weston is Executive Chairman of the Corporation. He previously held several senior executive positions with the Corporation and its subsidiaries. Prior to joining the Corporation, he was an Investment Banking Analyst for Salomon Brothers in the U.K.

Mr. Weston graduated from Harvard University with a B.A. and from Columbia University with an M.B.A.

Mr. Weston is a director of Wittington Investments, Limited.

In the past five years, Mr. Weston has served as a director of Weston.

Committee Memberships	Shareholdings	2008	2007
Executive (Chair)	Common	290,000	290,000
	Weston Common	255,000	255,000

John D. Wetmore, 59
Toronto, Ontario

Director Since: 2006
Independent Director
Meets share ownership guidelines

Mr. Wetmore, a corporate director, is the retired Vice President, Contact Centre Development, IBM Americas. He was formerly President and Chief Executive Officer of IBM Canada.

Mr. Wetmore graduated from the University of Waterloo with a Bachelor of Mathematics (Honours) and from the Advanced Executive Program at the Kellogg School, Northwestern University.

Mr. Wetmore is a director of Research in Motion Limited ("RIM")[(6)] and a Trustee of Resolve Business Outsourcing Income Fund.

Committee Memberships	Shareholdings	2008	2007
Audit	Common	10,000	4,000
Pension and Benefits	DSU	3,283	1,350

(6) As a director of RIM, Mr. Wetmore was subject to a management cease trade order issued by the Ontario Securities Commission on November 7, 2006, as a result of RIM not having filed its second quarter financial statements for fiscal 2007 before the statutory filing deadline. That order ceased to be in effect as of May 23, 2007, as a result of RIM making all required filings pursuant to Ontario securities laws.

Appointment of Auditors

The Board is recommending that KPMG LLP be appointed as the auditors of the Corporation to hold office until the next annual meeting of shareholders of the Corporation and that the directors be authorized to fix KPMG LLP's remuneration. KPMG LLP and its predecessor firms have been the Corporation's auditors for over 25 years. As part of the Corporation's corporate governance practices, the Board has adopted a policy prohibiting the auditors from providing non-audit services to the Corporation unless such services are approved in advance by the Audit Committee.

The aggregate fees paid to KPMG LLP and its affiliates for the fiscal years 2008 and 2007 are as follows:

	2008 $(000's)	**2007 $(000's)**
Audit fees(1)	2,326	2,341
Audit-related fees(2)	1,965	1,462
All other fees(3)	26	5
Total Fees	**$4,317**	**$3,808**

(1) Audit fees include fees for services related to the audit of the Corporation's consolidated financial statements.

(2) Audit-related fees include assurance and related services that are performed by the Corporation's auditors. These services include the review of quarterly reports to shareholders, audit of pension plans, comfort letters and the interpretation of accounting and financial reporting standards.

(3) All other fees relate to risk management, internal control/compliance and legislative and/or regulatory compliance services.

Shareholder Proposals

The *Canada Business Corporations Act* permits eligible shareholders of the Corporation to submit shareholder proposals for consideration at the Annual Meeting of Shareholders. No proposals were received by the deadline for the Meeting. The final date for submission of proposals by shareholders to the Corporation for inclusion in the Management Proxy Circular in connection with the 2010 Annual Meeting of Shareholders is December 27, 2009.

SECTION 3 Compensation and Attendance of the Board of Directors

Director Compensation

Compensation was paid to non-management directors on the following basis during fiscal 2008. Directors who are also members of management of the Corporation, Weston or any of their respective subsidiaries, do not receive any additional remuneration for their role as directors of the Corporation.

TYPE OF FEE	AMOUNT
	$
Annual Fees	
Board retainer	50,000
Audit committee chair	30,000(1)
Audit committee member	5,000
Chair of other board committee	7,000(1)
Member of other board committee	4,000
Attendance Fees	
Board or committee meeting	2,000
Meeting of half day or more attended at the request of the board or a committee	2,000

(1) Includes fee received as committee member

The Governance, Employee Development, Nominating and Compensation Committee (the "Governance Committee") assesses the adequacy and form of compensation paid to directors in order to ensure that their compensation is competitive and reflects their responsibilities as directors. Periodically, the Governance Committee benchmarks directors' compensation against compensation paid by major Canadian public companies similar in size to the Corporation.

The following table sets out the total compensation earned by each non-management director of the Corporation during fiscal 2008 and also illustrates the manner in which the compensation was paid for each director. Directors have the option to receive up to 100% of their annual fees in DSUs, which results in slight differences in reportable compensation.

Name	Board Retainer	Committee Chair Retainer	Committee Member Retainer	Board/ Committee Attendance Fees	Fees Paid in Cash	Fees Paid in Share-Based Awards(1)	Total Fees Earned
	($)	($)	($)	($)	($)	($)	($)
Paul M. Beeston(2)	50,000	—	9,000	72,000	—	131,000	131,000
Camilla H. Dalglish	50,000	—	4,000	34,000	—	88,000	88,000
Anthony S. Fell	50,000	14,000	—	62,000	—	126,000	126,000
Anthony R. Graham	50,000	—	8,000	64,000	—	122,000	122,000
John S. Lacey(3)	50,000	—	4,500	52,000	—	106,500	106,500
Nancy H.O. Lockhart	50,000	7,000	4,000	64,000	—	125,000	125,000
Pierre Michaud	50,000	—	4,000	36,000	210,000(4)	—	210,000(4)
Thomas C. O'Neill	50,000	30,000	—	50,000	65,000	65,000	130,000
Karen Radford(5)	45,833	—	3,667	36,000	—	85,500	85,500
John D. Wetmore	50,000	—	9,000	58,000	58,500	58,500	117,000
Joseph H. Wright(6)	12,500	—	3,250	6,000	21,750	—	21,750
Total	**$508,333**	**$51,000**	**$49,417**	**$534,000**	**$355,250**	**$907,500**	**$1,262,750**

(1) Amounts reflect grant date fair value of DSUs as calculated in accordance with the deferred share unit plan. As well, additional DSUs are accumulated based on notional equivalents of dividends on Common Shares throughout the year.

(2) Mr. Beeston resigned from the Environmental, Health and Safety Committee and was appointed to the Governance Committee, effective February 4, 2008.

(3) Mr. Lacey was appointed to the Audit Committee effective February 4, 2008, and resigned from the Audit Committee and the Governance Committee effective August 1, 2008.

(4) Mr. Michaud also received $120,000 in consulting fees for services provided to Provigo.

(5) Ms. Radford was appointed to the Board and the Environmental, Health and Safety Committee effective February 4, 2008.

(6) Mr. Wright retired from the Board effective February 4, 2008.

Deferred Share Unit Plan

Directors have the option to receive up to 100% of their annual fees in DSUs. A DSU is an amount owed by the Corporation to directors having the same value as one Common Share. The number of DSUs awarded is equal to the value of that director's compensation elected to be deferred as DSUs divided by the market price of the Common Shares on the relevant date. DSUs are not paid until the director ceases to serve on the Board, thereby providing an ongoing equity stake in the Corporation throughout the director's term as a Board member. Payment of DSUs is made, at the holder's option, in either cash or Common Shares purchased on the Toronto Stock Exchange (the "TSX"). Additional DSUs are accumulated based on notional equivalents of dividends on Common Shares. DSUs do not entitle the director to any voting or other shareholder rights.

In 2008, nine directors elected to receive all or a portion of their regular fees and attendance fees in DSUs.

Share Ownership Guidelines

Pursuant to share ownership guidelines adopted by the Board, directors are expected to hold Common Shares, DSUs, or common shares or deferred share units of Weston, with a value of not less than $250,000. In December 2008, the Governance Committee reviewed the methodology for determining the value of Common Shares, DSUs, and common shares and deferred share units of Weston held by a director and determined that such securities should be valued at the greater of (i) their cost or value at the time they were acquired; or (ii) their current market value. Directors are expected to meet this level of share ownership within five years of initially being elected or appointed to the Board. Until this level is achieved, directors must take at least 50% of their fees from the Corporation in the form of DSUs. All current directors either meet or are in the process of complying with these share ownership guidelines.

Attendance Information

The following table provides a summary of each director's attendance at Board and Committee meetings during fiscal 2008.

Directors	Board (16 meetings)	Audit Committee (8 meetings)	Environmental, Health and Safety Committee (4 meetings)	Governance Committee (12 meetings)	Pension and Benefits Committee (5 meetings)
Paul M. Beeston(1)(5)	15/16	8/8		12/12	
Gordon A.M. Currie	16/16				4/5
Camilla H. Dalglish	13/16		4/4		
Anthony S. Fell(5)	15/16			11/12	3/5
Anthony R. Graham	16/16			12/12	5/5
John S. Lacey(2)	14/16	5/6		8/9	
Allan L. Leighton	16/16				
Nancy H.O. Lockhart(5)	16/16		4/4	11/12	
Pierre Michaud	14/16		4/4		
Thomas C. O'Neill(5)	15/16	8/8			
Karen Radford(3)(5)	13/15		3/4		
Galen G. Weston	16/16				
John D. Wetmore(5)	14/16	8/8			5/5
Joseph H. Wright(4)	2/2	1/1			

(1) Mr. Beeston resigned from the Environmental, Health and Safety Committee and was appointed to the Governance Committee effective February 4, 2008.

(2) Mr. Lacey was appointed to the Audit Committee effective February 4, 2008, and resigned from the Audit Committee and Governance Committee effective August 1, 2008.

(3) Ms. Radford was appointed to the Board and the Environmental, Health and Safety Committee effective February 4, 2008.

(4) Mr. Wright retired from the Board effective February 4, 2008.

(5) In addition, Ms. Radford and Ms. Lockhart and Messrs. Beeston, Fell, O'Neill and Wetmore attended two meetings of a special committee of independent directors.

SECTION 4 Compensation Discussion and Analysis

Executive Compensation Philosophy
The primary objective of our executive compensation programs is to attract, retain and motivate qualified executives who are committed to improving the Corporation's performance and creating value for our shareholders. Our executive compensation programs play an important role in attracting and retaining talented executives. Three core principles underlie the Corporation's executive compensation programs.

1. Pay for Performance
We structure our executive compensation programs to align executive compensation with the financial performance of the Corporation. This creates a performance-based corporate culture that rewards individual contributions to the achievement of the Corporation's goals and the creation of shareholder value. A significant portion of executive compensation is in the form of at-risk pay, compensating executives for strong corporate performance. This emphasis on performance-based compensation is reflected in determining all elements of executive compensation.

2. Competitive Compensation
Competitive compensation is a vital element of our executive compensation programs, as it allows us to attract and retain talented individuals to lead the business forward in the competitive environment in which we operate. With the assistance of third-party compensation consultants, we periodically review our executive compensation programs against those of comparable companies. Through this process, we ensure that our executive compensation programs support the development and retention of our executives as they are crucial to our future successes.

3. Alignment of Executive Compensation Programs with Shareholder Interests
We structure our executive compensation programs so as to align the interests of our executives with those of our shareholders. A significant portion of executive compensation takes the form of long-term variable equity-based awards. Structuring executive compensation in this manner ensures that executives are properly motivated to maximize shareholder value over the long-term.

Executive Compensation Overview
This Compensation Discussion and Analysis focuses on the compensation of our Executive Chairman, Chief Financial Officer and our three most highly compensated executive officers, other than our Executive Chairman and Chief Financial Officer, as determined in accordance with applicable regulations (collectively, the "NEOs"). For 2008, our current NEOs are Galen G. Weston, Robert G. Vaux, Allan L. Leighton, Dalton T. Philips and Frank Rocchetti. Our executive compensation programs are specifically designed to:

a) attract, retain and motivate high-calibre executives who can contribute to the long-term success and objectives of the Corporation;

b) reward executives for achieving established performance goals; and

c) provide incentives to our executives to perform in a manner aligned with the interests of our shareholders.

The following table sets out the various components of compensation that executives (including the NEOs) receive:

Executive Compensation Components	
Base Salary	▪ Salary is based on the executive's level of responsibility, skills and experience, and the market value of the position. ▪ Adjustments to base salary are generally considered annually, taking into account the executive's overall performance and experience.
Short-Term Incentive Plan (STIP)	▪ The annual incentive program is linked to the Corporation's performance in the fiscal year. ▪ Each executive has a targeted annual bonus expressed as a percentage of base salary. ▪ Actual payout is determined by achievement of predetermined financial and/or operating performance objectives. ▪ Payouts range from zero to a maximum of 200% of an executive's bonus target. ▪ Participants have the option to receive all or a portion of their STIP award in the form of DSUs.
Long-Term Incentive Plan (LTIP)	▪ LTIP grants are generally made once per year. However, newly hired or recently promoted executives may receive an LTIP grant outside of the annual grant process. ▪ Grants are typically comprised of 2/3 Stock Options and 1/3 Restricted Share Units ("RSUs"). ▪ Individual awards are differentiated based on role and potential and expected future performance.
Retirement and Pension Arrangements	▪ The Corporation's pension plans are designed to provide a reasonable level of retirement income to executives to reward them for continued service to the Corporation. ▪ Senior executives (other than Messrs. Weston and Leighton) participate in either a defined benefit pension plan or a defined contribution pension plan and may also participate in the supplemental executive retirement plan.
Benefit Plans	▪ Executive benefit plans, paid for by the Corporation, provide health, dental, disability and insurance coverage.
Perquisites	▪ Limited perquisites are provided, including a car or car allowance, an annual medical examination and a discretionary health care spending account.

Determining the Individual Compensation of Named Executive Officers

The members of the Governance Committee are Anthony S. Fell (Chair), Paul M. Beeston, Anthony R. Graham and Nancy H.O. Lockhart. All members of the Governance Committee are independent directors except for Mr. Graham who is an executive officer of Wittington Investments, Limited ("Wittington"), the private holding corporation through which Mr. W. Galen Weston controls Weston.

The Governance Committee is responsible for providing oversight with regard to executive compensation programs and setting individual compensation for the NEOs. The Governance Committee receives assistance from several sources, both internal and external, in order to fulfill these responsibilities.

Compensation Consultants

Since 2007, the Governance Committee has retained the services of external compensation consultants Hewitt Associates to provide information and independent advice on the Corporation's executive compensation programs. Hewitt Associates reports directly to the Governance Committee and has not been retained to perform any other services for the Corporation. The Governance Committee instructs Hewitt Associates to provide its advice directly to the Governance Committee, including during in camera sessions when requested. Hewitt Associates provides an analysis of the Corporation's compensation arrangements for the NEOs but does not determine or recommend the amount of compensation for any executives.

Comparator Group Analysis and Market Data

In determining compensation for the broad executive group, our primary comparator group includes companies in the Canadian consumer products and retail sector. When there are insufficient job matches in that group, comparator data from the overall Canadian industrial and financial sector is used. The specific companies included in these comparator groups are those whose data is available through the consultant's database as discussed below. In addition, in determining compensation for the NEOs, the Governance Committee considers publicly-disclosed executive compensation information for Canadian public companies, and, in certain instances, public international retail companies whose revenues, profitability and market capitalization are comparable to those of the Corporation.

The Corporation also uses two external consulting firms, Mercer (Canada) Inc. and Hay Group Limited, to provide it with information to support the overall executive compensation programs. Annually, Hay Group provides market data which is used in determining the compensation structure for the overall executive group. Mercer provides an analysis of market trends and practices as well as specific job-based market data each year which is used to substantiate the compensation structure.

The use of comparative market data is just one of the factors used in setting compensation for the NEOs. NEO compensation could be higher or lower than the comparator data as a result of personal performance, skills or experience.

Input from Company Management

The Executive Chairman and the Deputy Chairman and President participate in the compensation process, make recommendations to the Governance Committee with respect to the other NEOs and recommend to the Governance Committee the specific business goals to be used as performance targets for the various incentive programs. The Executive Vice President, Human Resources and the Executive Vice President and Chief Legal Officer assist the Executive Chairman and the Deputy Chairman and President in developing and presenting management's recommendations and supporting material to the Governance Committee pertaining to the compensation of the NEOs.

Assessment of Individual Performance

Each year, the Executive Chairman and the Deputy Chairman and President evaluate the performance of each of the other NEOs. This performance evaluation is based upon the achievement of objectives related to both the individual and the Corporation, leadership capabilities and management team development. The Governance Committee, with participation of the entire Board, evaluates the performance of the Executive Chairman and the Deputy Chairman and President.

2008 Compensation

Base Salary

Base salaries for the NEOs are set on an individual basis and not within formalized salary ranges. Each year, the Governance Committee reviews the salary of each NEO. The Governance Committee may make adjustments to an executive's salary as a result of any change in the executive's duties and responsibilities and based on the performance and contribution of the executive, both on an individual basis and on the performance of the executive's business unit or division during the previous year. In reviewing the base salaries of the Corporation's executives, the Governance Committee also considers comparator group compensation, internal pay relationships and total employee cost.

No base salary changes were made for the NEOs in 2008 other than as follows. Mr. Rocchetti received a base salary increase in 2008 of $100,000 in recognition of his performance and appointment to the role of Chief Merchandising Officer. Mr. Vaux was appointed Chief Financial Officer of the Corporation on April 18, 2008. Prior to this date, Mr. Vaux was Chief Financial Officer of Weston, a position he continues to hold. Reflecting this additional role, Mr. Vaux's salary was set at $650,000, a portion of which is paid by Weston.

The following table sets out the 2008 base salaries as at December 31, 2008, and, if applicable, the percentage increase from 2007, for each of the NEOs:

NEO	2008 Base Salary ($)	Percentage Increase From 2007 (%)
Galen G. Weston	1,000,000	0
Robert G. Vaux(1)	650,000	n/a
Allan L. Leighton	1,000,000	0
Dalton T. Philips	484,000	0
Frank Rocchetti(2)	500,000	25

(1) Mr. Vaux's base salary is shared between the Corporation and Weston.

(2) Mr. Rocchetti's base salary increase was comprised of a merit increase and a further increase as a result of his appointment to the role of Chief Merchandising Officer.

Short Term Incentive Plan (STIP)

The short term incentive plan (the "STIP") is the primary vehicle we use to reward executives for their contributions to strong financial performance in a particular year. The purpose of the STIP is to motivate executives to enable the Corporation to achieve its financial goals and to reward them to the extent we achieve those goals. All of our executives, including the NEOs, participate in the STIP.

Earnings before interest, taxes, depreciation and amortization ("EBITDA") was chosen as the financial metric for the STIP for the NEOs because it measures the current profitability of our business and, as such, is a good indicator of overall corporate performance. Certain prescribed adjustments to EBITDA to eliminate factors not considered relevant to the true financial performance of the Corporation are approved by the Governance Committee. For example, the Committee may back-out the effect of stock-based compensation and the impact of the associated hedging arrangements. In addition, the Governance Committee retains the discretion to make appropriate adjustments to the EBITDA calculation in any given year to compensate for the effect of material transactions or unanticipated results in the relevant year. The STIP for certain executives other than the NEOs may include performance objectives based on the performance of their applicable business unit. NEOs have the option to receive all or a portion of their respective STIP awards in the form of DSUs.

The Governance Committee approves the EBITDA target for the STIP which is developed at the beginning of each fiscal year through the Corporation's annual budget and business plan process. The EBITDA target is intended to be challenging. For fiscal 2007, actual EBITDA was less than 90% of the EBITDA target and no STIP payouts were made to the NEOs. For 2008, the Governance Committee approved the EBITDA performance target after taking into account the results of 2007 and the 2008 budget and business plan prepared and presented to, and approved by, the Board. The Corporation does not disclose the EBITDA target on the basis that it is confidential and competitively sensitive and its disclosure would seriously prejudice the Corporation's interests.

Incentive opportunities for STIP participants at different levels within our organization are set as a percentage of base salary. The target incentive opportunity for each of the NEOs is 100% of base salary, other than Mr. Leighton, whose targeted payout is 150% of base salary, and Mr. Philips, whose targeted payout is 155% of base salary. The payouts for the NEOs range from zero to a maximum of 200% of bonus target depending on the Corporation's performance relative to the EBITDA target and any individual performance objectives, as applicable. The following table sets forth the STIP target, maximum STIP award and 2008 STIP award for each NEO.

NEO	STIP Target as Percentage of Base Salary (%)	STIP Target ($)	Maximum STIP Award ($)	2008 STIP Award ($)
Galen G. Weston	100	1,000,000	2,000,000	1,183,800
Robert G. Vaux(1)	100	650,000	1,176,500	804,700
Allan L. Leighton	150	1,500,000	3,000,000	1,775,700
Dalton T. Philips	155	750,000	1,500,000	887,850
Frank Rocchetti	100	500,000	1,000,000	553,691

(1) Mr. Vaux's STIP award is based 50% on the Corporation's EBITDA and 50% on the performance of Weston businesses in accordance with Weston's short term incentive plan.

Long Term Incentive Plan (LTIP)

The purpose of the equity-based Long Term Incentive Plan (the "LTIP") is to motivate executives to achieve long-term performance goals which will increase shareholder return on investment. Under the LTIP, we award long-term incentives to executives in the form of stock options and RSUs, the value of which are directly linked to the creation of shareholder value.

LTIP awards are typically granted in March during an open trading window in accordance with the Corporation's Security Trading Guidelines. The Committee uses this schedule for grants because it follows the announcement of the year-end financial results. The Corporation does not backdate or re-price equity incentives. "Off-cycle" grants are made to newly hired or promoted executives during open trading windows following the release of quarterly financial results.

An LTIP target value is established annually for each NEO and is primarily based on the Committee's assessment of the executive's role, responsibility and performance. The target value is calculated as a percentage of base salary. Typically, two-thirds of this value is delivered through stock options and one-third is delivered through RSUs.

Stock Option Plan

The Governance Committee administers the Corporation's stock option plan (the "Stock Option Plan"), approves the participants, makes grants of options and establishes any limitations, restrictions and conditions upon any grants of options. Any employee or officer of the Corporation or any of its affiliates, as determined by the Governance Committee, may participate in the Stock Option Plan.

As of March 27, 2009, options to purchase 10,224,563 Common Shares were outstanding and 3,484,115 Common Shares were available for future option grants, representing approximately 1.27% of the number of issued and outstanding Common Shares as of that date. In order to limit the dilutive effects of stock options on share value, the Corporation seeks to maintain the total number of Common Shares issuable pursuant to the Stock Option Plan at 5% or less of the number of issued and outstanding Common Shares. The Stock Option Plan provides that Common Shares issuable pursuant to outstanding options that are, for any reason, cancelled, expired, forfeited or terminated without having been exercised will again be available for grants under the Stock Option Plan.

The exercise price for options granted under the Stock Option Plan may not be lower than the fair market value of the Common Shares, which is defined as the greater of: (i) the weighted average of the trading prices of the Common Shares for the five trading days prior to the grant date; or (ii) the weighted average of the trading prices of the Common Shares on the trading day prior to the grant date.

Options may not be exercised prior to the first anniversary of the date of the grant. The vesting of options is otherwise determined on the grant of the option. Generally, options vest over a five-year period at a rate of 20% per year and expire at the end of seven years. Each option has a term of not less than five and not more than ten years.

If the expiry date for an option occurs during a blackout period or other period during which an insider is prohibited from trading in securities of the Corporation pursuant to its insider trading policy, the expiry date will automatically be extended until ten business days after such period ends. Instead of receiving Common Shares on the exercise of an option, the holder may elect to receive a cash payment equal to the weighted average trading price of the Common Shares for the five trading days prior to the date of exercise, minus the exercise price. In connection with a transaction involving a change of control of the Corporation, the Board has the discretion to accelerate the vesting of the options and to provide for options that are not exercised in connection with the transaction to expire. Options are not transferable. All unvested options are cancelled if the holder resigns or is terminated. If the holder's employment is terminated without cause, the holder has 30 days to exercise vested options. If the holder retires under a retirement plan, the holder has 90 days to exercise vested options. If the holder dies, the holder's estate has 180 days to exercise vested options.

In the event of any consolidation, subdivision or reclassification of the Common Shares, or any stock dividend of Common Shares, paid otherwise than in lieu of a normal cash dividend, or any merger, amalgamation or reorganization of the Corporation, the Board will make appropriate adjustments to the number of Common Shares subject to any option then outstanding and the exercise price thereof. The Stock Option Plan provides that shareholder approval is not required for any amendments to the Stock Option Plan or an option granted under the Stock Option Plan, *except* for any amendment or modification that:

1. increases the number of Common Shares that can be issued under the Stock Option Plan, including an increase to a fixed number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;
2. reduces the exercise price of an option (including, without limitation, a cancellation and re-grant of an option, constituting a reduction of the exercise price of such option), except in connection with a change in the number of the Corporation's outstanding Common Shares by reason of a stock dividend or split, recapitalization, reorganization, merger, amalgamation, consolidation, combination or exchange of Common Shares, or another corporate change affecting Common Shares;
3. extends the term of an option beyond its original expiry date, except where the expiry date would have occurred during a blackout period or at any other time when the holder may be prohibited from trading in securities of the Corporation pursuant to the Corporation's insider trading policy;
4. changes the provisions relating to the transferability of an option;
5. extends eligibility to participate in the Stock Option Plan to a non-employee director; or
6. is required to be approved by shareholders under applicable laws, regulations or stock exchange rules.

Stock options are generally granted to participating employees of the Corporation yearly during the trading window period following the release of the Corporation's annual financial statements in March. Grants may also be made to newly hired or promoted employees during the trading windows following the release of the Corporation's quarterly financial results.

In 2008, a special stock option grant was made to recognize progress related to the Corporation's three to five year turnaround plan. This grant was in addition to the regular annual stock option grant and was calculated as 50% of the executive's annual stock option grant. This grant did not apply to Messrs. Weston, Vaux, Leighton and Philips. Mr. Rocchetti did receive this special stock option grant, with such amount reflected in the Summary Compensation Table. These special stock options vest evenly over a three-year period and expire at the end of seven years.

Restricted Share Unit Plan

The Restricted Share Unit Plan is intended to foster employee retention and ensure that the long-term compensation program is aligned with the maximization of shareholder value. The size of the annual award an executive receives is determined as part of the total LTIP award. RSUs entitle the executive to a cash payment after the end of each three-year performance period. The RSU payment is calculated by multiplying the number of RSUs vested by the weighted average price of a Common Share for the three days preceding the end of the performance period. The RSU Plan does not provide for the payment of any additional units in respect of dividends paid on Common Shares. If a participant voluntarily resigns or is terminated for cause, all RSUs will be cancelled and no payment will be made. Following the first year from the date of the grant, a participant who retires or whose employment is terminated other than for cause will be entitled to receive a prorated payment of their RSUs, based on the time elapsed in the performance period prior to the date his or her employment ceased.

In 2008, Mr. Leighton received an LTIP award of 45,321 RSUs of the Corporation with a grant value of $1.5 million. Mr. Rocchetti received an LTIP award comprised of a grant of 66,890 stock options and 6,667 RSUs with a total grant value of $800,000.

Retirement and Pension Arrangements

The Corporation's retirement and pension arrangements are designed to provide a reasonable level of retirement income to executives and to reward them for continued service with the Corporation. Senior executives other than Messrs. Weston and Leighton participate in either the Corporation's executive defined benefit registered pension plan (the "Executive DB Plan") or the executive defined contribution registered pension plan (the "Executive DC Plan"). In addition, senior executives of the Corporation whose pensionable earnings exceed prescribed levels, including the NEOs other than Messrs. Weston and Leighton, participate in a non-contributory supplemental executive retirement plan (the "SERP"). Neither Mr. Weston nor Mr. Leighton participate in any retirement plans or otherwise have retirement or pension arrangements with the Corporation.

Benefit Plans

The Corporation provides the NEOs with health, dental, disability and insurance coverage through benefit plans paid for by the Corporation.

Perquisites

NEOs receive a limited number of perquisites that are consistent with market practice for individuals at this level. These include a car or car allowance, an annual medical examination and a discretionary health care spending account.

Share Ownership Guidelines

The Corporation maintains Common Share ownership guidelines to further align the interests of senior executives with those of the Corporation's shareholders. Common share ownership under these guidelines includes ownership of Common Shares of the Corporation or Weston, RSUs, DSUs, and the in-the-money value of vested stock options of the Corporation or Weston.

The guidelines were updated in 2008 to allow for the inclusion of DSUs and RSUs in determining whether an executive meets the relevant guideline. The Governance Committee also reviewed the methodology of determining the value of the Common Shares and RSUs held by an executive and determined that such securities should be valued at the greater of (i) their cost or value at the time they were acquired; or (ii) their current market value. Previously, an executive's holdings were valued at their current market value.

Under these guidelines, senior executives are expected to own Common Shares with a value equal to a multiple of their base salary as determined by their position as follows:

- Executive Chairman – 5x base salary
- Deputy Chairman – 3x base salary
- Executive Vice Presidents – (NEOs) – 2x base salary
- Other Executive Vice Presidents – 1x base salary

Executives are expected to attain their ownership guidelines within five years of their appointment as an executive.

The beneficial Common Share ownership of each active NEO as at January 2, 2009, and the dollar value of such Common Share ownership, based on the greater of: (i) the market value using closing prices on the TSX on January 2, 2009; and (ii) the acquisition cost, are set forth in the following table:

Name	Number of Shares or Share Equivalents		Share Value ($)			Target ($)	Years Remaining to Meet Target
	Loblaw	Weston	Loblaw	Weston	Total		
Galen G. Weston	293,146	255,000	17,925,302	20,477,700	38,403,002	5,000,000	—
Robert G. Vaux	629	11,357	34,689	837,720	872,409	1,300,000	4
Allan L. Leighton	47,032	34,851	1,656,937	2,142,514	3,799,451	3,000,000	—
Dalton T. Philips	50,869	—	2,337,523	—	2,337,523	968,000	—
Frank Rocchetti	15,071	—	621,891	—	621,891	1,000,000	4

Analysis of 2008 Compensation Decisions Regarding NEOs

The following outlines the rationale behind the compensation decisions for each of the NEOs for 2008.

Galen G. Weston, Executive Chairman

The structure of the Executive Chairman's compensation is similar to that of other senior executives. In setting the total compensation of the Executive Chairman, the Governance Committee uses the same philosophy and guiding principles described above. As a result of the Corporation delivering against financial targets as prescribed by the STIP, Mr. Weston received an annual bonus of $1,183,800 for 2008.

Robert G. Vaux, Chief Financial Officer

Mr. Robert G. Vaux was appointed Chief Financial Officer of the Corporation on April 18, 2008. Prior to that, he was the Chief Financial Officer of Weston, a position he continues to hold. Mr. Vaux made a significant contribution to several critical areas of the Corporation's business during 2008, including developing and assisting in the implementation of a financing and capital strategy for the Corporation. This was accomplished despite the increased difficulty in accessing credit in the capital markets. Mr. Vaux's compensation arrangements were adjusted to reflect his additional responsibilities as Chief Financial Officer of the Corporation in addition to those he holds at Weston. The Committee, in conjunction with the Weston Governance, Human Resource, Nominating and Compensation Committee, confirmed Mr. Vaux's salary of $650,000 for the remainder of 2008. At the same time, the Governance Committees increased Mr. Vaux's annual pension payable upon retirement from $100,000 to $125,000, effective March 1, 2008. Mr. Vaux's STIP award in 2008 was $804,700, as determined in accordance with his participation in the STIP programs of the Corporation and Weston as set out in the table on page 19. Mr. Vaux also received a payment of $84,000 in recognition of his service in the capacity of Chief Financial Officer of both the Corporation and Weston in 2008.

Allan L. Leighton, Deputy Chairman and President

On April 18, 2008, Mr. Leighton was appointed to the role of President of the Corporation in addition to his roles as Deputy Chairman of both the Corporation and of Weston. Mr. Leighton has an important role in the overall strategy and direction of both the Corporation and Weston. In recognition of this increased responsibility, Mr. Leighton's employment agreements with both the Corporation and Weston were amended and his compensation increased. In keeping with the Corporation's pay for performance philosophy, a large portion of Mr. Leighton's additional compensation is in the form of at-risk pay which aligns his interests with those of the shareholders. In approving these arrangements, the Governance Committee, with the assistance of its external consultant, considered Mr. Leighton's significant international experience and the compensation arrangements of executives at a select group of leading international retailers and food product manufacturers.

Pursuant to the terms of his employment agreement with the Corporation, Mr. Leighton was awarded 45,321 RSUs of the Corporation with a grant value of $1.5 million. The Corporation has agreed to make RSU grants to Mr. Leighton in March of 2009 and March of 2010 with a grant value of $1.5 million in each year if he remains employed by the Corporation on those dates. The terms of these RSUs are the same as the terms of the RSUs described in the Restricted Share Unit Plan section on pages 20-21, other than the vesting provisions. In addition, Mr. Leighton received a special one-time bonus of $1,000,000. In accordance with the STIP, Mr. Leighton received an annual bonus of $1,775,700 in 2008.

Dalton T. Philips, Executive Vice President and Chief Operating Officer
Mr. Dalton T. Philips joined the Corporation on January 10, 2007, as Executive Vice President and Chief Operating Officer. In approving his compensation, the Governance Committee took into account the fact that the position of Executive Vice President and Chief Operating Officer was a new one for the Corporation that included a number of company-wide initiatives at a critical time in the Corporation's transformation. The Governance Committee also took into account general market conditions for executives of Mr. Philips' level and the fact that he was required to move to Canada. His initial annual base salary was set at $484,000. Mr. Philips participates in the Corporation's STIP for members of the senior management team. His target bonus is 155% of his base salary, with a maximum bonus payable of 310% of base salary. Mr. Philips also participates on a non-contributory basis in the Corporation's Executive DC Plan and in a retirement compensation arrangement established to provide reasonable retirement benefits for amounts of compensation in excess of the limits under the Corporation's other executive retirement plans. Annual funding for this arrangement is equal to approximately 55% of Mr. Philips' salary. Mr. Philips' STIP award for 2008 was $887,850.

Frank Rocchetti, Executive Vice President and Chief Merchandising Officer
Mr. Frank Rocchetti joined the Corporation in November of 2006 as Executive Vice President, Business Process Transition and was promoted to Executive Vice President and Chief Merchandising Officer on April 18, 2008. The compensation arrangements for Mr. Rocchetti were amended at that time to reflect his new role and included an increase in base salary which, in conjunction with an earlier merit increase, increased his base salary from $400,000 to $500,000. In approving this increase, the Governance Committee took into consideration his strong leadership in these challenging times and how his leadership has been instrumental in providing strategic direction to the Merchandising Group. Mr. Rocchetti participates in the Corporation's STIP for members of the senior management team. His target bonus is 100% of his base salary, with a maximum bonus payable of 200% of base salary. Mr. Rocchetti participates on a non-contributory basis in the Corporation's Executive DC Plan. Mr. Rocchetti's STIP award for 2008 was $553,691.

Termination and Change of Control Benefits

The Corporation has entered into employment agreements with each of the NEOs. The following are descriptions of the termination arrangements for the NEOs under their respective employment agreements. None of the Corporation's employment agreements with its NEOs entitles such executives to receive any payments in the event of a change in control of the Corporation.

Galen G. Weston, Executive Chairman
In the event that Mr. Weston's employment is terminated, he will be entitled to receive accrued and unpaid salary up to the date of termination and any LTIP awards in accordance with the terms of the applicable plan. The effect of his termination on his outstanding stock options and RSUs is described above under "Long Term Incentive Plan". Any incentive award will be prorated through the date of termination. Mr. Weston is not entitled to any severance, termination or change of control payments. Upon termination, Mr. Weston is subject to certain non-competition and confidentiality agreements. Mr. Weston does not participate in any of the Corporation's pension or retirement arrangements.

Robert G. Vaux, Chief Financial Officer
In the event that Mr. Vaux is terminated without cause, he will be entitled to receive his salary and target STIP bonus for a period of up to 24 months and, in addition, his LTIP awards will continue to vest until December 31, 2011, his anticipated retirement date.

In the event that Mr. Vaux is terminated for cause or resigns, he is entitled to (a) salary up to the date of termination, and (b) applicable incentive payments as provided for under the terms of such programs. Upon termination in any circumstance, Mr. Vaux is subject to certain non-competition and confidentiality agreements.

Allan L. Leighton, Deputy Chairman and President
Mr. Leighton's employment agreement provides that the Corporation may terminate his employment at any time without cause and he may resign upon six months written notice to the Corporation. In either case, Mr. Leighton will be entitled to receive salary up to the date of termination and any LTIP awards in accordance with the terms of the applicable plan. Mr. Leighton is not entitled to any severance, termination or change of control payment. The effect of his termination on his outstanding stock options and RSUs is described above under "Long Term Incentive Plans". Upon termination, Mr. Leighton is subject to certain non-competition and confidentiality agreements. Mr. Leighton does not participate in any of the Corporation's pension or retirement arrangements.

Dalton T. Philips, Executive Vice President and Chief Operating Officer
Mr. Philips' employment agreement provides that the Corporation may terminate his employment at any time without cause and he may resign upon one month's written notice to the Corporation. In either case, Mr. Philips will be entitled to receive salary up to the date of termination and pay out of any incentive plan awards in accordance with the applicable plans. Where Mr. Philips' employment is terminated without cause, Mr. Philips will be entitled to continue to receive group benefits for a period ending on the earlier of (i) 24 months following termination, and (ii) the date Mr. Philips obtains alternative employment or becomes self-employed. Upon termination, Mr. Philips is subject to certain non-competition and confidentiality agreements.

Frank Rocchetti, Executive Vice President and Chief Merchandising Officer
Mr. Rocchetti's employment agreement provides that the Corporation may terminate his employment for cause, or without cause upon the provision of 20 days' written notice, and he may resign upon 20 days' written notice to the Corporation. In the event that Mr. Rocchetti is terminated for cause or resigns, he is entitled to (a) salary up to the date of termination, and (b) applicable incentive payments as provided for under the terms of such programs. If Mr. Rocchetti's employment is terminated without cause, he is entitled to (a) salary up to the date of termination, (b) a payment in the amount of one year's base salary, (c) a payment equal to Mr. Rocchetti's STIP award for the previous year, and (d) his applicable incentive payments as provided for under the terms of such programs. In addition, Mr. Rocchetti will be entitled to continue to receive group benefits for a period ending on the earlier of (i) 12 months following termination, and (ii) Mr. Rocchetti obtaining alternative employment or becoming self-employed. Upon termination, Mr. Rocchetti is subject to certain non-competition and confidentiality agreements.

Compensation Changes for 2009

In November 2008, the Governance Committee approved an amendment to the STIP program with the introduction of a Deferred Share Unit Plan for executives, effective for 2009. Under this plan, an executive may elect to defer up to 100% of his or her STIP bonus in any year into the DSU plan, subject to an overall cap of three times the executive's base salary. All DSUs held by an executive will be paid out in cash by December 15 of the year following the year in which the executive's employment ceases for any reason. An election to participate in the plan in any year must be made before the beginning of the year and is irrevocable. The number of DSUs granted in respect of any year will be determined by dividing the STIP bonus that is subject to the DSU Plan election by the value of the Corporation's Common Shares on the date the STIP bonus would otherwise be payable. For this purpose, and for purposes of determining the value of an executive's DSUs upon conversion of the DSUs into cash, the value of the DSUs will be calculated by using the weighted average of the trading prices of the Common Shares on the TSX for the five trading days prior to the valuation date. Additional DSUs are accumulated based on notional equivalents of dividends on Common Shares.

The Governance Committee also amended the STIP such that in 2009, for certain senior executives including Messrs. Weston, Leighton, Philips and Rocchetti, 50% of their STIP award will be based upon EBITDA and 50% will be based upon the change in net debt of the Corporation. The Governance Committee made this amendment to the STIP to focus the applicable NEOs on meeting the cash flow targets set forth in the Corporation's budget.

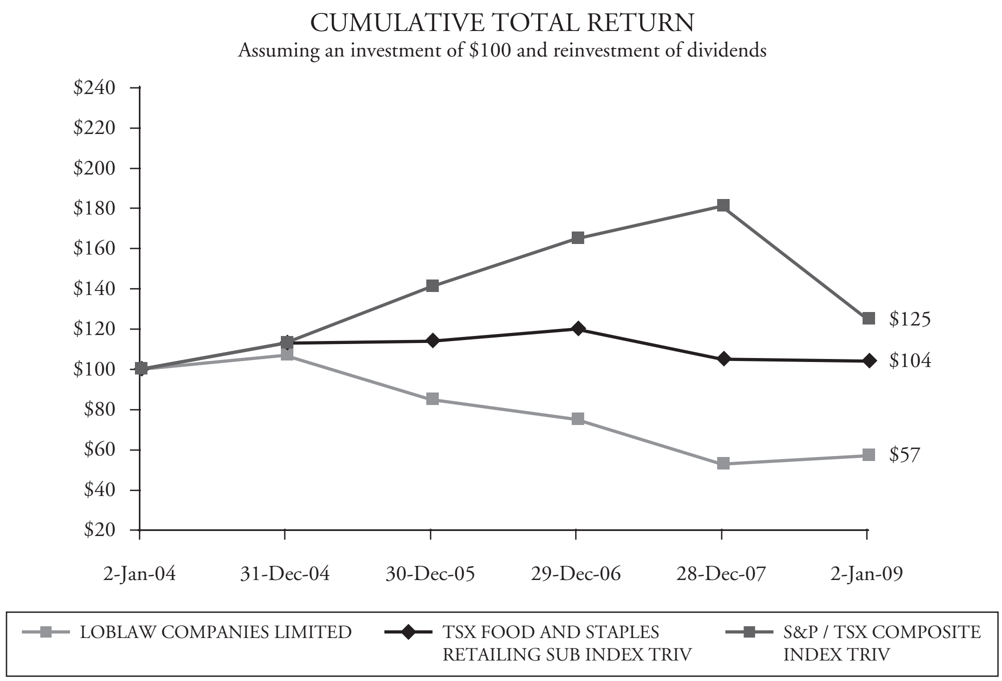
For Mr. Vaux, the Governance Committee increased his LTIP target for 2009 to $845,000. As well, Mr. Vaux's annual pension payable upon retirement was increased to $280,361, effective January 1, 2009.

In 2009, Mr. Philips is assuming additional responsibilities, including the store renovation program. In recognition of this increased responsibility, the Governance Committee approved an increase in his annual compensation of $50,000. In addition, Mr. Philips' LTIP target with respect only to 2009 was set at $1,600,000, twice his normal entitlement.

In 2009, Mr. Rocchetti is assuming additional responsibilities, including the Corporation's control label program. In recognition of this increased responsibility, the Governance Committee approved an increase in his annual compensation to $600,000. In addition, Mr. Rocchetti's LTIP target with respect only to 2009 was set at $1,200,000, twice his normal entitlement.

Performance Graph

The graph below compares the cumulative total shareholder return on $100 invested in Common Shares on January 2, 2004, with the cumulative total return of the S&P/TSX Composite Index and the Food and Staples Retailing Sub Index over the same period.



	2-Jan-04	31-Dec-04	30-Dec-05	29-Dec-06	28-Dec-07	2-Jan-09
S&P / TSX COMPOSITE INDEX TRIV	$100	$113	$141	$165	$181	$125
TSX FOOD AND STAPLES RETAILING SUB INDEX TRIV	$100	$113	$114	$120	$105	$104
LOBLAW COMPANIES LIMITED	**$100**	**$107**	**$ 85**	**$ 75**	**$ 53**	**$ 57**

	2-Jan-04	31-Dec-04	30-Dec-05	29-Dec-06	28-Dec-07	2-Jan-09
S&P / TSX COMPOSITE INDEX TRIV	18,905.25	21,444.89	26,618.80	31,213.49	34,253.31	23,622.30
TSX FOOD AND STAPLES RETAILING SUB INDEX TRIV	1,496.27	1,689.55	1,705.86	1,802.73	1,575.51	1,559.59

The Governance Committee strongly believes in the concept of pay for performance. As a result, a large percentage of the total compensation for the NEOs is at-risk pay. A significant portion of NEO compensation is based on the financial performance of the Corporation, including the expected appreciation of the Corporation's share price. As a result of the Corporation's recent financial performance, STIP and LTIP programs failed to payout at or near targeted levels during the three-year period prior to 2008. In 2008, the Corporation's improved financial performance resulted in increased compensation for the NEOs. With respect to fiscal 2008, the Corporation's share price performed consistently with the TSX Food and Staples Retailing Sub Index and significantly outperformed the TSX Composite Index.

Summary Compensation Table

The following table sets forth the compensation earned by the NEOs during the fiscal year 2008.

					Non-Equity Incentive Plan Compensation				
Name and Principal Position	**Year**	**Salary ($)**	**Share-Based Awards ($)(1)**	**Option-Based Awards ($)(2)**	**Annual Incentive Plans ($)**	**Long-Term Incentive Plans ($)**	**Pension Value ($)**	**All Other Compensation ($)(3)**	**Total Compensation ($)**
Current									
Galen G. Weston Executive Chairman	2008	1,000,000	—	—	1,183,800	—	—	69,072	2,252,872
Robert G. Vaux(4) Chief Financial Officer	2008	640,593	—	—	804,700	—	488,000	116,944	2,050,237
Allan L. Leighton(5) Deputy Chairman and President	2008	1,000,000	1,500,000	—	1,775,700	—	—	1,010,650	5,286,350
Dalton T. Philips Chief Operating Officer	2008	484,000	—	—	887,850	—	26,000	299,767	1,697,617
Frank Rocchetti(6) Chief Merchandising Officer	2008	471,288	200,000	600,000(7)	553,691	—	26,000	43,308	1,894,287
Former									
William Wells(8) Former Chief Financial Officer	2008	227,886	—	—	—	—	7,879	17,988	253,753

(1) Amounts represent the grant date fair value of RSUs awarded to the NEOs, calculated in the following manner: *RSU Value = Number of RSUs Granted x Average Share Price*.

(2) These amounts reflect the grant date fair value of the options when granted. The grant date fair value of stock options granted is calculated in the following manner: *Stock Option Value = Number of Stock Options Granted x Average Share Price x Black Scholes Value*. The Black Scholes valuation methodology is different from that used for accounting purposes, which is based on intrinsic value.

(3) Amounts under All Other Compensation include the value of special bonuses (see pages 22 and 23 with respect to Mr. Vaux and Mr. Leighton, respectively), transportation services, retirement compensation arrangements (see page 23 with respect to Mr. Philips), perquisites and payments made by the Corporation under the employee share ownership plan.

(4) Mr. Vaux was appointed Chief Financial Officer on April 18, 2008. Mr. Vaux's compensation is shared between the Corporation and Weston.

(5) Mr. Leighton was appointed President effective April 18, 2008. The compensation Mr. Leighton received from Weston for service as Deputy Chairman is not reflected in this table.

(6) Mr. Rocchetti was appointed Chief Merchandising Officer on April 18, 2008.

(7) Mr. Rocchetti's option-based award is comprised of two separate option grants, one with a grant value of $400,000 with a five-year vesting period and one with a grant value of $200,000 with a three-year vesting period.

(8) Mr. Wells resigned from the Corporation effective April 30, 2008. Pursuant to the terms of his employment agreement, Mr. Wells repaid $500,000 to the Corporation, representing one-third of the amount of his signing bonus that he received upon joining the Corporation.

Incentive Plan Awards

Incentive Plan Awards – Outstanding Share-Based Awards and Option Based Awards

The following table sets forth the number and value of outstanding share-based and option-based awards for each of the NEOs at the end of fiscal 2008.

	Option-Based Awards				Share-Based Awards	
Name of Participant	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In-The-Money Options ($)(1)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested ($)(2)
Galen G. Weston	10,340	69.63	January 20, 2012	0		
Executive Chairman	495,786	47.44	March 19, 2014	0	3,146	110,833
Robert G. Vaux(3)	3,918	53.60	January 15, 2010	0		
Chief Financial Officer	10,771	69.63	January 20, 2012	0	629	22,160
Allan L. Leighton(3)						
Deputy Chairman and President	371,839	47.44	March 19, 2014	0	45,321	1,596,659
Dalton T. Philips						
Chief Operating Officer	347,050	47.44	March 19, 2014	0	44,669	1,573,689
Frank Rocchetti	42,562	47.44	March 19, 2014	0		
Chief Merchandising Officer	25,000	50.79	May 15, 2014	0		
	44,593	28.95	March 20, 2015	0		
	22,297(4)	28.95	March 20, 2015	0	14,115	497,271

(1) Calculated based on the value of outstanding vested option-based awards.

(2) Dollar value of RSUs awarded to the NEOs is based on the closing price of the Common Shares on January 2, 2009, which was $35.23, multiplied by the number of RSUs awarded.

(3) Mr. Vaux and Mr. Leighton also received share and option-based awards from Weston.

(4) Three-year vesting period.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based and share-based awards of the NEOs that vested during fiscal 2008, as well as the value of non-equity incentive plan compensation that the NEOs earned during fiscal 2008.

Name of Participant	Option-Based Awards –Value Vested During The Year ($)	Share-Based Awards – Value Vested During The Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During The Year ($)
Galen G. Weston			
Executive Chairman	0	61,620	—
Robert G. Vaux(1)			
Chief Financial Officer	0	64,172	—
Allan L. Leighton			
Deputy Chairman & President	0	—	—
Dalton T. Philips			
Chief Operating Officer	0	—	—
Frank Rocchetti			
Chief Merchandising Officer	0	—	—

(1) Mr. Vaux also had RSUs of Weston that vested during 2008.

Pension Plan and Long Service Executive Arrangements

Executive Defined Benefit Pension Plan and Supplemental Executive Retirement Plan

Certain senior executives of the Corporation, including the NEOs other than Mr. Weston and Mr. Leighton, participate on a non-contributory basis, in the Corporation's Executive DB Pension Plan. The 2008 annual pension payable under the Executive DB Plan is capped at $2,333 per year of service.

The Corporation has entered into individual retirement agreements to provide SERP allowances to certain senior executives who participate in the Executive DB Plan, including the NEOs.

Benefits under the Executive DB Plan and the SERP are based on the officer's length of service and his or her highest three-year average rate of eligible pension earnings (base salary) during his or her years of service with the Corporation. For senior executives, other than Mr. Vaux, the total annual benefits paid under the Executive DB Plan and the SERP are capped at $100,000.

The cost of the estimated future Executive DB Plan benefits and SERP benefits for each of the NEOs is calculated each year by the Corporation's independent actuaries, based on the same method and assumptions used to determine year-end pension plan obligations as disclosed in Note 14 of the 2008 consolidated financial statements of the Corporation. Certain accrued obligations in respect of the NEOs and other senior executives for the SERP are secured by a stand-by letter of credit issued by a major Canadian bank.

The following table sets forth details regarding the NEOs who participate in the Corporation's Executive DB Plan:

Name of Participant	Number of Years Credited Service (#)	Annual Benefits Payable ($) At Year End	At Age 65	Accrued Obligation at Start of Year ($)	Compensatory Change ($)	Non-Compensatory Change ($)	Accrued Obligation at Year End ($)
Robert G. Vaux Chief Financial Officer	26(1)	125,000(2)	125,000	1,172,000(3)(4)	488,000	(20,000)	1,640,000(4)(5)

(1) Mr. Vaux was credited at a rate of 2.5 years of service for each year of actual service during his first 10 years with the Corporation and with Weston.

(2) Mr. Vaux's pension entitlement increased from $100,000 to $125,000, effective March 1, 2008.

(3) Discount rate is 5.5%.

(4) Benefit amount is fully accrued over the lesser of 25 years and total years service to retirement.

(5) Discount rate is 6%.

Executive Defined Contribution Pension Plan and Supplemental Executive Retirement Plan

Certain senior executives of the Corporation, including Messrs. Philips and Rocchetti, participate on a non-contributory basis in the Corporation's Executive DC Plan. Contributions are set as a percentage of base salary (maximum of $200,000) and are capped at $21,000 per year for 2008, as set forth on the following table:

Age + Years of Service	Employer Contributions as a Percentage of Base Salary
< 50	13%
50-60	15%
61 +	17%

The Corporation has entered into retirement agreements with certain executives who participate in the Executive DC Plan, including Messrs. Philips and Rocchetti, to provide SERP benefits to those executives who participate in the Executive DC Plan with allocations for contributions in excess of the annual $21,000 registered plan limit.

Mr. Philips also participates in the retirement compensation arrangement described on page 23.

The following table sets forth details regarding the NEOs who participate in the Corporation's Executive DC plan:

Name of Participant	Accumulated Value at Start of Year ($)	Compensatory ($)	Non-Compensatory ($)	Accumulated Value at Year End ($)
Dalton T. Philips Chief Operating Officer	22,000	26,000	(8,000)	40,000
Frank Rocchetti Chief Merchandising Officer	36,000	26,000	(12,000)	50,000

Indebtedness of Directors, Executive Officers and Employees

As at March 27, 2009, there was no indebtedness (other than "routine indebtedness" under applicable Canadian securities laws) owing to the Corporation or any of its subsidiaries by any directors, executive officers, employees or former directors, executive officers or employees of the Corporation or any of its subsidiaries.

SECTION 5 Other Information

Director and Officer Liability Insurance

The Corporation maintains insurance for the benefit of its directors and officers, and the directors and officers of its subsidiaries, in respect of the performance by them of their duties. The Corporation's annual insurance premium in 2008 was $752,000 (shared with Weston). The insurance limit is $100 million per year on an aggregate basis or per occurrence basis. There is no deductible in the case of directors and officers and a deductible of up to a maximum of $1 million for the Corporation.

Normal Course Issuer Bid

The Corporation has a Normal Course Issuer Bid (the "Issuer Bid") on the TSX which allows for the purchase and cancellation of up to 13,708,678 Common Shares at market prices. A copy of the Corporation's Notice of Intention filed with the TSX can be found at www.sedar.com. The current Issuer Bid expires on April 3, 2009. The Corporation intends to renew the Issuer Bid.

Additional Information

Additional copies of the Corporation's latest Annual Information Form (together with the documents or pertinent pages of documents incorporated therein by reference), the Corporation's consolidated financial statements for 2008, together with the report of the auditors on those statements along with Management's Discussion and Analysis and any financial statements for periods after 2008, and this Circular can be obtained upon request from the Vice President, Investor Relations of the Corporation at 1 President's Choice Circle, Brampton, Ontario L6Y 5S5. Additional information about or relating to the Corporation can also be found at www.loblaw.ca and www.sedar.com or by dialing in for regularly scheduled conference calls. Additional information with regard to Weston can be found at www.weston.ca and www.sedar.com.

Contacting the Board of Directors

Shareholders, employees and other interested parties may communicate directly with the Board of Directors through the lead director by writing to:

Lead Director
Loblaw Companies Limited, Suite 2001
22 St. Clair Avenue East
Toronto, Ontario M4T 2S7

Board Approval

The contents and sending of this Circular have been approved by the Board.

Robert A. Balcom
Senior Vice President and Secretary

Dated in Toronto, Ontario
March 27, 2009

SCHEDULE A Corporate Governance Practices

Statement of Corporate Governance Practices

The Corporation's Board and management believe that sound corporate governance practices contribute to the effective management of the Corporation and its achievement of strategic and operational plans, goals and objectives. The Corporation's approach to corporate governance is consistent with Canadian Securities Administrators' Corporate Governance Guidelines (the "Guidelines"). The Governance Committee regularly reviews the Corporation's corporate governance practices and considers any changes necessary to maintain the Corporation's high standards of corporate governance in a rapidly changing environment.

The Corporation's website, www.loblaw.ca, sets out additional governance information, including the Corporation's Code of Business Conduct, the Disclosure Policy and the Mandates of the Board and of its Committees.

Director Independence

The Mandate of the Board of Directors provides that the Board shall be comprised of a majority of independent directors. In August 2008, Mr. Lacey, an independent director at the time, was asked to assume a non-executive role as an advisor to the Chairman of Weston. The Governance Committee concluded that by accepting this role Mr. Lacey would no longer be independent. Accordingly, the Board is currently not comprised of a majority of independent directors, although it will be comprised of a majority of independent directors if all of the nominees proposed for election at the Meeting are elected. The Governance Committee concluded that the arrangements in effect from August 2008, until the Meeting were acceptable in view of the importance of maintaining the continuity of the existing Board. The Governance Committee has reviewed each existing and proposed director's factual circumstances and relationships with the Corporation to determine whether he or she is independent within the meaning of the Guidelines. The Guidelines provide that a director is independent if he or she has no material relationship with the Corporation or its affiliates that would reasonably be expected to interfere with the director's independent judgment. The following director nominees are independent: Stephen E. Bachand, Paul M. Beeston, Paviter S. Binning, Anthony S. Fell, Nancy H.O. Lockhart, Thomas C. O'Neill, John D. Wetmore, and Karen Radford. The following director nominees are not independent:

- Galen G. Weston, who is an executive officer of the Corporation and a relative of Mr. W. Galen Weston, the Corporation's controlling shareholder;
- Gordon A. M. Currie, who is an executive officer of the Corporation and of Weston;
- Camilla H. Dalglish, who is a relative of Messrs. W. Galen Weston and Galen G. Weston;
- Anthony R. Graham, who is an executive officer of Wittington Investments, Limited, the principal shareholder of Weston;
- John S. Lacey, who is an advisor to the Chairman of the Board of Weston;
- Allan L. Leighton, who is an executive officer of the Corporation and of Weston; and
- Pierre Michaud, who is a consultant to and former officer of Provigo.

The Chairman of the Board or of a Committee meets separately with the Board or Committee members after each meeting.

The independent directors meet separately on a periodic basis following Board meetings and on other occasions as required or desirable. Additional information relating to each director and each director nominee standing for election, including other public company boards on which they serve as well as their attendance record for all Board and Committee meetings during fiscal 2008, can be found on pages 4 through 14.

Board Leadership

Mr. Galen G. Weston is the Executive Chairman of the Corporation and Mr. Allan L. Leighton is the Deputy Chairman of the Corporation. The Board maintains a position description for each of the Executive Chairman and the Deputy Chairman.

The Executive Chairman directs the operations of the Board. He chairs each meeting of the Board and is responsible for the management and effective functioning of the Board generally and provides leadership to the Board in all matters. More specifically, the Executive Chairman works in consultation with the members of senior management to, among other things, set the agenda for each Board meeting; ensure that the Board has all the information it needs to discuss the matters brought before the Board; and ensure that all of the Board's responsibilities, as set out in the Board mandate, are being fulfilled. The Executive Chairman also monitors the reports from the Committees of the Board to ensure the Committees are fulfilling the responsibilities delegated to them by the Board. The Executive Chairman also chairs meetings of shareholders and facilitates the response by management to shareholder concerns. The Executive Chairman ensures that strategic plans are communicated to the Board and that such plans are evaluated as to their success.

The Board has also appointed an independent director, Anthony S. Fell, to serve as lead director. The lead director provides leadership to the Board and particularly to the independent directors. He ensures that the Board operates independently of management and that directors have an independent leadership contact. As part of his responsibilities, the lead director meets periodically with the other directors to obtain insight as to areas where the Board and its Committees can operate more effectively and to ensure that the Board is able to discharge its responsibilities independently of management. The Board maintains a position description for the lead director.

Board Responsibilities and Duties

The Board, directly and through its Committees, supervises the management of the business and affairs of the Corporation with the goal of enhancing long term shareholder value. A copy of the Board's mandate is found on pages 37 to 39 of this Circular. The Board reviews the Corporation's direction, assigns responsibility to management for achievement of that direction, develops and approves major policy decisions, delegates to management the authority and responsibility in day-to-day affairs and reviews management's performance and effectiveness. The Board's expectations of management are communicated to management directly and through Committees of the Board.

The Board approves the Corporation's goals and objectives, operating budgets and strategies, which take into account the opportunities and risks of the business. On October 22, 2008, members of the Board attended an annual all-day strategy session with management to discuss and review the Corporation's strategic plans and opportunities. Each operating division presented a review of its activities and its outlook and strategies for the long-term. In addition, management's strengths and weaknesses were discussed. Through the Audit Committee, the Board oversees the Corporation's risk management framework and assesses and evaluates the integrity of the Corporation's internal control over financial reporting and management information systems. Through the Governance Committee, the Board oversees succession planning and compensation for senior management and members of the Board. Individual directors may, with the approval of the lead director, retain an outside advisor at the expense of the Corporation.

The Board requires that management seek directors' review and approval of:

- strategic corporate direction and corporate performance objectives;
- multi-year and annual business, capital and operating plans and budgets;
- material capital expenditures, acquisitions, divestitures and restructurings; and
- investments outside of the ordinary course of business.

These matters are in addition to those matters that are required by law to receive Board consideration and approval.

The Board regularly receives reports on the operating results of the Corporation, as well as reports on certain non-operational matters, including insurance, pensions, corporate governance, health and safety, legal and treasury matters.

Ethical Business Conduct

The Corporation's Code of Business Conduct (the "Code") reflects the Corporation's long-standing commitment to high standards of ethical conduct and business practices. The Code is reviewed annually to ensure it is current and reflects best practices in the area of ethical business conduct. All directors, officers and employees of the Corporation are required to comply with the Code and must acknowledge their commitment to abide by the Code on a periodic basis. The Code is available on the Corporation's website at www.loblaw.ca.

The Code also deals with conflicts of interest. Should a director, officer, or employee have a conflict of interest with respect to any matter, that individual is required to bring the conflict to the attention of the Ethics and Conduct Committee and, if a director has a conflict with respect to any matter, he or she may not participate in any discussion or vote on the matter. The Code also addresses such matters as the protection of confidential information and the protection and proper use of the Corporation's assets.

The Corporation has established an Ethics and Conduct Committee, comprised of senior management, which reviews all material breaches of the Code. The Ethics and Conduct Committee also oversees implementation of the Code, educating employees regarding the Code and reviews the Code annually to determine if it requires revision.

The Corporation encourages the reporting of unethical behaviour and has established an Ethics Response Line, a toll-free number that any employee or director may use to report conduct which he or she feels violates the Code or otherwise constitutes fraud or unethical conduct. A fraud reporting protocol has also been implemented to ensure that fraud is reported to senior management in a timely manner. In addition, the Audit Committee has endorsed procedures for the anonymous receipt, retention and handling of complaints regarding accounting, internal control and auditing matters. These procedures are available at www.loblaw.ca.

The Corporation has adopted a Vendor Code of Conduct that sets out the Corporation's expectations of its vendor community with respect to ethical conduct and social responsibilities. The Vendor Code deals with such matters as labour practices, respect for the environment and compliance with various laws.

Orientation and Continuing Education

The Governance Committee is responsible for the orientation and education of new directors about the business of the Corporation. New directors are provided with a directors' guide containing details of the Corporation's operations, the structure and role of the Board and its Committees, the Board's mandate, compliance requirements for directors, corporate policies, as well as agendas and minutes for recent Board and Committee meetings. The goal is to ensure that new directors fully understand the nature and operation of the Corporation's businesses. One-on-one meetings can be arranged with the heads of each of the Corporation's principal business groups for a new director to learn about the various functions and activities of the Corporation. On an ongoing basis, as part of regular Board meetings, directors are given presentations on various aspects of the Corporation's operations. All Board members participate in an annual all-day Board meeting at which in-depth information regarding particular aspects of the Corporation's strategic plan is reviewed. Members of the Board also participate periodically in senior management meetings. These meetings involve presentations by, and discussions with, senior executives responsible for different aspects of the business of the Corporation.

Assessment of the Board, its Members and its Committees

Each year, the Governance Committee undertakes a review process to assess the performance and effectiveness of the Board and its Committees. In 2008, this process included a questionnaire completed by each of the directors, soliciting feedback from directors on matters including the operation of the Board and its Committees, the adequacy of information provided to directors, Board structure and agenda planning for Board meetings. The survey results were reviewed by the Governance Committee and then presented to the full Board.

Following the assessment, the members of the Board made recommendations for improvements in certain areas, including the involvement of the Board with the Corporation's strategic plan and the number of Board meetings held in a typical year.

Each year, in addition to the assessment that the Governance Committee performs in connection with compensation matters, the Governance Committee assesses the performance of the Executive Chairman, the Deputy Chairman and President and the Chief Merchandising Officer and reviews the results with the Board.

Nomination of Directors

The Governance Committee is responsible for the nomination of directors. The Governance Committee reviews the experience and performance of nominees for election to the Board and the appointment of directors to Committees.

The Governance Committee meets on an annual basis, or when required, to assess the appropriate size of the Board, and whether any vacancies are expected due to retirement or otherwise. In the event that vacancies are anticipated or otherwise arise, the Governance Committee considers candidates for Board membership. The members of the Board are canvassed with respect to potential candidates and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could best complement the current Board. The Governance Committee also assesses any concerns relating to potential conflicts, independence or time commitment that the candidate may present. The Committee then presents its list of potential candidates to the Board. A continuous list of potential candidates is kept with the records of the Governance Committee.

Composition of the Governance Committee

One member of the Governance Committee, Mr. Graham, is an officer of Wittington, the principal shareholder of Weston, and he is considered not independent under the guidelines. Because of the alignment of interests between Wittington and minority shareholders of the Corporation, namely, the creation of value and long-term growth, the Board has determined that it is appropriate for Mr. Graham to be a member of the Governance Committee, with the remainder of the members of the Governance Committee being independent directors. The Board believes that the presence of a majority of independent directors on the Governance Committee and the alignment of interests described above ensures an objective nomination process that is in the interests of all shareholders.

Board Committees

There are five committees of the Board: Audit; Governance, Employee Development, Nominating and Compensation; Pension and Benefits; Environmental, Health and Safety; and Executive.

The Audit Committee is comprised solely of independent directors. All other committees, other than the Executive Committee, are comprised solely of non-management directors, in each case with a majority of members being independent directors. The Board believes that the composition of its committees (other than the Executive Committee) allows them to operate independently from management such that shareholders' interests are protected.

Each Committee has a formal mandate and a position description for its Chair established by the Board. Both the mandate and position description are reviewed annually by the Governance Committee. Copies of the Committees' mandates are available on the Corporation's website at www.loblaw.ca.

Position Descriptions for the Chair of each Committee

The Chair of each Committee is responsible for the leadership and effective functioning of the Committee. Specifically, the Chair is responsible for the following: maintaining a productive and effective relationship between the Committee and management of the Corporation; ensuring the proper flow of information from the Committee regarding the matters discussed and voted upon at each Committee meeting; reviewing the agenda for each meeting of the Committee to ensure that all appropriate matters are brought forward for discussion at the Committee meeting; ensuring that the Committee meets as frequently as is necessary; and ensuring, with the assistance of management, that all proper materials and information are before the Committee in connection with matters to be discussed at each meeting of the Committee.

The following is a brief summary of some of the responsibilities of each Committee.

Audit Committee
All members of the Audit Committee are independent and financially literate as required under applicable securities law rules. The Audit Committee is also responsible for supporting the Board in overseeing the integrity of the Corporation's financial reporting and internal controls over financial reporting, disclosure controls, internal audit function and its compliance with legal and regulatory requirements. The Audit Committee's responsibilities include:

- recommending the appointment of the external auditor;
- reviewing the planning and execution of the audit by the external auditor;
- reviewing the independence of the external auditor;
- considering and evaluating with management the adequacy and effectiveness of internal controls over financial reporting and financial disclosure controls and reviewing any proposed corrective actions;
- reviewing and monitoring the Corporation's policies relating to ethics and conflicts of interests of officers and employees;
- overseeing procedures for the receipt, retention and follow-up of complaints regarding the Corporation's accounting, internal controls and auditing matters and the confidential anonymous submission by employees of concerns regarding such matters;
- reviewing and monitoring the internal audit function of the Corporation;
- reviewing the integrity of the Corporation's management and information systems;
- reviewing and approving the audit fees paid to the external auditor and pre-approval of non-audit related fees to the external auditor;
- discussing and reviewing with management and the external auditor the Corporation's annual and interim consolidated financial statements, key reporting matters and Management's Discussion and Analysis and Annual Information Form;
- reviewing disclosure containing financial information based on the Corporation's financial statements; and
- reviewing with management the principal risks of the Corporation's business and the systems and processes implemented to manage these risks.

Governance, Employee Development, Nominating and Compensation Committee
The Governance Committee is responsible for overseeing the compensation of directors and executive officers. The Governance Committee is also responsible for developing and maintaining governance practices consistent with high standards of corporate governance. As part of its mandate, the Governance Committee identifies and recommends candidates for nomination to the Board as directors, monitors the orientation program for new directors and maintains a process for assessing the performance of the Board and its Committees as well as the performance of individual directors and discharging the Board's responsibilities relating to compensation and succession planning for the Corporation's senior employees. The Governance Committee's specific responsibilities include:

- identifying candidates for membership on the Board and evaluating the independence of the directors;
- assisting in directors' orientation and assessing their performance on an on-going basis;
- shaping the Corporation's approach to corporate governance and recommending to the Board the corporate governance principles to be followed by the Corporation;
- discharging the Board's responsibilities relating to compensation and succession planning for the Corporation's senior executives; and
- determining the process for the compensation of directors and executive officers.

The Board has appointed the Chair of the Governance Committee, who is an independent director, to serve as lead director.

Pension and Benefits Committee
The Pension and Benefits Committee is responsible for:

- reviewing the performance of the Corporation's and its subsidiaries' pension plans and pension funds;
- reviewing and recommending managers for the fund's portfolio;
- reviewing the performance of pension fund managers;
- reviewing and approving the assumptions used, the funded status and amendments to the Corporation's and its subsidiaries' pension plans; and
- receiving reports regarding level, types and costs of the Corporation's employee benefit plans.

Environmental, Health and Safety Committee
The Environmental, Health and Safety Committee is responsible for reviewing and monitoring environmental, food safety and workplace health and safety policies, procedures, practices and compliance.

Executive Committee
The Executive Committee possesses all of the powers of the Board except the power to declare common dividends and certain other powers specifically reserved by applicable law to the Board. The Executive Committee acts only when it is not practicable for the full Board to meet.

Other Corporate Governance Matters
Disclosure Policy
The Board has adopted a corporate Disclosure Policy to deal with the timely dissemination of all material information. A copy of the Disclosure Policy is available on the Corporation's website at www.loblaw.ca. The Disclosure Policy, which is reviewed annually, establishes consistent guidance for determining what information is material and how it is to be disclosed to avoid selective disclosure and to ensure wide dissemination. The Board, directly and through its Committees, reviews and approves the contents of major disclosure documents, including annual and interim consolidated financial statements, the Annual Report, the Annual Information Form, Management's Discussion and Analysis, and this Circular. The Corporation seeks to communicate to its shareholders through these documents as well as by means of news releases, its website and investor relations meetings.

Disclosure Committee
A Disclosure Committee comprised of senior management of the Corporation oversees the Corporation's disclosure process as outlined in the Disclosure Policy. The Disclosure Committee's mandate includes ensuring that effective internal disclosure controls and procedures are in place to allow the Corporation to satisfy all of its continuous disclosure obligations including certification requirements. The Disclosure Committee is also responsible for ensuring that the policies and procedures contained in the Corporation's Disclosure Policy are in compliance with regulatory requirements.

SCHEDULE A-1

Mandate of the Board of Directors

1. ROLE

The role of the Board is to provide governance and stewardship to the Corporation. Its role is to review corporate strategy, assign responsibility to management for achievement of that strategy, establish limitations on the authority delegated to management and monitor performance against approved objectives. In fulfilling this role, the Board regularly reviews management's strategic plans so that they continue to be responsive to the changing business environment in which the Corporation operates. The Board oversees the Corporation's approach to corporate governance, succession planning, internal control over financial reporting, disclosure controls and procedures, and information systems to ensure that the Corporation accurately and fairly reports information to shareholders, other stakeholders and the public. The Board is required to appoint corporate officers. The Board satisfies itself as to the integrity of senior management, that the Corporation engages in ethical and legal conduct and that senior management maintains a culture of integrity throughout the Corporation.

2. RESPONSIBILITIES

To ensure that it fulfills its role, the Board will:

(a) Define Shareholder Expectations for Corporate Performance Through Effective Communication with Shareholders

- Satisfy itself that there is effective communication between the Board and the Corporation's shareholders, other stakeholders, and the public, including effective, transparent and timely public disclosure.
- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.

(b) Establish Strategic Goals, Performance Objectives and Operational Policies

The Board will review and approve broad strategic corporate objectives and establish corporate values against which corporate performance will be measured. In this regard, the Board will:

- Approve long-term strategies.
- Review and approve management's strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies within which management will operate.
- Set targets and budgets against which to measure corporate and executive performance.
- Satisfy itself of the appropriateness of all executive and colleague compensation matters and that a portion of executive compensation is linked appropriately to corporate performance.
- Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management.

(c) Delegate Management Authority to the Executive Chairman

- Delegate to the Executive Chairman the authority to manage and supervise the business of the Corporation, decisions regarding the Corporation's ordinary course of business and operations that are not specifically reserved to the Board under the terms of that delegation of authority.
- Determine what, if any, executive limitations may be required in the exercise of the authority delegated to management.

(d) Monitor Financial Disclosure

- Oversee the financial reporting and disclosure obligations required of the Corporation in accordance with applicable law.
- Approve the Corporation's financial statements, management's discussion and analysis and related releases and oversee the Corporation's compliance with applicable audit, accounting and reporting requirements.

(e) Monitor Risks and Corporate Performance

- Understand, assess and monitor the principal risks of all aspects of the business in which the Corporation is engaged.
- Monitor corporate performance against both short-term and long-term strategic plans and annual performance targets, and monitor compliance with Board policies and the effectiveness of risk management practices.

(f) Monitor Corporate Governance

- Develop and monitor compliance with a set of corporate governance principles and guidelines.
- Appoint a lead director who is an independent director to provide leadership to the Board and the independent directors.
- Ensure that independent directors hold regular meetings without the attendance of management or non-independent directors.
- Review the Board's mandate on an annual basis and make any revisions which are necessary.
- Develop, adopt and regularly review position descriptions for the Executive Chairman, the Deputy Chairman, the lead director and the chair of each committee of the Board.
- Assess the effectiveness and performance of the Board and its committees as well as their individual members.

(g) Monitor Corporate Social Responsibility, Integrity and Ethics

- Ensure that senior executives maintain a culture of integrity throughout the Corporation.
- Adopt a written code of business conduct which is applicable to employees, officers and directors of the Corporation, and monitor compliance with such code.
- Monitor and receive reports on policies and practices related to corporate social responsibility, from time to time.

3. COMPOSITION

The Board shall be comprised of a majority of independent directors. For this purpose, a director is independent if he or she would be Independent within the meaning of National Instrument 58-101 *Disclosure of Corporate Governance Practices*, as the same may be amended from time to time.

4. COMMITTEES

The Board may establish committees and delegate such authority and responsibilities to such committees as it approves. The authority and responsibilities of any committee so established shall be set out in a written charter. The Board has established the following committees: the Audit Committee (which is comprised entirely of independent directors), the Governance, Employee Development, Nominating and Compensation Committee, (which is comprised of a majority of independent directors), the Environmental, Health and Safety Committee, the Pension and Benefits Committee and the Executive Committee.

5. ORIENTATION AND CONTINUING EDUCATION

The Board shall ensure that all directors receive a comprehensive orientation and continuing education in connection with their role, responsibilities and the business of the Corporation, as well as the skills they must use in their roles as directors.

6. SHARE OWNERSHIP BY DIRECTORS

The Board shall approve requirements for ownership by directors of shares of the Corporation and shall monitor compliance with such requirements.