MANAGEMENT PROXY CIRCULAR

LOBLAW COMPANIES LIMITED
ANNUAL MEETING OF SHAREHOLDERS

MAY 7, 2015

THIS DOCUMENT CONTAINS

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
MANAGEMENT PROXY CIRCULAR

Loblaw Companies Limited

MANAGEMENT PROXY CIRCULAR

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Loblaw
COMPANIES LIMITED

March 27, 2015

Dear Fellow Shareholder,

I am pleased to invite you to our Annual Meeting of Shareholders, which will be held on Thursday, May 7, 2015, at 11:00 a.m. (Toronto time) at the Mattamy Athletic Centre, 50 Carlton Street, Toronto, Ontario, Canada. If you are attending the meeting in person, please visit our Loblaws store at Maple Leaf Gardens* located next to the Mattamy Athletic Centre.

The Notice of Annual Meeting of Shareholders and related materials are enclosed.

This Management Proxy Circular describes the business to be conducted at the meeting. The Circular contains information on our corporate governance practices and our approach to executive compensation. At the meeting, shareholders will be voting on important matters. We hope that you take the time to review these meeting materials and that you exercise your vote. You may vote either in person at the meeting or by completing and sending in your proxy form. Please read the enclosed materials as they contain relevant information for voting on the business to be conducted at the meeting.

We hope you will be able to join us in person or through our live webcast, which will be available at the Investor Centre section of our website at www.loblaw.ca. This meeting is an opportunity to meet, listen to and ask questions of the people who are responsible for the performance of the Company. The webcast of the meeting will be archived on our website following the meeting.

We thank you for your continued support of the Company and look forward to seeing you at the meeting.

Yours very truly,

Galen G. Weston
Executive Chairman and President

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Loblaw
COMPANIES LIMITED

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

The 2015 Annual Meeting of Shareholders of Loblaw Companies Limited will be held on Thursday, May 7, 2015, at 11:00 a.m. (Toronto time) at the Mattamy Athletic Centre, 50 Carlton Street, Toronto, Ontario, Canada, for the following purposes:

1. to receive the consolidated financial statements for the financial year ended January 3, 2015, and the external auditors' report thereon;
2. to elect the directors;
3. to appoint the external auditors and to authorize the directors to fix the external auditors' remuneration; and
4. to transact such other business as may properly be brought before the Annual Meeting or the day of any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 16, 2015 are entitled to vote at the Annual Meeting.

Registered shareholders are entitled to vote at the Annual Meeting either in person or by proxy. Any registered 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.

Non-registered shareholders are entitled to vote through their intermediary or at the Annual Meeting either in person or by proxy and should follow the instructions of their intermediary to exercise their right to vote.

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, 2015.

BY ORDER OF THE BOARD OF DIRECTORS,

Gordon A. M. Currie
Executive Vice President and Chief Legal Officer

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 2015 Annual Meeting of Shareholders (the "Meeting") of Loblaw Companies Limited (the "Corporation") to be held on Thursday, May 7, 2015, at 11:00 a.m. (Toronto time) at the Mattamy Athletic Centre, 50 Carlton Street, 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 "Questions and Answers on 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, the information contained in this Circular is given as of March 26, 2015 and all dollar amounts used are in Canadian dollars.

QUESTIONS AND ANSWERS ON THE VOTING PROCESS

Q: What items of business am I voting on?

A: You will be voting on:

- the election of directors; and
- the appointment of the external auditors and authorization of the directors to fix the external auditors' remuneration.

Q: Am I entitled to vote?

A: You are entitled to vote if you were a holder of common shares of the Corporation ("Common Shares") as at the close of business on March 16, 2015, which is the record date of the Meeting. Each Common Share is entitled to one vote.

Q: How do I vote?

A: How you vote depends on whether you are a registered or a non-registered shareholder. Please read the voting instructions below that are applicable to you.

Q: Am I a registered shareholder?

A: You are a registered shareholder if you hold Common Shares in your own name and you have a share certificate. As a registered shareholder, you are identified on the share register maintained by the Corporation's registrar and transfer agent, Computershare Investor Services Inc. ("Computershare"), as being a shareholder.

Q: Am I a non-registered or beneficial shareholder?

A: Most shareholders are non-registered shareholders. You are a non-registered shareholder if your Common Shares are held in an account in the name of an intermediary, such as a bank, broker or trust company. As a non-registered shareholder, you do not have a share certificate registered in your name, but your ownership interest in Common Shares is recorded in an electronic system. As such, you are not identified on the share register maintained by Computershare as being a shareholder. Instead, the Corporation's share register shows the shareholder of your Common Shares as being the intermediary or depository through which you own your Common Shares.

The Corporation distributes copies of the proxy-related materials in connection with the Meeting to intermediaries so that they may distribute the materials to the non-registered shareholders. Intermediaries often forward the materials to non-registered shareholders through a service company (such as Broadridge Investor Communications Corporation). Non-registered shareholders who have not objected to their intermediary disclosing certain information about them to the Corporation are referred to as “NOBOs”, whereas non-registered shareholders who have objected to their intermediary disclosing ownership information about them to the Corporation are referred to as “OBOs”. The Corporation pays for an intermediary to deliver the proxy-related materials to OBOs.

Q: How do I vote if I am a registered shareholder?

A: If you are a registered shareholder, you may vote your Common Shares at the Meeting or by proxy.

1. Voting at the Meeting

If you wish to vote your Common Shares in person at the Meeting, do not complete or return the form of proxy sent to you. Your vote will be taken and counted at the Meeting. Please register with Computershare upon arrival at the Meeting.

2. Voting by Proxy

You can vote by proxy whether or not you attend the Meeting. To vote by proxy, please complete the enclosed form of proxy (also available online at www.investorvote.com) and return it by any of the following means:

- by mail, courier or hand to Computershare at the address listed below; or
- by going online at www.investorvote.com.

You may authorize the management representatives named in the enclosed proxy form to vote your Common Shares, or **you may appoint another person or company to be your proxyholder.** The names already inserted on the form of proxy are Galen G. Weston, President and Executive Chairman, and Gordon A. M. Currie, Executive Vice President and Chief Legal Officer of the Corporation. Unless you choose another person or company to be your proxyholder, you are giving these persons the authority to vote your Common Shares at the Meeting.

To appoint another person or company to be your proxyholder, you must insert the other person’s or company’s name in the blank space provided. That person or company must be present at the Meeting to vote your Common Shares. If you do not insert a name in the blank space, the management representatives named above are appointed to act as your proxyholder. You may also use a different form of proxy than the one included with the materials sent to you.

Please note that in order for your vote to be recorded, your proxy must be received by Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or online by no later than 5:00 p.m. (Toronto time) on May 5, 2015, or two business days before reconvening any adjourned or postponed Meeting.

Q: How will my shares be voted?

A: On the form of proxy, you can indicate how you want your proxyholder to vote your Common Shares or you can let your proxyholder decide for you. If you have specified on the form of proxy how you want your Common Shares to be voted on a particular issue (by marking FOR or WITHHOLD), then your proxyholder must vote your Common Shares accordingly. If you have not specified on the form of proxy how you want your Common Shares to be voted on a particular issue, then your proxyholder can vote your Common Shares as he or she sees fit.

Unless contrary instructions are provided, Common Shares represented by proxies appointing management as the proxyholder will be voted:

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

Q: How do I vote if I am a non-registered shareholder?

A: If you are a non-registered shareholder, you may vote your Common Shares in one of the following ways:

1. Through your intermediary

A voting instruction form will be included with the materials sent to you. The purpose of this form is to instruct your intermediary on how to vote on your behalf. Please follow the instructions provided on the voting instruction form.

2. Attend the Meeting

If you wish to vote your Common Shares in person at the Meeting, you should take these steps:

- Insert your name in the space provided on the voting instruction form provided by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint you as proxyholder.
- Do not otherwise complete the form, as you will be voting at the Meeting.
- Please register with Computershare upon arrival at the Meeting.

3. Designate another person to be appointed as your proxyholder

You can choose another person (including someone who is not a shareholder of the Corporation) to vote for you as a proxyholder. If you appoint someone else, he or she must be present at the Meeting to vote for you. If you wish to appoint a proxyholder, you should insert that person's name in the space provided on the voting instruction form provided to you by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint that person as proxyholder. Do not otherwise complete the form, as your proxyholder will be voting at the Meeting. When your proxyholder arrives at the Meeting, he or she should register with Computershare upon arrival at the Meeting.

Q: Can I revoke my proxy or voting instruction?

A: If you are a **registered shareholder**, you may revoke your proxy by taking one of the following steps:

- you may submit a new proxy to Computershare before 5:00 p.m. (Toronto time) on May 5, 2015, or two business days before reconvening any adjourned or postponed Meeting;
- you (or your attorney, if authorized in writing) may sign a written notice of revocation addressed to the Secretary of the Corporation and deposited at the registered office of Computershare at any time up to and including the last business day preceding the day of the Meeting or any reconvening of an adjourned or postponed Meeting, at which the proxy is to be used; or
- you (or your attorney, if authorized in writing) may sign a written notice of revocation and deliver it to the Chair of the Meeting on the day of the Meeting or the reconvening of an adjourned or postponed Meeting, at which the proxy is to be used.

If you are a **non-registered shareholder**, you should contact your intermediary through which you hold Common Shares and obtain instructions regarding the procedure for the revocation of any voting or proxyholder instructions that you have previously provided to your intermediary.

Q: What if there are amendments or if other matters are brought before the Meeting?

A: Your proxyholder has discretionary authority to vote in respect of amendments that are made to matters identified in the Notice of Meeting and other matters that may properly come before the Meeting or the date that any adjourned Meeting has been reconvened. As of the date of this Circular, management of the Corporation is not aware of any such amendments or other matters to be presented at the Meeting; however, if any such matter is presented, your Common Shares will be voted in accordance with the best judgment of the proxyholder named in the form. If you have not specifically appointed a person as proxyholder, a management representative named in the enclosed proxy form will be your proxyholder, and your Common Shares will be voted in accordance with the best judgment of the management representative.

GENERAL INFORMATION

Q: How many shares are entitled to be voted?

A: As of March 16, 2015, there were 412,380,894 Common Shares outstanding. Each Common Share is entitled to one vote on each matter to be voted upon at the Meeting.

Q: Who counts the vote?

A: For any matter for which a vote is taken at the Meeting by ballot, the votes, including those cast by way of proxies, will be counted by representatives of Computershare who will be appointed as scrutineers at the Meeting.

Q: Who is soliciting my proxy?

A: Management of the Corporation is soliciting your proxy. Proxies will be solicited primarily by mail, but employees and agents of the Corporation may also use electronic means. Intermediaries will be reimbursed for their reasonable charges and expenses in forwarding proxy materials to non-registered shareholders.

The Corporation will bear the cost of all proxy solicitations on behalf of management of the Corporation.

Q: Can I access the annual disclosure documents electronically?

A: The Corporation's Annual Report, which includes its annual financial statements and notes, the Circular and the Annual Information Form, are available for review on its website at www.loblaw.ca or under the Corporation's SEDAR profile at www.sedar.com.

Q: Who do I contact if I have questions?

A: If you have any questions, you may call Computershare at 1-800-564-6253 for further information.

SHARE CAPITAL AND PRINCIPAL SHAREHOLDER

As of March 16, 2015, the record date for the Meeting, there were 412,380,894 Common Shares outstanding. George Weston Limited ("Weston") beneficially owned, directly and indirectly, a total of 187,815,136 Common Shares, representing approximately 45.5% of the then outstanding Common Shares. Weston is controlled by Mr. W. Galen Weston. As of March 16, 2015, Mr. W. Galen Weston also beneficially owned 5,096,189 Common Shares, representing approximately 1.24% 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.

BUSINESS TO BE TRANSACTED AT THE MEETING

The following business will be transacted at the Meeting:

1. RECEIVING THE FINANCIAL STATEMENTS

- Management will present the annual audited consolidated financial statements at the Meeting and shareholders and proxyholders will be given an opportunity to discuss the financial results with management.

2. ELECTION OF THE BOARD OF DIRECTORS

- 13 nominee directors are proposed for election to the board of directors of the Corporation (the "Board"). Shareholders and proxyholders will vote on the election of the directors.

3. APPOINTMENT OF THE EXTERNAL AUDITORS

- The Board, on the advice of its Audit Committee, recommends the re-appointment of KPMG LLP as the Corporation's external auditors. Shareholders and proxyholders will vote on the re-appointment of the external auditors and the authorization of the Board to fix the auditors' remuneration.

RECEIVING THE FINANCIAL STATEMENTS

The Corporation's annual audited consolidated financial statements and management's discussion and analysis for the year ended January 3, 2015 and the external auditors' report thereon will be placed before the shareholders at the Meeting. These documents are included in the Corporation's 2014 Annual Report. Copies of the 2014 Annual Report in English or French may be obtained from the Secretary of the Corporation upon request and will be available at the Meeting. The 2014 Annual Report in English or French is also available under the Corporation's SEDAR profile at www.sedar.com or on the Corporation's website at www.loblaw.ca.

ELECTION OF THE BOARD OF DIRECTORS

Majority Voting

The Board has determined that 13 director nominees will be elected at the Meeting. At the Meeting, the nominees will be voted on individually, and in accordance with applicable Canadian securities legislation, the voting results for each nominee will be publicly disclosed. Each director will be elected to hold office until the next annual meeting of shareholders or until such office is earlier vacated.

The Board has established a majority voting policy for the Corporation. A majority voting policy generally requires that any director nominee of a corporation who receives a greater number of votes "withheld" than "for" his or her election must tender his or her resignation for consideration by the corporation's board. The Toronto Stock Exchange ("TSX") amended its Company Manual rules to require that, effective June 30, 2014, all public issuers other than controlled entities are required to adopt a majority voting policy.

In accordance with the TSX rules, the Corporation has adopted a majority voting policy. The Governance Committee will review and consider the voting results for each nominee after the Meeting. Any nominee proposed for election as a director in an uncontested election who receives a greater number of votes withheld than votes in favour of their election must promptly tender his or her resignation to the Executive Chairman of the Board. Any such resignation will take effect on acceptance by the Board. This policy applies only to uncontested elections of directors where the number of nominees is equal to the number of directors to be elected. The Governance, Employee Development, Nominating and Compensation Committee (the "Governance Committee") will expeditiously consider the director's offer to resign and make a recommendation to the Board on whether it should be accepted. The Board will have 90 days to make a final decision.

Proposed Nominees

The 13 nominees proposed for election as directors were recommended to the Board by the Governance Committee. The proposed nominees to the Board are listed below:

Stephen E. Bachand	**Christie J.B. Clark**	**John S. Lacey**	**Beth Pritchard**
Paul M. Beeston	**Anthony R. Graham**	**Nancy H.O. Lockhart**	**Sarah Raiss**
Paviter S. Binning	**Holger Kluge**	**Thomas C. O'Neill**	**Galen G. Weston**
Warren Bryant			

All 13 nominees have established their eligibility and willingness to serve as directors, 9 of whom are independent. All nominees are currently directors of the Corporation. This year, Mr. Paviter S. Binning is standing for election. Mr. Binning was appointed to the Board on July 25, 2014, shortly after Mr. Vicente Trius stepped down from the Board and his position as President of the Corporation. Mr. Binning is the President of Weston and a member of the Weston Board of Directors.

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 proxyholder may vote for another nominee at their discretion.

The following pages include a profile of each director nominee, with a description of their background and experience, year first elected or appointed as a director, age, meeting attendance, other boards on which they sit and the number of securities of the Corporation held. The equity holdings of each director nominee in the Corporation as of March 16, 2015 and March 28, 2014, consisting of Common Shares and Deferred Share Units ("DSUs") is also indicated. The persons designated in the accompanying form of proxy intend to vote **FOR** the nominees listed and described in the "Nominees for Election to the Board of Directors" on pages 7 through 14.

Nominees for Election to the Board of Directors

Stephen E. Bachand, 76

Ponte Vedra Beach, Florida, United States

Loblaw Board Details:
- Director since 2009
- Independent

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

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

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	**Amount**
Board	12/12	19/19	100%	2014	$150,000
Governance Committee	7/7			2013	$148,000

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)(3)	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	4,581	21,155	25,736	$2,414,005	$700,000	Yes
2013	4,581	18,758	23,339	$1,741,821		

Current Public Board Memberships		Public Board Interlocks	
		Director	**Board**
—	—	—	—
Former Public Board Memberships in Last Five Years			
—	—		

Paul M. Beeston, C.M., F.C.P.A., F.C.A., 69

Toronto, Ontario, Canada

Loblaw Board Details:
- Director since 2005
- Independent

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

Mr. Beeston graduated from the University of Western Ontario with a B.A., received an Honorary LL.D. from the University of Western Ontario and an Honorary Doctor of Social Sciences from Niagara University. He is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

Mr. Beeston is a director of President's Choice Bank (a subsidiary of the Corporation). In addition to his public board membership listed below, he is a member of the Executive Committee of the National Baseball Hall of Fame in Cooperstown, New York. Mr. Beeston is the former Chairman of the Centre for Addiction and Mental Health. Mr. Beeston is also a former director of Newport Partners Income Fund.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	**Amount**
Board	11/12	17/18	94%	2014	$203,000
Audit Committee	6/6			2013	$211,000

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	7,900	35,802	43,702	$2,727,005	$700,000	Yes
2013	7,900	33,225	41,125	$1,934,109		

Current Public Board Memberships		Public Board Interlocks	
		Director	**Board**
Gluskin Sheff & Associates Inc.	2009 to present	Nancy H.O. Lockhart	Gluskin Sheff & Associates Inc.
Former Public Board Memberships in Last Five Years			
—	—		

Paviter S. Binning, 54

Toronto, Ontario, Canada

Loblaw Board Details:

- Director since 2014
- Non-Independent

Mr. Binning is the President and former Chief Financial Officer of Weston. Prior to these positions, he was Executive Vice President, Chief Financial Officer and Chief Restructuring Officer of Nortel Networks Corporation and Nortel Networks Limited[4]. Prior to joining Nortel, Mr. Binning was a board member and Chief Financial Officer at Hanson plc and Marconi Corporation plc. Mr. Binning previously held senior corporate and operational finance roles at Diageo plc.

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

Mr. Binning is a director of Weston and President's Choice Bank and previously served on the Corporation's Board from 2009 to 2010, prior to joining Weston in an executive role.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
				Year	Amount
Board	3/3[5]	3/3	100%	2014	Nil
				2013	Nil

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs
2014	–	2,986	2,986

The value of Mr. Binning's eligible holdings is $12,525,277[6]. Mr. Binning is subject to the Weston Executive Share Ownership Guidelines. For details relating to his equity-based Share Ownership Guidelines as an executive of Weston, please see the Weston Management Proxy Circular available at www.sedar.com.

Current Public Board Memberships	
George Weston Limited	2012 to present

Former Public Board Memberships in Last Five Years	
Loblaw Companies Limited	2009 to 2010

Public Board Interlocks

Director	Board
Anthony R. Graham	George Weston Limited
John S. Lacey	George Weston Limited

Warren Bryant, 69

Bellevue, Washington, United States

Loblaw Board Details:

- Director since 2013
- Independent

Mr. Bryant, a corporate director, is a former Chairman, President and Chief Executive Officer of Longs Drug Stores. Prior to joining Longs Drug Stores, Mr. Bryant held management and executive positions at Kroger Co., a leading U.S. grocery chain.

Mr. Bryant graduated from California State University with a B.S. and from Azusa Pacific University with a M.B.A. Mr. Bryant is also a graduate of the Executive Financial Management Program at Harvard University.

In addition to his public board memberships listed below, Mr. Bryant is a member of the Executive Advisory Committee for the Portland State University Food Industry Leadership Center. Mr. Bryant is a former Chairman of the Board of Directors and was a member of the Board Executive Committee for the National Association of Chain Drug Stores (NACDS). Mr. Bryant is also a former member of the Board of Directors for the California Governor's Council on Physical Fitness and Sports. Mr. Bryant is also a former Director of Long Drug Stores.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
				Year	Amount
Board	12/12	20/21	95%	2014	$157,000
Audit Committee	5/6			2013	$106,125
Environmental, Health and Safety Committee	3/3				

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2][7]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	–	5,450	5,450	$1,079,104	$700,000	Yes
2013	–	3,271	3,271	$742,067		

Current Public Board Memberships	
Dollar General Corporation	2009 to present
Office Depot (formerly OfficeMax Incorporated)	2004 to present

Former Public Board Memberships in Last Five Years	
George Weston Limited	2010 to 2013

Public Board Interlocks

Director	Board
–	–

Christie J.B. Clark, F.C.P.A., F.C.A., 61

Toronto, Ontario, Canada

Loblaw Board Details:
- Director since 2011
- Independent

Mr. Clark, a corporate director, is a former Chief Executive Officer and senior partner of PricewaterhouseCoopers LLP. Prior to being elected as Chief Executive Officer, Mr. Clark was a National Managing Partner and a member of the firm's Executive Committee from 2001 to 2006.

Mr. Clark graduated from Queen's University with a B.Comm. and the University of Toronto with a M.B.A. He is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

In addition to his public board memberships listed below, Mr. Clark is Chair of the Finance Committee of Alpine Canada and a member of the Advisory Council of Queen's University School of Business.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
				Year	**Amount**
Board	12/12	20/20	100%	2014	$304,540
Audit Committee (Chair)	6/6			2013	$255,575
Finance Committee	2/2				

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	16,728	—	16,728	$1,043,827[8]	$700,000	Yes
2013	14,600	—	14,600	$686,638[8]		

Current Public Board Memberships		Public Board Interlocks: Director	Board
Air Canada	2013 to present	Galen G. Weston	Choice Properties Real Estate Investment Trust
Choice Properties Real Estate Investment Trust	2013 to present		
Former Public Board Memberships in Last Five Years			
Brookfield Office Properties Inc.	2012 to 2014		
IGM Financial Inc.	2012 to 2014		

Anthony R. Graham, 58

Toronto, Ontario, Canada

Loblaw Board Details:
- Director since 1999
- Non-Independent

Mr. Graham is Vice Chairman and a director of Wittington Investments, Limited, President of Selfridges Group Limited and also President and Chief Executive Officer of Sumarria Inc. He is a former Vice Chairman and director of National Bank Financial.

In addition to the public companies listed below, Mr. Graham is a director of President's Choice Bank, Graymont Limited, Brown Thomas Group Limited, Holt, Renfrew & Co., Limited, Selfridges & Co. Ltd., and Grupo Calidra, S.A. de C.V.

Mr. Graham was awarded an Honorary Doctor of Laws degree from Brock University.

Mr. Graham serves as Chairman of the Ontario Arts Foundation and the Shaw Festival Theatre Endowment Foundation. He also serves as a director of the Art Gallery of Ontario, Canadian Institute for Advanced Research, Luminato Festival, St. Michael's Hospital and the Trans Canada Trail Foundation.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
				Year	**Amount**
Board	12/12	22/23	96%	2014	$184,000
Governance Committee	6/7			2013	$184,000
Pension Committee	4/4				

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	10,000	39,327	49,327	$3,078,005	$700,000	Yes
2013	10,000	36,475	46,475	$2,185,719		

Current Public Board Memberships		Public Board Interlocks: Directors	Board
George Weston Limited	1996 to present	Paviter S. Binning	George Weston Limited
Power Corporation of Canada	2001 to present	John S. Lacey	George Weston Limited
Power Financial Corporation	2001 to present		
Former Public Board Memberships in Last Five Years			
—	—		

Holger Kluge, 73

Toronto, Ontario, Canada

Loblaw Board Details:
- Director since 2014
- Independent

Mr. Kluge, a corporate director, is former President of Personal and Commercial Banking at Canadian Imperial Bank of Commerce. Prior to becoming President, Mr. Kluge spent a majority of his banking career in Canada, Hong Kong, Tokyo and Singapore.

Mr. Kluge holds a B.Comm. from Sir George Williams University and an M.B.A. from Sophia University (Tokyo, Japan).

Mr. Kluge was a director and the Chairman of the Board of Shoppers Drug Mart Corporation prior to its acquisition by the Corporation.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board	7/7	14/14	100%		
Audit Committee	4/4			2014	$198,639
Pension Committee	3/3			2013	N/A

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	6,470	41,929	48,399	$3,020,098	$700,000	Yes
2013	6,470	39,099	45,569	$2,143,110		

Current Public Board Memberships	
—	—

Former Public Board Memberships in Last Five Years	
Shoppers Drug Mart Corporation	2006 to 2014
Power Assets Holdings Limited (Hong Kong)	1999 to 2014
Hutchinson Whampoa Limited (Hong Kong)	2004 to 2014

Public Board Interlocks: Director	Board
—	—

John S. Lacey, 71

Toronto, Ontario, Canada

Loblaw Board Details:
- Director since 2007
- Non-Independent

Mr. Lacey is Chairman of the Advisory Board of Brookfield Private Equity Group and provides advisory services to the Corporation and Weston. Mr. Lacey is a former Chairman of Alderwoods Group, Inc., an organization operating funeral homes in North America and former President and Chief Executive Officer of the Oshawa Group (a major food retailer, now part of Sobeys Inc.).

In addition to his public board memberships listed below, Mr. Lacey is also Chairman of Doncaster Consolidated Ltd.

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

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board	12/12	15/15	100%		
Pension Committee (Chair)	3/3			2014	$142,350
				2013	$132,000

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	14,145	25,071	39,216	$2,447,078	$700,000	Yes
2013	8,557	22,691	31,248	$1,469,593		

Current Public Board Memberships	
George Weston Limited	2009 to present
TELUS Corporation	2000 to present
Ainsworth Lumber Co. Ltd.	2008 to present

Former Public Board Memberships in Last Five Years(9)(10)	
—	—

Public Board Interlocks: Directors	Board
Paviter S. Binning	George Weston Limited
Anthony R. Graham	George Weston Limited

Nancy H.O. Lockhart, O. Ont., 60

Toronto, Ontario, Canada

Loblaw Board Details:
- Director since 2005
- Independent

Ms. Lockhart, a corporate director, is the former Chief Administrative Officer of Frum Development Group and a former Vice President of Shoppers Drug Mart Corporation.

Ms. Lockhart is a director of the Centre for Addiction and Mental Health Foundation, Loran Scholars Foundation, The Royal Conservatory of Music and a member of the Sotheby's Canada Advisory Board. Ms. Lockhart is also Chair of the Crow's Theatre Company. 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 director of the Canada Deposit Insurance Corporation.

Ms. Lockhart has an Institute of Corporate Directors' ICD.D certification.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board	12/12	21/22	95%	2014	$167,000
Environmental, Health and Safety Committee (Chair)	3/3			2013	$171,000
Governance Committee	6/7				

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	750	37,386	38,136	$2,379,686	$700,000	Yes
2013	750	34,498	35,248	$1,657,713		

Current Public Board Memberships	
Atrium Mortgage Investment Corporation	2013 to present
Gluskin Sheff & Associates Inc.	2013 to present
Barrick Gold Corporation	2014 to present
Former Public Board Memberships in Last Five Years	
–	–

Public Board Interlocks	
Director	Board
Paul M. Beeston	Gluskin Sheff & Associates Inc.

Thomas C. O'Neill, F.C.P.A., F.C.A., 70

Toronto, Ontario, Canada

Loblaw Board Details:
- Independent
- Director since 2003
- Lead Director

Mr. O'Neill, a corporate director, is Chairman of BCE Inc. and the Bank of Nova Scotia. He is also 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 Fellow Chartered Accountant and a Fellow Chartered Professional Accountant. Mr. O'Neill received an Honorary LL.D. from Queen's University and is a Fellow of the Institute of Corporate Directors. In September 2013, Mr. O'Neill received the ICAO Award of Outstanding Merit, the highest honour from CPA Ontario.

In addition to his public company board memberships listed below, Mr. O'Neill also serves as Chair of St. Michael's Hospital, is a member of the Advisory Board of Queen's University School of Business and is a former Vice-Chair of the Board of Trustees of Queen's University.

Board/Committee Membership(9)	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board	12/12	21/21	100%	2014	$229,350
Governance Committee (Chair)	7/7			2013	$192,375
Finance Committee (Chair)	2/2				

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	In progress or meets Share Ownership Guidelines
2014	3,703	27,020	30,723	$1,917,115	$700,000	Yes
2013	3,703	23,415	27,118	$1,275,360		

Current Public Board Memberships	
BCE Inc.	2003 to present
The Bank of Nova Scotia	2008 to present
Adecco S.A.	2004 to present
Former Public Board Memberships in Last Five Years	
Nexen Inc.	2002 to 2013

Public Board Interlocks	
Director	Board
–	–

Beth Pritchard, 68

New Albany, Ohio, United States

Loblaw Board Details:
- Director since 2014
- Independent

Ms. Pritchard is a Principal and Strategic Advisor for Sunrise Beauty Studio, LLC. Ms. Pritchard formerly served as the North American Advisor to M.H. Alshaya Co., a diverse franchisee group based in the Middle East for six years. Prior to that, Ms. Pritchard was the President and Chief Executive Officer and Vice Chairman of Dean & DeLuca, Inc., President and Chief Executive Officer of Bath & Body Works and Chief Executive Officer of Victoria's Secret Beauty.

Ms. Pritchard has a B.A., International Relations from the University of Wisconsin-Milwaukee and a M.B.A. from Marquette University.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
				Year	Amount
Board	7/7	9/9	100%	2014	$145,540
Environmental, Health and Safety Committee	2/2			2013	N/A

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	–	6,502	6,502	$405,725	$700,000	Yes[11]
2013	–	4,558	4,558	$214,363		

Current Public Board Memberships	
Cabela's Incorporated	2011 to present
The Vitamin Shoppe, Inc.	2008 to present
Borderfree, Inc.	2014 to present
Former Public Board Memberships in Last Five Years[12]	
Shoppers Drug Mart Corporation	2012 to 2014
Zale Corporation	2012 to 2014

Public Board Interlocks	
Director	Board
–	–

Sarah Raiss, 57

Calgary, Alberta, Canada

Loblaw Board Details:
- Director Since 2014
- Independent

Ms. Raiss, a corporate director, formerly held senior positions at TransCanada Corporation, including Executive Vice President of Corporate Services.

Ms. Raiss has a B.S. in Applied Math and a M.B.A., from the University of Michigan. She also has an Institute of Corporate Directors' ICD.D certification.

Ms. Raiss is Chair of the Alberta Electric System Operator Board of Directors.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
				Year	Amount
Board	6/7	11/12	92%	2014	$150,740
Governance Committee	5/5			2013	N/A

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2014	907	19,046	19,953	$1,245,067	$700,000	Yes
2013	907	16,806	17,713	$833,042		

Current Public Board Memberships	
Canadian Oil Sands Limited	2012 to present
Commercial Metals Company	2011 to present
Vermillion Energy Inc.	2014 to present
Former Public Board Memberships in Last Five Years	
Shoppers Drug Mart Corporation	2009 to 2014

Public Board Interlocks	
Director	Board
–	–

Galen G. Weston, 42

Toronto, Ontario, Canada

Loblaw Board Details:
- Director since 2006
- Non-Independent

Mr. Weston is Executive Chairman and President 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 a M.B.A.

Mr. Weston is Chairman and a trustee of the Corporation's subsidiary, Choice Properties Real Estate Investment Trust and a director of Wittington Investments, Limited.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board (Chair)	12/12	12/12	100%	2014	144,000(13)
				2013	91,500(13)

Equity Ownership

Year	Common Shares	DSUs	Total Common Shares and DSUs
2014	290,000	—	290,000
2013	290,000	—	290,000

The value of Mr. Weston's current eligible holdings is $33,165,810. Mr. Weston meets the Executive Share Ownership Guidelines. For details relating to his equity-based share ownership as an executive, please see the table on page 49.

Current Public Board Memberships	
Choice Properties Real Estate Investment Trust	2013 to present
Former Public Board Memberships in Last Five Years	
—	—

Public Board Interlocks	
Director	**Board**
Christie J.B. Clark	Choice Properties Real Estate Investment Trust

(1) "Director Fees Received" includes compensation received as a director of the Corporation and its subsidiaries. Directors who are members of management do not receive any remuneration for their role as directors of the Corporation.

(2) "Total Market Value of Common Shares and DSUs" for non-management directors is calculated for 2014 based on the closing price of the Common Shares on the TSX on March 16, 2015, which was $62.40 and for 2013, the closing price of the Common Shares on March 28, 2014, which was $47.03.

(3) Mr. Bachand served as a director of Weston between 2007 and 2009. Pursuant to the Share Ownership Guidelines, Mr. Bachand's Weston holdings count towards his minimum equity ownership in the Corporation. Mr. Bachand held 7,309 Weston DSUs and 600 Weston common shares in 2013 with a value of $644,188 based on the March 28, 2014 share price of $81.45 and 7,451 Weston DSUs and 600 Weston common shares in 2014 with a value of $808,079 based on the March 16, 2015 share price of $100.37.

(4) In November of 2007, Mr. Binning was appointed Chief Financial Officer of Nortel Networks Corporation ("Nortel"). On January 14, 2009, Nortel filed for creditor protection under the Companies' Creditors Arrangement Act (the "CCAA") in Canada. As well, certain of Nortel'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.

(5) Mr. Binning was appointed to the Board on July 25, 2014.

(6) Mr. Binning holds common shares, executive deferred share units and in-the-money stock options in Weston and DSUs in the Corporation. The value of his holdings in Weston was $12,338,951 based on the March 16, 2015 closing price of common shares of Weston on the TSX which was $100.37. Mr. Binning currently serves on the Weston Board of Directors and also served as a non-management director of the Corporation between 2009 and 2010. Mr. Binning held 2,986 DSUs with a value of $186,326 as of March 16, 2015 based on the closing share price of $62.40 for Common Shares.

(7) Mr. Bryant served as a director of Weston between 2010 and 2013. Pursuant to the Director Share Ownership Guidelines, Mr. Bryant's Weston holdings count towards his minimum equity ownership in the Corporation. Mr. Bryant's held 7,222 Weston DSUs in 2013 with a value of $588,232 based on the March 28, 2014 share price of $81.45 and 7,363 Weston DSUs in 2014 with a value of $739,024 based on the March 16, 2015 share price of $100.37.

(8) Mr. Clark holds 16,728 Common Shares indirectly through his spouse as permitted under the Director Share Ownership Guidelines.

(9) 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 for creditor protection under the CCAA in June of 1999. The Loewen Group Inc. emerged from Chapter 11 in January 2003 and the CCAA proceedings were held in November, 2006.

(10) In March 2006, Mr. Lacey joined the board of directors of Stelco Inc. ("Stelco") as a nominee of Tricap Management Limited. Stelco filed for creditor protection under the CCAA in January of 2004 and emerged from those proceedings in March of 2006. Mr. Lacey resigned from the Stelco board of directors in November, 2006.

(11) Ms. Pritchard joined the Board in 2014 and has an additional four years to meet the Director Share Ownership Guidelines.

(12) Ms. Pritchard was the Chief Executive Officer of Organized Living, Inc. which filed for Chapter 11 protection on May 4, 2005 in the United States Bankruptcy Court for the Southern District of Ohio.

(13) Reflects compensation Mr. Weston received for his role as Chairman of Choice Properties Real Estate Investment Trust, a subsidiary of the Corporation.

Board and Committee Attendance

The following table provides a summary of each director's attendance at Board and committee meetings in 2014:

Name	Board (12 meetings)	Audit Committee (6 meetings)	Environmental, Health and Safety Committee (3 meetings)	Finance Committee (2 meetings)(1)	Governance Committee (7 meetings)	Pension Committee (4 meetings)	Overall Attendance	
Stephen E. Bachand	12/12	—	—	—	7/7	—	19/19	100%
Paul M. Beeston	11/12	6/6	—	—	—	—	17/18	94%
Paviter S. Binning(2)	3/3	—	—	—	—	—	3/3	100%
Warren Bryant	12/12	5/6	3/3	—	—	—	20/21	95%
Christie J.B. Clark(1)	12/12	6/6	—	2/2	—	—	20/20	100%
Gordon A. M. Currie(3)	5/5	—	1/1	—	—	1/1	7/7	100%
Anthony S. Fell(3)	5/5	—	—	—	1/1	1/1	7/7	100%
Christiane Germain(3)	3/5	—	1/1	—	—	—	4/6	67%
Anthony R. Graham	12/12	—	—	—	6/7	4/4	22/23	96%
Holger Kluge(4)(5)	7/7	4/4	—	—	—	3/3	14/14	100%
John S. Lacey(6)	12/12	—	—	—	—	3/3	15/15	100%
Nancy H.O. Lockhart	12/12	—	3/3	—	6/7	—	21/22	95%
Thomas C. O'Neill(1)	12/12	—	—	2/2	7/7	—	21/21	100%
Domenic Pilla(4)(7)	7/7	—	—	—	—	—	7/7	100%
Beth Pritchard(4)(8)	7/7	—	2/2	—	—	—	9/9	100%
Sarah Raiss(4)(9)	6/7	—	—	—	5/5	—	11/12	92%
Vicente Trius(10)	7/7	—	—	—	—	—	7/7	100%
Galen G. Weston	12/12	—	—	—	—	—	12/12	100%
John Wetmore(3)	5/5	1/1	—	—	—	1/1	7/7	100%
TOTAL	**98%**	**96%**	**100%**	**100%**	**94%**	**100%**		**97%**

(1) The Board established a Finance Committee in April 2014 and appointed two members, being Mr. Clark and Mr. O'Neill.

(2) Mr. Binning was appointed to the Board on July 25, 2014.

(3) Messrs. Fell, Currie and Wetmore and Ms. Germain resigned from the Board on March 28, 2014 following the closing of the Shoppers Drug Mart Corporation acquisition.

(4) Messrs. Kluge and Pilla and Mses. Pritchard and Raiss were appointed to the Board on March 28, 2014 following the closing of the SDM acquisition.

(5) Mr. Kluge became a member of the Audit and Pension Committees in April 2014.

(6) Mr. Lacey became a member of the Pension Committee in May 2014.

(7) Mr. Pilla resigned from the Board and from his position as President of SDM effective January 10, 2015.

(8) Ms. Pritchard became a member of the Environmental, Health and Safety Committee in April 2014.

(9) Ms. Raiss became a member of the Governance Committee in April 2014.

(10) Mr. Trius resigned from the Board on July 16, 2014 when he stepped down from his role as President of the Corporation.

DIRECTOR COMPENSATION

The Corporation's director compensation program is structured to compensate directors appropriately for their time, commitment and responsibility as a Board member and to remain competitive with director compensation practices in Canada. The program is designed with the following objectives: (i) to attract and retain committed and qualified directors; and (ii) to align their compensation with the long-term interests of the shareholders. To align director compensation with the interests of shareholders of the Corporation, in 2014 directors were required to take 50% of their board retainer and committee fees in DSUs as further described in the section "Director Compensation Review and Changes for 2015" on page 18.

Director Deferred Share Unit Plan

A DSU is a right to receive an amount from the Corporation equal to the value of one Common Share. The number of DSUs awarded to a director is equal to the value of the compensation that the director elects or is required to receive in the form of DSUs divided by the volume weighted average trading price of a Common Share on the TSX for the five trading days prior to the date of the award. DSUs are not paid out until the director ceases to serve on the Board, thereby providing an equity stake in the Corporation throughout the director's term as a Board member. Dividend equivalents in the form of additional DSUs that are equal in value to dividends paid on Common Shares are credited to the director's account on each dividend payment date based on the number of DSUs in the account as of the dividend record date. Following cessation of Board service, payment of DSUs is made in Common Shares purchased on the open market. A director may elect to defer payment until December 15th of the calendar year following the year in which he or she ceases to be a director. DSUs do not entitle the director to any voting or other shareholder rights.

Director Share Ownership Guidelines

The Board has established Director Share Ownership Guidelines for non-management directors. Under these Guidelines, non-management directors are expected to hold Common Shares or DSUs with a value of not less than four times the amount of the directors' annual retainer. Based on this multiple, the ownership requirement was $400,000 in 2014. For purposes of the Guidelines, securities are valued at their market value and directors are expected to meet the required level of share ownership within five years of initially being elected or appointed to the Board. In 2014, directors were required to take 50% of their board retainer and committee fees in DSUs until they met the Director Share Ownership Guidelines and had the option to receive up to 100% of all fees that were otherwise payable in cash in DSUs pursuant to the Director DSU Plan. The market value of the Common Shares and DSUs held by each director in 2014 as at March 16, 2015 can be found under "Nominees for Election to the Board of Directors" on pages 7 through 14. All directors either meet the required level of share ownership or are in the process of accumulating securities as required under the Guidelines. Management directors are not subject to the Director Share Ownership Guidelines but instead must meet the Executive Share Ownership Guidelines described on pages 48 and 49.

2014 Director Compensation Amounts

A summary of the 2014 director compensation amounts are set out below:

Type of Fee	Amount ($)
Annual Fees	
• Board Retainer cash	50,000(1)
• Board Retainer DSUs	50,000(2)
Total Board Retainer	100,000
Chair and Committee Fees	
Lead Director retainer	50,000
Audit Committee Chair	30,000(3)
Governance Committee Chair	25,000(3)
Environmental, Health and Safety Committee Chair	15,000(3)
Finance Committee Chair	10,000(3)
Pension Committee Chair	10,000(3)
Audit Committee member	5,000
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) Directors may elect to receive up to 100% of their fees in the form of DSUs.

(2) In 2014, directors were required to take 50% of their board retainer and committee fees in DSUs until they meet the share ownership requirements.

(3) Includes fees received as a committee member.

Messrs. Trius, Currie and Pilla were senior executives of the Corporation and Mr. Binning was a senior executive of Weston and as such did not receive any remuneration for their role as directors of the Corporation or any subsidiaries. Mr. Weston did not receive any remuneration for his role as a director of the Corporation, but he did receive $144,000 as the Chairman of the board of Choice Properties Real Estate Investment Trust ("Choice Properties"). The executive compensation details relating to Messrs. Weston, Pilla and Trius are set out in the Compensation Discussion and Analysis. The details of Mr. Binning's executive compensation are set out in the Weston Management Proxy Circular available at www.sedar.com.

If elected, Messrs. Weston and Binning will not receive any remuneration in 2015 for their role as directors of the Corporation.

2014 Summary of Director Compensation

The following table sets out the compensation elements and total compensation earned by each non-management director in 2014 and the manner in which the compensation was paid:

Name	Fees Breakdown				Total Director Fees Earned ($)	All Other Compensation ($)	Total Compensation ($)	Allocation of Total Director Fees		
	Board Retainer ($)(1)	Committee Chair Retainer ($)	Committee Member Retainer ($)	Attendance Fees ($)(2)				Cash ($)	DSUs ($)(3)	Allocation of Fees between Cash and DSUs (%)
Stephen E. Bachand	100,000	—	4,000	46,000	150,000	—	150,000	—	150,000	100% DSUs
Paul M. Beeston	100,000	—	5,000	40,000	145,000	58,000(4)	203,000	—	145,000	100% DSUs
Warren Bryant	100,000	—	9,000	48,000	157,000	—	157,000	—	157,000	100% DSUs
Christie J.B. Clark	100,000	30,000	2,540	48,000	180,540	124,000(5)	304,540	180,540	—	0% DSUs
Anthony Fell	26,500	—	2,120	14,000	42,620	—	42,620	—	42,620	100% DSUs
Christiane Germain	26,500	—	1,060	8,000	35,560	—	35,560	11,155	24,405	69% DSUs
Anthony R. Graham	100,000	—	8,000	52,000	160,000	24,000(6)	184,000	—	160,000	100% DSUs
Holger Kluge	73,500	—	5,715	36,000	115,215	83,424(7)	198,639	—	115,215	100% DSUs
John S. Lacey	100,000	6,350	—	36,000	142,350	200,000(8)	342,350	—	142,350	100% DSUs
Nancy H.O. Lockhart	100,000	15,000	4,000	48,000	167,000	—	167,000	—	167,000	100% DSUs
Thomas C. O'Neill	100,000	81,350	—	48,000	229,350	—	229,350	—	229,350	100% DSUs
Beth Pritchard	73,500	—	2,540	26,000	102,040	43,500(9)	145,540	—	102,040	100% DSUs
Sarah Raiss	73,500	—	2,540	30,000	106,040	44,700(10)	150,740	—	106,040	100% DSUs
John Wetmore	26,500	2,650	1,325	14,000	44,475	—	44,475	15,612	28,863	65% DSUs
Total ($)	**1,100,000**	**135,350**	**47,840**	**494,000**	**1,777,190**	**577,624**	**2,354,814**	**207,307**	**1,569,883**	

(1) In 2014, directors were required to take 50% of their board retainer and committee fees in DSUs until they meet the Director Share Ownership Guidelines.

(2) Each director received a $2,000 fee for each Board or committee meeting attended, including attendance at the Annual General Meeting, meetings of the independent directors and any special meetings or education sessions provided by the Corporation.

(3) Amounts reflect the grant date fair value of DSUs based on the volume weighted average trading price of the Common Shares on the TSX for the five trading days prior to the date of the grant in accordance with the DSU Plan. As well, additional DSUs are accumulated based on notional equivalents of dividends paid on Common Shares throughout the year. These notional equivalents of dividends are not included in the table.

(4) Includes the fees that Mr. Beeston received for his role as a director and Chair of the Audit, Risk and Governance Committees of President's Choice Bank, a subsidiary of the Corporation.

(5) Includes the fees that Mr. Clark received for his role as a trustee of Choice Properties, a subsidiary of the Corporation.

(6) Includes the fees that Mr. Graham received for his role as a director of President's Choice Bank, a subsidiary of the Corporation.

(7) Mr. Kluge received $35,753 in cash and $47,671 in DSUs as a director of SDM prior to the close of the SDM acquisition on March 28, 2014.

(8) Mr. Lacey received $200,000 in fees from the Corporation for providing advisory services.

(9) Ms. Pritchard received $19,664 in cash and $23,836 in DSUs as a director of SDM prior to the close of the SDM acquisition on March 28, 2014.

(10) Ms. Raiss received $20,864 in cash and $23,836 in DSUs as a director of SDM prior to the close of the SDM acquisition on March 28, 2014.

Outstanding Share-Based Awards

The following table sets forth the value of all share-based awards granted to non-management directors that were outstanding as at January 5, 2015:

Name of Participant	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested ($)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)(1)
Stephen E. Bachand	—	—	1,297,859
Paul M. Beeston	—	—	2,196,453
Warren Bryant	—	—	334,358
Christie J.B. Clark	—	—	—
Anthony R. Graham(2)	—	—	2,412,711
Holger Kluge	—	—	2,572,344
John S. Lacey(2)	—	—	1,538,106
Nancy H.O. Lockhart	—	—	2,293,631
Thomas C. O'Neill	—	—	1,657,677
Beth Pritchard	—	—	398,898
Sarah Raiss	—	—	1,168,472

(1) The value of the outstanding DSUs awarded to the directors is based on the closing price of the Common Shares on the TSX on January 5, 2015, which was $61.35, multiplied by the number of outstanding DSUs. The values also include additional DSUs which were accumulated based on notional equivalents of dividends paid on Common Shares.

(2) Messrs. Graham and Lacey also hold Weston DSUs. Based on the January 5, 2015 Weston share price of $101.07, Mr. Graham owns 26,616 Weston DSUs with a value of $2,690,079; and Mr. Lacey owns 10,424 DSUs with a value of $1,053,554.

Director Compensation Review and Changes for 2015

The Board, through the Governance Committee, is responsible for reviewing and approving any changes to the directors' compensation arrangements. The Governance Committee recognized that overseeing the Corporation's affairs has become increasingly complex, particularly in light of the acquisition of Shoppers Drug Mart Corporation ("SDM"). In 2014, the Governance Committee reviewed the compensation paid to the Corporation's non-management directors and undertook a comprehensive review of the board compensation practices for the top 26 TSX-listed corporations based on revenue. This comparator group was chosen because, in the Board's estimation, it is generally representative of the list of companies that compete for the relevant director talent pool in Canada. The Governance Committee also considered the complexity of the Corporation's operations, the risks and responsibilities involved in being a director of the Corporation, the time required to prepare for and participate in scheduled and special Board meetings and the expected participation on the Board's committees. As part of this review, the Board analyzed: (i) the amount of the base retainer; (ii) committee and chair fees; (iii) lead director payments; (iv) per-meeting fees; and (v) minimum share ownership requirements.

Top 26 TSX-Listed Corporations by 2013 Revenue

Agrium Inc.	Canadian Tire Corporation, Limited	Rogers Communications Inc.
Bank of Montreal	Cenovus Energy Inc.	Royal Bank of Canada
Barrick Gold Corporation	Enbridge Inc.	Sun Life Financial Inc.
Bell Canada	Husky Energy Inc.	Suncor Energy Inc.
BlackBerry Limited	Imperial Oil Limited	TELUS Corporation
Bombardier Inc.	Magna International	The Bank of Nova Scotia
Brookfield Asset Management Inc.	Manulife Financial Corporation	The Toronto-Dominion Bank
Canadian Imperial Bank of Commerce	Metro Inc.	Thomson Reuters Corporation
Canadian Natural Resources Limited	Power Corporation of Canada	

Following this comprehensive review which took all of the above listed factors into account, the Board, on the recommendation of the Governance Committee, approved the following changes to director compensation effective January 1, 2015:

- an increase to the annual base retainer from $100,000 to $175,000;
- the elimination of meeting attendance fees;
- an increase to the Audit Committee membership fees from $5,000 to $7,500;
- an increase in the other committee membership fees from $4,000 to $7,500;
- an increase to the Pension Committee Chair and Finance Committee Chair fees from $10,000 to $15,000; and
- a requirement that directors take 100% of their retainer in DSUs until they meet the share ownership requirements, after which they can elect to receive up to 50% of their total fees in cash, with the balance required to be taken in DSUs or Common Shares.

No changes were made to increase the Lead Director Fee or to the fees paid for chairing the Audit, Governance or Environmental, Health and Safety Committees. Additionally, no change was made to the minimum stock and DSU holding requirements or to the mix of payment between cash and DSUs. Non-management directors are expected to hold Common Shares or DSUs with a value of not less than four times the amount of the directors' annual retainer. Based on this multiple of base retainer, the ownership requirement was increased from $400,000 to $700,000 in 2015.

The changes to director compensation were designed to position director pay slightly below the median of the comparator group. The elimination of meeting fees was a reflection of the Board's view that the value a director brings to the Corporation should not be measured by the number of meetings attended, but rather in the director's contribution both in meetings and otherwise. The increase in the annual base retainer was also intended to make up for the loss in meeting fees.

Directors' Skills

The Governance Committee maintains a matrix that contains the skills and experiences of each director in areas that are relevant for the Corporation. The information is used to assess the Board's overall strengths and to assist in the Board's ongoing renewal process, which balances the need for experience and knowledge of the Corporation's business with the benefit of board renewal and diversity. The current directors' skills matrix is set out below:

Skills	Bachand	Beeston	Binning	Bryant	Clark	Graham	Kluge	Lacey	Lockhart	O'Neill	Pritchard	Raiss	Weston
Executive Leadership /Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Retail / Consumer / Marketing	✓	✓	✓	✓		✓	✓	✓	✓		✓		✓
Consumer Packaged Goods/Branding	✓		✓	✓			✓	✓	✓		✓		✓
Financial Services	✓	✓	✓		✓	✓	✓	✓		✓	✓	✓	✓
Supply Chain/Distribution			✓	✓									✓
Accounting and Finance		✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓
Risk Management	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓	✓
HR / Compensation	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓
Digitalization and Technology			✓					✓		✓		✓	
Health & Wellness (Pharmacy & Drug)				✓			✓		✓		✓	✓	✓
Real Estate	✓			✓	✓	✓			✓				✓
US/International Consumer Market	✓		✓	✓		✓	✓				✓	✓	
Legal													

Gender Diversity

The Corporation values diversity of views, experience, skill sets, gender and ethnicity and supports the identification and nomination of female directors and candidates for executive officer positions. Gender diversity is one factor that is taken into account in identifying and selecting board members and in considering the hiring, promotion and appointment of executive officers.

The Corporation does not have specific targets or policies regarding the representation of women on the Board and in executive officer positions, but focuses instead on choosing the most appropriate candidate for the position. However, in assessing the appropriateness of candidates for Board and executive officer appointments, the Corporation considers gender diversity as an important quality in the overall assessment process and the level of female representation on the Board and in executive officer positions is one of several factors considered.

Three of our 13 directors are women and female candidates represent 23% of the Board's composition. Three of 16 executive officer positions at the Corporation are female, representing 19% of the Corporation's executive officer positions. There is also a rich and deep pool of female talent holding high potential and vice-president level positions at the Corporation and its subsidiaries. The Corporation and its subsidiaries are committed to ensuring that they attract and retain the most highly qualified and experienced directors and executive officers and recognize that gender diversity is an important consideration in creating and maintaining an effective board and senior management team.

The Corporation is committed to being an organization with exceptional workplace diversity and inclusiveness programs and was recognized once again in 2014 as one of Canada's best diversity employers. Loblaw places great importance on creating a diverse workplace and has established a number of talent initiatives to support this objective, including mentoring and recruiting practices based on inclusion strategies and principles and maintaining an active Diversity and Inclusion Council. These programs were established to ensure that the Corporation's rich and diverse talent pool is supported and provided opportunities to grow their careers to the highest levels within the organization.

Director Tenure

In conjunction with the Governance Committee's review of the directors' skills and experience, it also reviews each director's tenure on the Board. The Corporation does not have director term limits or a formal retirement policy, in part because the Board is concerned that term limits and retirement policies have the potential to result in the loss of high performing directors or directors who have unique or critical skill sets, based solely on tenure or age.

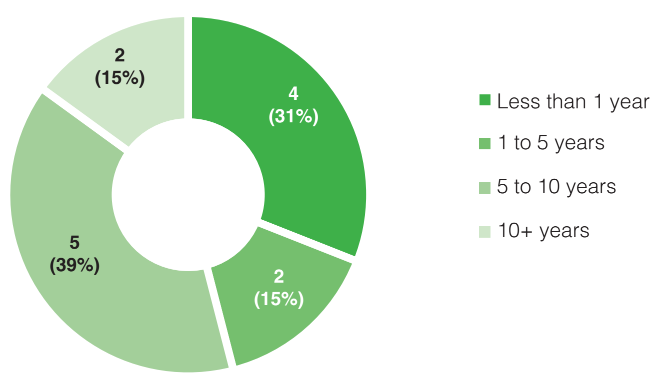
Instead, the Governance Committee:

1. has an annual Board effectiveness evaluation that enables the Governance Committee and the Board to solicit feedback regarding director contribution, skill set and expertise;
2. maintains a director skills matrix to ensure that, in choosing director candidates, it focuses appropriately on critical skills and experience;
3. monitors director turnover through the evaluation process and, to the extent appropriate, from time to time requests directors who are longer serving and who have a readily replaceable skill set or experience not to stand for re-election;
4. annually reviews Board chairs and committee memberships with a view to balancing a desire for fresh perspectives with the need for experience and subject matter expertise; and
5. provides disclosure in the Circular of director tenure, the evaluation process and turnover with an explanation of how the Corporation's approach ensures diversity of skills, experience and background and an appropriate level of turnover.

In summary, each year, the Governance Committee undertakes a review of the composition of the Board, the performance of the individual directors and the mandate and composition of the Committees of the Board. Recommendations for changes, if any, are developed and subsequently discussed with the full Board and with the controlling shareholder. The Board is of the view that this process has worked well and has resulted in governance that has been both effective and adaptive to the changing nature of the business and the markets in which the Corporation operates. In the past few years, the Board has been renewed and strengthened, including with the addition of new directors from SDM. In 2014, Mr. Paviter S. Binning was appointed as an incoming director to replace Mr. Vicente Trius. The leadership and mandates of the Committees of the Board have also evolved over time, again reflecting the changing needs of the Corporation and the experience and capabilities of individual directors. In light of this record of attracting and retaining effective and experienced directors under the current approach, the Board concluded that there is no need to adopt a formal tenure policy.

The following graph illustrates director tenure as categorized by the applicable time periods set out below:

Director Tenure
(By # of Individuals and as a % of Total Board)



The Board believes that these tenure statistics, and the high caliber of directors who have joined the Board in the past five years, demonstrate that the Board renewal process is working effectively.

AUDIT COMMITTEE AND APPOINTMENT OF THE EXTERNAL AUDITORS

Audit Committee

The Audit Committee is responsible for the review of the Corporation's consolidated financial statements and recommending the appointment of the external auditors to the Board and to shareholders for approval. It also has responsibility for supporting the Board in overseeing the quality and integrity of the Corporation's financial reporting and has oversight responsibility for the Corporation's internal controls over financial reporting, disclosure controls and internal audit function. The Committee also assists the Board in its oversight of the Corporation's enterprise risk management ("ERM") program and compliance with applicable legal and regulatory requirements.

The Audit Committee evaluates the qualifications, performance and independence of the external auditors and oversees procedures for the receipt, retention and follow-up of any complaints regarding the Corporation's accounting, internal controls and auditing matters.

The members of the Audit Committee are Messrs. Christie J.B. Clark (Chair), Paul M. Beeston, Warren Bryant and Holger Kluge. All members of the Audit Committee are independent and financially literate as required under applicable Canadian securities legislation.

Audit and Other Service Fees

The following table sets forth the aggregate fees billed for professional services rendered by the independent external auditors, KPMG LLP, for the fiscal years 2014 and 2013, respectively:

	2014 $(000's)	2013 $(000's)
Audit fees(1)	6,073	6,516
Audit-related fees(2)	518	552
Tax fees(3)	262	29
All other fees(4)	11	14
Total Fees	$6,864	$7,111

(1) *Audit fees include fees for services related to the audit of the Corporation's consolidated financial statements, including the audit of SDM (beginning in 2014), Choice Properties and President's Choice Bank (each a subsidiary of the Corporation). Audit fees also include fees for services related to the review of quarterly reports, auditor involvement with filings related to the acquisition of SDM in 2014 and Choice Properties' initial public offering and debt prospectuses in 2013, audit procedures performed relating to the Corporation's IT system conversion, and the interpretation of accounting and financial reporting standards.*

(2) *Audit-related fees include fees for French translation services associated with the Corporation's financial and regulatory filings and the audit of pension plans.*

(3) *Tax fees include fees for tax compliance services and advice.*

(4) *All other fees are for services related to legislative and/or regulatory compliance.*

As part of the Corporation's corporate governance practices, the Audit Committee has adopted a policy prohibiting the external auditors from providing non-audit services to the Corporation or its subsidiaries unless the services are approved in advance by the Audit Committee. The external auditors are required to report directly to the Audit Committee.

Audit Committee Report

Each year, we review our mandate to ensure our Committee's effectiveness in fulfilling its responsibilities. We are satisfied that our Committee fulfilled its responsibilities for 2014. We reviewed and discussed with management the Corporation's annual and interim consolidated financial statements and management's discussion and analysis for the year ended January 3, 2015 and the interim quarters and the external auditors' reports thereon. We recommended to the Board that the Corporation's annual audited consolidated financial statements be approved and released on February 26, 2015.

Throughout the year, the Chair of the Audit Committee met periodically with the external auditors, representatives of the internal audit services department and senior members of the Corporation's financial reporting group. Our Committee evaluated with management the adequacy and effectiveness of the Corporations's internal controls over financial reporting and financial disclosure controls. In 2014, our Committee reviewed and approved the annual audit plan of the external auditors. We also reviewed and approved Internal Audit's 2014 annual plan and received their regular reports.

The Audit Committee also reviewed and approved the ERM framework, including its risk management processes and ERM Policy. At our meetings throughout the year, we discussed and reviewed various risks facing the Corporation and how they are being managed.

Throughout the year, we reviewed various regulatory filings and received updates on compliance related matters. We discussed legal developments and significant legal issues involving the Corporation with the Chief Legal Officer.

We reviewed and approved certain changes to the Corporation's consolidated financial statements, including the introduction of adjusted financial measures related to the SDM business. We also oversaw the roll out of a major IT system implementation and certain other key initiatives to the business. In addition throughout the year we received reports on inventory management, loss prevention and on related party transactions and their compliance with applicable policies and procedures.

At the end of the year-end audit cycle, we conducted an annual assessment of KPMG's performance and effectiveness. In conducting this assessment, we considered factors such as the quality of overall audit services and communications to the Audit Committee and KMPG's independence and objectivity. We were satisfied with KPMG's performance and concluded that KPMG is independent from the Corporation and management. We proposed that the Board recommend to shareholders the appointment of KPMG LLP as auditor of the Corporation.

Respectfully submitted,

Audit Committee
Christie J.B. Clark (Chair)
Paul M. Beeston
Warren Bryant
Holger Kluge

For additional information regarding each member of the Audit Committee please see pages 7 through 14. For additional information regarding the activities of the Audit Committee, see the Corporation's Statement of Corporate Governance Practices on pages 63 through 70.

Appointment of the External Auditors

The Board, on the recommendation of the Audit Committee, recommends that KPMG LLP be re-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 the external auditors' remuneration. The persons named in the accompanying form of proxy intend to vote **FOR** the appointment of KPMG LLP as the Corporation's auditors until the next annual meeting of shareholders.

CORPORATE GOVERNANCE

GOVERNANCE COMMITTEE

The Governance Committee is responsible for developing and implementing good governance principles and practices of the Corporation consistent with high standards of corporate governance. The Governance Committee is also responsible for overseeing executive compensation, including the design and structure of the Corporation's incentive programs and the individual compensation of the named executive officers (the "NEOs") identified on page 29. In addition, the Governance Committee oversees talent management and succession planning for the Corporation's senior executive positions. As part of its mandate, the Governance Committee, together with the Executive Chairman and President, identifies and recommends candidates for nomination to the Board as directors and reviews the composition of the Board committees. The Governance Committee also recommends to the Board for approval any changes to directors' compensation arrangements. It also monitors the orientation program for new directors and continuing education for all directors and oversees the process for assessing the performance of the Board and its committees as well as the performance of individual directors.

Many public investors expect a controlling shareholder to have substantial influence over the strategic direction of a controlled company through the board and committee selection process. With Mr. W. Galen Weston's substantial equity investment in the Corporation, the Board believes that it is appropriate for Mr. W. Galen Weston to have a representative on the Governance Committee and believes that his interest as a shareholder is aligned with that of all other shareholders. For this reason, the Board believes that a majority, but not all, of the members of the Governance Committee should be independent directors.

The members of the Governance Committee are Messrs. Thomas C. O'Neill (Chair), Stephen E. Bachand, Anthony R. Graham and Mses. Nancy H.O. Lockhart and Sarah Raiss. 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 company through which Mr. W. Galen Weston indirectly controls the Corporation.

The directors believe that the members of the Governance Committee individually and collectively have the requisite knowledge, skill and experience in governance and compensation matters, including human resource management, executive compensation matters and general business leadership, to fulfill the Governance Committee's mandate. All members of the Governance Committee have substantial knowledge and experience as current and former senior executives of large and complex organizations and directors of other publicly traded companies. The chart below sets out the relevant experience of each member of the Governance Committee:

Name of Member	Experience in Governance and Executive Compensation
Stephen E. Bachand	• Executive experience as former President and Chief Executive Officer of Canadian Tire Corporation, Limited • Former member of Weston's Governance, Human Resource, Nominating and Compensation Committee • Former Chair of Fairmont Hotels & Resorts Inc.'s Management Resources and Compensation Committee and its Corporate Governance and Nominating Committee • Former Chair of Canadian Pacific Railway Limited's Management Resources and Compensation Committee and former member of its Corporate Governance and Nominating Committee • Former Chair of the Bank of Montreal's Human Resources and Management Compensation Committee and former member of its Governance and Nominating Committee
Anthony R. Graham	• Executive experience as President of Selfridges Group Limited and President and Chief Executive Officer of Sumarria Inc. • Public company board experience as director of Weston, Power Corporation of Canada and Power Financial Corporation and former Vice Chairman and director of National Bank Financial • Member of Weston's Governance, Human Resource, Nominating and Compensation Committee • Chairman of Power Corporation of Canada's Compensation and Governance Committees • Member of Power Financial Corporation's Governance and Nominating Committee
Nancy H.O. Lockhart	• Executive experience as Chief Administrative Officer of Frum Development Group and former Vice President of Shoppers Drug Mart Corporation • Former member of Retirement Residences Real Estate Investment Trust's Governance and Compensation Committee • Experience in human resource management, executive compensation and business leadership, including obtaining the Institute of Corporate Directors' ICD.D certification from the Rotman Directors Education Program • Member of Barrick Gold Corporation's Corporate Governance and Nominating Committee • Member of Gluskin Sheff & Associates Inc.'s Compensation, Nominating and Governance Committee
Sarah Raiss	• Executive leadership experience at TransCanada Corporation • Chair of the Alberta Electric System Operator Board of Directors • Chair of the Compensation Committee and Member of the Nominating and Corporate Governance Committee of Commercial Metals Company • Member of the Corporate Governance and Human Resources Committee of Canadian Oil Sands Limited • Former member of the Human Resources and Compensation Committee of Shoppers Drug Mart Corporation • Former Chair of the Human Resource Committee and former member of the Governance and Nominating Committee at Business Development Bank of Canada
Thomas C. O'Neill	• Executive experience as Former Chief Executive Officer and Chief Operating Officer of PricewaterhouseCoopers LLP and former Chairman of PricewaterhouseCoopers Consulting • Public company board experience as Chairman of BCE Inc. and The Bank of Nova Scotia and a director of Adecco S.A. • Member of Adecco S.A.'s Nomination and Compensation Committee and Corporate Governance Committee • Former member of The Bank of Nova Scotia's Corporate Governance and Pension Committee • Former member of Nexen Inc.'s Compensation Committee

GOVERNANCE COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholder:

This report provides a brief overview of our Committee's philosophy and approach to the compensation of the Corporation's senior executives and highlights our most significant accomplishments in 2014.

EXECUTIVE COMPENSATION PHILOSOPHY

The Governance Committee reviews and approves the Corporation's compensation philosophy and programs for executive officers. This year, with the acquisition of SDM, our Committee undertook a comprehensive review of the Corporation and SDM's executive compensation programs and management's work to harmonize pay practices across both organizations. A key part of this review included reviewing and approving the Corporation's executive compensation philosophy as follows:

We believe that our compensation structure must be designed to continue to attract, motivate and retain the best candidates for the challenging roles that the Corporation's executive officers fulfill. To this end, we continue to ensure that our executive compensation programs are competitive with market and industry practices to enable the Corporation to attract, motivate and retain executives with the talent and experience to ensure that the Corporation meets its strategic and operational objectives.

Pay for performance is a cornerstone of the Corporation's compensation philosophy. Our compensation programs are results oriented. We believe that a strong pay-for-performance focus should align compensation with the successful execution of business strategy, sustained long-term performance and shareholder interests. This objective is achieved through the design of our short and long-term incentive plans ("STIP" and "LTIP" respectively). We believe that the granting of performance share units ("PSUs") to all executives, which started in 2013, provides a strong link between pay and performance.

Executive compensation should align with the long-term interests of shareholders. We believe our STIP and LTIP programs accomplish this objective. The Corporation's STIP is a balanced program comprised of different performance measures that focus executives on the key drivers of the business and value creation over both the short and long term. The LTIP balances the use of (i) stock options, which align an executive's interest with shareholders in share price appreciation; (ii) restricted share units ("RSUs"), which serve as a key component in retaining executives, and (iii) PSUs, which focus executives on the delivery of key objectives set forth in the Corporation's strategic plan. The Corporation also mandates share ownership requirements that apply to executives at the senior vice president level and higher. These Guidelines serve to reinforce the alignment between executive compensation and long-term shareholder interests.

Executive compensation programs should have flexibility to be tailored to business objectives. We believe that the Corporation's executive compensation programs should be flexible and adaptive to enterprise and divisional needs. This year, the Corporation approved a STIP program with performance measures for each of the Loblaw and SDM businesses. The Committee also approved a STIP program for the Corporation's NEOs that includes a blend of the key drivers of both businesses.

HIGHLIGHTS OF 2014 EXECUTIVE COMPENSATION

In 2014, the Corporation retained a compensation advisor, Meridian Compensation Partners, to provide a comprehensive review of the compensation of the Corporation's senior executive officers. The purpose of this engagement was to assist the Corporation, following the acquisition of SDM, in evaluating the compensation arrangements of its senior executive team within the retail industry and broader market for executive talent. The key elements of compensation reviewed in this analysis included base salary, STIP, and LTIP compensation, referred to as "total direct compensation". Meridian conducted an analysis of each NEO position by first developing an appropriate comparator group against which to benchmark the Corporation's compensation practices. Determining a comparator group to benchmark NEO compensation was challenging in light of Loblaw's unique presence in the Canadian market, as the largest company in Canada by revenue and number of employees, and one that is much larger and more diverse than any other Canadian retailer.

The Governance Committee approved a comparator group developed by Meridian for the senior executive team with a blend of size-appropriate peers that included Canadian retail companies, US retail companies and large (non-retail) Canadian companies. The Corporation determined that its compensation positioning would be targeted within a competitive range at around the 50th percentile (median) of this peer group based on target total direct compensation. Based on this analysis and the Committee's consideration of key qualitative factors, the Committee approved a number of key changes to certain NEOs' compensation arrangements in 2014, as further set out in the section "2014 Compensation Decisions Regarding the Named Executive Officers" on pages 49 and 50. For STIP and LTIP compensation, we ensured that stress tests were performed on various payout scenarios to ensure that our Committee was comfortable with the range of potential payouts.

Since the closing of the SDM acquisition, the Committee has also overseen an important initiative by management to identify the most effective and cost efficient compensation programs and practices at Loblaw and SDM and to harmonize these programs and practices across both organizations, while being mindful that SDM operates as a distinct division.

REVIEW OF BOARD COMPENSATION

Our Committee also undertook a comprehensive review of director compensation by evaluating the director compensation practices of the top 26 TSX-listed companies based on revenue. Based on this review, we determined that beginning in 2015, director compensation would be changed to eliminate meeting attendance fees and replace them with a more competitive base retainer. This change increased each non-management director's minimum share ownership requirement from $400,000 to $700,000. We also approved a change that will require a director to receive 100% of his or her total compensation in the form of DSUs until the director has met the Director Share Ownership Guidelines and to receive at least 50% of total compensation in DSUs thereafter. Further details of this review are set out in the section "Director Compensation Review and Changes for 2015" on page 18.

MAJORITY VOTING POLICY

The Corporation approved a majority voting policy in effect for the 2015 Annual Meeting of Shareholders. The policy provides that any director nominee of the Corporation who receives a greater number of votes "withheld" than "for" his or her election must tender his or her resignation for consideration by the Board. Further details of this policy are set out in the section "Election of the Board of Directors – Majority Voting" on page 5.

SUCCESSION PLANNING

The Governance Committee is entrusted with the responsibility of overseeing the Corporation's approach to talent management and succession planning for senior executive roles. The succession planning process includes an annual review of each senior executive position and the performance of the incumbent. The Committee also receives reports on the performance evaluation process, designed to improve individual leadership and management skills, and updates on the talent management plans across the organization. In 2014, the Committee oversaw and endorsed key changes to the Corporation's senior executive team, approving a number of internal promotions. Effective July 16, 2014, Mr. Weston was appointed President, Mr. Richard Dufresne was appointed Chief Financial Officer, Ms. Sarah Davis was appointed Chief Administrative Officer and Mr. Grant Froese was appointed Chief Operating Officer. Also, with the resignation of Mr. Domenic Pilla at year end, Mr. Michael Motz was appointed as President of SDM. In addition to these internal appointments, a number of other high potential executives were placed in key management and executive positions. These changes, excluding the President, were designed to provide development opportunities and the experience necessary to allow each of these executives to take on increasingly more responsibility.

GOVERNANCE PRACTICES

Our Committee is committed to ensuring that the Corporation's approach to governance practices satisfies regulatory requirements and aligns with best practices. We continue to work with management to ensure adherence to a robust process for reviewing and approving related party transactions. This was particularly relevant with the creation of Choice Properties given that the Corporation is its largest tenant and controlling unitholder. We are confident that management has considered the relevant legal and governance considerations associated with related party transactions and has implemented a sound governance framework to address them when they arise.

BOARD LEADERSHIP

Our Committee is also responsible for oversight of the identification of individuals qualified to become Board members. This year, we were pleased to welcome four new directors to our Board from the former SDM board: Mr. Holger Kluge, Mr. Domenic Pilla, Ms. Beth Pritchard and Ms. Sarah Raiss. With the on-boarding of these new directors, our Committee oversaw an in-depth orientation session on Loblaw's business for the new directors and on the SDM business for our Loblaw directors. Mr. Pilla resigned from the Board and as President of SDM at the end of 2014. We were also pleased to appoint Mr. Paviter S. Binning to the Board on July 25, 2014, shortly after Mr. Vicente Trius stepped down from the Board and as President of the Corporation. Mr. Binning is the President of Weston and a member of the Weston Board of Directors.

We continuously assess and evaluate the effectiveness of the Board and identify areas where the Board may benefit from directors with additional skills and experience. Our Committee appreciates the need to maintain a strong, vibrant and engaged Board that understands the Corporation's dynamic business needs and the retail industry generally. This year, we have once again included a skills matrix that identifies certain key skills of our Board members.

The Board considers diversity to be an important criterion in the director succession planning process and in maintaining an effective board. Our Board is committed to ensuring that it attracts and retains the most highly qualified and experienced directors. We recognize that board diversity mitigates against the risk that a board will approach issues too narrowly or fail to adequately consider alternative ideas or options on issues affecting the organization. In our on-going review of prospective director nominees, the Governance Committee aims for a board with diversity, including diversity of gender, perspectives and experiences.

We are confident that we have strong and practical governance systems in place and well designed and administered executive compensation programs to appropriately incent and reward our executives for performance while not taking on unacceptable risk. At the same time, we are not complacent. You can be confident that we will continue to closely monitor industry trends and regulatory developments and adjust our governance practices and compensation programs accordingly.

Respectfully submitted,

Governance Committee
Thomas C. O'Neill (Chair)
Stephen E. Bachand
Anthony R. Graham
Nancy H.O. Lockhart
Sarah Raiss

For additional information regarding each member of the Governance Committee please see pages 7 through 14. For additional information regarding the activities of the Governance Committee, see the Corporation's Statement of Corporate Governance Practices on pages 63 through 70.

COMPENSATION DISCUSSION AND ANALYSIS

TABLE OF CONTENTS

INTRODUCTION

This Compensation Discussion and Analysis describes the compensation programs of the NEOs.

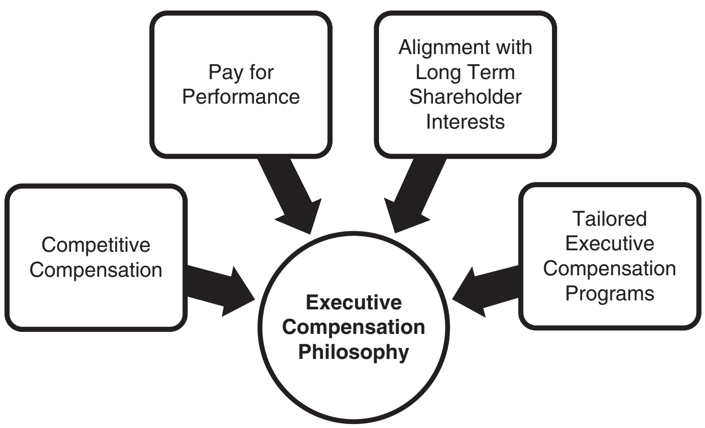
For 2014, the NEOs were:

Name	Position
Galen G. Weston	Executive Chairman and President
Richard Dufresne	Chief Financial Officer
Sarah R. Davis	Chief Administrative Officer (Former Chief Financial Officer)
Domenic Pilla	Former President, SDM
Michael Motz	President, SDM
Grant Froese	Chief Operating Officer
Vicente Trius	Former President

Effective July 16, 2014, Mr. Trius stepped down as President of the Corporation. At that time, Mr. Weston took on the role of President in addition to his role as Executive Chairman. As well, Mr. Dufresne was appointed Chief Financial Officer (in addition to his duties as CFO of Weston), Ms. Davis, the former CFO, was appointed Chief Administrative Officer and Mr. Froese was appointed Chief Operating Officer. These changes, with the exception of Mr. Weston, were designed to provide development opportunities for the senior executive team and the experience necessary to allow each of them to take on increasingly more responsibility. Mr. Pilla also announced that he would be resigning from his position at SDM at the end of 2014 and Mr. Motz was named as the incoming President of SDM.

EXECUTIVE COMPENSATION PHILOSOPHY

The Corporation's executive compensation programs are designed to attract, retain and incent outstanding executives who are committed to improving the Corporation's performance and creating value for its shareholders. The Corporation updated its compensation philosophy in 2014. Four key principles underlie the Corporation's executive compensation programs, as set out below:



1. Competitive Compensation

Competitive compensation is important as it enables the Corporation to attract and retain talented and qualified individuals to lead the business. The Corporation has developed processes to ensure that its compensation programs are competitive with market and industry practices and support the attraction and retention of high quality executives.

2. Pay for Performance

The Corporation structures its compensation programs to align executive compensation with the financial performance of the Corporation, including the performance of its Common Shares. A significant portion of executive compensation is in the form of at-risk pay, namely STIP and LTIP compensation. This creates a performance-based corporate culture that rewards individual and team-based contributions to the achievement of the Corporation's goals and increases in shareholder value. The at-risk components (the STIP and LTIP awards) for the four Loblaw NEOs in 2014 (excluding Messrs. Trius, Pilla and Motz who received exceptional one-time incremental payments in 2014) ranged from 76% to 82% of their total compensation.

3. Alignment of Executive Compensation Programs with Long-Term Shareholder Interests

The Corporation structures its executive compensation programs to align the interests of its executives with those of its shareholders. A significant portion of executive compensation takes the form of long-term equity-based awards. Structuring executive compensation in this manner rewards executives for the creation of sustainable, long-term shareholder value.

4. Executive Compensation Programs should be tailored to meet Company and Divisional Objectives

The Corporation believes that its executive compensation programs should be flexible in how the philosophy is applied to adapt to company and divisional needs. For example, incorporating appropriate flexibility into the design of the Corporation's incentive plans, such as in the design of performance measures in its STIP program, will drive alignment at operating and divisional levels to key business objectives.

EXECUTIVE COMPENSATION AND RISK MANAGEMENT

RISK MITIGATION PRACTICES

The Corporation has designed its compensation programs to provide an appropriate balance of risk and reward in relation to its overall business strategy. The Governance Committee believes that the compensation programs do not encourage executives to take undue risks. The Governance Committee, in its review of risk mitigation practices, believes that having a compensation program that comprises a mix of compensation elements, with a significant portion of compensation in the form of long-term equity based awards, acts as a deterrent to executives taking excessive risks. Additionally, the Corporation has risk mitigation practices that include balanced incentive plans that are not focused on a single financial measure, a clawback policy for short and long-term compensation, share ownership requirements for the NEOs and trading restrictions.

1. Incentive Plan Design

The Corporation's 2014 long and short-term incentive plans had a variety of performance measures, including share price appreciation, earnings and sales performance, achievement of synergies relating to the SDM acquisition, return on capital and market share. Using multiple performance measures requires that the operating results of the Corporation and its operating businesses outperform in all key metrics in order for executives to achieve the maximum compensation award. This balanced approach reduces the risk of a disproportionate focus by executives on any single aspect of the business for the sole purpose of increasing their compensation.

Short-term incentives are designed to focus executives on the key drivers of the operating businesses and on value creation over both the short- and long-term and, as such, minimize the likelihood of inappropriate or excessive risk-taking. The Corporation's STIP has a maximum payout level that limits the amount that an executive can be paid. The STIP's metrics are subject to stress testing and the results of this analysis are reviewed by the Governance Committee as part of its approval process.

A significant portion of executive compensation is allocated to long-term incentives to focus executives on sustainable value creation. The Corporation's objective is to design incentive plans that do not motivate executives to take excessive or unexpected short-term risks given the potential negative impacts on the long-term equity components of compensation. The Governance Committee also requires that a sensitivity analysis be performed prior to any increase in an NEO's incentive compensation to ensure that the potential payouts are evaluated in the context of the Corporation's five-year plan.

PSUs serve to focus executives on selected key drivers of corporate performance and reduce the number of stock options granted and therefore reduce potential shareholder dilution. PSUs also serve as a pay for performance incentive to reward executives for the achievement of prescribed corporate goals and share price appreciation.

The Governance Committee regularly reviews each compensation plan and has the discretion to make adjustments to incentive awards, as appropriate.

2. Clawback Policy

The Corporation has a clawback policy on STIP and LTIP payments for senior executives including the NEOs. Under this policy, the Corporation can require an executive to repay STIP and LTIP grants when: (i) the executive engages in misconduct that results in the need for the correction or restatement of financial results, (ii) the executive receives an award calculated on the achievement of those financial results, and (iii) the award received would have been lower had the financial results been properly reported. The clawback policy also provides that a clawback may be triggered if an executive commits a material breach of the Corporation's Code of Conduct. The policy requires that when the clawback is triggered, the executive must repay all of the incentive payments received over the two-year period preceding the triggering event.

3. Share Ownership Requirements

Senior executives, including the NEOs, are required to maintain a significant equity investment in the Corporation. The Corporation's Executive Share Ownership Guidelines are designed to align executives' interests with those of the Corporation's shareholders, and to mitigate the likelihood of undue risk taking. These Guidelines establish minimum share ownership levels for executives, which based on their position, are set at a multiple of base salary. The Guidelines were recently amended to eliminate RSUs and PSUs as eligible holdings and to apply the Guidelines to a broader group of senior management, as further discussed under "Executive Share Ownership Guidelines" on pages 48 and 49. The change to the list of eligible holdings made it more difficult for executives to achieve the minimum share ownership levels.

4. Trading and Hedging Restrictions

All directors and employees (including the NEOs) are also subject to the Corporation's Securities Trading Policy, which prohibits trading in the securities of the Corporation, Choice Properties or Weston while in possession of material undisclosed information about the Corporation, Choice Properties or Weston. Pursuant to the Securities Trading Policy, these individuals are also prohibited from entering into certain types of hedging transactions involving the securities of the companies, such as short sales, puts and calls. Furthermore, the Corporation permits executives (including the NEOs) to trade in the Corporation's securities, including the exercise of stock options, only during prescribed trading windows.

ROLE OF MANAGEMENT AND COMPENSATION CONSULTANTS

ROLE OF MANAGEMENT IN DETERMINING COMPENSATION AND EVALUATING PERFORMANCE

The Executive Chairman and President participates in the compensation design process, evaluates the performance of key senior executives and makes recommendations to the Governance Committee with respect to the compensation of the other NEOs and the specific business goals to be used as performance targets for the various incentive programs. The views of the Executive Chairman and President are valued because of his day-to-day involvement with key senior executives. As a result, he is in the best position to effectively assess the performance of the other NEOs and how their efforts have contributed to the achievement of Loblaw's and SDM's strategic objectives and operational targets.

These evaluations are based on the achievement of objectives and targets related to both the individual and the Corporation and include an assessment of leadership capabilities and team development. The results of these evaluations are presented to the Governance Committee. The Chief Financial Officer, the Chief Legal Officer and the Executive Vice President, Human Resources and Labour Relations assist the Executive Chairman and President in developing and presenting management's recommendations and supporting material to the Governance Committee regarding the design of the incentive plans and the compensation of the other senior executives.

COMPARATIVE MARKET DATA

Comparative market data is one factor used in setting the compensation of each NEO. Other factors include personal performance, leadership ability, internal equity among executives and the operating results of the business or area for which the NEO has responsibility. From time to time, the Governance Committee uses benchmarking or comparisons of compensation programs from a peer group of companies to confirm that the Corporation's programs remain competitive. See the discussion below under the heading "2014 Compensation Analysis" for a detailed description of the comparator group. When performing compensation reviews, the Governance Committee has determined that its compensation positioning should be targeted within a competitive range at around the 50th percentile (median) of the Corporation's comparator group based on target total direct compensation which is comprised of base salary, short-term and long-term compensation targeted amounts.

ROLE OF MERIDIAN COMPENSATION PARTNERS

The Corporation retained Meridian Compensation Partners ("Meridian") to conduct a comprehensive compensation analysis of the senior executive team, prompted in part by certain executive changes announced in July following the acquisition of SDM. The results of Meridian's compensation analysis were presented to the Governance Committee over a series of meetings. The Chair of the Governance Committee also regularly engaged with representatives of Meridian to ensure that any important compensation issues were brought forward to Committee meetings and to confirm that these issues received the appropriate level of attention.

The Governance Committee continually evaluates whether to formally retain an independent compensation advisor to assist in compensation matters. As part of its annual assessment of governance practices, the Governance Committee determined that it did not require the services of an independent compensation advisor in 2014.

In 2014, Meridian received $146,797 from the Corporation for the services described above. In 2013, Meridian received $209,959 for services performed for the Governance Committee.

2014 COMPENSATION ANALYSIS

In 2014, Meridian was engaged to provide a comprehensive compensation review of the Corporation's most senior executive officers. The purpose of this engagement was to assist management and the Governance Committee in evaluating the compensation arrangements of its senior executive team within the retail industry and broader talent market in light of key leadership changes following the acquisition of SDM. The key elements of compensation reviewed in this analysis included base salary, STIP and LTIP compensation, referred to as "total direct compensation".

Meridian conducted an analysis of each NEO by first developing an appropriate comparator group against which to benchmark the Corporation's compensation practices. Determining a comparator group to benchmark NEO compensation was challenging in light of Loblaw's unique presence in the Canadian market, as the largest company in Canada by revenue and number of employees, and one that is much larger than any other Canadian retailer. The Corporation also has a limited number of direct retail peers in Canada and there are few large, Canadian companies outside of the financial services and resource based industries against which Loblaw may easily compare. For these reasons, benchmarking was only one piece of data considered by management and the Governance Committee in setting and reviewing executive compensation.

The Committee approved a blended comparator group comprised of three types of companies: (i) Canadian retail companies; (ii) US retail companies; and (iii) large (non-retail) Canadian companies. The Canadian retail companies are comprised of direct industry peers. The US retail companies reflect the broader retail talent market and are direct competitors for talent at the senior executive level. The large Canadian companies were selected to reflect how Canadian companies pay executives for their skill set and experience. Most of the comparators listed below are within one-third to three times the Corporation's revenue size. Revenue was selected as the criterion for members of each comparison group because it is generally a stronger and more predictive measure for compensation comparisons for a retail company than other criteria (e.g. assets or market capitalization). Based on revenue, the Corporation is positioned at the 71st percentile of this blended comparator group.

The group of comparator companies is set out below:

Canadian Retail Companies	US Retail Companies	Large Canadian Companies	
Alimentation Couche-Tard Inc.	Best Buy Co Inc.	Agrium Inc.	Imperial Oil Limited
Empire Company Limited	CVS Caremark Corporation	BCE Inc.	Manulife Financial Corporation
Canadian Tire Corporation, Limited	Costco Wholesale Corporation	Bombardier Inc.	Power Corporation of Canada
Metro Inc.	The Kroger Co.	Brookfield Asset Management Inc.	Rogers Communications Inc.
	The Home Depot, Inc.	Canadian Natural Resources Limited	Suncor Energy Inc.
	Lowe's Companies Inc.	Cenovus Energy Inc.	Sysco Corporation
	Publix Super Markets, Inc.	Enbridge Inc.	TELUS Corporation
	Rite Aid Corporation	Husky Energy Inc.	
	Safeway Inc.		
	Target Corporation		
	Walgreen Co.		

The comparator group was established to evaluate NEOs' total direct compensation against that of the comparator companies. The Governance Committee determined that the Corporation's compensation positioning would be targeted within a competitive range at around the 50th percentile (median) of the comparator group based on target total direct compensation. The Committee felt that this target would provide an appropriate level of compensation while also ensuring competitiveness to enable the Corporation to attract and retain talent.

Meridian compared the compensation of each NEO against the compensation of executives holding comparable positions at companies in the comparator group; however, this market reference data was just one factor used to make decisions regarding appropriate adjustments. The Governance Committee also considered important qualitative factors in assessing compensation for any role, including the scope of the role, experience, performance track record and internal equity. In addition, as part of its review process, the Governance Committee required management and Meridian to stress test each NEO's proposed compensation arrangements to determine how much each executive would earn if the Corporation delivered on its five year plan, to ensure that the Committee was comfortable with the range of potential payouts. Based on this review and the Committee's consideration of other qualitative factors, the Committee approved a number of changes to certain NEOs' compensation arrangements, as further set out in the section "Compensation Decisions regarding the Named Executive Officers" on pages 49 and 50.

COMPONENTS OF COMPENSATION

The 2014 NEO compensation was comprised principally of base salary, short-term cash incentives (which executives may have elected to receive in the form of Executive Deferred Share Units ("EDSUs")) and long-term incentives (RSUs, PSUs and stock options) as described in the table that follows. Benefits, pensions and perquisites comprise a relatively small part of an NEO's total annual compensation.

Components		Form	Period	Program Objectives and Details
Fixed Compensation	Base Salary	Cash	Annual	• Reflects the executive's level of responsibility and experience, internal equity among executives and the executive's overall performance both individually and in relation to the executive's business unit or division.
Variable Compensation	Short-Term Incentive Plan (STIP)	Cash	Annual	• Incentive program is linked to the achievement of specific financial and/or operating performance targets in the fiscal year. • Each executive has a target annual bonus (% of base salary). • Actual payout is determined by the achievement of predetermined financial and/or operating performance objectives. • Payouts range from zero to a maximum of 200% of an executive's target bonus.
		EDSUs (Elective)	Annual election; EDSUs held until cessation of employment	• Each executive can choose to receive all or a portion of the executive's STIP payout in the form of EDSUs, to a cumulative maximum of three times the executive's base salary. • Align executives' interests with those of shareholders and count towards Executive Share Ownership Guidelines. • EDSUs are settled in Common Shares no later than December 15th of the year following the year in which the executive's employment ceases for any reason.
	Long-Term Incentive Plan (LTIP)	RSUs	3 year vesting period	• Motivates and rewards executives for increasing shareholder value. • RSU grants are generally made once per year. • Individual awards are differentiated based on role and expected future performance. • RSUs typically comprise one-third of the total value of LTIP grants to executives. • RSUs are settled in Common Shares purchased on the open market at the end of the applicable vesting period.
		PSUs	3 year performance period	• Motivates and rewards executives for increasing shareholder value. • PSU grants are generally made once per year. • Individual awards are differentiated based on role and expected future performance. • PSUs typically comprise one-third of the total value of LTIP grants to executives. • PSU vesting is based on the Corporation's success in achieving market share and return on capital targets. • PSUs are settled in Common Shares purchased on the open market at the end of the applicable performance period.
		Stock Options	5 year vesting period (20% per year); 7 year term	• Motivates and rewards executives for increasing share price. • Stock option grants are generally made once per year. • Individual awards are differentiated based on role and expected future performance. • Stock options typically comprise one-third of the total value of LTIP grants to executives.

Other Elements of Compensation			
Benefits	Group health, dental and insurance benefits	Employment and post-employment	• Executive benefit plans, paid for by the Corporation, provide health, dental, disability and insurance coverage.
Pensions	Defined Benefit Pension Plan/ Defined Contribution Pension Plan/ Supplemental Executive Retirement Plan	Post-employment	• Plans are designed to provide a reasonable level of retirement income to executives to reward them for their service to the Corporation. • In 2014, Loblaw senior executives (other than Mr. Weston) participated in either the executive defined benefit registered pension plan or the executive defined contribution registered pension plan and in a supplemental executive retirement plan. • New Loblaw executives participate in the executive defined contribution registered pension plan and in a supplemental executive retirement plan. • Messrs. Pilla and Motz participated in the pension plan for executives of SDM, a registered defined benefit pension plan and SDM's supplementary pension plan, an unregistered defined benefit pension plan.
Perquisites	Cash allowance/ reimbursement for professional services	Annual	• A limited number of personal benefits are provided, including a car or car allowance, an annual medical examination and a discretionary health care spending account and the ability to participate in the employee share ownership plan.

COMPONENTS OF EXECUTIVE COMPENSATION FOR 2014

BASE SALARY

Base salaries for the NEOs are set on an individual basis and not within formal salary ranges. Base salaries are set taking into account the level of responsibility and experience, internal equity among executives and the executive's overall performance both individually and in relation to the executive's business unit or division. Each year the Governance Committee reviews the base salary of the NEOs. The Governance Committee may make adjustments to an NEO's salary as a result of a change in the NEO's duties and responsibilities, or in the performance and contribution of the NEO, both on an individual basis and in relation to the performance of the NEO's business unit or division during the previous year.

The following table sets out the base salary for each NEO for 2014 and, if applicable, the percentage increase from 2013:

Name(1)	2014 Base Salary ($)	Increase From 2013 (%)
Galen G. Weston	1,000,000	nil
Richard Dufresne	625,000(2)	11.6
Sarah R. Davis	575,000(3)	10.0
Domenic Pilla	1,128,750(4)	3.9
Michael Motz	700,350(5)	1.5
Grant Froese	700,000(6)	33.5

(1) Mr. Trius left the Corporation on July 16, 2014 and his actual salary for 2014 was $710,003.

(2) Mr. Dufresne's prorated salary for 2014 was $600,417 and reflects an increase to his base salary as a result of his appointment as Chief Financial Officer of the Corporation in July 2014. Weston paid $366,042 of Mr. Dufresne's base salary in 2014 and the Corporation paid $234,375.

(3) Ms. Davis' prorated salary for 2014 was $561,938.

(4) Mr. Pilla's actual salary for 2014 was $1,150,457, reflecting a 53-week fiscal year, pursuant to SDM's payroll practices.

(5) Mr. Motz's actual salary for 2014 was $713,818, reflecting a 53-week fiscal year, pursuant to SDM's payroll practices.

(6) Mr. Froese's prorated salary for 2014 was $641,667 and reflects an increase to his base salary as a result of his appointment as Chief Operating Officer of the Corporation in July 2014.

SHORT-TERM INCENTIVE PLANS

The Corporation has separate short-term incentive plans for the executives of Loblaw and SDM. The STIP programs are designed to incent executives, including the NEOs, to meet certain annual business and financial objectives. Each fiscal year, the performance of the executives is measured by the achievement of specific financial goals, which vary from year to year. The Governance Committee believes that the STIP programs are balanced as they are comprised of different performance measures that are designed to focus executives on the key drivers of the operating businesses and value creation over both the short- and long-term and, therefore, reduce the risk of inappropriate or excessive risk-taking behaviour by executives.

The Governance Committee is responsible for the plan design and awards made by the Corporation pursuant to the Loblaw STIP and the SDM STIP. The Governance Committee receives periodic reports on the performance of the STIP metrics, including their performance against targets.

All participating executives have STIP award targets that are expressed as a percentage of their base salary, with such targets determined by the executive's position and level within the organization. Depending on actual performance relative to the performance targets, payouts for each performance target range from (i) zero to a maximum of 200% of target for each component for the Loblaw STIP; and (ii) zero to a maximum of 150% of target for each component for the SDM STIP. Under each STIP, awards are determined separately for each performance measure and then aggregated to determine the final amount. The STIP award payments are made in cash, although executives may elect to receive all or a portion of their STIP award in EDSUs, to a cumulative maximum of three times the executive's base salary.

Plan Design

The Governance Committee believes that the STIP should be designed to properly incent the NEOs to achieve the Corporation's business plan and strategic objectives. At the beginning of each fiscal year, the Governance Committee establishes the STIP design, including specific business performance measures, weightings and targets, and presents it to the Board for approval. In determining the performance measures, weightings, targets and payout ranges for each fiscal year, the Governance Committee takes into account the key components of the Corporation's annual business plan, budget and strategic objectives. Following year-end, the Governance Committee reviews the financial results of the Corporation against the performance targets and considers, in its discretion, whether any adjustments are required to account for unexpected events during the year.

In 2014, the STIP was designed so that Loblaw NEOs would be focused on key drivers of the combined Loblaw and SDM business, while the SDM NEOs, namely, Messrs. Pilla and Motz, would be focused on SDM measures. The Governance Committee also decided that in light of Mr. Weston's and Ms. Davis' appointments to the positions of President and Chief Administrative Officer respectively, part way through the year, their 2014 STIP awards would not include a personal performance component.

The following table sets forth details regarding the STIP targets and maximum aggregate STIP awards for each NEO:

Name(1)	**Base Salary ($)**	**STIP Target as Percentage of Base Salary (%)**	**Aggregate STIP Target ($)**	**Maximum Aggregate STIP ($)**
Galen G. Weston	1,000,000	100	1,000,000	2,000,000
Richard Dufresne	600,417	100	600,417	1,200,834
Sarah Davis	561,938	100	561,938	1,123,876
Domenic Pilla	1,128,750	125	1,410,938	2,116,407
Michael Motz	700,350	70	490,245	735,368
Grant Froese	641,667	100	641,667	1,283,334
Vicente Trius	685,003	150	1,027,505	1,370,006

(1) STIP awards are calculated using each Loblaw NEO's prorated base salary amount in 2014, as applicable. The STIP awards for SDM NEOs are calculated using their 52-week base salary amount. Mr. Trius' base salary amount is calculated as at July 16, 2014.

LOBLAW STIP

Plan Design

In 2014, the Loblaw STIP was designed so that Loblaw NEOs would be focused on key drivers of the combined Loblaw and SDM businesses. The Loblaw STIP was designed with the following measures, weightings and targets to drive Loblaw's strategic goals for 2014:

Loblaw STIP - 2014 performance measures

In 2014, the Governance Committee also approved a new condition for Loblaw's STIP that the bonus amount awarded for each performance measure cannot exceed 100% unless both the Loblaw earnings and sales targets have been met. This condition does not apply to the SDM STIP payouts for 2014.

A description of each performance measure and the actual achievements against these measures is set forth below.

Loblaw Earnings Target

The Loblaw earnings target for 2014 ($3,143 million) was based on budgeted earnings before interest, tax, depreciation and amortization ("EBITDA") pursuant to Loblaw's and SDM's combined annual and multi-year business plans.

The earnings component was designed so that:

- a positive (or negative) change of $26.1 million in earnings relative to the target would have a corresponding 10% increase (or decrease) in the bonus amount awarded for the earnings component;
- 100% of the bonus amount awarded for the earnings component would be paid if Loblaw's actual earnings were $3,143 million;
- no 2014 bonus amount would be awarded for the earnings component if Loblaw's actual earnings were equal to or less than $2,882 million, which is 90% of the earnings target; and
- the maximum 2014 bonus payout would be 200% of target for the earnings component if Loblaw's actual earnings were equal to or greater than $3,404 million, which is 110% of the earnings target (provided that the sales target had also been met).

Loblaw Sales Target

The Loblaw sales target for 2014 ($33,437 million) was designed to focus executives on improving growth in both Loblaw's core retail food business and in new and innovative products and services and was based on the targeted growth set forth in Loblaw's business plan.

The sales component was designed so that:

- a positive (or negative) change of 0.15% in sales relative to the target would have a corresponding 10% increase (or decrease) in the bonus amount awarded for the sales component;
- 100% of the bonus amount awarded for the sales component would be paid if Loblaw's actual sales were $33,437 million;
- no 2014 bonus amount would be awarded for the sales component if Loblaw's actual sales were less than target by 1.5% or more; and
- the maximum 2014 bonus payout would be 200% of target for the sales component if Loblaw's actual sales exceeded target by 1.5% or more (provided that the earnings target had also been met).

IT Implementation Target

The IT implementation target for 2014 was the implementation of the new SAP system in 452 corporate stores and 21 distribution centres. This metric was designed to focus executives on achieving the significant milestone of converting all corporate stores and distribution centres to Loblaw's SAP system.

The IT implementation component was designed so that:

- every 12 stores below plan would have a corresponding 10% decrease in the bonus amount awarded for the IT implementation component;
- 100% of the bonus amount awarded for the IT implementation component would be paid if 452 corporate stores and 21 distribution centres had implemented the new IT system;
- no 2014 bonus amount would be awarded for the IT implementation component if fewer than 354 stores failed to implement the new IT system; and
- the maximum 2014 bonus payout would be 200% of target for the IT implementation component if Loblaw's actual IT implementation exceeded target, with the maximum payout equal to the Loblaw earning component results (provided that the sales and earnings targets had also been met).

Loblaw/SDM Synergies Target

The Loblaw/SDM synergies target for 2014 ($75 million of net synergies, based on the $100 million annualized target for the first year following closing) was designed to focus executives on delivering significant savings through increased scale and operating efficiencies following Loblaw's acquisition of SDM. Management expects the combination to yield annualized net synergies of $300 million in the third full year following closing (net of related costs), phased in evenly over the three years.

The synergies component was designed so that:

- a positive (or negative) change of $2.5 million in net synergies relative to the target would have a corresponding 10% increase (or decrease) in the bonus amount awarded for the synergies component;
- 100% of the bonus amount awarded for the synergies component would be paid if Loblaw's actual net synergies were $75 million;
- no 2014 bonus amount would be awarded for the synergies component if Loblaw's actual net synergies were less than target by $25 million or more (i.e. net synergies of $50 million or less); and
- the maximum 2014 bonus payout would be 200% of target for the synergies component if Loblaw's actual net synergies exceeded target by $25 million or more (i.e. net synergies of $100 million or more) (provided that the sales and earnings targets had also been met).

SDM Front Store Sales Target

The front store sales target for 2014 (to increase front store sales by 2% over 2013) was designed to focus executives on improving growth in SDM's front store sales.

The sales component was designed so that:

- a positive change of 0.05% or a negative change of 0.1% relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the sales component;
- 100% of the bonus amount awarded for the front store sales component would be paid if SDM's actual front store sales grew by 2%;
- no 2014 bonus amount would be awarded for the front store sales component if SDM's actual sales were less than target by 1% or more; and
- the maximum 2014 bonus payout would be 200% of target for the sales component if SDM's actual sales exceeded target by 2.5% or more (provided that the sales and earnings targets had also been met).

SDM Same Store Script Count Target

The SDM same store script count target for 2014 (increase same store script count by 4.9% over 2013) was designed to focus executives on improving growth in this area of SDM's business.

The same store script count component was designed so that:

- a positive change of 0.11% or a negative change of 0.25% relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the same store script count component;
- 100% of the bonus amount awarded for the same store script count component would be paid if SDM's actual same store script count grew by 4.9%;

- no 2014 bonus amount would be awarded for the same store script count component if SDM's same store script count were less than target by 2.4% or more; and
- the maximum 2014 bonus payout would be 200% of target for the same store script count component if SDM's actual same store script count exceeded target by 6% or more (provided that the sales and earnings targets had also been met).

2014 Loblaw STIP Calculation

In February 2015, the Governance Committee reviewed Loblaw's 2014 financial results and determined the Loblaw 2014 STIP calculation as follows:

Performance Objective	Weighting (%)	Target	Actual	Payout Factor (% of Target)
Loblaw Earnings	35	$3,143 million	$3,187 million	116.9
Loblaw Sales	25	$33,437 million	$33,561 million	124.7
IT Implementation	15	452 corporate stores and 21 distribution centers	441 corporate stores and 21 distribution centers	116.9
Loblaw/SDM Synergies	15	$75 million	$101 million	200.0
SDM Front Store Sales Growth	5	2%	2.5%	200.0
SDM Same Store Script Count	5	4.9%	4.7%	92.0
Overall STIP Performance				**134.2**

Key Factors Influencing Results

Early in 2015, the Governance Committee reviewed the Corporation's 2014 financial results and determined the key factors contributing to each component's performance relative to target.

- The increase in earnings relative to target was driven by higher sales as described below, synergy savings related to the SDM acquisition, and operating efficiencies including reductions in transportation costs.
- The increase in sales relative to target was driven by same-store sales growth; inflationary impacts as measured by the Corporation's average annual internal food price index; and an increase in net square footage.
- The IT implementation target was met due to the fact that 441 corporate stores and 21 distribution centres were converted to a perpetual inventory system with visibility to integrated costing information. The number of corporate stores in which the new SAP system was implemented was 11 short of the target because management had excluded these 11 stores from the original target during 2014, due to external operating factors.
- The increase in synergies relative to target was driven by strong performance in achieving cost of goods sold synergies within the current year.
- The increase in SDM front store sales relative to target was driven by market share growth in the division's core categories.
- SDM same store script count fell slightly below the target resulting in a 92% payout.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for each Loblaw NEO for 2014:

	2014 Loblaw STIP Award ($)						
Name(1)	**Loblaw/ SDM Earnings ($)**	**Loblaw Sales ($)**	**Loblaw/SDM Synergies ($)**	**IT Implementation ($)**	**SDM Front Store Sales ($)**	**SDM Script Count ($)**	**Total Loblaw STIP Award ($)**
Galen G. Weston	409,004	311,808	300,000	175,287	100,000	46,000	1,342,099
Richard Dufresne(2)	163,774	124,768	120,083	70,189	40,028	18,413	537,255
Sarah Davis	229,835	175,216	168,581	98,501	56,194	25,849	754,176
Grant Froese	262,444	200,077	192,500	112,476	64,166	29,517	861,180

(1) STIP awards are calculated using each NEO's prorated base salary amount in 2014, as applicable.

(2) Mr. Dufresne's STIP award for 2014 was granted by Weston and was comprised of two components: 67% based on his Loblaw STIP and 33% based on his Weston STIP. Mr. Dufresne's total STIP award for 2014 was $655,054 of which the Corporation paid $246,462. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

SDM STIP

Plan Design

SDM's 2014 STIP, which applies to Messrs. Pilla and Motz, was designed as a SDM stand-alone plan with the following measures, weightings and targets to drive SDM's strategic goals for 2014:

Shoppers Drug Mart STIP - 2014 performance measures

SDM Earnings Target

The SDM earnings target for 2014 ($1,192 million) was based on budgeted EBITDA pursuant to its annual and multi-year business plans.

The earnings component was designed so that:

- a positive change of $4.3 million in earnings or a negative change of $6.2 million relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the earnings component;
- 100% of the bonus amount awarded for the earnings component would be paid if SDM's actual earnings were $1,192 million;
- no 2014 bonus amount would be awarded for the earnings component if SDM's actual earnings were equal to or less than $1,130 million; and
- the maximum 2014 bonus payout would be 150% of target for the earnings component if SDM's actual earnings were equal to or greater than $1,235 million.

SDM Front Store Sales Target

The SDM front store sales target for 2014 (an increase in front store sales of 2% over 2013) was designed to focus executives on improving growth in SDM's front store sales.

The SDM front store sales component was designed so that:

- a positive change of 0.05% or a negative change of 0.1% relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the sales component;
- 100% of the bonus amount awarded for the front store sales component would be paid if SDM's actual front store sales grew by 2%;
- no 2014 bonus amount would be awarded for the front store sales component if SDM's actual sales were less than target by 1% or more; and
- the maximum 2014 bonus payout would be 150% of target for the sales component if SDM's actual sales exceeded target by 2.5% or more.

SDM Same Store Script Count Target

The SDM same store script count target for 2014 (an increase in same store script count of 4.8% over 2013) was designed to focus executives on improving growth in this part of SDM's business.

The same store script count component was designed so that:

- a positive change of 0.12% or a negative change of 0.24% relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the same store script count component;
- 100% of the bonus amount awarded for the same store script count component would be paid if SDM's actual same store script count grew by 4.8%;

- no 2014 bonus amount would be awarded for the same store script count component if SDM's same store script count was less than target by 2.4% or more; and
- the maximum 2014 bonus payout would be 150% of target for the same store script count component if SDM's actual same store script count exceeded target by 6% or more.

SDM Customer Satisfaction Index Target

The SDM Customer Satisfaction Index ("CSI") target for 2014 (achieving a customer satisfaction rating of 66%) was designed to focus executives on driving positive customer ratings at SDM stores. CSI is measured at SDM stores by a third-party provider and targets and ranges are established annually, with consideration of historical results and other factors.

The customer satisfaction component was designed so that:

- a positive (or negative) change of 0.1% relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the customer satisfaction rating component;
- 100% of the bonus amount awarded for the customer satisfaction rating component would be paid if SDM's actual customer satisfaction rating was 66%;
- no 2014 bonus amount would be awarded for the customer satisfaction rating component if SDM's actual customer satisfaction rating was 65% or less; and
- the maximum 2014 bonus payout would be 150% of target for the customer satisfaction rating component if SDM's actual customer satisfaction rating was 67% or more.

Loblaw/SDM Synergies Target

The Loblaw/SDM synergies target for 2014 ($75 million of net synergies, based on the $100 million annualized target for the first year following closing) was designed to focus executives on delivering significant savings through increased scale and operating efficiencies following the Corporation's acquisition of SDM. Management of Loblaw and SDM expect the combination to yield annualized net synergies of $300 million in the third full year following closing (net of related costs), phased in evenly over the three years.

The synergies component was designed so that:

- a positive (or negative) change of $2.5 million in net synergies relative to the target would have a corresponding 10% increase (or decrease) in the bonus amount awarded for the synergies component;
- 100% of the bonus amount awarded for the synergies component would be paid if Loblaw's actual net synergies were $75 million;
- no 2014 bonus amount would be awarded for the synergies component if Loblaw's actual net synergies were less than target by $25 million or more (i.e. net synergies equaled $50 million or less); and
- the maximum 2014 bonus payout would be 150% of target for the synergies component if Loblaw's actual net synergies exceeded target by $25 million or more (i.e. net synergies equaled $100 million or more).

SDM 2014 STIP Calculation

Early in 2015, the Governance Committee reviewed SDM's 2014 financial results and determined the SDM 2014 STIP calculation as follows:

Performance Objective	Weighting (%)	Target	Actual	Payout Factor (% of Target)
SDM Earnings	35	$1,192 million	$1,212 million	123.8
SDM Front Store Sales Growth	17.5	+2% over 2013	2.4%	144.4
SDM Same Store Script Count	17.5	+4.8% over 2013	4.6%	94.2
Customer Satisfaction Rating	15	66%	66%	100.0
Loblaw/SDM Synergies	15	$75 million	$101 million	150.0
Overall SDM STIP Performance				**122.6**

Key Factors Influencing Results

Early in 2015, the Governance Committee reviewed SDM's 2014 financial results and determined the key factors contributing to each component's performance relative to target, as set out below:

- The increase in earnings relative to target was driven by strong performance in both the pharmacy and front store. Higher same store sales were accompanied by cost reductions, productivity and efficiency initiatives to fuel earnings performance.
- The increase in SDM front store sales relative to target was driven by market share growth in the division's core categories.
- SDM same store script count fell slightly below the target resulting in a 94.2% payout.
- The customer satisfaction rating was met resulting in a payout at target.
- The increase in synergies relative to target was driven by strong performance in achieving cost of goods sold synergies within the current year.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for each SDM NEO for 2014:

	2014 SDM STIP Award					
Name	**SDM Earnings ($)**	**SDM Front Store Sales ($)**	**SDM Script Count ($)**	**SDM Customer Satisfaction Index ($)**	**Loblaw/ SDM Synergies ($)**	**Total ($)**
Domenic Pilla	611,434	356,588	232,622	211,665	317,500	1,729,809
Michael Motz	212,449	123,900	80,827	73,545	110,319	601,040

Executive Deferred Share Unit Plan

The Corporation's EDSU Plan enables an executive to receive up to 100% of his or her STIP bonus in any year in EDSUs, subject to a cumulative cap of three times the executive's base salary. All EDSUs held by an executive will be paid out in Common Shares by no later than December 15th of the year following the year in which the executive's employment ceases for any reason. An election to participate in the EDSU Plan in any year must be made before the beginning of that year and is irrevocable. The number of EDSUs granted in respect of any year will be determined by dividing the STIP bonus that is subject to an EDSU Plan election by the value of a Common Share on the date the STIP bonus would otherwise be paid. For this purpose, and for purposes of determining the value of an executive's EDSUs upon redemption, the value of a Common Share is calculated by using the volume weighted average of the trading price of the Common Shares on the TSX for the five trading days prior to that valuation date. Additional EDSUs are accumulated based on notional equivalents of dividends paid on Common Shares while an EDSU is outstanding. Currently, none of the NEOs participate in the EDSU Plan.

LONG-TERM INCENTIVE PLAN

The Corporation's equity-based LTIP is designed to motivate executives to increase shareholder value. Under the LTIP, the Corporation awards executives long-term incentives in the form of stock options, RSUs and PSUs, the values of which are directly linked to the market value of the Common Shares. Executives eligible for LTIP grants generally receive them on an annual basis.

Annual LTIP grants for NEOs are comprised 1/3 of stock options, 1/3 of RSUs and 1/3 of PSUs. The LTIP balances the use of: (i) stock options, which align an executive's interest with shareholders in share price appreciation; (ii) RSUs, which serve as a key component in retaining executives; and (iii) PSUs, which focus executives on the delivery of key objectives set forth in the strategic plan.

The value of a LTIP grant to a participating executive is generally based on a percentage of the executive's base salary. All grants are reviewed and approved by the Governance Committee as part of its regular review of compensation. Annual LTIP awards are granted in the first quarter during the open trading window following the announcement of the Corporation's year-end financial results in accordance with the Corporation's Securities Trading Policy. "Off-cycle" grants are made to newly hired executives, and to executives promoted part way through a year, during open trading windows following the release of quarterly financial results.

In 2014, the Governance Committee approved LTIP awards to the NEOs as follows:

Name	Base Salary ($)	Annual LTIP Grant as a Percentage of Base Salary (%)	Grant Date Fair Value ($)	Type of LTIP Grant(1)
Galen G. Weston	1,000,000	250	2,499,983	Stock Options, RSUs and PSUs
Richard Dufresne	625,000	200	2,420,947(2)	Stock Options, RSUs and PSUs
Sarah R. Davis	575,000	200	2,300,072(3)	Stock Options, RSUs and PSUs
Domenic Pilla	1,128,750	200	5,482,512(4)	RSUs and PSUs(5)
Michael Motz	700,350	115	2,875,434(6)	Stock Options, RSUs and PSUs
Grant Froese	700,000	200	2,483,360(7)	Stock Options, RSUs and PSUs
Vicente Trius	1,300,000	350	4,549,992	Stock Options, RSUs and PSUs

(1) Stock options, RSUs and PSUs each comprise one-third of the annual LTIP grant, except for Mr. Pilla.

(2) In 2014, Mr. Dufresne's LTIP grant in 2014 included a one-time award of 250% of his base salary of $600,000 at the time of grant. Mr. Dufresne's annual LTIP was granted by Weston and full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com. Mr. Dufresne was appointed Chief Financial Officer of the Corporation on July 16, 2014. In addition to his annual LTIP grant from Weston, Mr. Dufresne received an annual LTIP grant from the Corporation, which was comprised of 687 stock options, 125 RSUs and 125 PSUs, with an aggregate grant date fair value of $20,874, and representing the increase to his base salary at the time of appointment. Mr. Dufresne also received a special one-time grant of 16,155 Synergy PSUs with a grant date fair value of $899,995.

(3) Ms. Davis' annual LTIP grant was comprised of 37,991 stock options, 8,069 RSUs and 8,069 PSUs, with an aggregate grant date fair value of $1,150,045, and represented approximately 200% of her base salary. In 2014, Ms. Davis received a special one-time Synergy PSU Grant of 24,206 PSUs with a grant date fair value of $1,150,027, representing approximately 200% of her base salary.

(4) Mr. Pilla's annual LTIP grant was comprised of 23,758 RSUs and 23,758 PSUs, with an aggregate grant date fair value of $2,257,486, and represented approximately 200% of his base salary. In 2014, Mr. Pilla received a special one-time Synergy PSU Grant of 67,881 PSUs with a grant date fair value of $3,225,026, representing approximately 300% of his base salary at the time of grant.

(5) RSUs and PSUs each comprise one-half of Mr. Pilla's LTIP grant.

(6) Mr. Motz's annual LTIP grant was comprised of 26,607 stock options, 5,651 RSUs and 5,651 PSUs, with an aggregate grant date fair value of $805,423, and represented approximately 115% of his base salary at the time of grant. In 2014, Mr. Motz received a special one-time Synergy PSU Grant of 43,570 PSUs with a grant date fair value of $2,070,011, representing approximately 300% of his base salary at the time of grant.

(7) Mr. Froese's annual LTIP grant was comprised of 42,391 stock options, 8,918 RSUs and 8,918 PSUs, with an aggregate grant date fair value of $1,283,352, and represented approximately 200% of his base salary. In 2014, Mr. Froese received a special one-time Synergy PSU Grant of 25,258 PSUs with a grant date fair value of $1,200,008, representing approximately 200% of his base salary at the time of grant.

The key features of the Corporation's stock option plan (the "Stock Option Plan"), RSU Plan and PSU Plan are described below.

Stock Option Plan

Under the Stock Option Plan, the size of the annual award an executive receives is determined by reference to the executive's total LTIP award. The Governance Committee administers the Stock Option Plan, approves the participants, makes grants of options and establishes any limitations, restrictions and conditions on any grants. Any employee of the Corporation or any of its affiliates, as determined by the Governance Committee, may participate in the Stock Option Plan.

As of March 16, 2015, options to purchase 9,730,993 Common Shares were outstanding. The Corporation has 11,521,041 Common Shares available for future option grants, which represents approximately 2.8% of the issued and outstanding Common Shares. The Stock Option Plan provides that Common Shares issuable pursuant to outstanding options that are cancelled, expired, forfeited or terminated for any reason without having been exercised will again be available for grant under the Stock Option Plan. Stock options are not transferable or assignable otherwise than by will or by laws of descent and distribution, and during the lifetime of an optionee will be exercisable only by him or her. Please see page 51 for details regarding the treatment of stock options upon the resignation, termination with or without cause, or retirement of a participant as well as the effect of a change of control of the Corporation.

The exercise price for options may not be less than the fair market value of a Common Share, which is defined as the greater of: (i) the volume weighted average of the trading price of a Common Share on the TSX for the five trading days prior to the grant date; or (ii) the volume weighted average of the trading price of a Common Share on the TSX on the trading day immediately preceding the grant date. The exercise price for options granted to U.S. participants is the closing price of the Common Shares on the TSX on the 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. Under the Stock Option Plan, each option has a term of not less than five and not more than 10 years.

If the expiry date of 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 Securities Trading Policy, the expiry date will automatically be extended for 10 business days after the blackout period ends.

The aggregate number of Common Shares issued to insiders of the Corporation within any 12 month period, or issuable to insiders of the Corporation at any time, under the Stock Option Plan and any other security based compensation arrangement of the Corporation, may not exceed 5% of the total number of issued and outstanding Common Shares during such period of time, as applicable.

In the event of a 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 amalgamation or reorganization of the Corporation, the Board will make appropriate adjustments to the number of Common Shares subject to any options 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, 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 Securities 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;
6. requires shareholder approval under applicable laws, regulations or stock exchange rules; or
7. affects the amending provisions of the Stock Option Plan.

Subject to any required regulatory review or approval, the Board may make all other amendments to the Stock Option Plan without shareholder approval. These amendments include, but are not limited to, the termination of the Stock Option Plan; amendments designed to comply with applicable laws or regulatory requirements; and "housekeeping" administrative changes (such as correcting an immaterial inconsistency or curing any ambiguity).

In 2014, all the NEOs, except for Mr. Pilla, received stock option grants from the Corporation as described in the table below:

Name	Options Granted (#)	Exercise Price ($)	Grant Date Fair Value ($)	Vesting Schedule	Term of Grant
Galen G. Weston	82,590	47.51	833,333	20% per year over 5 years	7 years
Richard Dufresne	687(1)	55.71	6,946	20% per year over 5 years	7 years
Sarah R. Davis	37,991	47.51	383,329	20% per year over 5 years	7 years
Michael Motz	26,607	47.51	268,465	20% per year over 5 years	7 years
Grant Froese	39,643	47.51	399,998	20% per year over 5 years	7 years
	2,748(2)	55.71	27,782	20% per year over 5 years	7 years
Vicente Trius	150,314(3)	47.51	1,516,668	20% per year over 5 years	7 years

(1) *Mr. Dufresne received a grant from the Corporation following his appointment to the position of Chief Financial Officer. Mr. Dufresne also received a grant of stock options from Weston in 2014 with a grant date fair value of $499,998. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.*

(2) Mr. Froese received an additional grant as a result of his appointment as Chief Operating Officer of the Corporation effective July 16, 2014.

(3) Mr. Trius forfeited this option grant when he stepped down from his position with the Corporation on July 16, 2014.

Restricted Share Unit Plan

RSUs entitle an executive to receive the value of the RSU award in Common Shares at the end of the applicable vesting period, which is usually three years in length. An executive receives the number of Common Shares equal to the number of RSUs granted, with the ultimate award value determined by the Common Share price at the end of the applicable vesting period. The RSU Plan does not provide for the payment of any additional units in respect of dividends paid on Common Shares for the period when an RSU is outstanding.

In 2014, the NEOs were awarded RSUs as follows:

Name	RSUs Granted	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	17,540	47.51	833,325	March 28, 2017
Richard Dufresne	125(1)	55.71	6,964	September 16, 2017
Sarah R. Davis	8,069	47.51	383,358	March 28, 2017
Domenic Pilla	23,758(2)	47.51	1,128,743	March 28, 2017
Michael Motz	5,651	47.51	268,479	March 28, 2017
Grant Froese	8,419	47.51	399,987	March 28, 2017
	499(3)	55.71	27,799	September 16, 2017
Vicente Trius	31,923(4)	47.51	1,516,662	March 28, 2017

(1) Mr. Dufresne received a grant from the Corporation following his appointment to the position of Chief Financial Officer. Mr. Dufresne also received a grant of RSUs from Weston in 2014 with a grant date fair value of $500,040. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

(2) Mr. Pilla forfeited this RSU grant when he resigned from SDM on January 10, 2015.

(3) Mr. Froese received an additional grant as a result of his appointment as Chief Operating Officer of the Corporation.

(4) Mr. Trius forfeited this RSU grant when he stepped down from his position with the Corporation on July 16, 2014.

Performance Share Unit Plan

PSUs represent a form of at-risk long-term compensation that serves to motivate the recipient to deliver on objectives set forth in the Corporation's strategic plan. Like RSUs, PSUs also entitle an executive to receive the value of a PSU award in Common Shares at the end of the applicable performance period, also typically three years in length. However, the number of PSUs that vest during such period depends on the achievement of certain performance measures. For 2014, the Corporation's PSU performance measures were return on capital and market share.

A threshold performance condition must be met by the Corporation during the performance period in order for any PSUs to vest with respect to each performance measure. A target performance condition is the expected level of achievement for the performance period. If the target performance conditions are met, the number of PSUs that vest, with respect to each measure, will be equal to the number of PSUs granted. A maximum performance condition is the level of achievement during the performance period that results in the maximum number of PSUs vesting for each performance metric. If the maximum performance conditions are achieved for each measure, 200% of the number of PSUs granted will vest. Any performance results between the threshold performance conditions and maximum performance conditions will result in the vesting of PSUs determined on a linear basis. The PSU Plan does not provide for the payment of any additional units in respect of dividends paid on Common Shares during the period when a PSU is outstanding.

The performance targets for the PSUs granted in 2014, namely, the return on capital and market share metrics, are forward-looking as they relate to the three-year period ending in 2017 and were developed taking into account the Corporation's business strategies, plans and initiatives and its expectations regarding financial and operational performance. The targets are confidential and their disclosure would seriously prejudice the Corporation's interests. The targets are intended to be challenging – neither impossible nor easy to achieve.

In 2014, the following NEOs were awarded PSUs for which the grant date fair value assumes vesting at 100% of target:

Name	PSUs Granted	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	17,540	47.51	833,325	March 28, 2017
Richard Dufresne	125(1)	55.71	6,964	September 16, 2017
Sarah R. Davis	8,069	47.51	383,358	March 28, 2017
Domenic Pilla	23,758(2)	47.51	1,128,743	March 28, 2017
Michael Motz	5,651	47.51	268,479	March 28, 2017
Grant Froese	8,419	47.51	399,987	March 28, 2017
	499(3)	55.71	27,799	September 16, 2017
Vicente Trius	31,923(4)	47.51	1,516,662	March 28, 2017

(1) *Mr. Dufresne received a grant from the Corporation following his appointment to the position of Chief Financial Officer. Mr. Dufresne also received a grant of PSUs from Weston in 2014 with a grant date fair value of $500,040. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.*

(2) *Mr. Pilla forfeited this PSU grant when he resigned from SDM on January 10, 2015.*

(3) *Mr. Froese received an additional grant as a result of his appointment as Chief Operating Officer of the Corporation.*

(4) *Mr. Trius forfeited this PSU grant when he stepped down from his position with the Corporation on July 16, 2014.*

Performance of 2012 PSUs

In 2012, certain NEOs were awarded PSUs whose vesting was tied to achieving specific targets relating to earnings per share, return on capital and market share over a three-year period. At the time of grant, the performance targets relating to the 2012 measures, namely, earnings per share ("EPS"), return on capital and market share ("Market/Footage Share") metrics, were forward-looking as they related to the three-year period ending in 2014 and were developed taking into account the Corporation's business strategies, plans and initiatives and its expectations regarding financial and operational performance. The targets were intended to be challenging – neither impossible nor easy to achieve.

In early 2015, the Governance Committee reviewed the performance of the 2012 PSU grants against target and determined the following results:

- the performance results of the EPS and return on capital components did not meet threshold performance targets and no amount was paid out in respect of these components; and
- the performance of the Market/Footage Share component achieved a performance result in respect of this component at 136% of target.

The target and payout for the Market/Footage Share component is set out below:

Measure	Minimum	Target	Maximum	Actual Results
Market/Footage Share Performance	Below 1.059	1.059	1.07	1.063
Payout(1)	0%	100%	200%	136%

(1) *Payouts for performance between target and maximum are interpolated on a straight-line basis.*

2012 PSU Payout Summary

In 2015, the Governance Committee determined that the 2012 grant of PSUs paid out at 45.4% of target. The number of PSUs that vested pursuant to these performance results is set out in the table below:

Name	2012 PSU Granted (#)	Vesting of 2012 PSU Award (#) EPS Performance (#)	Return on Capital Component (#)	Market/Footage Share Component (#)	Total number of PSUs Vested (#)	Payout Amount(2) ($)
Richard Dufresne(1)	3,192	—	—	968	968	97,720
Grant Froese	9,811	—	—	4,455	4,455	277,301
Sarah Davis	7,337	—	—	3,331	3,331	207,338

(1) *Mr. Dufresne's 2012 PSUs were granted by Weston and only two-thirds of the number of PSUs granted are subject to Loblaw's PSU performance measures. Full details of Mr. Dufresne's compensation arrangements with Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.*

(2) The value of the PSU payouts for Mr. Froese and Davis is based on the transactional market price of the Common Shares on the TSX on March 2, 2015, which was $62.24, multiplied by the number of PSUs vested, as applicable. The value of the PSU payout for Mr. Dufresne is based on the transactional market price of the Western Common Shares on the TSX on March 26, 2015, which was $100.95, multiplied by the number of PSUs vested.

2014 SYNERGY AWARD PSU GRANTS

Following the closing of the SDM acquisition, all NEOs except for Mr. Weston and Trius were granted a one-time special grant of PSUs called "Synergy Award PSUs". The purpose of this award was to retain key executives during this important period and to incent them to deliver on the anticipated synergies of the SDM transaction. Vesting of the Synergy Award PSUs is conditional on the achievement of realized annual P&L synergies resulting from the transaction of at least $300 million, net of related costs (the "Performance Goal"). If the Performance Goal is met or exceeded by the third anniversary of the closing date, the Synergy Award PSUs will vest. If the $300 million synergy target is exceeded, additional PSUs (up to a maximum of 67% of the original grant number) will vest. The additional Synergy Award PSUs will vest on a linear basis based on the amount that the actual synergies exceed target up to the maximum performance target of $500 million. If the Performance Goal is not achieved by the third anniversary of the closing date, all of the Synergy Award PSUs will be cancelled with no payment.

Timing of the payouts of Synergy Award PSU grants differs slightly between Loblaw and SDM executives. For SDM executives, if the Performance Goal is met on or before the third anniversary of the Synergy Award PSU grant, that number of PSUs equal to such SDM NEO's initial grant value will vest and be paid out in the year in which the Performance Goal was achieved. Any additional Synergy Award PSUs to the extent the Performance Goal is exceeded on or before March 28, 2017 (the third anniversary of the closing date of the SDM acquisition), up to a maximum of 67% of the initial grant will vest and be paid out to SDM NEOs after the third anniversary of the grant. In contrast, Loblaw NEOs will be paid out their vested Synergy Award PSU grants (initial grant and any over-achievement amount) only after the third anniversary of the closing of the SDM acquisition.

The grant date fair value of Synergy Award PSUs granted to each NEO has been set out in the table below.

Name	PSUs Granted	Grant Value Per Unit ($)(1)	Grant Date Fair Value ($)	Vesting Date
Richard Dufresne	16,155	55.71	899,995	March 28, 2017
Sarah R. Davis	24,206	47.51	1,150,027	March 28, 2017
Domenic Pilla	67,881	47.51	3,225,026(2)	March 28, 2017
Michael Motz	43,570	47.51	2,070,011	March 28, 2017
Grant Froese	25,258	47.51	1,200,008	March 28, 2017

(1) Grant Date Fair Value = Number of PSUs granted x the greater of the volume weighted average share price on the TSX for the one or five trading days preceding the grant date, which was $47.51 as of March 28, 2014 and $55.71 as of September 16, 2014 for Mr. Dufresne who received his Synergy Award PSU grant during the first trading window following his appointment to the position of Chief Financial Officer of the Corporation. The grant date fair value of a PSU award is the same as the accounting fair value of such award on the applicable grant date except that for accounting purposes the calculation of the grant date fair value of a PSU also reflects the deduction of the net present value of the dividends over the term of the PSU, to which a PSU holder is not entitled. The Grant Date Fair Value assumes vesting at 100% of target. The number of PSUs that may vest will depend on the achievement of the performance measure and actual performance results may range between 0% and 167% of the number granted.

(2) Mr. Pilla forfeited a portion of this grant when he received a payment of $2,201,898 in relation to his Synergy Award PSU grant to reflect the synergies target actually achieved as of his resignation date.

Long-Term Incentive Plan Clawback

All LTIP grants include a clawback provision stating that if an executive accepts employment with a competitor of the Corporation within six months after leaving the employment of the Corporation, the gross dollar value of all stock option, RSU and PSU payments received in the 12 months of employment immediately prior to the date of cessation of employment must be repaid to the Corporation.

Securities Authorized for Issuance under Equity Compensation Plans as of January 3, 2015

The following table shows the number of securities authorized for issuance under equity compensation plans of the Corporation:

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Securityholders			
• Stock Option Plan(1)	8,367,604	$38.42	12,985,133
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total	**8,367,604**	**$38.42**	**12,985,133**

(1) Under the former SDM stock option plan, there are 264,957 stock options outstanding with no stock options available for future option grants. Upon exercise, these stock options will be issued as Common Shares. These SDM stock options have been reflected in the above table.

RETIREMENT AND PENSION ARRANGEMENTS

The Corporation's retirement and pension arrangements are designed to provide a reasonable level of retirement income to executives. Senior executives of Loblaw, other than Mr. Weston, participate in either the Corporation's executive defined benefit registered pension plan (the "Executive DB Plan") or executive defined contribution registered pension plan (the "Executive DC Plan"). All new Loblaw executives join the Executive DC Plan. In addition, senior executives of the Corporation whose pensionable earnings exceed prescribed levels participate in a non-contributory supplemental executive retirement plan (the "SERP").

Senior management of SDM, including the SDM NEOs, are provided retirement arrangements through participation in the Pension Plan for Executives of Shoppers Drug Mart Inc., a registered defined benefit pension plan, and the Shoppers Drug Mart Inc. Supplementary Pension Plan, an unregistered defined benefit pension plan (collectively, the "SDM Pension Plans").

EXECUTIVE BENEFIT PLANS

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

PERQUISITES

NEOs receive a limited number of perquisites. For Loblaw NEOs, these include a car or car allowance, an annual medical examination, a discretionary health care spending account and the ability to participate in the employee share ownership purchase plan. SDM NEOs perquisites include reimbursement of annual health club membership dues, an allowance for personal financial and tax planning advice, an annual medical examination and a car allowance.

EXECUTIVE SHARE OWNERSHIP GUIDELINES

The Corporation maintains Executive Share Ownership Guidelines to further align the interests of senior executives with those of the Corporation's shareholders. The Guidelines establish minimum share ownership levels for executives which, based on their executive level, are set at a multiple of their base salary. The Governance Committee recently undertook a comprehensive review of the share ownership practices of other companies. Based on this review, the Guidelines were amended to remove RSUs and PSUs as eligible holdings, making it more difficult for executives to achieve the minimum share ownership levels.

Under the revised Guidelines, Common Shares, EDSUs and the in-the-money value of vested stock options of the Corporation are the only eligible holdings included in determining an executive's ownership value. The Guidelines apply to every executive at the senior vice president level and higher. Senior executives who serve both the Corporation, Weston and Choice Properties may include their eligible holdings in all of these entities to satisfy the Guidelines.

Under the Guidelines, senior executives are expected to own eligible equity-based holdings with a value equal to a multiple of their base salary as determined by their position:

Executive Chairman and President	5x base salary
President of SDM	3x base salary
Executive Vice Presidents	2x base salary
Senior Vice Presidents	0.5x base salary

Executives are expected to attain the required ownership level within five years of their appointment, but as a result of the elimination of RSUs and PSUs from the list of eligible holdings, effective January 1, 2013, all executives have five years from that date, or the date of their appointment, if later, to meet the required ownership levels. SDM executives have five years from the close of SDM acquisition to attain the required ownership levels.

The dollar values of each NEO's eligible equity-based holdings, based on the market value as at March 16, 2015 of $62.40, are set forth in the following table:

	Value of Equity-Based Holdings			Ownership Requirement	
Name	Common Shares ($)	Vested In-the-Money Stock Options ($)	Total ($)	($)	Multiple of Salary
Galen G. Weston	18,096,000	15,069,810	33,165,810	5,000,000	5
Richard Dufresne(1)	—	—	1,371,348	1,250,000	2
Sarah R. Davis	453,648	4,135,677	4,589,325	1,150,000	2
Michael Motz	—	1,446,917	1,446,917	2,101,050	3
Grant Froese	413,088	5,399,151	5,812,239	1,400,000	2

(1) Mr. Dufresne is also subject to Weston's Executive Share Ownership Guidelines. His Weston equity-based holdings are set forth in the table based on their value on March 16, 2015 at $100.37, being the price on the TSX of a Weston common share on that date.

2014 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

As discussed in the section "2014 Compensation Analysis" on pages 32 and 33, in 2014, Meridian was retained to provide a compensation analysis of the Corporation's most senior executive officers. In reviewing the market reference data prepared by Meridian and management's recommendations for NEO compensation, the Governance Committee also considered a number of key principles, including: (i) ensuring that Loblaw's compensation arrangements remain competitive in a highly competitive retail and grocery talent market; (ii) the need for internal equity; (iii) the retention of key individuals and the delivery of synergies following the SDM acquisition; (iv) changes in roles following the closing of the SDM acquisition; and (v) the amount of compensation being tied to pay for performance via the STIP and LTIP. Based on this review, the Governance Committee approved the following changes to the NEOs' compensation for 2014:

Galen G. Weston, Executive Chairman and President

In February 2014, the Governance Committee granted Mr. Weston an annual LTIP award with an aggregate grant date fair value of approximately $2,500,000, comprised of 82,590 stock options, 17,540 RSUs and 17,540 PSUs. Mr. Weston's 2014 LTIP grant of 250% of his base salary remained the same as his 2013 and 2012 compensation awards. The Governance Committee also decided that because of the significant change to his role and objectives upon being appointed to the position of President part-way through the year, Mr. Weston's 2014 STIP award would not include a personal performance component. The Governance Committee did not make any other changes to Mr. Weston's compensation arrangements in 2014, but approved certain compensation arrangements for Mr. Weston effective January 1, 2015 which are set forth in the "2015 NEO Compensation Changes" section on page 55.

Richard Dufresne, Chief Financial Officer

In February 2014, Mr. Dufresne's base salary increased by approximately 7.1% from $560,000 to $600,000. The Weston Governance Committee also awarded Mr. Dufresne an LTIP grant for 2014 of 250% of his base salary, in recognition of the exceptional contribution he made to the Corporation's and Weston's strategic accomplishments.

Effective August 1, 2014, the Corporation's and Weston's Governance Committees approved certain amendments to Mr. Dufresne's compensation arrangements when he assumed the role of Chief Financial Officer of Loblaw in addition to his duties as CFO of Weston. Mr. Dufresne's base salary increased from $600,000 to $625,000 and in recognition of his key strategic role at Loblaw, Mr. Dufresne was also awarded a one-time grant of Synergy Award PSUs with a grant date fair value of $900,000. The costs of Mr. Dufresne's base salary and STIP amounts are split between the Corporation (90%) and Weston (10%) and his annual target LTIP grant, which remains at 200% of his base salary, is split 70% to 30% between the Corporation and Weston. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Sarah R. Davis, Chief Administrative Officer (Former Chief Financial Officer)

The Governance Committee determined that Ms. Davis' base salary would increase from $522,750 to $575,000, and her LTIP target increased from 150% to 200% of base salary on the closing of the SDM acquisition in March 2014. Her 2014 LTIP grant was comprised of 37,991 stock options, 8,069 RSUs and 8,069 PSUs, with an aggregate grant date fair value of approximately $1,150,000, equal to two times her post-closing base salary. In light of Ms. Davis' central role in the realization of the synergies benefits of the SDM transaction, Ms. Davis also received a grant of Synergy Award PSUs with a grant date fair value of $1,150,000, also equal to two times her post-closing base salary. The Governance Committee felt that these increases to Ms. Davis' compensation reflected the increasingly strategic and operational responsibilities required of her as the Chief Financial Officer. The significant weighting of the compensation increase in the form of at-risk pay would ensure that Ms. Davis' overall compensation was strongly aligned to the performance of the business, realization of the benefits of the SDM transaction and share price appreciation.

In July of 2014, Ms. Davis's position changed when she was appointed to the position of Chief Administrative Officer. The Governance Committee decided that in light of Ms. Davis' appointment to a new position part way through the year, her 2014 STIP award would not include a personal performance component. The Governance Committee also reviewed Ms. Davis' compensation arrangements at the time of her appointment to the position of Chief Administrative Officer and determined not to make any other changes to her compensation arrangements for 2014.

Michael Motz, President, Shoppers Drug Mart

The Governance Committee determined that no significant changes would be made to Mr. Motz's compensation arrangements for 2014. His base salary increased 1.5% in 2014, from $690,000 to $700,350. The Governance Committee decided that it would consider Mr. Motz's compensation arrangements again in 2015 following his assumption of the role of SDM President.

Grant Froese, Chief Operating Officer

As part of the restructuring of the senior executive team in anticipation of the SDM acquisition, Mr. Froese was promoted to the position of Chief Administrative Officer. To reflect his increasing responsibilities in this new position, Mr. Froese's base salary increased on January 1, 2014 from $524,280 to $600,000. On the closing of the SDM acquisition, Mr. Froese received a Synergy Award PSU grant with a grant date fair value of $1,200,000, equal to two times his base salary at that time.

As part of the senior executive changes which occurred in July of 2014, Mr. Froese was promoted to the role of Chief Operating Officer effective August 1, 2014. The Governance Committee approved increasing Mr. Froese's base salary to $700,000. Mr. Froese' STIP target remained at 100% of base salary and his LTIP remained at 200% of base salary, but he received a top-up LTIP grant to reflect his new base salary amount.

TERMINATION AND CHANGE OF CONTROL BENEFITS

None of the NEOs' employment agreements provides for change of control benefits; however, the Corporation's compensation plans have termination and change of control provisions. The table below summarizes the termination and change of control benefits provided under each plan in situations that result in cessation of employment.

	Separation Event				
Type of Compensation	**Resignation**	**Termination without Cause**	**Termination with Cause**	**Retirement**	**Change of Control**
Short-Term Incentive Plan	No payment	Bonus for the applicable year is prorated to the termination date	No payment	Bonus for the applicable year is prorated to the retirement date	Governance Committee discretion to grant or adjust bonus
Stock Option Plan	Options forfeited at time of notice of resignation	30 days from notice of termination to exercise vested options	All outstanding options cancelled at time of notice of termination	90 days to exercise vested options	Board discretion to accelerate vesting of options
Restricted Share Unit Plan	Units forfeited at time of notice of resignation	Value of units paid out on a prorated basis provided termination date is more than 12 months after the grant date	All outstanding units forfeited at time of notice of termination	Value of outstanding units paid out on a prorated basis	Governance Committee discretion to adjust grant
Performance Share Unit Plan	Units forfeited at time of notice of resignation	Value of units paid out on a prorated basis (at target level) provided termination date is more than 12 months after the grant date	All outstanding units forfeited at time of notice of termination	Value of outstanding units paid out on a prorated basis	Governance Committee discretion to adjust grant
Executive Deferred Share Unit Plan	NEO has until December 15th of the year following resignation to redeem	NEO has until December 15th of the year following termination to redeem	NEO has until December 15th of the year following termination to redeem	NEO has until December 15th of the year following retirement to redeem	Governance Committee to ensure substantially similar award following a change of control event

The Governance Committee has discretion to make adjustments to the general plan provisions for a particular executive if considered appropriate in the circumstances. The following summarizes the termination benefits described above as they relate to the specific arrangements under each NEO's employment agreement.

Galen G. Weston, Executive Chairman and President

Mr. Weston is not entitled to severance, termination or change of control payments other than applicable incentives and share based payments as provided for under the terms of the STIP and the LTIP. Upon termination, Mr. Weston will be subject to certain non-competition and confidentiality undertakings.

Richard Dufresne, Chief Financial Officer

If Mr. Dufresne's employment is terminated without cause, he will be entitled to receive: (a) his salary for up to 12 months, (b) his target STIP bonus for up to 12 months, and (c) applicable incentive and share based payments as provided for under the terms of the LTIP. Upon termination, Mr. Dufresne will be subject to certain non-competition and confidentiality undertakings.

Sarah R. Davis, Chief Administrative Officer (Former Chief Financial Officer)

If Ms. Davis' employment is terminated without cause, she will be entitled to receive: (a) her salary for up to 12 months, (b) her STIP bonus for up to 12 months up to a maximum of her target bonus amount, and (c) applicable incentive and share based payments as provided for under the terms of the LTIP. Upon termination, Ms. Davis will be subject to certain non-competition and confidentiality undertakings.

Michael Motz, President, Shoppers Drug Mart

If Mr. Motz resigns or is terminated with cause prior to March 27, 2017, he will be entitled to receive such proportion (up to a maximum of 100% and 167% upon termination with cause and resignation, respectively) of his initial grant of Synergy Award PSUs as achieved based upon the performance goal criteria on his resignation or termination date.

If Mr. Motz's employment is terminated without cause prior to March 27, 2016, he will be entitled to receive: (a) a cash payment equal to two times his (i) base salary, (ii) average annual STIP award received in the three fiscal years prior to termination and (iii) annual car allowance; (b) credit of an additional 24 months of service under the SDM Pension Plans with a value of approximately $288,000; (c) extended health and dental care benefits for an additional 24 months with a value of $14,960; (d) all RSUs granted in respect of the 2013 performance year will vest and be paid out; and (e) applicable incentive and share-based payments as provided for under the terms of the LTIP. Upon termination or resignation of Mr. Motz's employment (however occasioned), he will be subject to certain non-competition and confidentiality undertakings.

Grant Froese, Chief Operating Officer

If Mr. Froese's employment is terminated without cause, he will be entitled to receive: (a) his salary for up to 24 months, (b) his STIP bonus for up to 24 months up to the maximum of his target bonus amount, and (c) applicable incentive payments as provided for under the terms of the LTIP. Upon termination, Mr. Froese will be subject to certain non-competition and confidentiality undertakings.

POTENTIAL AMOUNTS PAID ON TERMINATION

The following table sets forth the estimated incremental payments or benefits that the NEOs would have received upon termination of employment on January 3, 2015 for the various reasons described below.

		Amounts Due on Termination							
		Contractual Severance				**Long-Term Incentive Plans**			
Name	**Event**	**Salary ($)**(1)	**Annual Bonus ($)**(1)	**Benefits ($)**	**Other ($)**	**Stock Options ($)**(2)	**RSUs ($)**(3)	**PSUs ($)**(3)	**Total ($)**
Galen G. Weston	Termination with cause	—	—	—	—	—	—	—	—
Executive Chairman and	Termination without cause	—	—	—	—	—	—	—	—
President	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Richard Dufresne	Termination with cause	—	—	—	—	—	—	—	—
Chief Financial Officer	Termination without cause	625,000	625,000(4)	—	—	—	—	—	1,250,000
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Sarah R. Davis	Termination with cause	—	—	—	—	—	—	—	—
Former Chief Financial	Termination without cause	575,000	575,000(4)	—	—	—	—	—	1,150,000
Officer	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Michael Motz	Termination with cause	—	—	—	—	—	—	1,419,650(8)	1,419,650
President, SDM	Termination without cause	1,400,700	1,327,167	288,000(5)	57,680(6)	—	838,237(7)	—	3,911,784
	Resignation	—	—	—	—	—	—	1,419,650(8)	1,419,650
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Grant Froese	Termination with cause	—	—	—	—	—	—	—	—
Chief Operating Officer	Termination without cause	1,400,000	1,400,000(4)	—	—	—	—	—	2,800,000
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—

(1) The Salary and Annual Bonus figures reflect contractual entitlements and may be paid by salary continuance, subject to mitigation obligations.

(2) The NEOs are entitled to exercise vested options following termination without cause in accordance with the Stock Option Plan.

(3) RSUs and PSUs are paid out on a prorated basis where the NEO retires or is terminated without cause in accordance with the RSU Plan and PSU Plan, respectively.

(4) Annual bonus is valued at target level.

(5) Mr. Motz's credit of 24 months of service under the SDM pension plans has a value of approximately $288,000.

(6) Includes the value of two years of car allowance and extended health and dental care benefits.

(7) The value of Mr. Motz's 2013 RSUs, the vesting of which accelerates upon a termination without cause event, is based on the closing price of Common Shares on the TSX on January 3, 2015, which was $62.66.

(8) The value of Mr. Motz's Synergy Award PSUs reflects the synergies target achieved as of January 3, 2015 and is based on the closing price of Common Shares on the TSX on January 3, 2015, which was 62.66.

Domenic Pilla, Former President of SDM

Mr. Pilla announced his resignation from SDM in July 2014 and left SDM on January 10, 2015. As part of his negotiated separation agreement, Mr. Pilla received: (a) a cash payment equal to $500,000 and an additional payment of $500,000 based upon the Executive Chairman and President's assessment, in consultation with the Governance Committee, of Mr. Pilla's achievement of certain agreed upon strategic initiatives and his successful transitioning of the presidency to Mr. Michael Motz; (b) a cash payment of $1,729,809 for his 2014 STIP payment based on actual performance as determined under the STIP; (c) credit of an additional 24 months of service under the SDM Pension Plans with a value of approximately $654,000; and (d) extended health and dental care benefits for an additional 24 months with a value of $21,390. Mr. Pilla remains subject to certain non-competition and confidentiality undertakings. Mr. Pilla forfeited the value of his 2014 RSU and PSU grants when he resigned from his position with SDM. He also forfeited a portion of his Synergy Award PSU grant when he received a payment of $2,201,898 in relation to his Synergy PSU grant to reflect the synergies target actually achieved as of his resignation date.

Vicente Trius, Former President

Mr. Trius ceased to be President effective July 16, 2014 and left the Corporation at that time. As part of that decision, Mr. Trius negotiated certain amendments to his compensation arrangements with the Corporation. Upon his departure, Mr. Trius received a cash payment of $3,737,500 to reflect forgone salary and bonus entitlements. In addition, certain grants of stock options and RSUs held by Mr. Trius immediately vested upon his departure. The amount relating to these grants was $6,153,886.

COMPENSATION DECISIONS FOR 2015

2015 SHORT-TERM INCENTIVE PLAN AMENDMENTS

The Governance Committee has approved amended measures and weightings for the 2015 STIP.

The 2015 Loblaw STIP for Messrs. Weston, Dufresne, Froese and Ms. Davis measures performance on consolidated sales, earnings, synergies, and IT implementation. The 2015 SDM STIP for Mr. Motz measures performance on consolidated sales and earnings, SDM sales (measured through same store script count and front store sales), SDM earnings, synergies, and customer satisfaction.

The 2015 STIP for NEOs will also include an individual performance factor in the form of a multiplier on STIP results to adjust payouts to between 0% and 110% of the targeted amount based on individual performance. The Governance Committee, in assessing personal performance will, among other things, take into account the executive's role in the overall achievement of the Corporation's goals and the personal performance objectives and leadership qualities of the executive.

The 2015 Loblaw and SDM STIPs will include the following performance measures and weightings:

Loblaw STIP Measures	SDM STIP Measures
Loblaw Consolidated Earnings Performance (35%)	SDM Earnings Performance (25%)
Loblaw Consolidated Sales Performance (35%)	Loblaw Consolidated Earnings Performance (10%)
Loblaw Consolidated Synergies (15%)	SDM Same Store Script Count Performance (12.5%)
IT Implementation (15%)	SDM Front Store Sales Performance (12.5%)
	Loblaw Consolidated Sales Performance (10%)
	Loblaw Consolidated Synergies (15%)
	Customer Satisfaction (15%)

In 2015, both the Loblaw and SDM STIP plans will include a condition that payouts for 2015 cannot exceed 100% of target unless both the sales and earnings targets have been met.

2015 LONG-TERM INCENTIVE PLAN AMENDMENTS

The Governance Committee approved certain design changes to the 2015 PSU grant. The 2015 PSU measures will be revenue and return on capital. The Committee has also approved a new methodology for evaluating performance for vesting purposes. Although the 2015 PSUs will continue to vest at the end of the three-year performance period, the vesting methodology will be determined by averaging each of the three year's performance results against target.

2015 NEO COMPENSATION CHANGES

As discussed in "2014 Compensation Analysis" on pages 32 and 33, in 2014, Meridian was retained to provide a compensation analysis of the Corporation's most senior executive officers. In reviewing the market reference data prepared by Meridian, management's recommendation and the Governance Committee's consideration of key qualitative factors, the Governance Committee approved the following changes to Mr. Weston's compensation effective January 1, 2015:

Galen G. Weston, Executive Chairman and President

Mr. Weston became President of the Corporation on July 16, 2014 and the Governance Committee approved certain changes to his compensation to be effective on January 1, 2015. Mr. Weston's base salary increased from $1,000,000 to $1,100,000 and his STIP target increased from 100% to 150% of base salary. Mr. Weston's annual LTIP target also increased from 250% to 400% of base salary, to be comprised by equal amounts (by grant value) of stock options, RSUs and PSUs.

2015 LONG-TERM INCENTIVE PLAN GRANTS

In February 2015, the Governance Committee approved LTIP awards to the Corporation's NEOs as set out below. These annual LTIP grants were comprised of equal grants (by grant value) of stock options, RSUs and PSUs and were awarded on March 5, 2015.

Name	Grant Date Fair Value ($)(1)	Stock Options (#)(2)	RSUs (#)	PSUs (#)
Galen G. Weston	4,400,028	150,427	23,101	23,101
Richard Dufresne	875,017	29,915	4,594	4,594
Sarah R. Davis	1,150,036	39,316	6,038	6,038
Michael Motz	805,465	27,535	4,229	4,229
Grant Froese	1,399,967	47,863	7,350	7,350

(1) These amounts reflect the grant date fair value of the options, RSUs and PSUs. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The grant date fair value of the RSUs and PSUs is calculated in the following manner: RSU or PSU Value = Number of RSUs or PSUs Granted x the greater of the volume weighted average share price for the one or five trading days preceding the grant date, which was $63.49 as of March 5, 2015.

(2) The exercise price of the stock options is $63.49.

2015 POST-RETIREMENT AND PENSION ARRANGEMENT AMENDMENTS

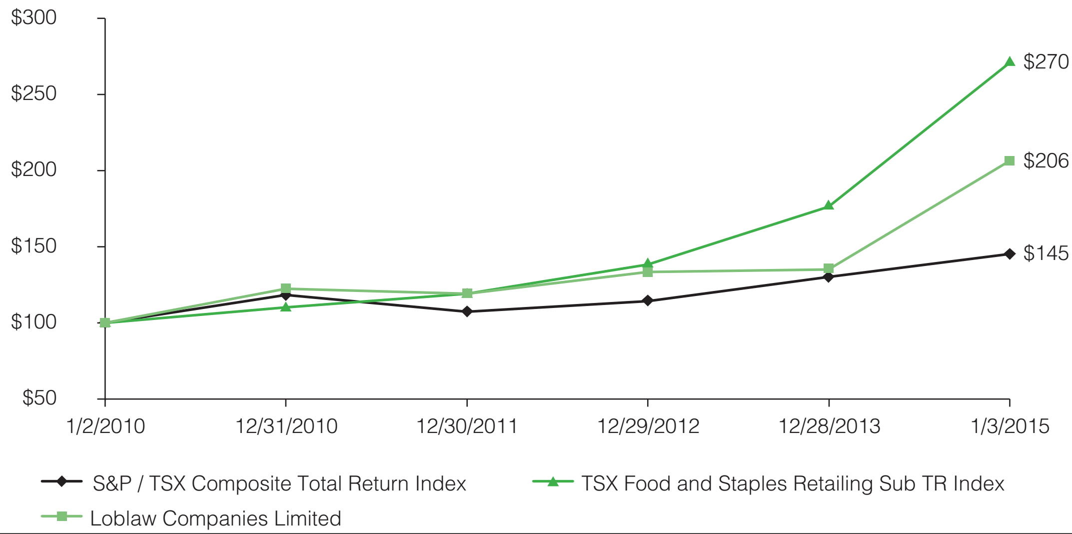
Effective January 1, 2013, post-retirement health benefits were eliminated for all new executive hires. For current Loblaw executives, effective January 1, 2015, the Executive Retiree program was replaced with an annual Health Spending Account of $5,000 to age 65 and $2,500 thereafter. Executives who are age 55 or older or have at least 25 years of service on January 1, 2015 will be grandfathered under the current Executive Retiree program.

One of the Corporation's pension plans currently allows members to elect to retire with an unreduced pension at age 62 or at age 55 if they have 30 years of service. For members who are less than age 62, an early retirement reduction factor is applied to reflect the longer payment period. This early retirement reduction has been subsidized by the Corporation but, effective in 2015, this subsidy was removed. This change will have no impact for members retiring on or after the age of 62 or for members who are at least age 55 on January 1, 2015.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return on $100 invested in Common Shares on January 2, 2010, with the cumulative annual total return of the S&P/TSX Composite Total Return Index and the TSX Food and Staples Retailing Sub Index over the same period.

CUMULATIVE TOTAL RETURN
Assumes an investment of $100 and reinvestment of dividends



	2-Jan-10	31-Dec-10	30-Dec-11	29-Dec-12	28-Dec-13	3-Jan-15
S&P / TSX COMPOSITE TOTAL RETURN INDEX	$100	$118	$107	$114	$130	$145
TSX FOOD AND STAPLES RETAILING SUB TR INDEX	$100	$110	$119	$138	$176	$270
LOBLAW COMPANIES LIMITED	$100	$122	$119	$133	$135	$206

For the five-year period ended December 31, 2014, the Corporation's total shareholder return out-performed the S&P/TSX Composite Total Return Index. The Corporation's total shareholder return was positively affected by key strategic initiatives completed in the last two years, including the creation of Choice Properties and the Corporation's acquisition of SDM.

The Corporation's total shareholder return has increased over the five fiscal years ended January 3, 2015. Total compensation for the Corporation's NEOs has increased over this same period. However, there have been year-over-year fluctuations in the reported total compensation primarily as a result of one-time payments for incoming and departing NEOs and the resulting changes in the constitution of the NEO group. Over this period, the mix of NEO compensation has also changed such that equity-based incentives (LTIP awards) now account for almost half of all NEO compensation (from approximately 33% in 2010 to approximately 59% in 2014, excluding Messrs. Trius, Pilla and Motz who had exceptional one-time incremental payments in 2014 as detailed in the "Summary Compensation Table" on page 57 and 58).

NEO compensation is not strongly correlated to shareholder returns in the short-term, in part because equity-based incentives are calculated at the time of grant using grant date fair values, which do not reflect the actual value of compensation received when such incentives vest or are exercised. In the longer term, NEO compensation is directly affected by the Corporation's share price performance. Stock option, RSU and PSU awards directly correlate to the share price and are therefore aligned with shareholder returns.

A substantial portion of NEO pay is at-risk. In addition to the LTIP awards, the Corporation's STIP awards are made based on the successful performance of key financial objectives that are tied to the business plan. These at-risk components (the STIP and LTIP awards) for the Loblaw NEOs in 2014 (excluding Messrs. Trius, Pilla and Motz who received exceptional one-time incremental payments in 2014) ranged from 76% to 82% of their total compensation.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during fiscal years 2014, 2013 and 2012, as applicable.

					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 ($)[3]**	**Total Compensation ($)**
Galen G. Weston	2014	1,000,000	1,666,650	833,333	1,342,099	—	—[4]	181,673[5]	5,023,755
Executive Chairman	2013	1,000,000	1,666,448	833,460	1,092,613	—	—[4]	129,351[5]	4,721,872
and President	2012	1,000,000	—	2,485,838	906,641	—	—[4]	84,454	4,476,933
Richard Dufresne	2014	600,417[6]	1,914,003[7]	506,944[7]	655,054[8]	—	35,000	50,462	3,761,880[9]
Chief Financial Officer									
Sarah R. Davis	2014	561,938	1,916,743	383,329	754,176	—	38,000	52,867	3,707,053
Former Chief	2013	520,188	522,656	261,417	568,363	—	35,000	51,257	1,958,881
Financial Officer	2012	509,375	512,562	764,395	461,820	—	35,000	49,913	2,333,065
Chief Administrative Officer									
Domenic Pilla	2014	1,150,457[10]	5,482,512[11]	—	1,729,809	—	278,000	16,835,304[12]	25,476,082
Former President, SDM	2013	1,086,539	2,184,938	728,313	1,920,823	—	297,000	69,349	6,286,962
	2012	1,000,000	2,010,000	670,000	2,021,250	—	219,400	45,391	5,966,041
Michael Motz	2014	713,818[10]	2,606,969	268,465	601,040	—	167,000	790,088[13]	5,147,380
President, SDM	2013	690,000	860,154	515,039	660,406	—	153,000	158,347	3,036,946
	2012	675,000	1,338,390	208,035	729,304	—	198,000	23,022	3,171,751
Grant Froese	2014	641,667	2,055,580	427,780	861,180	—	36,000	205,013[14]	4,227,220
Chief Operating Officer	2013	521,710	908,625	349,576	570,027	—	38,000	63,834	2,451,772
	2012	513,669	685,396	851,812	465,714	—	33,000	63,506	2,613,097
Vicente Trius	2014	710,003	3,033,324	1,516,668	1,137,500	—	14,000	8,820,177[15]	15,231,672
Former President	2013	1,000,000	1,666,448	833,460	1,638,919	—	38,000	87,644	5,264,471
	2012	1,000,000	1,666,790	828,613	1,359,962	—	38,000	108,077	5,001,442

(1) Amounts represent the grant date fair value of RSUs and PSUs awarded to the NEOs, calculated in the following manner: RSU Grant Date Value + PSU Grant Date Value. RSU Grant Date Value = Number of RSUs Granted x the greater of the volume weighted average share price for the one or five trading days preceding the grant date. PSU Grant Date Value = Number of PSUs Granted x the greater of the volume weighted average share price for the one or five trading days preceding the grant date. The grant date fair value of a RSU or PSU award is the same as the accounting fair value of such award on the applicable grant date except that for accounting purposes the calculation of the grant date fair value of a RSU or PSU also reflects the deduction of the net present value of the dividends over the term of the RSU or PSU, to which a RSU or PSU holder is not entitled. The grant date fair value of a RSU or PSU award assumes vesting at 100% of target. The number of PSUs that may vest will range between 0% and 200% of the number granted and the number of Synergy Award PSUs that may vest will range between 0% and 167% of the number granted.

(2) These amounts reflect the grant date fair value of the options when granted. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The Corporation has chosen to use Black-Scholes-Merton model as the methodology for calculating the fair value of the options granted as this methodology is commonly used by issuers. To determine the fair value of options granted using the Black-Scholes-Merton model an expected life of 7 years is used, which is based on the contractual term of the options. The other assumptions used in the model are based on relevant market data on the day of the valuation. The Corporation also uses the Black-Scholes-Merton model for accounting purposes. However, the accounting value ascribed at the grant date for the stock options is based on an expected life that reflects historical exercise patterns, as opposed to the contractual term of the option which is used for compensation reporting purposes (see Notes 2 and 26 to the Corporation's annual audited consolidated financial statements for the year ended January 3, 2015, for the other assumptions and estimates used for this calculation). As a result, when using the Black-Scholes-Merton value method, there is a difference between the fair value per option for compensation reporting purposes, and the accounting value per option as follows: For Mr. Weston's 2014 grant, the accounting value per option is lower by $2.46 (2013 and 2012 grants – lower by $0.60 and $0.14 respectively per option); for Mr. Dufresne's 2014 grant, the accounting value is lower by $0.44 per option; for Ms. Davis' 2014 grant, the accounting value is lower by $2.46 per option (2013 and 2012 grants – lower by $0.60 and $0.14 respectively per option); for Mr. Motz's 2014 grant, the accounting value is lower by $2.46 per option; for Mr. Froese's 2014 grants on March 28, 2014 and September 16, 2014, the accounting value is lower by $2.46 and $0.44, respectively, per option (2013 and 2012 grants – lower by $0.60 and $0.14 respectively per option); for Mr. Trius' 2014 grant, the accounting value is lower by $2.46 per option (2013 and 2012 grants – lower by $0.60 and lower by $0.14 respectively per option).

(3) Amounts under All Other Compensation include the value of perquisites, including the value that each participant receives under the Corporation employee share ownership plans.

(4) Mr. Weston does not participate in any retirement plans and does not have any other retirement or pension arrangement with the Corporation.

(5) In 2013 and 2014, Mr. Weston received $91,500 and $144,000, respectively, in compensation for his role as Chairman of Choice Properties.

(6) In July 2014, Mr. Dufresne was appointed Chief Financial Officer. As a result of this appointment, effective August 1, 2014, Mr. Dufresne received a base salary increase to $625,000, which is apportioned between the Corporation (90%) and Weston (10%). In 2014, Mr. Dufresne's pro-rated base salary amount was $600,417 of which the Corporation paid $234,375.

(7) In 2014, Mr. Dufresne's annual LTIP grant was 250% of his base salary amount of $600,000 at the time of grant. Mr. Dufresne's annual LTIP was granted by Weston and full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com. Following his appointment to the position of Chief Financial Officer, Mr. Dufresne received an annual LTIP grant from Loblaw, which was comprised of 687 Loblaw stock options, 125 Loblaw RSUs and 125 Loblaw PSUs, with an aggregate grant date fair value of $20,874, to reflect an increase to his base salary to $625,000. In 2014, Mr. Dufresne also received a special one-time Synergy PSU Grant of 16,155 Loblaw PSUs with a grant date fair value of $899,995.

(8) Mr. Dufresne's 2014 STIP payment was $655,054, the costs of which, as of August 1, 2014, was apportioned between the Corporation (90%) and Weston (10%). In 2014, the Corporation paid $245,645 towards Mr. Dufresne's STIP payment.

(9) The cost of Mr. Dufresne's total compensation amount was allocated between the Corporation and Weston. In 2014, the Corporation paid $512,068 of Mr. Dufresne's total compensation amount.

(10) Messrs. Pilla's and Motz's actual 2014 base salary amounts were slightly higher than their annual amounts as a result of a weekly payroll process at SDM which compensated them on a 53-week retail calendar, as compared to the Corporation's monthly payroll process.

(11) Mr. Pilla forfeited his regular 2014 RSU and PSU grants when he resigned from his position with SDM on January 10, 2015. Mr. Pilla forfeited a portion of his Synergy PSU Award grant and received a payment of $2,201,898 in relation to his Synergy PSU grant to reflect the synergies target actually achieved as of his resignation date.

(12) Mr. Pilla received a payment of $15,088,886 representing change of control payments and payments representing the accelerated vesting of options and RSUs related to the SDM acquisition. These control payments included: (i) a severance payment in the amount of $6,247,573; (ii) an accelerated RSU payment in the amount of $5,304,973; and (iii) an accelerated options payment in the amount of $3,536,340. Mr. Pilla also received a payment in the amount of $1,675,390 representing his negotiated separation arrangements with the Corporation, as further described in the section "Potential Amounts Paid on Termination" on pages 52 and 53.

(13) Mr. Motz received a payment in the amount of $756,889 representing the accelerated vesting of options related to the SDM acquisition.

(14) In 2014, Mr. Froese received $141,200 as a one-time payment to buy-out certain of his contractual entitlements granted to him as part of his relocation from Alberta.

(15) Mr. Trius received a payment in the amount of $8,753,886 representing his negotiated separation arrangements with the Corporation, as further described in the section "Potential Amounts Paid on Termination" on pages 52 and 53.

INCENTIVE PLAN AWARDS

INCENTIVE PLAN AWARDS – OUTSTANDING OPTION-BASED AWARDS AND SHARE-BASED AWARDS

The following table sets forth the number and value of all unexercised option-based and share-based awards granted to NEOs outstanding as at January 3, 2015:

	Option-Based Awards				Share-Based Awards		
Name	**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 ($)(2)**	**Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)**
Galen G. Weston Executive Chairman and President	146,914 187,034 415,428 106,991 82,590	36.35 39.27 34.93 40.56 47.51	March 11, 2017 March 3, 2018 March 1, 2019 February 28, 2020 March 28, 2021	3,865,307 4,374,725 11,519,818 2,364,501 1,251,239	76,166	4,772,562	—
Richard Dufresne Chief Financial Officer	687	55.71	September 16, 2021	4,775	16,405	1,027,937	—
Sarah R. Davis Chief Administrative Officer (Former Chief Financial Officer)	6,667 1,693 24,282 3,849 41,563 127,744 33,558 37,991	30.99 32.54 36.35 37.92 39.27 34.93 40.56 47.51	March 25, 2016 November 25, 2016 March 11, 2017 May 12, 2017 March 3, 2018 March 1, 2019 February 28, 2020 March 28, 2021	211,144 50,993 638,859 95,224 972,159 3,542,341 741,632 575,564	67,904	4,254,865	—
Domenic Pilla Former President, SDM	—	—	—	—	115,397(3)	7,230,776(3)	—
Michael Motz President, SDM	30,018 31,558 26,607	32.47 45.02 47.51	February 19, 2020 February 18, 2021 March 28, 2021	906,243 556,683 403,096	101,105	6,335,279	
Grant Froese Chief Operating Officer	7,648 27,305 6,277 32,501 41,563 142,353 44,875 39,643 2,748	28.95 30.99 32.54 36.35 39.27 34.93 40.56 47.51 55.71	March 20, 2015 March 25, 2016 November 25, 2016 March 11, 2017 March 3, 2018 March 1, 2019 February 28, 2020 March 28, 2021 September 16, 2021	257,814 864,749 189,063 855,101 972,159 3,947,449 991,738 600,591 19,099	85,118	5,333,494	—

(1) The value of outstanding vested and unvested option-based awards is calculated based on the closing price for the Common Shares on the TSX on January 2, 2015, which was $62.66.

(2) The value of RSUs and PSUs awarded to the NEOs is calculated based on the closing price of the Common Shares on the TSX on January 2, 2015, which was $62.66, multiplied by the number of RSUs or PSUs awarded, as applicable.

(3) Mr. Pilla forfeited his regular 2014 RSU and PSU grants and a portion of his Synergy PSU Award grant when he resigned from his position with SDM on January 10, 2015. Mr. Pilla received a payment of $2,201,898 in relation to his Synergy PSU Award to reflect the synergies target actually achieved as of his resignation date. He did not receive any other amount in relation to the values disclosed in this table.

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 2014, as well as the value of non-equity incentive plan compensation that the NEOs earned during fiscal 2014. The dollar value of the option-based and share-based awards is calculated using the number of units vested/earned multiplied by the closing price of the Common Shares on the TSX on the applicable vesting date.

Name	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(1) ($)
Galen G. Weston Executive Chairman and President	1,510,996	—	1,342,099
Richard Dufresne Chief Financial Officer	—	—	655,054(2)
Sarah R. Davis Chief Administrative Officer (Former Chief Financial Officer)	494,837	192,338	745,176
Domenic Pilla Former President, SDM	4,301,701(3)	9,221,025(4)	1,729,809
Michael Motz President, SDM	1,211,222(3)	1,711,509(4)	601,040
Grant Froese Chief Operating Officer	590,078	192,338	861,180
Vicente Trius Former President	1,469,888	10,742,449	1,137,500

(1) Payments made in accordance with the Corporation's STIP.

(2) Mr. Dufresne's total STIP award for 2014 was $655,054 of which the Corporation paid $246,462.

(3) Messrs. Pilla and Motz held stock options with SDM. Included in these values are stock options that vested during fiscal 2014 pursuant to their normal vesting schedule, in addition to those stock options that fully vested on March 28, 2014 with the closing date of the SDM acquisition.

(4) Messrs. Pilla and Motz held RSUs with SDM and Mr. Pilla held DSUs with SDM which fully vested on March 28, 2014 with the closing date of the SDM acquisition.

PENSION PLAN AND LONG SERVICE EXECUTIVE ARRANGEMENTS

Executives of Loblaw, including the Loblaw NEOs, participate in either of Loblaw's Executive DB Plan or Executive DC Plan (other than Mr. Weston who does not participate in pension plans). Mr. Froese participated in Loblaw's Executive DB Plan while Messrs. Dufresne and Trius and Ms. Davis participated in the Executive DC Plan. All newly hired or newly appointed Loblaw executives join the Executive DC Plan. Messrs. Pilla and Motz participated in the SDM Pension Plans.

EXECUTIVE DEFINED BENEFIT PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

For those executives who participated in the Executive DB Plan and who retired in 2014, annual pension benefits were capped at $2,770 per year of service. In addition, Loblaw provides SERP allowances to executives who participate in the Executive DB Plan, including Mr. Froese. The SERP is an unfunded obligation of Loblaw and executives who participate in this plan must comply with certain eligibility provisions in order to receive payment, most notably, executives are not eligible to receive SERP payments while employed by a competitor of the Corporation.

Pension entitlements for an executive in the Executive DB Plan and the SERP are based on the executive's length of service and his or her highest three-year average rate of base salary during his or her years of service with the Corporation. For senior executives, the total annual benefits payable under the Executive DB Plan and the SERP are capped at $125,000.

The cost of the estimated future Executive DB Plan benefits and SERP benefits for each NEO participating in the Executive DB Plan 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 27 to Loblaw's 2014 consolidated financial statements. Certain accrued obligations in respect of the Loblaw 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 Mr. Froese who participates in Loblaw's Executive DB Plan:

Name	Number of Years Credited Service (#)	Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($)(1)	Compensatory Change ($)	Non-Compensatory Change ($)	Closing Present Value of Defined Benefit Obligation ($)(2)
		At Year End	At Age 65				
Grant Froese	36	120,926	125,000	1,255,000	36,000	302,000	1,593,000

(1) Discount rate is 4.75%.

(2) Discount rate is 4.00%.

SDM PENSION PLANS

The SDM NEOs participate in the SDM Pension Plans. The SDM Pension Plans provide a combined monthly pension benefit equal to 2% of the average of the highest consecutive 36-months base salary (excluding incentive awards) times years of credited service, limited to 70% of the average 12-month base salary (excluding incentive awards) immediately prior to retirement. The following table sets forth details regarding Messrs. Pilla and Motz who participate in the SDM Pension Plans.

Name	Number of Years Credited Service (#)	Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($)(1)	Compensatory Change ($)	Non-Compensatory Change ($)	Closing Present Value of Defined Benefit Obligation ($)(2)
		At Year End	At Age 65				
Domenic Pilla	3	68,000	244,000	608,000	278,000	205,000	1,091,000
Michael Motz	11	158,000	358,000	1,635,000	167,000	418,000	2,220,000

(1) Discount rate is 5.00% for the Executive Registered Plan and 4.75% for the Supplementary Plan.

(2) Discount rate is 4.00% for the Executive Registered Plan and the Supplementary Plan.

EXECUTIVE DEFINED CONTRIBUTION PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain senior executives of the Corporation participate on a non-contributory basis in the Corporation's Executive DC Plan. During 2014, contributions were set as a percentage of base salary (maximum of $250,000) and were capped at $24,930 per year, as set forth in 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 to provide SERP benefits to those executives with allocations for contributions in excess of the annual $24,930 registered plan limit. As noted above, the SERP is an unfunded obligation of the Corporation and executives who participate in this plan must comply with certain eligibility provisions in order to receive payment, most notably, executives are not eligible to receive SERP payments while employed by a competitor of the Corporation.

The following table sets forth details regarding Ms. Davis and Mr. Trius who participated in the Corporation's Executive DC Plan and SERP during 2014:

Name of Participant	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)
Sarah R. Davis	260,000	38,000	328,000
Vicente Trius	102,000	14,000	126,000

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As of March 16, 2015, none of the current or former executive officers or directors of the Corporation or any of its subsidiaries were indebted to the Corporation or any of its subsidiaries (other than "routine indebtedness" under applicable Canadian securities laws). The following table sets forth certain indebtedness (other than "routine indebtedness" under applicable Canadian securities laws) of the current and former employees of the Corporation and any of its subsidiaries as of March 16, 2015.

AGGREGATE INDEBTEDNESS ($)		
Purpose (a)	**To the Company or its Subsidiaries (b)**	**To Another Entity (c)**
Share purchases	—	—
Other	1,892,500	—

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

OVERVIEW

The Corporation's Board and management believe that sound corporate governance practices contribute to the effective management of the Corporation, achievement of strategic and operational plans, goals and objectives, and protection of its investors, employees and other stakeholders. The Corporation's Board and management are committed to maintaining high standards of corporate governance which comply with the Canadian Securities Administrators' Corporate Governance Guidelines (the "Governance Guidelines"). The Governance Committee regularly reviews the Corporation's corporate governance practices to ensure they reflect evolving best practices in a rapidly changing environment.

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

Board Responsibilities and Duties

The Board is responsible for the overall stewardship and governance of the Corporation. It oversees the management of the business and affairs of the Corporation both directly and through its committees. In addition, the Board has the following responsibilities and duties:

Strategic Planning

The Board oversees the development, execution and fulfillment of the Corporation's strategic plans and assigns responsibility to management for achievement of that strategy. As part of its responsibility for overseeing the strategic direction of the Corporation, the Board reviews and approves:

- management's strategic plans;
- material capital expenditures, acquisitions, divestitures and restructurings; and
- investments outside the ordinary course of business.

The Board monitors the Corporation's performance against both short-term and long-term strategic plans and annual operating objectives.

Oversight of Management

Although the Board delegates to management the responsibility for managing day-to-day affairs of the Corporation, the Board reviews management's performance and effectiveness on an ongoing basis. The Board's expectations of management are communicated to management directly and through committees of the Board. The Board approves the Corporation's business and operating plans and budgets, which take into account the opportunities and risks of the business. The Board also regularly receives reports on the operating and financial results of the Corporation. The Board also receives reports on non-operational matters. These include reports on pensions, corporate governance, food and workplace safety, treasury and legal matters.

Enterprise Risk Management

The Board has oversight responsibility for material risks associated with the Corporation's business. In order to identify and address any material risks, the Board undertakes an annual assessment of the Corporation's ERM structure. The annual ERM assessment is carried out through interviews; surveys; and facilitated workshops between management and the Board. Risks are assessed and evaluated based on the Corporation's vulnerability to the risk and the potential impact that the underlying risks would have on the Corporation's ability to execute its strategies and achieve its objectives. The type of risks the Corporation is exposed to includes: strategic; financial; operational; regulatory; human capital; and reputational risk. Management provides periodic updates to the applicable committee(s) of the Board on the status of the key risks including any anticipated impacts in future quarters and significant changes in key risk indicators. In addition, long-term (three to five year) risk levels are assessed to assist in risk mitigation planning activities. Accountability for oversight to the management of each risk is allocated by the Board either to the full Board or to committees of the Board.

Internal Controls and Financial Reporting

The Board is responsible for overseeing the Corporation's financial reporting and disclosure obligations to ensure compliance with applicable audit, accounting, regulatory and reporting requirements. The Board, through the Audit Committee, assesses and evaluates the integrity and effectiveness of the Corporation's internal controls over financial reporting and information systems.

Succession Planning

The Board, through the Governance Committee, oversees the Corporation's succession planning for senior executive roles. The succession planning process includes an annual review of each senior executive position and the performance of the incumbents to ensure the Corporation has a pipeline of talented leaders.

Governance Matters

The Board is responsible for developing and monitoring the Corporation's approach to corporate governance. The Board, through the Audit and Governance Committees, closely monitors any potential conflicts of interest between the Corporation and its affiliates and related parties, including Weston, Wittington and Choice Properties and reviews and approves any material related party transactions. Individual directors may, with the approval of the Lead Director, retain an outside advisor at the expense of the Corporation.

A copy of the Board's mandate is attached as Schedule "A" of this Circular.

Board Leadership

Mr. Weston is the Executive Chairman and President. The Board maintains a position description for the Executive Chairman and President that is reviewed annually and approved by the Governance Committee and the Board.

The Executive Chairman and President directs the operations of the Board. He chairs each meeting of the Board, is responsible for the management and effective functioning of the Board, and provides leadership to the Board in all matters. More specifically, the Executive Chairman and President 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 and President 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 and President also chairs meetings of shareholders and facilitates the response by management to shareholder concerns. The Executive Chairman and President ensures that strategic plans are communicated to and evaluated by the Board.

The Board has also appointed an independent director, Mr. Thomas C. O'Neill, to serve as Lead Director. The Board maintains a position description for the Lead Director. The Lead Director provides leadership to the Board and particularly to the independent directors. The Lead Director ensures that the Board operates independently of management and that directors have an independent leadership contact and chairs meetings of the independent directors following each Board meeting and on other occasions, as required or desirable. The Lead Director meets periodically with the other independent 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 independent of management.

Director Independence

The mandate of the Board provides that the Board shall be comprised of a majority of independent directors. The independence of each director is assessed by the Governance Committee with reference to the Governance Guidelines and the requirements set by the Canadian Securities Administrators in National Instrument *52-110 – Audit Committees*. In determining independence, the Governance Committee determines whether a director has any material relationship with the Corporation or its affiliated entities that could reasonably be expected to interfere with the exercise of such director's independent judgment. Directors who have a material relationship with the Corporation, including management directors, are not considered independent. This determination is conducted through a due diligence process that includes reviewing the following:

- each director's responses to a detailed annual questionnaire about their individual circumstances;
- biographical information;
- internal records and documents on relationships between a director and any entity affiliated with the director on the one hand, and the Corporation and its affiliated entities, on the other hand; and
- discussions with the director as may be required.

When assessing materiality, the Governance Committee considers all relevant factors and circumstances including, without limitation, transactions between the Corporation and the director directly, immediate family members of the director, and organizations with which the director is affiliated, and the frequency and dollar amounts associated with any such transactions. 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 Governance Guidelines. The Governance Committee determined that 9 of the 13 director nominees are independent. The Governance Committee reviews its findings with the Board.

The following director nominees were determined to be independent: Stephen E. Bachand, Paul M. Beeston, Warren Bryant, Christie J.B. Clark, Holger Kluge, Nancy H.O. Lockhart, Thomas C. O'Neill, Beth Pritchard, and Sarah Raiss. The following director nominees were determined not to be independent because they have a material relationship with the Corporation or its affiliated entities, as described below:

- Galen G. Weston, who is the Executive Chairman of the Corporation and a relative of Mr. W. Galen Weston, the Corporation's principal shareholder;
- Anthony R. Graham, who is an executive officer of Wittington, the controlling shareholder of Weston;
- John S. Lacey, who provides advisory services to the Corporation and to Weston; and
- Paviter S. Binning, who is President of Weston, the controlling shareholder of the Corporation.

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Corporation. The Chair of the Board and of each committee meet separately with the Board or committee members after each meeting without management's presence. The independent directors typically meet separately following each Board meeting and may meet without the non-independent directors or management's presence on other occasions as required or desirable. There were no separately scheduled meetings of the independent directors in 2014. Additional information relating to the directors 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 2014, can be found on pages 7 through 14 of this Circular.

The Board is confident that the current leadership structure ensures the appropriate level of oversight, independence and responsibility is applied to Board decisions. Under the current leadership structure, the offices of the Executive Chairman and the Chief Executive Officer are held by one person and an independent director acts as Lead Director. The Board is of the view that having a Lead Director who is independent ensures that any potential conflicts of interest between the Corporation and the controlling shareholder are addressed. The role of an independent Lead Director is needed to ensure that the interests of the Corporation and of the minority shareholders and other relevant stakeholders are protected.

The Chairman of the Governance Committee serves as the Lead Director. The Lead Director facilitates communication with the Board and presides over sessions where the independent directors meet without the non-independent directors, or sessions where the Executive Chairman is not present. The Lead Director, and each of the other directors, communicate regularly with the Executive Chairman regarding appropriate agenda topics and other Board related matters. The Board's view on the effective role of an independent lead director has also been endorsed by leading corporate governance organizations.

Individual directors may, with the approval of the Lead Director, retain an outside advisor at the expense of the Corporation as necessary.

Board Committees

The Board has five standing committees:

- the Audit Committee;
- the Governance Committee;
- the Environmental, Health and Safety Committee;
- the Finance Committee, and
- the Pension Committee.

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 to the Board regarding the matters discussed and decisions taken 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.

Committee Membership

At least once a year, the Governance Committee reviews committee composition and committee chairs and tables its recommendations to the Board for approval. The Board believes that the composition of its committees allows them to operate independently from management such that shareholders' interests are protected. All committees may engage outside advisors or consultants as necessary and have the authority to approve fees for any such engagements.

The Audit Committee is comprised solely of independent directors. All other committees are comprised solely of non-management directors, in each case with a majority of members being independent directors.

One member of the Governance Committee, Mr. Graham, is an executive officer of Wittington, the principal shareholder of Weston, and he is not independent under the Governance Guidelines. Because of Wittington's significant stake in Weston and the alignment of its interests with those of 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. The other members of the Governance Committee are independent. The Board believes that the presence of a majority of independent directors on the Governance Committee and the alignment of interests described above ensures that objective compensation and nominating processes are in the interests of all shareholders.

Committee Responsibilities

Each committee has a formal mandate and a position description for its Chair established by the Board. Each committee reviews its mandate and the position description annually to ensure they reflect best practices and address applicable regulatory requirements. The results of those reviews are presented to the Board for approval. Copies of the committees' mandates are available on the Corporation's website at www.loblaw.ca.

The following is a brief summary of some of the responsibilities of each committee:

Audit Committee

The Audit Committee assesses and evaluates the integrity of the Corporation's internal control over financial reporting and information systems. Although the Board oversees the Corporation's ERM Program, it delegates the oversight of certain risks to the Audit Committee. The Audit Committee periodically reports to the Board on the oversight of such risks and on management's overall effectiveness in managing the ERM Program. The Audit Committee is responsible for:

- recommending the appointment of the external auditors;
- reviewing the planning and execution of the audit by the external auditors;
- reviewing the independence of the external auditors;
- considering and evaluating with management the adequacy and effectiveness of internal control 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 interest 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 internal audit services of the Corporation;
- reviewing the integrity of the data generated by the Corporation's information technology systems;

- reviewing and approving the audit fees paid to the external auditors and pre-approval of non-audit related fees to the external auditors;
- discussing and reviewing with management and the external auditors the Corporation's annual and interim consolidated financial statements, Management's Discussion and Analysis, Annual Information Form and other matters relating to the Corporation's financial disclosure; and
- reviewing with management the design and structure of the Corporation's ERM program.

The Audit Committee, whose members were Christie J.B. Clark (Chair), Paul M. Beeston, Warren Bryant and Holger Kluge, had six meetings in 2014.

Governance Committee

The Governance Committee oversees succession planning and compensation for directors and senior management. The Governance Committee's specific responsibilities include:

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

The Governance Committee, whose members were Thomas O'Neill (Chair), Stephen E. Bachand, Anthony R. Graham, Nancy H.O. Lockhart and Sarah Raiss, had seven meetings in 2014.

Pension Committee

The Pension Committee assists the Board in overseeing the administration and governance of the Corporation's pension plans and other post/retirement arrangements, in order to meet applicable legal and fiduciary obligations. Additionally, the Pension 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 funds' portfolios;
- 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;
- reviewing the management and administration of the Corporation's pension plans, capital accumulation plans, and retiree health and welfare plans;
- reviewing and setting the investment objectives and risk management practices of the Corporation and approving the Statement of Investment Policies and Procedures; and
- managing the retention and oversight of all third parties retained for the Corporation's pensions plans, including the trustee, actuaries and investment managers.

In 2014, the Pension Committee focused on a number of de-risking activities involving the Corporation's pension plans.

The Pension Committee, whose members were John Lacey (Chair), Anthony R. Graham and Holger Kluge, had four meetings in 2014.

Environmental, Health and Safety Committee

The Environmental, Health and Safety Committee (the "EH&S Committee") is responsible for reviewing and monitoring the Corporation's policies, procedures, practices and compliance in the areas of environmental affairs, food safety and workplace health and safety. The EH&S Committee receives periodic reports on risks and risk management activities in these areas. In 2014, the EH&S Committee received an educational seminar on food safety matters from a Professor at Cornell University.

The EH&S Committee, whose members were Nancy H.O. Lockhart (Chair), Warren Bryant, and Beth Pritchard, had three meetings in 2014.

Finance Committee

The Finance Committee is responsible for assisting the Board in monitoring and reviewing the financial structure of the Corporation and the investment and financial risk programs of the Corporation. The Finance Committee's responsibilities include:

- reviewing and receiving periodic reports on the Corporation's target capital structure, and progress with respect to achieving such structure;
- reviewing and receiving periodic reports on the Corporation's key operating and financing metrics including, where appropriate, peer group comparative data;
- reviewing and receiving periodic reports on the Corporation's balance sheet, including cash, investment assets and debt position;
- receiving periodic reports from rating agencies and updates on any material discussions or communications with rating agencies;
- reviewing any proposed financing or refinancing plans, pre-payment or redemption of any debt and the associated impact on the debt maturity profile of the Corporation; and
- reviewing any proposed issuances of equity or share repurchases of the Corporation and the implementation or cessation of any dividend reinvestment plans and dividend policies of the Corporation.

In 2014, the Finance Committee received a number of reports on the Corporation's deleveraging activities. The Finance Committee, whose members were Thomas O'Neill (Chair) and Christie J.B. Clark, had two meetings in 2014.

Orientation and Continuing Education

The Governance Committee is responsible for the orientation and education of new directors about the business of the Corporation and co-ordinates an in-depth orientation session. The session typically includes an overview of the Corporation's history and operations, a review of industry conditions and an introduction to the Corporation's senior management team. New directors are provided with materials describing 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. New directors are provided with additional historical financial information and opportunities to visit the Corporation's facilities and stores. In 2014, an orientation session was held on Loblaw's business for the new directors and on the SDM business for the existing Loblaw directors. The goal of this orientation session was to ensure that all directors fully understand the nature and operation of the Corporation's businesses. One-on-one meetings may 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.

In 2014, Board members participated in an annual two-day off-site meeting with management. At this session, each operating division presented a review of its activities and its outlook and strategies. The members also received a presentation from management on the Shoppers Drug Mart business. In addition, members received a presentation from management of Choice Properties with respect to strategy for the Choice Properties' business.

In addition, at least one off-site Board meeting is held each year to familiarize directors with regional operations. These meetings involve presentations by, and discussions with, senior executives responsible for different aspects of the business of the Corporation. As part of this meeting, visits are arranged to the Corporation's manufacturing facilities and meetings with local senior management. In 2014, directors visited a number of Loblaw, Shoppers Drug Mart and competitor stores in the Greater Toronto Area.

The Governance Committee also receives periodic reports on regulatory developments and matters of general interest in the area of corporate governance and executive compensation. As well, directors are canvassed on specific topics relevant to the Board or to a specific committee that they would like to learn more about. These topics are included as part of the agenda for regularly scheduled Board and committee meetings.

Assessment of the Board and its Committees

Each year, the Governance Committee undertakes a review process to assess the performance and effectiveness of the Board and its committees. This process includes a confidential 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 are reviewed by the Governance Committee and then presented to the full Board.

Following the 2014 assessment, the members of the Board made recommendations for improvements in certain areas, and recommended relevant topics for future Board meetings. Each year, the Governance Committee reviews committee composition, recommends committee chairs and takes recommendations to the Board for approval.

Each year, in addition to the assessment that the Governance Committee performs in connection with compensation matters, the Governance Committee assesses, with the participation of the entire Board, the performance of the Executive Chairman, the President and other senior executives and reviews the results with the Board.

Nomination of Directors

The Governance Committee is responsible for the process of identifying prospective director nominees. The Governance Committee reviews the experience and performance of nominees for election to the Board. It also recommends the appointment of directors to the various 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. As part of this assessment, the Governance Committee reviews the skill-set of current Board members to determine skills and experience to be considered when recruiting new director nominees. 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. As part of this evaluation process, the Board is mindful of diversity considerations in terms of gender, experiences and perspectives, and recognizes the benefits of promoting diverse candidates to its Board. The Governance Committee also assesses any concerns relating to potential conflicts, independence, inter-locking board memberships, or time commitment that the candidate may present. The Executive Chairman and President, the Chair of the Governance Committee, as well as other members of the Governance Committee meet with the potential candidates to determine their interest, availability and suitability. The Governance Committee then presents its list of potential candidates and recommendations to the Board. A continuous list of potential candidates is kept with the records of the Governance Committee.

Before being put forward as a director nominee, candidates meet the Chair of the Governance Committee, the Executive Chairman and President and other Board members prior to nomination to discuss the Board's expectations in regards to contribution and commitment obligations.

CORPORATE GOVERNANCE MATTERS

Ethical Business Conduct

The Corporation's Code of Conduct (the "Code") reflects the Corporation's long-standing commitment to high standards of ethical conduct and business practices. The Board annually reviews the Code to ensure it is current and reflects best practices in the area of ethical business conduct and includes a strong "tone from the top" message. In 2014, the Corporation conducted a review of the Code to ensure it continued to match the industry's best practices. The Code addresses, among other things, conflicts of interest, several compliance issues including compliance with laws, rules and regulations, confidentiality and fair dealing with the Corporation's shareholders, customers and suppliers and reporting of illegal or unethical behavior. 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 Audit Committee receives periodic reports on any compliance issues. In 2014, all material violations of the Code were brought to the attention of the Audit Committee and resolved to its satisfaction. The Code is available on the Corporation's website at www.loblaw.ca.

Senior management, which reviews all material breaches of the Code, oversees the implementation of the Code and the education of employees regarding the Code. Senior management also reviews the Code annually to determine if it requires revision.

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 and is required to abstain from voting 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 encourages the reporting of violations and potential violations of the Code and has established an Integrity Action Line (or "whistleblower" line) which is a toll-free number that any employee or director may use to report conduct that 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 controls and auditing matters. Reports are received periodically by the Audit Committee regarding any concerns reported through any of these procedures. These procedures are available at www.loblaw.ca. The Senior Vice President, Legal reports regularly to the Audit Committee regarding complaints received through the whistleblower procedures so that the Audit Committee can ensure that any complaints are handled appropriately.

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

Disclosure Policy

The Board has adopted a corporate Disclosure Policy to deal with the timely dissemination of all material information. The Disclosure Policy, which is reviewed annually, establishes consistent guidance for determining what information is material and how to ensure that all material information is publicly disclosed on a timely basis to avoid selective disclosure. The Board, directly and through its committees, reviews and approves the content of major disclosure documents, including annual and interim consolidated financial statements, the Annual Report, the Annual Information Form, Management's Discussion and Analysis and the Management Proxy 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 calls and meetings.

Disclosure Committee

A Disclosure Committee comprised of the Corporation's senior management oversees the Corporation's disclosure process as outlined in the Disclosure Policy. The Disclosure Committee's mandate includes ensuring that effective controls and procedures are in place to allow the Corporation to satisfy all of its continuous disclosure obligations including evaluating events to determine whether they give rise to material information that must be publicly disclosed and reviewing all disclosure documents before they are presented to the Audit Committee and the Board. In addition, the Disclosure Committee is responsible for ensuring that the policies and procedures contained in the Corporation's Disclosure Policy are in compliance with regulatory requirements.

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

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. This insurance policy is shared with Weston. The Corporation's annual insurance premium in 2014 was $612,000, half of which was paid by Weston. The insurance limit is $160 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 $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 20,636,596 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 14, 2015. The Corporation intends to renew the Issuer Bid.

ADDITIONAL INFORMATION

The Corporation is a reporting issuer under the applicable legislation of all of the provinces and territories of Canada and is required to file consolidated financial statements and information circulars with the various securities commissions. The Corporation has filed its Annual Information Form with those securities commissions which, among other things, contained all of the disclosure required by Form 52-110F1 under National Instrument 52-110 – *Audit Committees*.

Copies of the Corporation's latest Annual Information Form, the Corporation's 2014 Annual Report and this Circular can be obtained upon request from the Senior Vice President, Investor Relations of the Corporation at 1 President's Choice Circle, Brampton, Ontario L6Y 5S5.

Financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year. 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 regarding Weston and Choice Properties can be found at www.weston.ca, www.choicereit.ca and www.sedar.com.

SHAREHOLDER PROPOSALS

There were no shareholder proposals received in relation to the Meeting.

The *Canada Business Corporations Act* permits eligible shareholders of the Corporation to submit shareholder proposals for consideration at the Annual Meeting of Shareholders. The final date for submission of proposals by shareholders to the Corporation for inclusion in the Management Proxy Circular in connection with the 2016 Annual Meeting of Shareholders is December 29, 2015.

CONTACTING THE BOARD OF DIRECTORS

Shareholders, employees and other interested parties may communicate directly with the Board through the Lead Director by writing to:

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

Shareholders may also contact the Lead Director with any proposals for director nominees.

BOARD APPROVAL

The contents and sending of this Circular to shareholders entitled to receive notice of the Meeting, to each director, to the external auditors of the Corporation and to the appropriate government agencies have been approved by the Board.

Gordon A. M. Currie
Executive Vice President and Chief Legal Officer

Dated in Toronto, Ontario
March 27, 2015

SCHEDULE A

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, risk management activities, internal control over financial reporting, disclosure controls and procedures, and information systems. Through its oversight, the Board ensures that the Corporation accurately and fairly reports financial and other 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 and Monitor Corporate Performance

- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.
- Monitor performance against both corporate strategic goals and objectives.

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

The Board will review and, if advisable, approve broad strategic objectives and 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.
- Oversee the development, execution and fulfillment of the Corporation's strategic plans and the operational policies within which management will operate.
- Approve significant acquisitions, sales of assets or shares, and material financing arrangements.
- Review and approve the Corporation's dividend policy and approve the payment of dividends.
- 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 and President

- Delegate to the Executive Chairman and President the authority to manage and supervise the business of the Corporation, including making any 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 Corporation's financial reporting and disclosure obligations in accordance with applicable law.
- Approve the Corporation's financial statements, management's discussion and analysis and related releases.

- Oversee the Corporation's compliance with applicable audit, accounting and reporting requirements, including in the areas of internal control over financial reporting and disclosure controls and procedures.

(e) Monitor Enterprise Risk Management Program

- Approve management's approach to enterprise risk management and its mitigation practices, including the identification, assessment and mitigation of the principal risks.
- Satisfy itself as to the effective oversight of risk management of individual risks by the Board or by a Committee delegated by the Board, through the receipt of periodic reports from the Committee Chairs or management, as appropriate.

(f) Approve Related Party Transactions

- Approve all proposed material related party transactions and any related party transactions that are not dealt with by a "special committee" of independent directors pursuant to applicable securities legislation.

(g) Oversee Effective External Communications

- Satisfy itself that there is effective communication between the Board and the Corporation's shareholders, other stakeholders and the public.
- At least annually, with the assistance of the Audit Committee, review and approve any material changes to the Corporation's disclosure policy.

(h) Monitor Corporate Governance

- Develop, and monitor compliance with, a set of corporate governance principles and guidelines.
- Appoint a lead director who is independent to provide leadership to the Board and the independent directors, including presiding over meetings or sessions of the non-management directors and consulting with the Executive Chairman on any matters arising out of such sessions.
- Ensure that independent directors hold regular meetings without the attendance of management or non-independent directors.
- On the recommendation of the Governance, Employee Development, Nominating and Compensation Committee, approve the appointment of directors or recommend the election of director nominees to the Board at the annual general meeting of shareholders.
- Review the Board's mandate on an annual basis and make appropriate revisions.
- Develop, adopt and regularly review position descriptions for the Executive 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.
- Oversee significant compensation decisions for the directors and for senior executive management.

(i) Monitor Corporate Social Responsibility, Integrity and Ethics

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

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 the applicable Canadian securities laws, as the same may be amended from time to time.

4. COMMITTEES

The Board has established committees and delegated appropriate authority and responsibilities to such committees as it approves from time to time. The Board has established the following committees:

- the Audit Committee (comprised entirely of independent directors);
- the Governance, Employee Development, Nominating and Compensation Committee (comprised of a majority of independent directors);

- the Environmental, Health and Safety Committee;
- the Finance Committee; and
- the Pension Committee.

The Board shall provide a forum for discussion and reporting of all matters considered by the committees. Circumstances may warrant the establishment of new committees, the disbanding of current committees or the reassignment of authority and responsibilities amongst committees. The authority and responsibilities of each committee are set out in a written mandate, as approved by the Board. At least annually, each mandate shall be reviewed and, on the recommendation of the Governance, Employee Development, Nominating and Compensation Committee, approved by the Board. Each Committee Chair shall provide a report to the Board on material matters considered by the Committee at the next regular Board meeting following such Committee's meeting.

5. ORIENTATION AND CONTINUING EDUCATION

With the Governance, Employee Development, Nominating and Compensation Committee, the Board shall ensure that all directors receive a comprehensive orientation program and continuing education in connection with their role, responsibilities, the business of the Corporation, and the skills they must use in their roles as directors.

6. EQUITY OWNERSHIP BY DIRECTORS

The Board shall oversee directors' compliance with the Corporation's Share Ownership Policy.

Loblaw

COMPANIES LIMITED