Loblaw Companies Limited

MANAGEMENT PROXY CIRCULAR

LOBLAW COMPANIES LIMITED
ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

MAY 3, 2018

THIS DOCUMENT CONTAINS:

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

MANAGEMENT PROXY CIRCULAR

Loblaw Companies Limited

March 29, 2018

Dear Fellow Shareholder,

On behalf of the Board and management, we are pleased to invite you to our Annual and Special Meeting of Shareholders, which will be held on Thursday, May 3, 2018, 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 and Special 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 Investors 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
Chairman and Chief Executive Officer

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Loblaw Companies Limited

MANAGEMENT PROXY CIRCULAR

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Notice of Annual and Special Meeting of Shareholders

The 2018 Annual and Special Meeting of Shareholders of Loblaw Companies Limited will be held on Thursday, May 3, 2018, 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 December 30, 2017, and the auditor's report thereon;
2. to elect the directors (see "Election of the Board of Directors" in the Management Proxy Circular (the "Circular") for additional details);
3. to appoint the auditor and to authorize the directors to fix the auditor's remuneration (see "Appointment of the Auditor" in the Circular for additional details);
4. to pass a special resolution authorizing an amendment to the Articles of Continuance of the Corporation (see "Amendment of the Articles of Continuance" in the Circular for additional details);
5. to consider the shareholder proposals set out in Schedule B of the Circular; and
6. to transact such other business as may properly be brought before the Annual and Special Meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 14, 2018 will be entitled to vote at the Annual and Special Meeting.

Notice and Access

Loblaw Companies Limited (the "Corporation") is using the "notice and access" procedure adopted by the Canadian Securities Administrators for the delivery of the Circular. Under the notice and access procedure, you are still entitled to receive a form of proxy (or voting instruction form) enabling you to vote at the Annual and Special Meeting. However, instead of paper copies of the Circular, you are receiving this Notice of Meeting which contains information about how to access the Circular electronically. The principal benefit of the notice and access procedure is that it reduces costs and the environmental impact of producing and distributing paper copies of documents in large quantities. Shareholders who have consented to electronic delivery of materials are receiving this Notice of Meeting in an electronic format.

The Circular and form of proxy (or voting instruction form) for the common shares of the Corporation (the "Common Shares") provide additional information concerning the matters to be dealt with at the meeting. **You should access and review all information contained in the Circular before voting.**

Shareholders with questions about the notice and access procedure can call Computershare Investor Services Inc. ("Computershare") toll free at 1-866-964-0492 or by going to: www.computershare.com/noticeandaccess.

Websites Where Circular is Posted

The Circular can be viewed online on the Corporation's website, www.loblaw.ca, or under Loblaw Companies Limited's SEDAR profile at www.sedar.com.

Non-Registered and Registered Shareholders

If you would like a paper copy of the Circular, you should first determine whether you are (i) a non-registered shareholder; or (ii) a registered shareholder.

- You are a non-registered shareholder (also known as a beneficial shareholder) if you own Common Shares indirectly and your Common Shares are registered in the name of a bank, trust company, broker or other intermediary. For example, you are a non-registered shareholder if your Common Shares are held in a brokerage account of any type.
- You are a registered shareholder if you hold a paper share certificate or a direct registration system (DRS) statement and your name appears directly on the share certificate(s) or DRS statement.

How to Obtain Paper Copies of the Circular

All shareholders may request that paper copies of the Circular be mailed to them at no cost for up to one year from the date that the Circular was filed on SEDAR.

If you are a non-registered shareholder, a request may be made by going to www.proxyvote.com and entering the 16-digit control number located on your voting instruction form and following the instructions provided. Alternatively, you may submit a request by calling Broadridge Investor Communications Corporation ("Broadridge") at 1-877-907-7643. A request must be received by April 20, 2018 (i.e., at least seven business days in advance of the date and time specified in your voting instruction form as the voting deadline) if you would like to receive the Circular in advance of the voting deadline and meeting date.

If you hold a paper share certificate or certificates and your name appears directly on the share certificate(s), and, if you would like to receive the Circular: (i) in advance of the voting deadline and meeting date, then a request may be made by calling Computershare at 1-866-962-0498; or (ii) after the meeting date and within one year from the date the Circular was filed on SEDAR, then a request may be made by calling Computershare at 1-800-564-6253. A request must be received by April 20, 2018 (i.e., at least seven business days in advance of the date and time specified in your proxy form as the voting deadline) if you would like to receive the Circular in advance of the voting deadline and meeting date.

Voting

Non-registered shareholders

Non-registered shareholders are entitled to vote through Broadridge or their intermediary, as applicable, or at the meeting in person. Non-registered shareholders should exercise their right to vote by following the instructions of Broadridge or their intermediary, as applicable, as indicated on their voting instruction form. Voting instruction forms will be provided by Broadridge or your intermediary. Voting instruction forms may be returned as follows:

INTERNET:	www.proxyvote.com
TELEPHONE:	1-800-474-7493 (English) or 1-800-474-7501 (French)
MAIL:	Data Processing Centre, P.O. Box 2800, Stn. LCD Malton, Mississauga, Ontario L5T 2T7

Broadridge or your intermediary, as applicable, must receive your voting instructions at least one business day in advance of the proxy deposit date noted on your voting instruction form. If a non-registered shareholder wishes to attend and vote at the meeting in person (or have another person attend and vote on the shareholder's behalf), the shareholder must complete the voting instruction form in accordance with the directions provided.

Registered shareholders

Registered shareholders are entitled to vote at the meeting either in person or by proxy. Registered shareholders who are unable to be present at the meeting should exercise their right to vote by signing and returning the form of proxy, or voting via the internet, in accordance with the directions on the form. Computershare must receive completed proxies no later than 5:00 p.m. (Toronto time) on May 1, 2018 or, if the meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before the date of the adjourned or postponed meeting.

Dated at Toronto, Ontario, this 29th day of March, 2018.

BY ORDER OF THE BOARD OF DIRECTORS,

Gordon A. M. Currie
Executive Vice President, Chief Legal Officer & Secretary

1 About the Meeting

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 2018 Annual and Special Meeting of Shareholders (the "Meeting") of Loblaw Companies Limited (the "Corporation") to be held on Thursday, May 3, 2018, 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 14, 2018 and all dollar amounts used are in Canadian dollars.

NOTICE AND ACCESS

The Corporation is using the notice and access procedure that allows the Corporation to furnish proxy materials over the internet instead of mailing paper copies to shareholders. Under the notice and access procedure, the Corporation will deliver proxy-related materials by: (i) posting the Circular (and other proxy related materials) on a website other than SEDAR, in this case www.loblaw.ca; and (ii) sending the Notice of Meeting informing holders of common shares of the Corporation ("Common Shares") that the Circular and proxy related materials have been posted on the Corporation's website and explaining how to access them.

On or about March 29, 2018, the Corporation will send to shareholders the Notice of Meeting and the relevant voting document (a form of proxy or a voting instruction form). The Notice of Meeting contains basic information about the Meeting and the matters to be voted on, instructions on how to access the proxy materials, and explains how to obtain a paper copy of the Circular.

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;
- the appointment of the auditor and authorization of the directors to fix the auditor's remuneration;
- the adoption of the special resolution authorizing the amendment of the Articles of Continuance of the Corporation; and
- the shareholder proposals set out in Schedule B of the Circular.

Q: Am I entitled to vote?

A: You are entitled to vote if you were a holder of Common Shares as at the close of business on March 14, 2018, 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 or direct registration system (DRS) statement. 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 shares 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). The Corporation pays for an intermediary to deliver the proxy-related materials to all non-registered shareholders.

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 either 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, Chairman and Chief Executive Officer, and Gordon A. M. Currie, Executive Vice President, Chief Legal Officer & Secretary 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 1, 2018, 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, AGAINST or WITHHOLD, as applicable), 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;**
- **FOR the re-appointment of KPMG LLP as the auditor of the Corporation and the authorization of the directors to fix the auditor's remuneration;**
- **FOR the adoption of the special resolution authorizing the amendment of the Articles of Continuance of the Corporation;**
- **AGAINST Shareholder Proposal No. 1 concerning living wage; and**
- **AGAINST Shareholder Proposal No. 2 concerning adopting an independent chairman policy.**

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.

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 1, 2018, or two business days before any adjourned or postponed Meeting is reconvened;
- 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 14, 2018, there were 380,424,965 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: Votes cast in advance by way of proxy and, for any matter for which a vote is taken at the Meeting by ballot, the votes cast regarding such matter, 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 14, 2018, the record date for the Meeting, there were 380,424,965 Common Shares issued and outstanding. George Weston Limited ("Weston") beneficially owned, directly and indirectly, a total of 187,815,136 Common Shares, representing approximately 49.37% of the then outstanding Common Shares. Weston is controlled by Mr. W. Galen Weston. As of March 14, 2018, Mr. W. Galen Weston also beneficially owned 5,096,189 Common Shares, representing approximately 1.34% 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. **RECEIVE THE FINANCIAL STATEMENTS**
   - Management will present the annual audited consolidated financial statements at the Meeting and shareholders or their proxyholders will be given an opportunity to discuss the financial results with management.
2. **ELECTION OF THE BOARD OF DIRECTORS**
   - Twelve nominee directors are proposed for election to the board of directors of the Corporation (the "Board"). Shareholders or their proxyholders will vote on the election of the directors.
3. **APPOINTMENT OF THE AUDITOR**
   - The Board, on the advice of its Audit Committee, recommends the re-appointment of KPMG LLP as the Corporation's auditor. Shareholders or their proxyholders will vote on the re-appointment of the auditor and the authorization of the Board to fix the auditor's remuneration.
4. **AMENDMENT OF THE ARTICLES OF CONTINUANCE**
   - Adoption of the special resolution authorizing the amendment of the Articles of Continuance (see "Amendment of the Articles of Continuance" in the Circular for additional details).
5. **SHAREHOLDER PROPOSALS**
   - Consider and vote on the shareholder proposals set out in Schedule B of the Circular.

RECEIVE THE FINANCIAL STATEMENTS

The Corporation's audited consolidated financial statements and management's discussion and analysis for the year ended December 30, 2017 together with the auditor's report thereon will be placed before the shareholders at the Meeting. These documents are included in the Corporation's 2017 Annual Report. Copies of the 2017 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 2017 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

The Board has determined that 12 director nominees will be elected at the Meeting. 11 nominees are currently directors of the Corporation and all have established their eligibility and willingness to serve on the Board for the next annual term. 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 the proxyholder's discretion. 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. The persons named in the enclosed form of proxy intend to vote for the election of the director nominees. Each director will be elected to hold office until the next annual meeting of shareholders or until such office is earlier vacated.

The director nominee profiles, starting on page 7, tell you about each director's experience and other important information to consider, including how much equity they own in the Corporation and any other public company boards they sit on. Our director nominees have been selected based on their sound leadership and professional reputation and their collective ability to address the broad range of issues the Board considers when overseeing the Corporation's business and affairs. As a group, the director nominees complement each other in respect of their respective skills and experiences and diversity of perspectives.

Independence

11 of our 12 nominated directors are independent. None of these independent directors has ever served as an executive of the Corporation or any of its subsidiaries nor do they have relationships with the Corporation that would interfere with the exercise of their independent judgment.

Skills

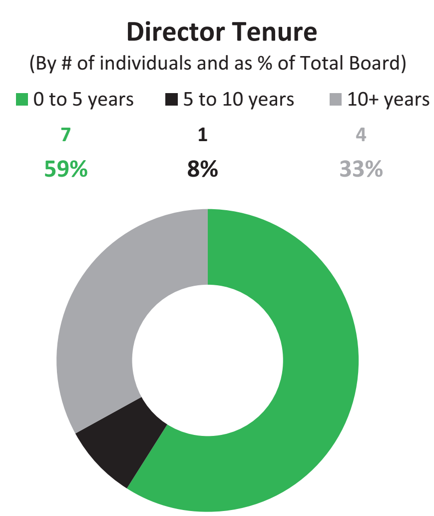
Each director has a wealth of experience in leadership, governance and strategic planning and collectively they possess the skills and expertise that enable the Board to carry out its responsibilities. The skills matrix set out below is used to assess the Board's overall strengths and to assist in the 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. Although the directors have a breadth of experience in many areas, the skills matrix lists 12 important qualifications determined by the Board and highlights five key skills for each director. The matrix is not intended to be an exhaustive list of each director's skills.

Skills	Beeston	Bonham	Bryant	Clark	Downe	Harris	Kotchka	Lockhart	O'Neill	Pritchard	Raiss	Weston
Executive Leadership/Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Retail/Consumer/Marketing	✓						✓	✓		✓		✓
Finance	✓	✓		✓	✓	✓			✓			
Supply Chain/Distribution			✓							✓		
Accounting and Financial Reporting	✓		✓	✓		✓	✓		✓			
Risk Management/Compliance	✓			✓	✓	✓		✓	✓		✓	✓
HR/Compensation					✓			✓	✓		✓	✓
Digital/Technology		✓			✓		✓				✓	
Health & Wellness (Pharmacy & Drug)			✓					✓		✓		
Real Estate		✓		✓								✓
US Market		✓	✓				✓			✓	✓	
Legal						✓						

Each director was nominated in large part because of his or her key leadership attributes. The director nominees have demonstrated informed judgment, knowledge of important business issues and a commitment to operational excellence. Once elected, every director is expected to act ethically and with integrity. Directors must understand the Corporation's strategic objectives and reflect its values. Directors are expected to prepare for and actively participate in Board and committee meetings. They must understand the Corporation's corporate governance policies and practices and comply with the Corporation's Code of Conduct.

Tenure and Gender Diversity

The Board has a diversity policy and a tenure policy. The tenure policy provides that the Chairman and the Governance, Employee Development, Nominating and Compensation Committee (the "Governance Committee") will undertake an assessment of a director's continued participation on the Board upon reaching the age of 75 or a change in principal occupation, whichever occurs first. The average tenure of the director nominees is 6.4 years. The following diagram shows director tenure broken down by the applicable time periods set out below:



The Board believes that these tenure statistics, and the high calibre of director nominees who are standing for election for the first time or who have joined the Board in the past several years, demonstrate that the Board's renewal process is working effectively.

The Corporation's board diversity policy has a target that women comprise at least 30% of the Board's directors. This year, 42% of the director nominees are female. Further details on the Corporation's board tenure policy and diversity policy can be found on pages 24 and 33, respectively, of this Circular.

Majority Voting

The directors are elected annually by the shareholders. The Corporation has established a majority voting policy. Under the policy, the Governance Committee reviews and considers the voting results for each director 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 immediately tender his or her resignation to the Chairman of the Board. In such circumstances, the Governance Committee will expeditiously consider the director's resignation and (absent exceptional circumstances) make a recommendation to the Board to accept the resignation. The Board will have 90 days from the date of the Meeting to make a final decision and will promptly announce that decision (including, if applicable, the reasons for rejecting the resignation) through a news release. Any such resignation will take effect on acceptance by the Board. Any director who tenders his or her resignation will not participate in any meeting of the Board or any committee of the Board at which the resignation is considered. This policy applies only to uncontested elections of directors where the number of nominees is equal to the number of directors to be elected.

Voting Results from the 2017 Annual Meeting of Shareholders

In 2017, each director who stood for election at the Annual Meeting of Shareholders received votes in favour from at least 97% of the votes cast. Below are the voting results for the election of directors at the Corporation's Annual Meeting of Shareholders held on May 4, 2017:

Name of Nominee	Votes For		Votes Withheld	
Paul M. Beeston	340,088,167	99.90%	355,125	0.10%
Scott B. Bonham	339,515,237	99.73%	928,055	0.27%
Warren Bryant	339,268,875	99.66%	1,174,417	0.34%
Christie J.B. Clark	339,312,918	99.67%	1,130,374	0.33%
M. Marianne Harris	340,387,392	99.98%	55,900	0.02%
Claudia Kotchka	340,375,642	99.98%	67,650	0.02%
John S. Lacey (1)	340,138,832	99.91%	304,460	0.09%
Nancy H.O. Lockhart	339,088,186	99.60%	1,355,106	0.40%
Thomas C. O'Neill	336,274,598	98.78%	4,168,694	1.22%
Beth Pritchard	340,362,873	99.98%	80,419	0.02%
Sarah Raiss	339,142,307	99.62%	1,300,493	0.38%
Galen G. Weston	332,978,325	97.81%	7,464,475	2.19%

(1) Mr. Lacey is not standing for re-election at the Meeting on May 3, 2018.

Board Interlock Policy

The Board has established a board interlock policy with the aim of ensuring that interlocking director relationships will not adversely affect the relevant directors' independent judgment. The Board determines that a prohibited interlock occurs when more than two Board members are also board members of another public entity. The board interlock policy prohibits such an interlock unless otherwise approved by the Governance Committee. The Governance Committee will review each interlock and determine if the interlock adversely affects the ability of the relevant directors to exercise their independent judgment. The policy does not apply to the Chairman of the Board or any management directors. There are currently no prohibited interlocks.

Director Profiles

The following is a summary of relevant biographical and compensation information of each director nominee including a description of their background and experience, year first elected or appointed as a director, age, meeting attendance, other boards on which they sit, public board interlocks with other director nominees, and director fees received. "Director Fees Received" includes compensation received as a director of the Corporation and its subsidiaries. The 2017 and 2016 equity holdings of each director nominee of the Corporation as of March 14, 2018 and March 14, 2017, respectively, consisting of Common Shares and Deferred Share Units ("DSUs") are also indicated. "Total Market Value of Common Shares and DSUs" for non-management directors is calculated for 2017 based on the closing price of the Common Shares on the TSX on March 14, 2018, which was $66.72, and for 2016 based on the closing price of the Common Shares on the TSX on March 14, 2017, which was $70.52.

The persons designated in the accompanying form of proxy intend to vote **FOR** the nominees listed below:

Paul M. Beeston, C.M., F.C.P.A., F.C.A.
Toronto, Ontario, Canada

Age 72

Loblaw Board Details:
Director since 2005
Independent

Mr. Beeston, a corporate director, is the former President and Chief Executive Officer of the Toronto Blue Jays Baseball Team. He is also 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 Honorary Doctor of Laws degrees from the University of Western Ontario and York University, 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	
		#	%	Year	Amount
Board	7/7	12/12	100%	2017	$236,500
Audit Committee	5/5			2016	$238,500

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	7,900	45,616	53,516	$3,570,588	$700,000	Yes
2016	7,900	42,368	50,268	$3,544,899		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
Gluskin Sheff & Associates Inc.	2009 to present	Nancy H.O. Lockhart	Gluskin Sheff & Associates Inc.
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
—	—		

Scott B. Bonham
Atherton, California, United States

Age 56

Loblaw Board Details:
Director since 2016
Independent

Mr. Bonham is the Co-Founder of Intentional Capital LLC, a real estate asset management company, former Co-Founder of GGV Capital, a venture capital firm, and former Vice President of Capital Group Companies.

Mr. Bonham holds a B.Sc. (Honours) in electrical engineering from Queen's University and an M.B.A. from Harvard Graduate School of Business.

In addition to the public board memberships below, Mr. Bonham is a board member of the Canadian Institute for Advanced Research, the C100 Association, an association that connects Canadian entrepreneurs and companies with its Silicon Valley network, and the DenmarkBridge, a public-private initiative bridging Danish companies and the Silicon Valley.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	12/12	100%	2017	$182,500
Audit Committee	5/5			2016	$47,450

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	—	3,280	3,280	$218,842	$700,000	Yes(1)
2016	—	672	672	$47,389		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
Magna International Inc.	2012 to present		
The Bank of Nova Scotia	2016 to present	Thomas C. O'Neill	The Bank of Nova Scotia
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
—	—		

(1) Mr. Bonham joined the Board in 2016 and has until October 2021 to satisfy the Director Share Ownership Guidelines.

Warren Bryant
Bellevue, Washington, United States

Age 72

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 Corp. 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 an 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 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 Longs Drug Stores.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7				
Audit Committee	5/5	22/23	96%	2017	$199,000
Environmental, Health & Safety Committee	4/4			2016	$209,050
Governance Committee	6/7				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[(1)]	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	—	14,717	14,717	$1,800,604	$700,000	Yes
2016	—	11,704	11,704	$1,675,502		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Dollar General Corporation	2009 to present	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Office Depot Inc.	2004 to 2017		
George Weston Limited	2010 to 2013		

(1) 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 held 7,600 Weston DSUs in 2016 with a value of $850,136 based on the March 14, 2017 Weston common share price of $111.86 and 7,722 Weston DSUs in 2017 with a value of $818,686 based on the March 14, 2018 Weston common share price of $106.02.

Christie J.B. Clark, F.C.P.A., F.C.A.
Toronto, Ontario, Canada

Age 64

Loblaw Board Details:
Director since 2011
Independent

Mr. Clark, a corporate director, is a former Chief Executive Officer and senior partner of PricewaterhouseCoopers LLP from 2005 to 2011. 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 2005.

Mr. Clark graduated from Queen's University with a B.Comm. and the University of Toronto with an 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 a member of the boards of the Canadian Olympic Committee and Own The Podium, and a member of the Advisory Council of The Stephen J.R. Smith School of Business at Queen's University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7				
Audit Committee (Chair)	5/5	16/16	100%	2017	$346,000
Pension Committee	4/4			2016	$331,763

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	18,078	3,141	21,219	$1,415,732	$700,000	Yes
2016	18,078	1,508	19,586	$1,381,205		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Air Canada	2013 to present	M. Marianne Harris	Hydro One Limited/Hydro One Inc.
Choice Properties Real Estate Investment Trust	2013 to present		
Hydro One Limited/Hydro One Inc.	2015 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Brookfield Office Properties Inc.	2012 to 2014		
IGM Financial Inc.	2012 to 2014		

William A. Downe, C.M.

Winnetka, Illinois,
United States
Age 65

Loblaw Board Details:
Nominee Director
Independent

Mr. Downe was the Chief Executive Officer of BMO Financial Group from 2007 to 2017. He also served on the boards of the Bank of Montreal and its subsidiaries BMO Nesbitt Burns Holding Corporation and BMO Financial Corp.

Mr. Downe holds an M.B.A. from the University of Toronto and received an honorary doctorate of laws from Wilfrid Laurier University.

In addition to his public board membership listed below, Mr. Downe is a director of Catalyst Inc. and a trustee on the board of the Rush University Medical Center. Mr. Downe is also a director on the Board of St. Michael's Hospital Foundation and a member of the Campaign Executive for The Campaign for the University of Toronto. Mr. Downe formerly served as a director of the International Monetary Conference and the Business Council of Canada.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
—	—	—	—	2017	—

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines[(1)]
2017	—	—	—	—	—	—

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Manpower Group Inc.	2011 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Bank of Montreal	2007 to 2017		

(1) If elected, Mr. Downe will have five years to satisfy the Director Share Ownership Guidelines.

M. Marianne Harris

Toronto, Ontario, Canada

Age 60

Loblaw Board Details:
Director since 2016
Independent

Ms. Harris is a corporate director. Prior to 2013, she was the Managing Director and President of Corporate and Investment Banking for Merrill Lynch Canada Inc. ("Merrill Lynch") and Head of Financial Institutions Group Americas, Merrill Lynch Pierce Fenner & Smith. Prior to Merrill Lynch, she held various investment banking positions with RBC Capital Markets from 1984 to 2000.

Ms. Harris holds an M.B.A. from the Schulich School of Business, a J.D. (Juris Doctor) degree from Osgoode Hall Law School and a B.Sc. (Honours) from Queen's University.

Ms. Harris is also Chair of the board of the Investment Industry Regulatory Organization of Canada (IIROC) as well as a member of the Investment Committee of the Princess Margaret Cancer Foundation Board, the Dean's Advisory Council at the Schulich School of Business, and the Advisory Council of the Hennick Centre for Business and Law.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
Board	7/7	#	%	Year	Amount
Audit Committee	5/5	12/12	100%	2017	$182,500
				2016	$115,888

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	2,337	4,314	6,651	$443,755	$700,000	Yes[(1)]
2016	2,337	1,690	4,027	$283,984		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Hydro One Limited/Hydro One Inc.	2015 to present	Christie J.B. Clark	Hydro One Limited/Hydro One Inc.
Sun Life Financial Inc.	2013 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Agrium Inc.	2014 to 2015		

(1) Ms. Harris joined the Board in May 2016 and has five years to satisfy the Director Share Ownership Guidelines.

Claudia Kotchka
Miami, Florida
United States

Age 66

Loblaw Board Details:
Director since 2016
Independent

Ms. Kotchka, a corporate director, is former Vice President, Design Innovation and Strategy at Procter & Gamble.

Ms. Kotchka obtained a B.B.A., Cum Laude, from Ohio University and is a Certified Public Accountant.

Ms. Kotchka serves on the board of the American Red Cross Greater Miami and the Keys, the Marketing Committee United Way Miami-Dade and is a former Trustee of the Cooper Hewitt Smithsonian Design Museum. She is a member of International Women's Forum and Women Corporate Directors. Ms. Kotchka is also a regular guest lecturer on innovation at Stanford University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	11/11	100%	2017	$182,500
Environmental, Health & Safety Committee	4/4			2016	$115,888

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	—	4,314	4,314	$287,830	$700,000	Yes[(1)]
2016	—	1,690	1,690	$119,179		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
—	—	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
BlackBerry Limited	2011 to 2015		

(1) Ms. Kotchka joined the Board in May 2016 and has five years to satisfy the Director Share Ownership Guidelines.

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

Age 63

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.

In addition to her public board memberships below, Ms. Lockhart is a director of 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, the Centre for Addiction and Mental Health Foundation and the Loran Scholars Foundation.

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

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
		#	%	Year	Amount
Board	7/7	18/18	100%	2017	$197,500
Environmental, Health and Safety Committee (Chair)	4/4			2016	$197,500
Governance Committee	7/7				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	750	47,944	48,694	$3,248,864	$700,000	Yes
2016	750	44,450	45,200	$3,187,504		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
Atrium Mortgage Investment Corporation	2013 to present	Paul M. Beeston	Gluskin Sheff & Associates Inc.
Gluskin Sheff & Associates Inc.	2013 to present		
Barrick Gold Corporation	2014 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
—	—		

Thomas C. O'Neill, F.C.P.A, F.C.A.
Toronto, Ontario, Canada

Age 73

Loblaw Board Details:
Lead Director
Director since 2003
Independent

Mr. O'Neill, a corporate director, is Chairman of The Bank of Nova Scotia. He is also the retired Chairman of BCE Inc. and 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. Mr. O'Neill also 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 is also a member of the Advisory Board of The Stephen J.R. Smith School of Business at Queen's University and is the former Chair of St. Michael's Hospital and former Vice-Chair of the Board of Trustees of Queen's University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
Board	7/7	#	%	Year	Amount
Governance Committee (Chair)	7/7	14/14	100%	2017	$270,000
				2016	$271,500

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	3,703	40,475	44,178	$2,947,556	$700,000	Yes
2016	3,703	36,075	39,778	$2,805,145		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
The Bank of Nova Scotia	2008 to present	Scott B. Bonham	The Bank of Nova Scotia
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Nexen Inc.	2002 to 2013		
BCE Inc.	2003 to 2016		
Adecco S.A.	2004 to 2017		

Beth Pritchard
New Albany, Ohio, United States

Age 71

Loblaw Board Details:
Director since 2014
Independent

Ms. Pritchard is a corporate director and former Principal and Strategic Advisor for Sunrise Beauty Studio, LLC. Ms. Pritchard previously served as the North American Advisor to M.H. Alshaya Co., a diverse franchisee group based in the Middle East. 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 an M.B.A. from Marquette University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
Board	7/7	#	%	Year	Amount
Environmental, Health & Safety Committee	4/4	11/11	100%	2017	$182,500
				2016	$182,500

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	—	14,965	14,965	$998,465	$700,000	Yes
2016	—	12,179	12,179	$858,863		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
The Vitamin Shoppe, Inc.	2008 to present	—	—
e.l.f. Beauty, Inc.	2017 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Cabela's Incorporated	2011 to 2017		
Borderfree, Inc.	2014 to 2015		
Shoppers Drug Mart Corporation	2012 to 2014		
Zale Corporation	2012 to 2014		

Sarah Raiss
Calgary, Alberta, Canada

Age 60

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 an M.B.A. from the University of Michigan. She also has an Institute of Corporate Directors ICD.D certification.

Ms. Raiss is the former Chair of the Alberta Electric System Operator board of directors.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
Board	7/7	#	%	Year	Amount
Governance Committee	7/7	18/18	100%	2017	$190,000
Pension Committee	4/4			2016	$187,263

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2017	907	28,266	29,173	$1,946,423	$700,000	Yes
2016	907	25,173	26,080	$1,839,162		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
Commercial Metals Company	2011 to present	—	—
Vermilion Energy Inc. (1)	2014 to present		
Ritchie Bros. Auctioneers Incorporated	2016 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Shoppers Drug Mart Corporation	2009 to 2014		
Canadian Oil Sands Limited	2012 to 2016		

(1) Ms. Raiss will not be standing for re-election to the Vermilion Energy Inc. board of directors at its next annual general meeting.

Galen G. Weston
Toronto, Ontario, Canada

Age 45

Loblaw Board Details:
Director since 2006
Non-Independent

Mr. Weston is Chairman and Chief Executive Officer of the Corporation and George Weston Limited. He is the former 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 an M.B.A.

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

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received	
Board	7/7	#	%	Year	Amount
		7/7	100%	2017	$43,470 (1)
				2016	$138,000 (1)

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs
2017	357,683	—	357,683
2016	315,860	—	315,860

The value of Mr. Weston's current eligible holdings is $68,148,513. Mr. Weston satisfies the Executive Share Ownership Guidelines. For details relating to his equity-based share ownership as an executive, please see the table on page 54.

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Boards
George Weston Limited	2016 to present	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Choice Properties Real Estate Investment Trust	2013 to 2017		

(1) Directors who are members of management do not receive any remuneration for their role as directors of the Corporation. Mr. Weston, who is a member of the Corporation's management, did not receive any remuneration for his role as a director of the Corporation, but he did receive fees as the Chairman of Choice Properties Real Estate Investment Trust ("Choice Properties REIT"), a subsidiary of the Corporation, until he resigned from that role on April 25, 2017.

Meeting Attendance

The following table provides a summary of each director's attendance at Board and committee meetings in 2017:

Name	Board (7 meetings)	Audit Committee (5 meetings)	Environmental, Health and Safety Committee (4 meetings)	Governance Committee (7 meetings)	Pension Committee (4 meetings)	Overall Attendance (#)	Overall Attendance (%)
Paul M. Beeston	7/7	5/5	—	—	—	12/12	100%
Paviter S. Binning[(1)]	—	—	—	—	—	—	—
Scott B. Bonham	7/7	5/5	—	—	—	12/12	100%
Warren Bryant	7/7	5/5	4/4	6/7	—	22/23	96%
Christie J.B. Clark	7/7	5/5	—	—	4/4	16/16	100%
M. Marianne Harris	7/7	5/5	—	—	—	12/12	100%
Claudia Kotchka	7/7	—	4/4	—	—	11/11	100%
John S. Lacey	7/7	—	—	—	4/4	11/11	100%
Nancy H.O. Lockhart	7/7	—	4/4	7/7	—	18/18	100%
Thomas C. O'Neill	7/7	—	—	7/7	—	14/14	100%
Beth Pritchard	7/7	—	4/4	—	—	11/11	100%
Sarah Raiss	7/7	—	—	7/7	4/4	18/18	100%
Galen G. Weston	7/7	—	—	—	—	7/7	100%
Total	**100%**	**100%**	**100%**	**96%**	**100%**		**99%**

(1) Mr. Binning stepped down from the Board on January 18, 2017.

DIRECTOR COMPENSATION

The Corporation's director compensation program is structured to compensate directors appropriately for their time, commitment and responsibility as Board members and to remain competitive with director compensation practices in Canada. The program is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of the shareholders. To achieve these objectives, directors are required to take 100% of their board retainer and committee fees in DSUs until they satisfy the Director Share Ownership Guidelines, after which a director has the option to receive up to 50% of all fees in cash, with the balance required to be taken in DSUs. Directors who are employees of the Corporation receive no additional compensation for services as a director.

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 Corporation believes that it is important that directors demonstrate their commitment to the Corporation through share ownership. In that regard, the Corporation has established Director Share Ownership Guidelines for non-management directors. Under these Guidelines, non-management directors are required 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 $700,000 in 2017. 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. All directors either meet the required level of share ownership or are in the process of accumulating securities as required under the Guidelines. For the status of each director nominee under the Director Share Ownership Guidelines, see their profiles on pages 7 to 13 of the Circular. Management directors are not subject to the Director Share Ownership Guidelines but instead must satisfy the Executive Share Ownership Guidelines described on page 53.

Director Compensation Review

The Board, through the Governance Committee, is responsible for reviewing and approving any changes to the directors' compensation arrangements. The Governance Committee reviewed the compensation paid to directors in 2017 and determined that no changes were required.

2017 Director Compensation Amounts

A summary of the 2017 director compensation amounts is set out below:

Type of Fee	Amount ($)
Annual Fees	
Total Board Retainer	175,000
Chair and Committee Fees	
Lead Director retainer	50,000
Audit Committee Chair	30,000 [1]
Governance Committee Chair	25,000 [1]
Environmental, Health and Safety Committee Chair	15,000 [1]
Pension Committee Chair	15,000 [1]
Member of Board committee	7,500

(1) Includes fees received as a committee member.

Mr. Weston did not receive any remuneration for his role as a director of the Corporation. The details of Mr. Weston's executive compensation are set out in the Compensation Discussion and Analysis. If elected, Mr. Weston will not receive any remuneration in 2018 for his role as director of the Corporation.

2017 Director Compensation Table

The following table sets out the compensation elements and total compensation earned by each non-management director in 2017 and the manner in which the compensation was paid:

	Fees Breakdown						Allocation of Total Director Fees		
Name	Board Retainer ($)[1]	Committee Chair Retainer ($)	Committee Member Retainer ($)	Total Director Fees Earned ($)	All Other Compensation ($)	Total Compensation ($)	Cash ($)	DSUs ($)[2]	Allocation of Fees between Cash and DSUs (%)
Paul M. Beeston	175,000	-	7,500	182,500	54,000 [3]	236,500	-	182,500	100% DSUs
Scott B. Bonham	175,000	-	7,500	182,500	-	182,500	-	182,500	100% DSUs
Warren Bryant	175,000	-	24,000 [5]	199,000	-	199,000	-	199,000	100% DSUs
Christie J.B. Clark	175,000	30,000	21,000 [5]	226,000	120,000 [6]	346,000	113,000	113,000	50% DSUs
M. Marianne Harris	175,000	-	7,500	182,500	-	182,500	-	182,500	100% DSUs
Claudia Kotchka	175,000	-	7,500	182,500	-	182,500	-	182,500	100% DSUs
John S. Lacey	175,000	15,000	-	190,000	200,000 [7]	390,000		190,000	100% DSUs
Nancy H.O. Lockhart	175,000	15,000	7,500	197,500	-	197,500	-	197,500	100% DSUs
Thomas C. O'Neill	175,000	95,000 [4]	-	270,000	-	270,000	-	270,000	100% DSUs
Beth Pritchard	175,000	-	7,500	182,500	-	182,500	-	182,500	100% DSUs
Sarah Raiss	175,000	-	15,000	190,000	-	190,000	-	190,000	100% DSUs
Total ($)	**1,925,000**	**155,000**	**105,000**	**2,185,000**	**374,000**	**2,559,000**	**113,000**	**2,072,000**	

(1) Directors are required to take 100% of their board retainer and committee fees in DSUs until they satisfy the Director Share Ownership Guidelines, after which they may elect to receive up to 50% of their total fees in cash, with the balance required to be taken in DSUs.

(2) In accordance with the DSU Plan, 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. 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.

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

(4) Includes Lead Director fee and fees received for attendance at other meetings of a Board committee.

(5) Includes fees received for attendance at other meetings of a Board committee.

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

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

Outstanding Share-Based Awards

The following table sets forth the value of all share-based awards granted by the Corporation to non-management directors that were outstanding as at January 2, 2018:

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)
Paul M. Beeston	—	—	3,128,801
Scott B. Bonham	—	—	224,975
Warren Bryant(2)	—	—	1,009,439
Christie J.B. Clark(3)	—	—	215,441
M. Marianne Harris	—	—	295,897
Claudia Kotchka	—	—	295,897
John S. Lacey	—	—	2,381,788
Nancy H.O. Lockhart	—	—	3,288,479
Thomas C. O'Neill	—	—	2,776,180
Beth Pritchard	—	—	1,026,449
Sarah Raiss	—	—	1,938,765

(1) The value of the outstanding DSUs held by the directors is based on the closing price of the Common Shares on the TSX on January 2, 2018, which was $68.59, 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) Mr. Bryant also holds 7,722 Weston DSUs. Based on the closing price of Weston common shares on the TSX on January 2, 2018 of $109.02, these DSUs had a value of $841,852.
(3) Mr. Clark also holds 9,408 Choice Properties REIT deferred units. Based on the closing price of Choice Properties REIT trust units on the TSX on January 2, 2018 of $13.33, these Choice Properties REIT deferred units had a value of $125,409.

APPOINTMENT OF THE AUDITOR

Appointment of the Auditor

The auditor of the Corporation is KPMG LLP. The Board, on the recommendation of the Audit Committee, recommends that KPMG LLP be re-appointed as the auditor of the Corporation to hold office until the next annual meeting of shareholders of the Corporation and that the directors be authorized to fix KPMG LLP's remuneration. The persons named in the accompanying form of proxy intend to vote **FOR** the appointment of KPMG LLP as the Corporation's auditor until the next annual meeting of shareholders.

Audit and Other Service Fees

The Audit Committee oversees the fees paid to the independent auditor, KPMG LLP, for audit and non-audit services. The following table sets forth the aggregate fees billed for professional services rendered by KPMG LLP, for the fiscal years 2017 and 2016, respectively:

	2017 $(000's)	2016 $(000's)
Audit fees(1)	6,020	5,640
Audit-related fees(2)	658	1,520
Tax-related fees(3)	39	98
All other fees(4)	601	229
Total Fees	$7,318	$7,487

(1) Audit fees include fees for services related to the audit of the Corporation's consolidated financial statements, including the audit of Shoppers Drug Mart, Choice Properties REIT and President's Choice Bank (each a subsidiary of Loblaw). Audit fees also include fees for services related to the review of quarterly reports, auditor involvement with securities filings, Eagle Credit Card Trust and Loblaw prospectuses in 2017, audit of the historical carve out financial statements of the Loblaw gas bar operations 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, the audit of pension plans and certain special projects.
(3) Tax-related fees include fees for tax compliance services and advice.
(4) All other fees are for services related to legislative and/or regulatory compliance, accounting and transactional advice and certain IT advisory services.

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

AMENDMENT OF THE ARTICLES OF CONTINUANCE

Amendment of the Articles of Continuance (the "Articles")

The Articles provide for the number of directors to consist of a minimum of 5 and a maximum of 20. At the Meeting, the shareholders will be asked to consider, and if deemed appropriate, to pass a special resolution (the "Special Resolution") authorizing an amendment (the "Articles of Amendment") of the Articles to allow the directors to appoint one or more additional directors up to a maximum of one third of the number of directors elected at the previous annual meeting of shareholders, without obtaining shareholder approval, to hold office for a term expiring no later than the close of the Corporation's next annual meeting of shareholders, subject to such amendments, variations or additions as may be approved at the Meeting. This amendment will allow the Board to fill vacancies or make additional appointments during the year without obtaining shareholder approval until the next annual meeting of shareholders. The Board has determined that it is in the best interests of the Corporation to give the directors the flexibility to appoint additional directors and, therefore, unanimously approved the proposed Articles of Amendment.

The Board and management of the Corporation recommend that the shareholders vote **FOR** the adoption of the Special Resolution.

To be effective, the Special Resolution must be approved by not less than 66 2/3% of the votes cast by the holders of Common Shares present in person, or represented by proxy, at the Meeting. Unless contrary instructions are provided, Common Shares represented by proxies appointing management as the proxyholder will be voted **FOR** the adoption of the Special Resolution.

The form of Special Resolution to be submitted to the shareholders at the Meeting, subject to such amendments, variations or additions as may be approved at the Meeting, is set forth below:

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE SHAREHOLDERS THAT:

1. The Articles of Continuance of the Corporation be amended to allow the directors to appoint, without shareholder approval and in accordance with Section 106(8) of the *Canada Business Corporations Act*, one or more additional directors, who shall hold office for a term expiring not later than the close of the next annual meeting of the shareholders, but the total number of directors so appointed may not exceed one third of the number of directors elected at the previous annual meeting of shareholders;
2. Any director or officer of the Corporation, be and is hereby authorized to cause all such documents, instruments and other writings to be executed and cause all such acts and things to be done as the director or officer considers necessary or desirable to give effect to the foregoing resolution; and
3. The Board is hereby empowered and authorized to revoke the foregoing resolution in whole or in part at any time prior to it being acted upon, if the directors deem such revocation to be in the best interests of the Corporation.

SHAREHOLDER PROPOSALS

Shareholders will be asked to consider the shareholder proposals set out in Schedule B of the Circular.

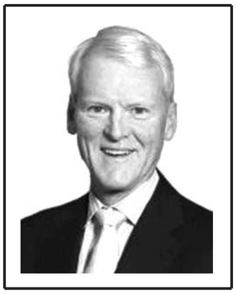
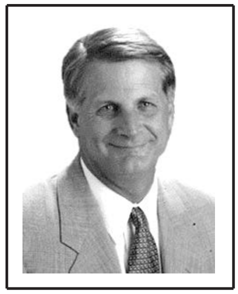
THE BOARD RECOMMENDS THAT SHAREHOLDERS VOTE AGAINST SHAREHOLDER PROPOSALS NO. 1 AND 2 FOR THE REASONS SET OUT IN THE STATEMENTS OF OPPOSITION.

The persons named in the accompanying form of proxy intend to vote AGAINST Shareholder Proposals No. 1 and No. 2.

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 2019 Annual Meeting of Shareholders is December 29, 2018.

2 Committee Reports

AUDIT COMMITTEE

				
Christie J.B. Clark (Chair) Independent	**Scott B. Bonham Independent**	**Paul M. Beeston Independent**	**Warren Bryant Independent**	**M. Marianne Harris Independent**

The Audit Committee, on behalf of the Board, oversees the integrity of the Corporation's financial statements and related public disclosure. In doing so, the Audit Committee oversees the Corporation's internal controls over financial reporting, disclosure controls and procedures and internal audit function. The Committee also oversees procedures for the receipt, retention and follow-up of any complaints regarding the Corporation's accounting, internal controls and auditing matters. The Audit Committee also assists the Board in its oversight of the Corporation's enterprise risk management ("ERM") program.

Each year, the Audit Committee reviews and evaluates the qualifications, performance and independence of the auditor and recommends the auditor to the Board for appointment by the shareholders. The Chair of the Audit Committee is involved in the selection process for the Lead Audit Partner at KPMG LLP. The Lead Audit Partner at KPMG LLP may not serve in this role for the Corporation for longer than seven consecutive years and the Audit Committee ensures that a regular rotation occurs as required under current auditing standards.

All members of the Audit Committee are independent and financially literate as required under applicable Canadian securities legislation.

AUDIT COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board, the Audit Committee is pleased to share with you the Audit Committee's report and some of the Committee's significant accomplishments in 2017.

2017 Highlights:

- ✓ Oversaw the implementation of significant new accounting standards
- ✓ Oversaw management's monitoring and mitigation of cyber security risks
- ✓ Oversaw the Corporation's privacy program
- ✓ Supervised the Corporation's Enterprise Risk Assessment and Enterprise Risk Management programs and reviewed key risks facing the Corporation and how those risks are being managed

Overview

The Audit Committee meets at least once every quarter. The Audit Committee's specific duties and responsibilities are based on its mandate and work plan. At each meeting, the Audit Committee typically meets separately *in-camera* with the Chief Financial Officer, representatives of the internal audit group and the external auditor. In addition, it holds an *in-camera* session without management present at each meeting. The Audit Committee met five times in 2017.

Each year, the Audit Committee reviews its mandate to ensure the Audit Committee's effectiveness in fulfilling its responsibilities. The Audit Committee communicates regularly with management and the internal and external auditors.

The Audit Committee approved its mandate in 2017 and it is available at www.loblaw.ca. The members of the Audit Committee are satisfied that the Committee fulfilled its responsibilities in 2017.

Financial Reporting

The Audit Committee reviewed and discussed with management the Corporation's annual and interim consolidated financial statements and management's discussion and analysis for the year ended December 30, 2017 and the interim quarters. The Audit Committee also reviewed the auditor's reports thereon and heard directly from the auditor on key risk areas. The purpose of this review is to provide reasonable assurance that the Corporation's financial reporting is complete and fairly presented in all material respects, and that the accounting principles used to prepare the financial statements are appropriate, in particular where judgments, estimates and risks are involved. This review also ensures that adequate disclosure of material issues has been provided. The Audit Committee assessed the use of non-GAAP financial measures and their presentation within the financial documents. Based on the considerations above, the Audit Committee recommended to the Board that the Corporation's annual audited consolidated financial statements be approved and released on February 22, 2018.

Implementation of Significant Accounting Standards

Throughout the year, the Audit Committee reviewed with management the implementation of significant accounting standards, including the impact of the standards on financial reporting.

Internal and External Auditor

Throughout the year, the Chair of the Audit Committee met regularly with the external auditor, representatives of the internal audit group and senior members of the Corporation's financial reporting group. In 2017, the Committee reviewed and approved the annual audit plan of the internal audit group and the external auditor and received regular reports from internal audit. In addition, the Audit Committee received reports on key audit issues from the external auditor.

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

Enterprise Risk Management

The Board has tasked the Audit Committee with overseeing the Corporation's ERM program and certain aspects of the key risks facing the Corporation. In fulfilling this responsibility, the Audit Committee reviews and recommends to the Board for approval the ERM policy and the risk appetite statement and reviews the corresponding management action plans.

At Audit Committee meetings throughout the year, the Committee received reports from management on the strategic, financial, operational, regulatory, human capital, and reputational risks facing the Corporation and how they were being managed. Management periodically provided an update to the Audit Committee on the status of the key risks, anticipated impacts in future quarters, and significant changes in key risk indicators.

Information Technology and Privacy

The Audit Committee also received regular reports on information technology matters, including from management's Cyber-Security Committee, which is mandated to oversee systems, policies, controls and procedures related to mitigating cyber-security risks. The Audit Committee supervised the implementation of an enhanced privacy strategy for the Corporation, including the appointment of a Chief Privacy Officer. The Audit Committee also received reports on management's initiatives to manage privacy risks.

Report on Loss Prevention

Throughout 2017, the Audit Committee received reports on shrink, inventory management and loss prevention.

Legal, Regulatory and Tax

Throughout 2017, the Audit Committee reviewed updates on compliance matters relating to financial reporting and updates on material legislative and regulatory developments, material litigation, regulatory filings, material transactions with related parties and tax matters affecting the Corporation.

Respectfully submitted,

Audit Committee
Christie J.B. Clark (Chair)
Scott B. Bonham
Paul M. Beeston
Warren Bryant
M. Marianne Harris

For additional information regarding each member of the Audit Committee, please see pages 7 through 13. For additional information regarding the activities of the Audit Committee, see the Corporation's Statement of Corporate Governance Practices on pages 27 through 34.

ENVIRONMENTAL, HEALTH & SAFETY COMMITTEE

Nancy H.O. Lockhart (Chair) Independent

Warren Bryant Independent

Claudia Kotchka Independent

Beth Pritchard Independent

The Environmental, Health & Safety Committee (the "EH&S Committee"), on behalf of the Board, oversees the Corporation's policies, management systems and performance with respect to environmental and health, safety and wellness matters. The EH&S Committee also oversees the Corporation's compliance with legal and regulatory requirements with respect to the foregoing areas.

ENVIRONMENTAL, HEALTH & SAFETY COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board, the EH&S Committee is pleased to share with you the EH&S Committee's report and some of the Committee's significant accomplishments in 2017.

2017 Highlights:

- ✓ Review of the Corporation's Corporate Social Responsibility Report and CSR strategy
- ✓ Oversight of control brand strategy
- ✓ Oversight of Bangladesh Accord renewal process and strategy
- ✓ Oversight of pharmacy operations
- ✓ Oversight of the Corporation's commitment to reduce its carbon footprint

Overview

The EH&S Committee meets at least once every quarter. Activities reviewed are based on the Committee's mandate and work plan. At each meeting, the Committee typically invites key members of management to attend and present on relevant issues that are critical to ensuring that it carries out its mandate. In addition, it holds an *in-camera* session without management present at each meeting. The EH&S Committee met four times in 2017.

The EH&S Committee approved its mandate in 2017 and it is available at www.loblaw.ca. The members of the EH&S Committee are satisfied that the EH&S Committee fulfilled its responsibilities in 2017.

Quality Assurance, Food Safety and Regulatory Affairs

In executing its mandate, the EH&S Committee receives regular reports from senior management and the head of the Quality, Assurance, Food Safety and Regulatory Affairs group. The EH&S Committee reviews the actions of management to ensure that food safety programs address safe manufacturing, handling and preparation standards, that suppliers of food products adhere to safe standards, and that best practices are in place for storage, distribution and packaging of food product, along with the necessary control systems to monitor compliance with such policies. Management regularly reports to the EH&S Committee on control brand products, distribution centres and in-store operations, including any product recalls, food safety incidents and food labelling regulatory reforms.

In 2017, the EH&S Committee oversaw the Corporation's implementation of menu labelling compliance ensuring that certain of the Corporation's products now include calories on labelling and menu boards. The EH&S Committee also reviewed the Corporation's strategy for enhancing its recall procedures and implementing the Corporation's "Importer of Record" program in advance of the effective date of compliance.

Oversight of Pharmacy Operations

The EH&S Committee conducts a quarterly review of the Corporation's recall procedures and incident reporting. In 2017, the EH&S Committee and management renewed their focus on implementing standard operating procedures and best practices around incident reporting to ensure that all incidents are reported while enforcing standard operating procedures that will continue to drive patient safety. The EH&S Committee also oversaw a push to align incident reporting and processes across the Corporation to ensure accurate and consistent reporting across both pharmacy businesses. Finally, the EH&S Committee has been focused on building an ideal safety and reporting culture, allowing for increased reporting and a more robust analysis of incident data.

Supply chain and employee health and safety

The EH&S Committee also receives regular reports from the health and safety group, which reports on workplace injuries and the Corporation's strategies for mitigating risk to its employees. In 2017, the EH&S Committee reviewed with senior management the Corporation's strategy for dealing with the expiry of the Accord on Fire and Building Safety in Bangladesh, which was created in the wake of the Rana Plaza collapse in 2013 and which was due to expire in 2018. In June 2017, the Corporation was one of the first companies to sign a new accord which will commence in June 2018 and which continues the work of the 2013 accord.

Internal Audit and ERM

The EH&S Committee meets quarterly with the head of the Corporation's Internal Audit and Enterprise Risk Management groups, who reports on the internal audit activities and risks within the scope of the Committee's mandate, such as food safety and public health, dispensing and patient services error, global sourcing, environmental, social reform and workplace health and safety. In 2017, the EH&S Committee oversaw a comprehensive food safety audit across all areas of the Corporation's business and engaged an independent auditor to assist the Corporation in benchmarking its retail food safety program against other significant retailers.

Corporate Social Responsibility ("CSR")

On an annual basis, the EH&S Committee reviews the Corporation's CSR Report and oversees its CSR strategy. In 2017, the EH&S Committee oversaw a reassessment of the Corporation's CSR strategy to a focus on fewer but more impactful CSR initiatives. The EH&S Committee also oversaw the Corporation's carbon reduction strategy to help preserve the environment for future generations, including tracking the Corporation's carbon footprint for corporate-owned retail stores, distribution centres and offices, undertaking initiatives to increase energy and transportation efficiencies and reducing refrigerant emissions and improving waste diversion efforts. The Corporation is committed to reducing absolute emissions 20% by 2020 and 30% by 2030 relative to a 2011 baseline.

Respectfully submitted,

EH&S Committee
Nancy H.O. Lockhart (Chair)
Warren Bryant
Claudia Kotchka
Beth Pritchard

For additional information regarding each member of the EH&S Committee, please see pages 7 through 13. For additional information regarding the activities of the EH&S Committee, see the Corporation's Statement of Corporate Governance Practices on pages 27 through 34.

PENSION COMMITTEE

John S. Lacey
(Chair)
Non-Independent

Christie J.B. Clark
Independent

Sarah Raiss
Independent

The Pension Committee, on behalf of the Board, oversees the administration, management, design and governance of the Corporation's pension plans, as well as the administration and management of the Corporation's benefit obligations.

PENSION COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board, the Pension Committee is pleased to share with you the Pension Committee's report and some of the Committee's significant accomplishments in 2017.

2017 Highlights:

- ✓ Oversaw the annuitization of certain of the Corporation's defined benefit pension plans
- ✓ Oversaw the implementation of voluntary employer-sponsored decumulation vehicles, namely a retirement income fund ("RIF") and a life income fund ("LIF")
- ✓ Oversaw the strategy and process for merging several of the Corporation's pension plans

Oversight of the Corporation's Pension Plans

The Pension Committee, on behalf of the Board, oversees the governance and administration of the Corporation's pension and benefit plans. To fulfill its oversight responsibilities, the Pension Committee approved the framework within which investment decisions are made for the Corporation's defined benefit plans and reviewed the financial statements of such plans with management and the external auditor. The Pension Committee also received regular reporting on: (i) the Corporation's defined benefit plans, including the investment performance and funded status of such plans, and (ii) the Corporation's defined contribution plans, including the investment performance of the investment options made available to pension plan members. Throughout the year, the Pension Committee also monitored compliance with the Corporation's policies, the pension plan texts and applicable regulatory and legislative requirements.

Annuitization of Certain of the Corporation's Pension Plans

The Pension Committee oversaw the Corporation's annuitization of certain of its pension plans which were implemented to reduce the financial risks of the Corporation's defined benefit pension plans. In doing so, the Pension Committee assessed the risks associated with the transactions and reviewed and approved the structure of the transactions and the timelines for implementing the transactions.

Implementation of a Voluntary Employer-Sponsored Decumulation Vehicle

In 2017, the Pension Committee provided approval for the Corporation to offer voluntary employer-sponsored decumulation vehicles, namely a RIF and a LIF. The RIF and the LIF are employee benefits which allow certain retiring employees to keep their retirement assets in a company-sponsored plan.

Merger of Pension Plans

In 2017, the Pension Committee oversaw the strategy and process for merging several of the Corporation's pension plans. The purpose of such plan mergers is to create operational efficiencies which would result in reduced costs and administration.

Respectfully submitted,

Pension Committee
John S. Lacey (Chair)
Christie J.B. Clark
Sarah Raiss

For additional information regarding each member of the Pension Committee, please see pages 7 through 13. For additional information regarding the activities of the Pension Committee, see the Corporation's Statement of Corporate Governance Practices on pages 27 through 34.

GOVERNANCE COMMITTEE

Thomas C. O'Neill
(Chair)
Independent

Warren Bryant
Independent

Nancy H.O. Lockhart
Independent

Sarah Raiss
Independent

The Governance Committee believes that good corporate governance is essential to strong performance. The Corporation's governance practices are designed to provide oversight and accountability, ensure trust with stakeholders and promote the long-term interests of its shareholders.

The Governance Committee is responsible for the oversight of the Corporation's governance practices, including the development and implementation of good governance principles, consistent with high standards of corporate governance. On an annual basis, the Governance Committee evaluates the performance and practices of the Board, including a review of Board policies and mandates and, together with the Chairman and Chief Executive Officer, a review of the composition of the Board committees.

As part of its mandate, the Governance Committee, together with the Chairman and Chief Executive Officer, identifies and recommends candidates for nomination to the Board as directors. The Governance Committee recommends to the Board for approval any changes to directors' compensation arrangements.

The Governance Committee assists the Board with overseeing the design of the Corporation's executive compensation programs, including its incentive programs and the individual compensation of the named executive officers (the "NEOs") identified on page 36. The Governance Committee is also responsible for overseeing talent management and succession planning for the Corporation's senior executive positions.

In addition, the Governance Committee also oversees the Corporation's regulatory compliance function, monitors the orientation program for new directors and continuing education for all directors, and oversees the process for assessing the performance of the Board, its committees and individual directors.

Key Skills and Experiences

The Board believes 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 and general business leadership, to fulfill the Committee's mandate. All members of the Committee have substantial knowledge and experience as current and former senior executives of large and complex organizations and have served as 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
Warren Bryant	• Executive experience as former Chairman, President and Chief Executive Officer of Longs Drug Stores • Executive experience at Kroger Co. • Former Chair of the Governance Committee of Office Depot (formerly Office Max) • Member of Dollar General Corporation's Compensation Committee
Nancy H.O. Lockhart	• Executive experience as former 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 • Chair of Atrium Mortgage Investment Corporation Nominating and Governance Committee • Member of Barrick Gold Corporation's Corporate Governance and Nominating Committee • Member of Gluskin Sheff & Associates Inc.'s Compensation, Nominating and Governance Committee
Thomas C. O'Neill	• Executive experience as former Chief Executive Officer and Chief Operating Officer of PricewaterhouseCoopers LLP and former Chairman of PricewaterhouseCoopers Consulting • Former member of Adecco S.A.'s Nomination and Compensation Committee and Corporate Governance Committee • Member of The Bank of Nova Scotia's Human Resources Committee and its Corporate Governance and Pension Committee • Former member of Nexen Inc.'s Compensation Committee
Sarah Raiss	• Executive experience at TransCanada Corporation • Chair of the Compensation Committee and Member of the Nominating and Corporate Governance Committee of Commercial Metals Company • Chair of the Governance and Human Resources Committee of Vermilion Energy Inc. • Chair of the Compensation Committee, Ritchie Bros. Auctioneers (Canada) Ltd. • Former Chair and former member of the Governance and Nominations Committee of the Alberta Electric System Operator • Former Chair 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

Board Succession Planning and Nomination Process

The Board regularly reviews potential vacancies on the Board. The Governance Committee assists the Board by maintaining an evergreen list of potential candidates and identifying individuals for the Board's consideration at the appropriate time. The Corporation has in place a board tenure policy, which provides that the Chairman and the Governance Committee will undertake an assessment of a director's continued participation on the Board upon reaching the age of 75 or a change in principal occupation, whichever occurs first. The board tenure policy does not apply to the Chairman or any management directors.

In addition to the formal board tenure policy, the Governance Committee:

1. undertakes 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 competencies and experience;
3. monitors director turnover through the evaluation process and, to the extent appropriate, from time to time requests directors who are long serving and who have a readily replaceable skill set or experience not to stand for re-election;
4. annually reviews Board committee chairs and memberships with a view to balancing the desire for diverse 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 by the Governance Committee and subsequently discussed with the Board and with the controlling shareholder. The Board is of the view that these processes have worked well and have resulted in governance that has been both effective and adaptive to the changing nature of the businesses and the markets in which the Corporation operates.

GOVERNANCE COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:

On behalf of the Board, the Governance Committee is pleased to share with you some of the Committee's significant accomplishments in the past year:

2017 Highlights:

- ✓ Development and oversight of the implementation of a rigorous compliance function at the Corporation
- ✓ Appointment of Sarah R. Davis as President, Deborah Morshead as Group Chief Compliance Officer, and effective January 1, 2018, Darren Myers as Chief Financial Officer, Michael Motz as Chief Operating Officer, Garry Senecal as Chief Customer Officer, Robert Wiebe as Chief Administrative Officer and Jeff Leger as President of Shoppers Drug Mart Corporation ("SDM")
- ✓ Development of enhanced director training and continuing education program
- ✓ Oversight of the Board succession plan
- ✓ Oversight of an executive succession plan in support of the Corporation's strategic plan

Executive Talent Management and 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 Governance Committee receives reports on the development of senior executives, updates on the talent management plans across the organization and performance evaluation processes, which are designed to improve individual leadership and management skills. The succession planning process includes an annual review of each senior executive position and the performance of the incumbent.

In January 2017, the Corporation announced the appointment of Sarah R. Davis as President of the Corporation. Ms. Davis has an exceptional understanding of Loblaw, having previously served as Chief Financial Officer and, most recently, Chief Administrative Officer of the Corporation. Together with her strong financial background, her operational strength and experience positioned her well for an expanded leadership role and she will be instrumental in driving the Corporation to achieve additional operational efficiencies.

With the appointment of Ms. Davis as President in January 2017, Mr. Galen G. Weston relinquished his role as President but continued as Chairman and Chief Executive Officer of the Corporation. At the same time, he assumed the role of Chief Executive Officer of Weston, the Corporation's controlling shareholder. These changes were a natural evolution in Mr. Weston's responsibilities given his unique perspective and experience at the Corporation and within the Weston group of controlled companies.

In May 2017, the Corporation announced the appointment of Deborah Morshead as Group Chief Compliance Officer. As Group Chief Compliance Officer, Ms. Morshead is responsible for the enterprise-wide compliance program. She reports directly to the Governance Committee. Ms. Morshead previously served as Senior Vice President and Associate General Counsel and Chief Privacy Officer of Loblaw. This appointment reflects a strong commitment to compliance on the part of the Board. Consistent with that commitment, the Committee has overseen the inclusion of a compliance measure in every executives' short-term incentive targets, in addition to the enterprise-wide targets established by the Corporation's Management Compliance Committee.

Effective January 1, 2018, and as part of the implementation of the Corporation's executive succession plan, the Corporation appointed Darren Myers as Chief Financial Officer, Michael Motz as Chief Operating Officer, Garry Senecal as Chief Customer Officer, Robert Wiebe as Chief Administrative Officer and Jeff Leger as President, SDM.

Board Composition and Succession

The Governance Committee's focus is to maintain a strong, vibrant and engaged Board that understands the Corporation's businesses and the retail industry generally. One of the key areas of responsibility for the Governance Committee is succession planning for the Board. The Committee assesses and evaluates the effectiveness of the Board and identifies areas where the Board may benefit from new directors with additional skills, experience and diverse backgrounds. The Corporation adopted a board diversity policy in 2015 and enhanced it in 2017 by adopting a target that women will comprise at least 30% of the Board's directors. The list of nominees for the upcoming Meeting includes 5 women out of 12, representing 42% of the Board's composition.

This year, the Governance Committee has again included in this Circular a skills matrix that the Governance Committee used as a tool in managing Board succession. This matrix was used to identify the skills, experience and expertise required on the Board.

Mr. John S. Lacey will be retiring from the Board in 2018 after having served over 10 years. On behalf of the Board, the Governance Committee would like to acknowledge Mr. Lacey for his dedicated service and outstanding contribution to the Corporation.

Director Education and Training Program

The Governance Committee is responsible for ensuring the provision of continuing education programs for the Corporation's directors. In 2018, an enhanced education program for directors is being implemented. The educational program includes presentations by internal and external experts on specific topics of interest and importance to the Board and each of its committees and on specialized or complex areas of the Corporation's business, to assist directors in carrying out their responsibilities. These presentations are in addition to regular reporting from senior management and other elements of the Corporation's continuing education program.

KEY PERFORMANCE HIGHLIGHTS IN 2017

The Board reviewed the Corporation's financial performance in 2017 and determined the NEOs' incentive payouts in part based on such performance:

- The Corporation's STIP paid out at 87.5% of target for the applicable NEOs (excluding individual performance components).
- The 2015 PSUs that vested in 2018 had a payout factor at 141.9% of target for the NEOs.

EXECUTIVE COMPENSATION PHILOSOPHY

The Corporation's compensation philosophy guides every aspect of the Corporation's strategy, programs, policies and decisions on executive compensation. The Governance Committee reviews and approves the Corporation's compensation philosophy and programs for executive officers. The Corporation's executive compensation philosophy is set out below:

The Corporation believes that its compensation structure must be designed to attract, motivate and retain the best candidates for the challenging roles that the Corporation's executive officers fulfill. To this end, the Corporation strives for executive compensation programs that 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. In 2016, the Governance Committee retained Meridian Compensation Partners ("Meridian") to conduct a comprehensive benchmarking analysis of the compensation of the Corporation's senior executives and to provide an overview of market practices and design considerations for the Corporation's short-term and long-term compensation plans ("STIP" and "LTIP", respectively). The Governance Committee used the compensation benchmark comparator in 2017 when setting the compensation of certain executive officers of the Corporation.

Pay for performance is a cornerstone of the Corporation's compensation philosophy. The compensation programs for all employees, including executives, are results oriented. The Corporation believes 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 STIP and LTIP. In particular, the Corporation believes that the granting of performance share units ("PSUs") to all executives provides a strong link between pay and performance.

Executive compensation should align with the long-term interests of shareholders. The Corporation believes its 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 expects executives to meet minimum share ownership guidelines that apply to executives at the senior vice president level and higher to reinforce the alignment between executive compensation and long-term shareholder interests.

Executive compensation programs should have flexibility to be tailored to business objectives. The Corporation believes that its executive compensation programs should be flexible and adaptive to enterprise and divisional needs. For 2017, the Governance Committee approved enterprise consolidated performance measures under the STIP program to focus executives on driving performance across the Loblaw and SDM businesses, as well as introducing a new performance measure based on a blend of the business' net promoter score and customer satisfaction index to focus management on greater customer satisfaction.

The principles of good governance must underlie our executive compensation programs. The Corporation's executive compensation programs are designed to promote responsible decision-making by rewarding senior executives for execution of business strategy without taking undue risks.

Governance Practices

The Governance Committee is committed to ensuring that the Corporation's approach to governance practices satisfies regulatory requirements and aligns with best practices.

In 2017, the Governance Committee oversaw the creation of a Chief Compliance Officer role and the design of an enhanced compliance function at the Corporation to manage regulatory compliance risks. The Chief Compliance Officer has an enterprise wide compliance mandate and reports directly to the Governance Committee. The Governance Committee, with oversight from the Board, receives regular reports from the Chief Compliance Officer on compliance matters facing our businesses.

The Governance Committee also continues to work with management to ensure adherence to a robust process for reviewing and approving related party transactions. This is particularly relevant with Choice Properties REIT given that the Corporation is Choice Properties REIT's largest tenant and at the same time its controlling unitholder. The Governance Committee is 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.

The Governance Committee is confident that the Corporation has strong and practical governance systems in place. At the same time, the Governance Committee remains committed to the ongoing evaluation of its practices and monitoring emerging best practices to deliver shareholder value.

Respectfully submitted,

Governance Committee
Thomas C. O'Neill (Chair)
Warren Bryant
Nancy H.O. Lockhart
Sarah Raiss

For additional information regarding each member of the Governance Committee, please see pages 7 through 13. For additional information regarding the activities of the Governance Committee, see the Corporation's Statement of Corporate Governance Practices on pages 27 through 34.

3 Statement of Corporate Governance Practices

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's Board and management are dedicated to strong corporate governance practices designed to maintain high standards of oversight, accountability, integrity and ethics while promoting long-term growth and 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, includes 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 Oversight

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.

In overseeing the strategic planning of the Corporation, the Board has a high level of engagement with management. In addition to an annual multi-day meeting dedicated to strategic planning, the Board regularly receives updates from management on the Corporation's achievements against its strategic plans. At each meeting, 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 the 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 and on non-operational matters such as pensions, tax, food, pharmacy and workplace safety, treasury and legal matters.

Enterprise Risk Management

The Board has oversight responsibility for ERM activities associated with the Corporation's businesses. 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 identified and then 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. To assist with the ERM process, the Corporation has adopted a risk appetite statement that takes into consideration important aspects of the Corporation's businesses, values, and brands. The risk appetite framework articulates key aspects of the Corporation's business, values and brands and provides directional guidance on risk taking. The types of risks the Corporation is exposed to include: strategic; financial; operational; cyber-security; regulatory; human capital; and reputational risks. 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 of each risk is allocated by the Board either to the full Board or to committees of the Board.

Two areas of focus for the Board in recent years include cyber security and data breaches as well as ongoing regulatory compliance. The Corporation has implemented security measures, including employee training, monitoring and testing, maintenance of protective systems and contingency plans, to protect and prevent the unauthorized access of confidential information and to reduce the likelihood of disruptions to its IT services. With respect to regulatory compliance, in 2017 the Corporation established an independent compliance office led by the Group Chief Compliance Officer to oversee implementation of enterprise-wide policies required to ensure compliance with all applicable laws, including competition law compliance. The Group Chief Compliance Officer reports directly to the Governance Committee.

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.

Talent Management and Succession Planning

The Board, with support from the Governance Committee, oversees the Corporation's talent management and succession planning for senior executive roles. The Governance Committee receives reports on the development of senior executives and on the talent management plans across the organization and reports on performance evaluation processes, which are designed to improve individual leadership and management skills. 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 REIT and reviews and approves any material related party transactions.

The Corporation, Weston and Choice Properties REIT are part of a common control group (the "Weston Group"). Although the entities making up the Weston Group each have their own strategies and, for the most part, focus on different businesses, the entities acknowledge that from time to time new corporate opportunities may arise that potentially could be of interest to more than one entity of the Weston Group. Accordingly, the entities making up the Weston Group have adopted a framework that facilitates the decision making process to deal with any such opportunities in a manner that is consistent with good governance, taking into account existing businesses and other considerations.

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

Board Leadership Structure

Mr. Weston serves as the Corporation's Chief Executive Officer. The Board believes that combining the Chair and Chief Executive Officer positions under the strong leadership of Mr. Weston benefits all stakeholders. This structure provides for clear and effective authority as it enables one person to represent both the Corporation and the Board. Furthermore, Mr. Weston represents the long-term interests of shareholders. However, recognizing the importance of strong independent board oversight, the Board has re-appointed an independent director, Mr. Thomas C. O'Neill, to serve as Lead Director. The Board's view on the effective role of an independent lead director has also been endorsed by leading corporate governance organizations.

The Board maintains a position description for the Chairman that is reviewed annually and approved by the Governance Committee. The Board also maintains a position description for the Lead Director. The following is a description of the roles of the Chairman and Lead Director:

Chairman and Chief Executive Officer Galen G. Weston

- Directs the operations of the Board
- Chairs each meeting of the Board
- Responsible for the management and effective functioning of the Board
- Provides leadership to the Board on all matters
- Ensures that the Board has all the information it needs to discuss the matters brought before the Board
- Ensures that all of the Board's responsibilities, as set out in the Board mandate, are being fulfilled
- Monitors the reports from the committees of the Board to ensure the committees are fulfilling the responsibilities delegated to them by the Board
- Chairs meetings of shareholders and facilitates the response by management to shareholder concerns
- Ensures that strategic plans are communicated to and evaluated by the Board

Independent Lead Director Thomas C. O'Neill

- Provides leadership to the Board and particularly to the independent directors
- Ensures that the Board operates independently of management and that directors have an independent leadership contact
- Chairs meetings when the Chairman is absent or meetings of the independent directors following each Board meeting and on other occasions, as required or desirable
- Regularly meets with the Chair and serves as liaison between the Chair and the independent directors
- Works with the Chairman on appropriate agenda items
- Oversees the Board's self-assessment and evaluation of its leadership structure
- 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 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 11 of the 12 director nominees are independent. The Governance Committee reviews its findings with the Board.

The following director nominees were determined to be independent: Paul M. Beeston, Scott B. Bonham, Warren Bryant, Christie J.B. Clark, William A. Downe, M. Marianne Harris, Claudia Kotchka, Nancy H.O. Lockhart, Thomas C. O'Neill, Beth Pritchard, and Sarah Raiss. Galen G. Weston, the Chairman and Chief Executive Officer of the Corporation and Weston and a relative of Mr. W. Galen Weston, Weston's controlling shareholder, was determined not to be independent because he has a material relationship with the Corporation.

	Status of Director Nominees		
Name	**Independent**	**Not Independent**	**Reason for Non-Independent Status**
Paul M. Beeston	x		
Scott B. Bonham	x		
Warren Bryant	x		
Christie J.B. Clark	x		
William A. Downe	x		
M. Marianne Harris	x		
Claudia Kotchka	x		
Nancy H.O. Lockhart	x		
Thomas C. O'Neill	x		
Beth Pritchard	x		
Sarah Raiss	x		
Galen G. Weston		x	Chairman and CEO of the Corporation and Weston

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 other members of management present. 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. 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 2017, can be found on pages 7 through 13 of this Circular.

Lead Director

The Board is confident that the current leadership structure ensures the appropriate level of oversight, independence and responsibility is applied to Board decisions. 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 Chair of the Governance Committee serves as the Lead Director. The Lead Director's role is to ensure that the interests of the Corporation and of the minority shareholders and other relevant stakeholders are protected and that the Board is following good governance processes and prioritizing the right matters. The Lead Director has the responsibilities set out above under "Board Leadership Structure".

Board Committees

The Board has four standing committees:

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

The Chair of each committee reports to the Board on material issues discussed and the actions taken at each committee meeting.

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; holding management accountable for matters delegated to the committee by the Board; 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; ensuring that the committee meets as frequently as is necessary to fulfill its mandate; and ensuring, with the assistance of management, that all proper materials and information are brought before the committee in connection with matters to be discussed at each meeting.

Committee Membership

At least once a year, the Governance Committee reviews the composition and chair of each committee and tables its recommendations to the Board for approval. All committees may engage outside advisors or consultants as necessary and have the authority to approve fees for any such engagements.

The Governance Committee, Audit Committee and EH&S Committee are comprised solely of independent directors. The Pension Committee is comprised solely of non-management directors. Following Mr. Lacey's retirement, it is expected that the Pension Committee will be comprised solely of independent directors.

Committees 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 and other 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 summary of the responsibilities of each committee:

1. ***Audit Committee***

The Audit Committee reviews with management and the auditor 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. The Audit Committee also 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 reviews the design and structure of the Corporation's ERM program and monitors and assesses its effectiveness. The Committee reviews and recommends to the Board for approval the Corporation's ERM policy and risk appetite statement. In addition, the Audit Committee is responsible for:

- recommending the appointment of the auditor;
- reviewing and approving the annual audit plan for the auditor;
- reviewing the independence of the auditor;
- 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 approving internal audit's annual plan and receiving regular reports thereon;
- reviewing regular reports by management relating to the implementation of the Corporation's information technology systems;
- reviewing regular reports from management's Cyber-Security Committee on systems, policies and procedures related to the mitigation of cyber-security risks;
- reviewing regular reports from the Corporation's Chief Privacy Officer;
- reviewing and approving the audit fees paid to the auditor and pre-approval of non-audit related fees to the auditor;
- assessing the performance of the Corporation's internal audit function; and
- reviewing and approving any material related party transactions.

The Audit Committee, whose members are Christie J.B. Clark (Chair), Paul M. Beeston, Scott B. Bonham, Warren Bryant and M. Marianne Harris, had five meetings in 2017. Further information relating to the Audit Committee's accomplishments in 2017 is set out in the "Audit Committee Report to Shareholders" on pages 18 through 19.

2. ***Governance Committee***

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

- developing criteria and qualifications for selecting director candidates and identifying and recommending candidates for membership on the Board;
- evaluating the independence of directors and assessing their performance on an on-going basis;
- assessing and reporting to the Board on its performance and effectiveness and that of its committees;
- assisting in the directors' orientation program;
- overseeing the implementation of the continuing education and training program for the Corporation's directors;
- shaping the Corporation's approach to corporate governance and recommending to the Board the corporate governance principles to be followed by the Corporation;
- overseeing the Corporation's approach to compliance matters and receiving reports from the Group Chief Compliance Officer;
- assisting the Board in discharging its responsibilities relating to compensation and succession planning processes for the Corporation's senior executives; and
- reviewing and determining the design of the compensation of directors and executive officers.

The Governance Committee, whose members are Thomas C. O'Neill (Chair), Warren Bryant, Nancy H.O. Lockhart and Sarah Raiss, had seven meetings in 2017. Further information relating to the Governance Committee's accomplishments in 2017 is set out in the "Governance Committee Report to Shareholders" on pages 23 through 26.

3. ***Pension Committee***

The Pension Committee assists the Board in overseeing the administration and governance of the Corporation's pension plans, benefit 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 benefit plans;
- reviewing and setting the investment objectives of the Corporation and approving the Statement of Investment Policies and Procedures;
- overseeing management's monitoring, timely identification and mitigation of material risks associated with the administration and investment activities of the plans, and reporting and providing recommendations to the Board in relation to such risks; and
- managing the retention and oversight of all third parties retained for the Corporation's pensions plans, including trustees, actuaries and investment managers.

The Pension Committee, whose members are John S. Lacey (Chair), Christie J.B. Clark and Sarah Raiss, had four meetings in 2017. Further information relating to the Pension Committee's accomplishments in 2017 is set out in the "Pension Committee Report to Shareholders" on page 22.

4. ***Environmental, Health & Safety Committee***

The EH&S Committee is responsible for assisting the Board in fulfilling its oversight responsibilities in relation to the Corporation's environmental health, safety and wellness matters; food safety and product safety matters, including safe preparation and handling standards; and compliance with legal and regulatory requirements with respect to the foregoing. The EH&S Committee's specific responsibilities include:

- reviewing and overseeing the Corporation's policies, procedures, practices and compliance in the areas of environmental affairs, food safety and workplace health and safety;
- receiving periodic reports on risks and risk management activities in relation to environmental affairs, food safety and workplace health and safety;
- reviewing actions taken by management with respect to environmental and occupational health and safety matters;
- reviewing actions taken by management with respect to food safety programs to address safe manufacturing, handling and preparation standards;
- overseeing the risks associated with the Corporation's pharmacy operations;
- receiving and reviewing periodic reports from management on any elements of the Corporation's corporate social responsibility program; and
- receiving timely reports on any major incidents or violation of the Corporation's policies and any food safety issues.

The EH&S Committee, whose members are Nancy H.O. Lockhart (Chair), Warren Bryant, Claudia Kotchka and Beth Pritchard, had four meetings in 2017. Further information relating to the EH&S Committee's accomplishments in 2017 is set out in the "EH&S Committee Report to Shareholders" on pages 20 through 21.

New Director Orientation

The Governance Committee is responsible for the orientation of new directors and their education about the business of the Corporation. The Governance Committee coordinates an in-depth orientation session for all new directors, which is attended by the Chairman and CEO and other senior executives of key operating divisions and includes:

- a review of the Corporation's business strategy, financial information and governance processes;
- historical information on the Corporation;
- store and facility visits; and
- one-on-one meetings with the heads of each of the Corporation's principal business divisions.

In addition, new directors are provided with a reference manual in advance of the orientation session describing the Corporation's operations, strategy and business plan, 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.

Director Continuing Education

The Governance Committee is also responsible for the continuing education of the Corporation's directors. On an ongoing basis, as part of regular Board and committee meetings, directors are given presentations on various aspects of the Corporation's operations, take part in site visits to the Corporation's facilities and receive reports from management.

In 2017, the Board and its committees received targeted training on the following topics as part of the Corporation's director continuing education program:

Educational Sessions	Date	Participants
Use of non-GAAP financial measures	January 18, 2017	Audit Committee
De-risking strategies	February 21, 2017	Pension Committee
Tour of Loblaw Digital offices	February 22, 2017	Board
Pharmacy operations risks	May 1, 2017	Environmental, Health & Safety Committee
Governance insights 2017	July 24, 2017	Governance Committee
Director orientation and education program review	May 1, 2017	Governance Committee
Energy management and environmental strategies	July 24, 2017	Environmental, Health & Safety Committee
New accounting standards	July 25, 2017	Audit Committee
Tour of divisional retail stores in Vancouver area	October 4, 2017	Board
Offshore procurement	November 13, 2017	Environmental, Health & Safety Committee
Accounting policy updates	November 14, 2017	Audit Committee

In 2018, an enhanced education program for directors is being implemented. The educational program includes presentations by internal and external experts on specific topics of interest and importance to the Board and each of its committees and on specialized or complex areas of the Corporation's business, to assist directors in carrying out their responsibilities more effectively. These presentations are in addition to regular reporting from senior management and other elements of the Corporation's continuing education program.

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 survey completed by each of the directors on matters including the operation of the Board and its committees, the adequacy of information provided to directors, Board structure and an assessment of Board and committee Chairs. The survey results are reviewed by the Governance Committee and then presented to the full Board by the Lead Director.

Following the 2017 assessment, the members of the Board made recommendations for improvements in certain areas, including board composition, 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.

In addition to the assessment that the Governance Committee performs in connection with compensation matters, each year the Governance Committee assesses, with the participation of the entire Board, the performance of the Chairman and Chief Executive Officer, the President and other senior executives. The Lead Director also routinely meets with each of the directors who may provide suggestions on the performance and effectiveness of the Board and its committees.

Nomination of Directors

The Governance Committee is responsible for the process of identifying prospective director nominees. The Governance Committee reviews the relevant experience, skills and competencies of nominees. 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 in accordance with the board tenure policy or otherwise. As part of this assessment, the Governance Committee reviews the skills matrix of current Board members to determine criteria and qualifications to be considered when recruiting new director nominees. 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 thought, experiences, perspectives and gender, and recognizes the benefits of promoting diverse candidates to the Board. In 2017, the Governance Committee approved a target that women comprise at least 30% of the Board's directors. The Governance Committee also assesses any concerns relating to potential conflicts, independence, interlocking board memberships, or time commitment that the candidate may present. The Chairman, 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 must meet the Chair of the Governance Committee, the Chairman and other Board members to discuss the Board's expectations in regards to contribution and commitment obligations.

Mr. John S. Lacey will not be standing for re-election at the Meeting. The Board has identified Mr. William A. Downe, who has the requisite skills, experience and qualifications to be a Board member, as a suitable successor. Mr. Downe will stand for election at the Meeting.

Board and Management Diversity

The Corporation values diversity of views, thought, experience, skill sets, gender and ethnicity and supports the identification and nomination of female directors and candidates for executive officer positions. Diversity, including gender diversity, is an important factor that is taken into account in identifying and selecting Board members and in considering the hiring, promotion and appointment of executive officers. The Board believes that diversity is important to ensure that directors and executives provide a wide range of thoughts, perspectives, experience and expertise required to achieve effective stewardship of the Corporation.

The Corporation adopted a written board diversity policy in 2015. The board diversity policy sets out guidelines for the Governance Committee to find the best qualified candidates for Board positions given the needs and circumstances of the Board. The board diversity policy provides that when identifying suitable candidates for appointment to the Board, the Committee must consider candidates on merit using objective criteria with due regard to the benefits of diversity and the needs of the Board and the Corporation. The board diversity policy states that, among other qualities, a nominee's gender, age, ethnicity and geographic background may be considered in his or her assessment. In 2017, the Board enhanced the policy by adding a target that women will comprise at least 30% of the Board's directors. Five of the 12 director nominees are women, representing 42% of the Board's composition.

The board diversity policy requires that the Governance Committee measure and report to the Board annually with respect to the Corporation's progress in identifying and considering diverse candidates for appointment to the Board. To measure the effectiveness of the policy, the Committee reviews: (i) the number of women and candidates representing diverse ethnicities considered or brought forward for board positions; and (ii) the skills, knowledge, experience and character of female candidates and candidates representing diverse ethnicities to ensure that these candidates are being fairly considered relative to other candidates.

The Governance Committee considers its targets and takes into consideration other diversity criteria during the Board candidate selection process. The Governance Committee's approach in circumstances where female candidates or candidates representing diverse ethnicities are not selected is to satisfy itself that there are justifiable reasons to support the selection.

The Corporation is committed to an inclusive and diverse workplace. Three of 15 executive officer positions at the Corporation are held by women, representing 20% of the Corporation's executive officer positions, including Sarah R. Davis, the Corporation's President, Jocyanne Bourdeau, President of the Discount division and Deborah Morshead, Group Chief Compliance Officer. There is also a rich and deep pool of female talent holding high potential and vice president level positions at the Corporation. The Corporation is committed to ensuring that it attracts and retains 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 2017 as one of Canada's best diversity employers. The Corporation 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 careers to the highest levels within the organization.

CORPORATE GOVERNANCE MATTERS

Ethical Business Conduct

The Corporation's Code of Conduct (the "Code") reflects the Corporation's 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 ethical business conduct and integrity and includes a strong "tone from the top" message. The Code addresses, among other things, conflicts of interest, 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 compliance. The Governance Committee also receives periodic reports from management discussing various policies and procedures that support this important area. Material issues under the Code are brought to the attention of the Audit Committee and, if appropriate, to the Board. A copy of the Code is available on the Corporation's website at www.loblaw.ca.

Senior management oversees the implementation of the Code, the education of employees regarding the Code and all material breaches. Senior management also reviews the Code annually to determine if it requires revision or enhancement, and if so, such revisions are reviewed with the Board.

The Code also deals with conflicts of interest. If an officer or employee has a conflict of interest with respect to any matter, that individual is required to bring the conflict to the attention of his or her manager or the Human Resources Department. 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 it. 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 Legal Department 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 a Vendor Code of Conduct that sets out the Corporation's expectations of its vendor community with respect to ethical conduct and social responsibilities. The Vendor Code of Conduct deals with such matters as labour practices, environmental practices and compliance with applicable laws.

Environmental and Social Issues

The Corporation's corporate governance principles extend to environmental and social issues, including the management of environmental and social risks. The Corporation believes that its customers, investors, employees and other stakeholders care deeply about the Corporation's commitment to being a force for positive environmental and social change. By integrating consideration of environmental and social risks in its day-to-day business activities, implementing a robust compliance program and undertaking impactful charitable activities, the Corporation strives to be an inclusive employer and a trusted brand.

The Corporation's key environmental and social initiatives and achievements are described in its Corporate Social Responsibility Report, which is reviewed and updated annually and available on the Corporation's website at www.loblaw.ca. The CSR Report is prepared by management's CSR committee and is reviewed with the EH&S Committee. In examining environmental and social opportunities, the Corporation prioritizes them based on the urgency of an issue, their importance to the Corporation's customers, their relevance to the Corporation's businesses and the potential for the Corporation to make a large impact.

Disclosure Policy

The Corporation has adopted a corporate disclosure policy to deal with the timely dissemination of all material information. The disclosure policy establishes 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 its disclosure policy. The Disclosure Committee's mandate includes ensuring that effective controls and procedures are in place to enable 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.

4 Compensation Discussion and Analysis

TABLE OF CONTENTS

INTRODUCTION

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

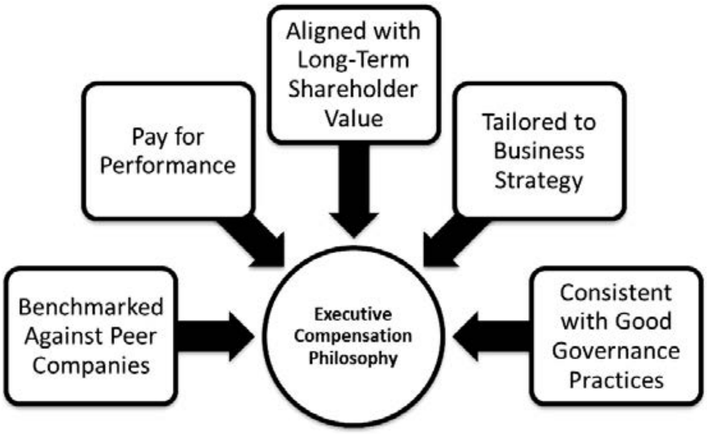
For 2017, the NEOs were:

Name	Position
Galen G. Weston	Chairman and Chief Executive Officer
Richard Dufresne	Former Chief Financial Officer
Sarah R. Davis	President
Michael Motz	Chief Operating Officer (former President of SDM)
Darren Myers	Chief Financial Officer (former Executive Vice President, Finance)

In January 2017, Ms. Davis was promoted to the position of President of the Corporation. Mr. Motz previously held the position of President, SDM and was appointed Chief Operating Officer in January 2018. In September 2017, Mr. Myers joined the Corporation as Executive Vice-President, Finance and was appointed Chief Financial Officer in January 2018. Mr. Dufresne stepped down from his role as Chief Financial Officer of the Corporation in December 2017 and commenced his new role as President and Chief Financial Officer of Weston in January 2018.

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. Five key principles underlie the Corporation's executive compensation programs, as set out below:



1. Benchmarked Against Peer Companies

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. The Corporation periodically benchmarks compensation and incentive design relative to peer companies.

2. Pay for Performance

The Corporation structures its compensation programs to align executive compensation with the financial and strategic performance of the Corporation and 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 operational and financial goals and aligns compensation with total return to shareholders. The at-risk components for the NEOs in 2017 ranged from 64.4% to 83.1% of their total compensation prior to any voluntary waivers, as discussed under "Components of Executive Compensation for 2017" on page 42.

3. Aligned with Long-Term Shareholder Value

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. Tailored to Business Strategy

The Corporation believes that it should be flexible in applying its compensation programs to company and divisional needs. Incorporating appropriate flexibility into the design of the Corporation's incentive plans, such as in the design of performance measures in the STIP program, drives alignment at enterprise and divisional levels to key business and strategic objectives. For example, in 2017, the STIP program was revised to include performance measures based on a blend of Loblaw's net promoter scores ("NPS") and SDM's customer satisfaction index ("CSI") in order to focus management on customer satisfaction.

5. Consistent with Good Governance Practices

The Corporation structures its executive compensation programs to reward senior executives for the execution of business strategies while also taking an expected and reasonable level of risk. In 2017, the Corporation's STIP and LTIP programs were comprised of multiple performance measures to reduce the risk of executives focusing on a single performance measure.

EXECUTIVE COMPENSATION AND RISK MANAGEMENT

RISK MITIGATION PRACTICES

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 NEOs and other senior executives and trading restrictions and hedging prohibitions.

1. Incentive Plan Design

The Corporation's 2017 short and long-term incentive plans included a variety of performance measures, including share price appreciation, earnings, sales performance, operating leverage, a blend of NPS and CSI and return on capital. 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 is intended to reduce 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 to limit incentives to take excessive risk.

As part of its annual review process, the Governance Committee reviews stress testing of the STIP design to illustrate the payouts under various scenarios. The testing is intended to ensure that the performance shoulders (i.e. threshold to target to maximum) are set appropriately, such that performance levels are achievable with significant effort but without taking excessive risk.

The Governance Committee also carefully considers the sharing of profit (sharing ratio) between the Corporation's management and its shareholders in various performance scenarios. The affordability of payouts in different performance scenarios and the portion of profit that is allocated to employees and to shareholders provide comfort around the reasonableness or affordability of STIP payouts in light of performance achieved. The Governance Committee reviews the five year history of the Corporation's STIP performance and its correlation to key financial performance measures over this period. The stress testing, sharing ratio and look back analyses are used to evaluate and confirm the reasonableness and affordability of the STIP payout results.

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 risks given the potential negative impacts on the long-term equity components of their 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 long-term plan and anticipated share price performance.

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

2. Clawback Policy

The Corporation has a clawback policy for STIP and LTIP payments for senior executives, including the NEOs. Under the policy, the Corporation can require an executive to repay STIP and LTIP payouts if: (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 the Board may, in its discretion, clawback an executive's STIP and LTIP payouts if the executive commits a material breach of the Corporation's Code of Conduct whether or not it resulted in a correction or restatement of financial results. The policy applies to all incentive payments received by the executive 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 (the "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 are set at a multiple of an executive's base salary.

The Corporation imposes a mandatory hold period requiring the Chief Executive Officer and the President to maintain his or her required share ownership level for one year following the end of his or her employment.

Senior executives, including NEOs, are subject to a mandatory holding requirement that requires an executive subject to the Guidelines to retain 50% of any after-tax proceeds received on the payout of RSUs or PSUs or an exercise of stock options in Common Shares until such executive's ownership level has been met. The Guidelines apply to a broad group of senior management, as further discussed under Executive Share Ownership Guidelines on page 53.

4. Trading Restrictions and Hedging Prohibitions

Directors, officers, executives, employees and certain other designated persons are subject to the Corporation's securities trading policy, which prohibits trading, directly or indirectly, in the securities of Weston, Loblaw or Choice Properties REIT while in possession of material undisclosed information. The securities trading policy also prohibits informing unauthorized persons of such information and recommending or encouraging others to trade in the companies' securities while in possession of material undisclosed information.

Hedging transactions involving the securities of the companies are prohibited. The prohibition covers transactions such as prepaid variable forward contracts, short sales, puts or calls, equity swaps or other equity monetization transactions, that are designed to offset a decrease in the market value of securities of Weston, Loblaw or Choice Properties REIT.

The Corporation has regularly scheduled quarterly closed trading windows which include the period during each fiscal quarter when the Corporation's financial results are being compiled but not released to the public. Directors and executive officers must not trade in the securities or exercise options of Weston, Loblaw or Choice Properties REIT outside prescribed trading windows.

ROLE OF MANAGEMENT AND COMPENSATION CONSULTANTS

ROLE OF MANAGEMENT IN THE COMPENSATION AND EVALUATION PROCESS

In 2017, the Chairman and Chief Executive Officer, together with the President, participated in the compensation design process, evaluated the performance of key senior executives and made recommendations to the Governance Committee with respect to the compensation of the other NEOs at such time and the specific business goals to be used as performance targets for the various incentive programs. The views of the Chairman and Chief Executive Officer and President are valued because of their on-going involvement with key senior executives. As a result, they are in the best position to effectively assess the performance of the NEOs, other than themselves, and how the NEOs efforts have contributed to the achievement of the Corporation'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 Executive Vice President, Human Resources and Labour Relations assists the Chairman and Chief Executive Officer and President in developing and presenting to the Governance Committee management's recommendations and supporting material 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 the scope of the role, individual 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 "Compensation Comparator Group" 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 of 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

In 2015, the Corporation retained Meridian to conduct a comprehensive compensation analysis of the Corporation's senior executive team. The results of Meridian's analysis were presented to the Governance Committee over a series of meetings. Since then, the Chair of the Governance Committee 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. When required, Meridian participates at Governance Committee meetings. The 2015 analysis was relied upon in 2016 and 2017 and was supplemented by additional input from Meridian. In 2017, Meridian was engaged by the Corporation to review and recommend, if appropriate, compensation adjustments for certain executives of the Corporation as part of its ongoing review of the Corporation's executive compensation. Meridian is not an independent compensation advisor. In 2017 and 2016, Meridian received $118,247 and $73,769, respectively, from the Corporation for advisory services to the Corporation.

The Governance Committee regularly 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 2017 or 2016.

Meridian was also retained by the Governance, Compensation and Nominating Committee of Choice Properties REIT in 2015 to conduct a comprehensive benchmarking analysis of the compensation of certain of Choice Properties REIT's senior officers and to provide an overview of market practices and design considerations for Choice Properties REIT's compensation plans and again in 2017 to review Choice Properties REIT's LTIP for its executives. The role of management and compensation consultants relating to the compensation practices of Choice Properties REIT is further set out in the "Role of Management and Compensation Consultants" section of the Choice Properties REIT Management Proxy Circular, which is available at www.sedar.com.

COMPENSATION COMPARATOR GROUP

In addition to its periodic review of individual executive compensation, in 2016, Meridian reviewed the comparator group against which to benchmark Loblaw's executive compensation and confirmed that it remained size and industry appropriate.

Determining a comparator group to benchmark NEO compensation is challenging in light of Loblaw's presence in the Canadian market as the largest company in Canada by revenue and number of employees, and one that is larger than any other Canadian retailer. Loblaw 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 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 Loblaw's revenue size. Revenue was selected as the criterion for members of each comparator 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). Loblaw was positioned at the 93rd percentile based on revenue and at the 48th percentile based on market capitalization of this blended comparator group in 2016.

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 Health 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.	TELUS Corporation
	Publix Super Markets, Inc.	Enbridge Inc.	
	Rite Aid Corporation	Husky Energy Inc.	
	Safeway Inc.		
	Sysco Corporation		
	Target Corporation		
	Walgreen Co.		

2017 COMPENSATION ANALYSIS

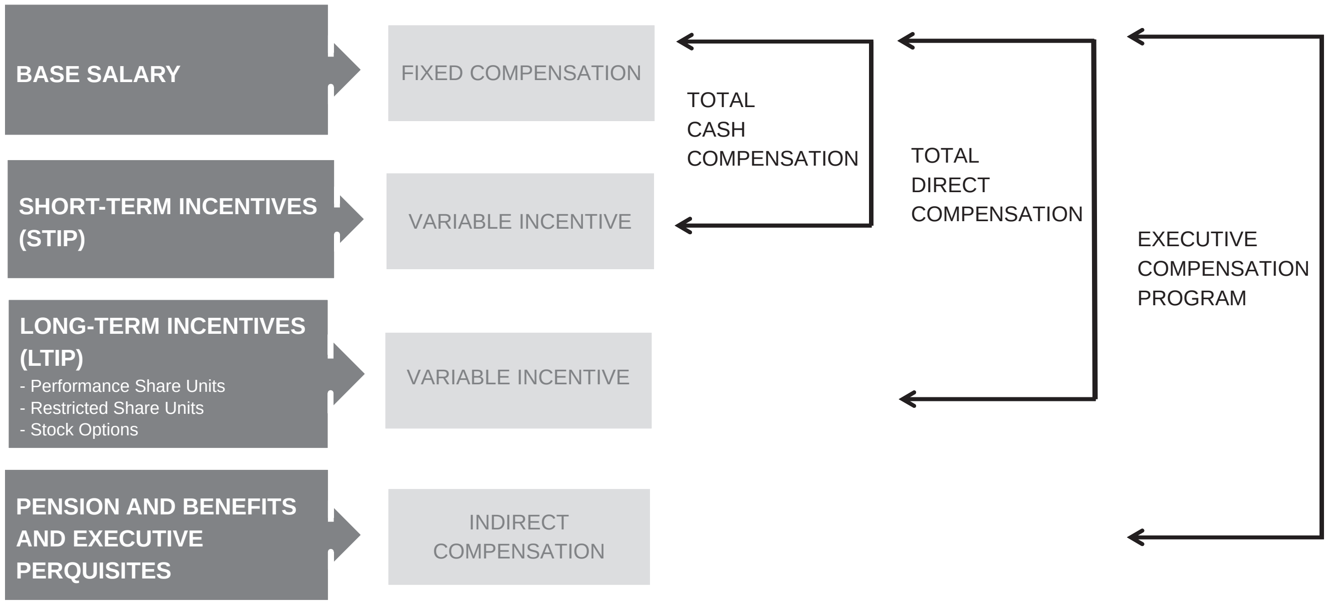
The Governance Committee reviews the compensation of certain senior executives, including the NEOs, outside of the annual inflation adjustment cycle, on a bi-annual basis. In 2017, Meridian was engaged to review certain of the NEO's compensation and to consider any adjustments for 2018.

The Governance Committee reviewed the compensation analysis undertaken by Meridian. Based on this review, the Governance Committee satisfied itself that NEO total direct compensation remained competitive and in line with the Corporation's compensation philosophy.

COMPONENTS OF COMPENSATION

SUMMARY OF THE COMPONENTS OF COMPENSATION

The Corporation's executive compensation program is comprised of the elements described in this Compensation Discussion and Analysis, as summarized below:



OVERVIEW OF COMPONENTS

The 2017 NEO compensation was comprised principally of base salary, short-term cash incentives (which executives may elect 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.

Base Salary	Short-Term Incentives	Long-Term Incentives	Pension and Benefits	Perquisites
Compensate executives for fulfilling their day- to-day responsibilities	Reward executives for meeting annual financial and/or operating performance targets	Motivate and reward executives for increasing shareholder value and serve to retain executives	Assist executives in providing for their health and retirement planning	Provide additional benefits to employees that are competitive with market practice

Components		Form	Period	Program Objectives and Details
Fixed Compensation	Base Salary	Cash	Annual	• Reflects the executive's level of responsibility and experience, market competitiveness, internal equity among executives and the executive's overall performance.
Variable Compensation	Short-Term Incentive Plan (STIP)	Cash	Annual	• 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 and the individual performance of each NEO. • 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 the Executive Share Ownership Guidelines. • EDSUs are settled in Common Shares purchased on the open market no later than December 15th of the year following the year in which the executive's employment ceases for any reason. Dividend EDSUs vest at the same time as EDSUs. • EDSU Plan provides for the crediting of additional EDSUs in respect of dividends paid on Common Shares for the period when an EDSU is outstanding.
	Long-Term Incentive Plan (LTIP)	RSUs	3 year vesting period	• Motivate and reward executives for increasing shareholder value. • Serve as a key component in retaining executives. • RSU grants are generally made once per year. • RSUs typically comprise one-third of the total value of annual LTIP grants to executives. • RSUs are settled in Common Shares purchased on the open market at the end of the applicable vesting period. • RSU Plan provides for the crediting of additional RSUs in respect of dividends paid on Common Shares for the period when a RSU is outstanding. Dividend RSUs vest at the end of the applicable vesting period.
		PSUs	3 year performance period	• Motivate and reward executives for increasing shareholder value. • PSU grants are generally made once per year. • PSUs typically comprise one-third of the total value of annual LTIP grants to executives. • PSU vesting is based on the Corporation's success in achieving revenue and return on capital targets. • PSUs are settled in Common Shares purchased on the open market at the end of the applicable performance period. • PSU Plan provides for the crediting of additional PSUs in respect of dividends paid on Common Shares for the period when a PSU is outstanding. Dividend PSUs vest at the same time and based on the same performance factor as the PSUs.
		Stock Options	5 year vesting period (20% per year); 7 year term	• Motivate and reward executives for increasing share price. • Stock option grants are generally made once per year. • Stock options typically comprise one-third of the total value of annual LTIP grants to executives.
Benefits	Group health, dental and insurance benefits		Employment and post- employment	• Executive benefit plans provide health, dental, disability and insurance coverage.
Pensions	Executive DB Plan SDM Pension Plan		Post-employment	• The Corporation's and SDM's pension plans are designed to provide a reasonable level of retirement income to executives to reward them for their service. • Pension entitlements for an executive in the Corporation's Executive DB Plan and SDM Pension Plan are based on length of service and eligible salary. • The total annual benefits payable under the Corporation's Executive DB Plan are capped at $125,000 per year. The SDM Pension Plan is uncapped. • The Executive DB was closed to new participants in 2006. The SDM Pension Plan was closed in 2014.
	Executive DC Plan		Post-employment	• Since 2006, new executives participate on a non-contributory basis in the Corporation's Executive DC Plan. • Contributions were set as a percentage of base salary (maximum of $250,000) and in 2017 were capped at $26,230 per year.
	Supplemental Executive Retirement Plan ("SERP")		Post-employment	• The SERP is an unfunded obligation of the Corporation. • Senior executives of the Corporation whose pension benefits exceed the prescribed limits under the applicable tax legislation may participate in the SERP on a non-contributory basis if they comply with certain eligibility provisions.
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 2017

BASE SALARY

Base salaries for the NEOs are set on an individual basis and not within formal salary ranges, taking into account the level of responsibility and experience, market competitiveness, 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, although salary increases, if any, are typically made bi-annually. 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 2017. For further details with respect to the reasons for any increase in annualized base salary from 2016, refer to the section titled "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54.

Name	2017 Annualized Base Salary ($)	Increase From 2016 (%)
Galen G. Weston (1)	1,180,000	7.3
Richard Dufresne (2)	800,000	23.1
Sarah R. Davis (3)	900,000	38.5
Michael Motz (4)	800,000	Nil
Darren Myers (5)	820,000	N/A

(1) Mr. Weston's base salary is shared equally between Weston and Loblaw, with each paying $590,000 towards Mr. Weston's base salary in 2017.
(2) Mr. Dufresne's actual base salary received for 2017 was $737,500. Weston paid $73,750 of Mr. Dufresne's base salary in 2017 and Loblaw paid $663,750.
(3) Ms. Davis was appointed President of the Corporation in January 2017. Ms. Davis' actual base salary received for 2017 was $888,782.
(4) As a result of changes in the payroll schedule at SDM, Mr. Motz's actual base salary received for 2017 was $778,462.
(5) Mr. Myers joined the Corporation in September 2017 in the role of Executive Vice President, Finance and was appointed to the role of Chief Financial Officer on January 1, 2018. His actual base salary received for 2017 was $273,333.

SHORT-TERM INCENTIVE PLAN

All NEOs participate in the Loblaw STIP. In 2017, the STIP was designed so that NEOs would be focused on key drivers of the Loblaw and SDM businesses. The STIP program is 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 may vary from year to year. The Governance Committee believes that the STIP program is balanced as it is 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 approving the plan design and awards made by the Corporation pursuant to the STIP. The Governance Committee receives periodic reports on the performance of the STIP metrics, including 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 zero to a maximum of 200% of target for each component of the STIP. In 2017, the STIP was revised to remove a condition that the business performance payouts cannot exceed 100% of target unless both the sales and earnings targets are met. The condition was removed in order to, among other reasons, minimize the likelihood that the payout cap could promote unintended behaviours that are not aligned with executing the business strategy and generating stable business results.

The 2017 STIP also included an individual performance component weighted at 25% of each NEO's overall STIP target. In assessing individual performance, the Governance Committee took into account the executive's role in the overall achievement of the Corporation's goals and the individual performance objectives and leadership qualities of the executive. Messrs. Weston's and Dufresne's overall STIP design was determined by the Governance Committees of the Corporation and Weston to reflect their responsibilities at both organizations.

Under the 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.

STIP awards are determined using the following formula:

(**75% of STIP** × **Business Perf. Factor** *(0% - 200% factor)*) + (**25% of STIP** × **Business Perf. Factor** *(0% - 200% factor)* × **Individual Perf. Factor** *(0% - 200% factor)*) = **STIP Payout** *(0% - 200% of target payout)*

Plan Design

The STIP is designed to incent the Corporation's executives to achieve the Corporation's overall 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 judgment, whether any adjustments are required to account for unexpected events during the year.

As part of its annual review process, the Governance Committee reviews stress testing of the STIP design to illustrate the payouts under various scenarios. The testing is intended to ensure that the performance shoulders (i.e. threshold to target to maximum) are set appropriately, such that performance levels are achievable with significant effort and without taking excessive risk.

The Governance Committee also carefully considers the sharing of profit (sharing ratio) between the Corporation's management and its shareholders in various performance scenarios. The affordability of payouts in light of actual performance is important to understand as it relates to the portion of profit that is allocated to employees and to shareholders. Sharing ratios help provide comfort around the reasonableness or affordability of STIP payouts in light of performance achieved. The Governance Committee reviews the five year history of the Corporation's STIP performance and its correlation to key financial performance measures over this period. The stress testing, sharing ratio and look back analyses are used to evaluate and confirm the reasonableness and affordability of the STIP payout results.

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

Name	Base Salary ($)(1)	STIP Target as Percentage of Base Salary (%)	STIP Target ($)	Maximum STIP ($)
Galen G. Weston	1,180,000	150	1,770,000	3,540,000
Richard Dufresne	800,000	125	921,875	1,843,750
Sarah R. Davis	900,000	125	1,110,978	2,221,955
Michael Motz	800,000	100	778,462	1,556,924
Darren Myers (2)	820,000	125	341,666	683,333

(1) 2017 STIP awards are calculated using each NEO's actual base salary received in the year.
(2) Mr. Myers joined the Corporation in September 2017. His actual base salary received for 2017 was $273,333.

2017 STIP Performance Measures

In 2017, the STIP was designed so that NEOs would be focused on key drivers of the Loblaw and SDM businesses. The STIP was designed with the following four business performance measures, weightings and targets to drive the Corporation's strategic goals in 2017:

Loblaw STIP - 2017 Business Performance Measures

Consolidated Sales Target (40%)	Consolidated Earnings Target (40%)	Operating Leverage Target (10%)	Consolidated NPS/CSI (10%)

A description of each performance measure and charts summarizing performance ranges and payout percentages are set forth below:

Consolidated Sales Target

The consolidated sales target for 2017 ($45,512 million) was designed to focus executives on growth in consolidated revenues (excluding gas bar and the consolidation of franchises).

		Threshold		Target		Maximum
Performance Range	Less than $45,171 million	$45,171 million	Each additional 0.15% ($68.3 million)	$45,512 million	Each additional 0.15% ($68.3 million)	$46,195 million or more
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

Consolidated Earnings Target

The consolidated earnings target for 2017 ($4,048 million) was designed to focus executives on delivering adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA"*) (excluding the consolidation of franchises) pursuant to Loblaw's and SDM's combined annual and multi-year business plans.

		Threshold		Target		Maximum
Performance Range	Less than $3,947 million	$3,947 million	Each additional 0.5% ($20.2 million)	$4,048 million	Each additional 0.5% ($20.2 million)	$4,250 million or more
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

Operating Leverage Target

The operating leverage target for 2017 (18.79% SG&A rate) was based on achieving an improvement in the Corporation's retail selling, general and administrative expenses (SG&A) (excluding gas bar, depreciation and amortization and the consolidation of franchises) expressed as a percentage of sales.

		Threshold		Target		Maximum
Performance Range	Higher than 18.84%	18.84%	Each 1.0 basis point improvement	18.79%	Each 0.5 basis point improvement	18.74% or lower
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

Consolidated NPS/CSI Target

The consolidated NPS/CSI target for 2017 (51.3 pts for NPS and 68.8% for CSI) was designed to focus executives on customer satisfaction and loyalty. The target was based on achieving an improvement in the Corporation's NPS in respect of Loblaw's business and CSI with respect to SDM's business, and was based on a weighted average of the NPS and CSI payout factors based on 2016 sales.

			Threshold		Target		Maximum
Performance Range	NPS	Less than 48.8 pts	48.8 pts	Each 0.5 pts improvement	51.3 pts	Each 0.25 pts improvement	53.8 pts or more
	CSI	Less than 67.3%	67.3%	Each 0.3% improvement	68.8%	Each 0.15% improvement	70.3% or more
Payout Factor (% of Target)	NPS	0%	50%	+10%	100%	+10%	200%
	CSI	0%	50%	+10%	100%	+10%	200%

*Non-Generally Accepted Accounting Principles (GAAP) financial measure. Please see note in the "Other Information" section of this Circular.

2017 Loblaw STIP Calculation

In February 2018, the Governance Committee reviewed Loblaw's 2017 financial results and determined the Loblaw 2017 STIP payout as follows:

Performance Objective		Weighting (%)	Target	Actual	Payout Factor (% of Target)
Consolidated Sales		40	$45,512 million	$45,171 million	50.0
Consolidated Earnings		40	$4,048 million	$4,063 million	107.4
Operating Leverage		10	18.79%	18.79%	97.3
Consolidated NPS/CSI	NPS	10	51.3 pts	52.2 pts	148.3
	CSI		68.8%	70.0%	
Overall STIP Payout					87.5

Key Factors Influencing Results

Early in 2018, the Governance Committee reviewed the Corporation's 2017 financial results and determined the key factors contributing to each component's performance relative to target. These factors included:

- The decrease in consolidated sales relative to target was largely driven by the impact of deflation.
- The increase in consolidated earnings relative to target was driven by achieving operating efficiencies and maintaining stable margins.
- The increase in consolidated NPS/CSI relative to target was due to the Corporation's continued focus on improving customer experience.

In December 2017, the Corporation and Weston announced actions they had taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products and to ensure it never happens again. The Corporation has significantly enhanced its compliance programs with measures that are both industry-leading and exceed the Competition Bureau's own requirements. Those measures include: a new independent compliance office led by a Group Chief Compliance Officer who reports directly to the Board of Directors; intensive compliance re-training and certification for all merchants, store managers and senior leaders; and a commitment to achieve ISO 19600 competition compliance program certification. To underscore the Corporation's resolve, its highest-ranking executives, namely Galen G. Weston (Chairman and Chief Executive Officer of the Corporation and Weston), Sarah R. Davis (President), Richard Dufresne (former Chief Financial Officer and now President and Chief Financial Officer of Weston) and Gordon A.M. Currie (Chief Legal Officer of the Corporation and Weston), voluntarily waived their 2017 STIP award entitlements, which would otherwise have been awarded to them on the basis of business performance. This decision reflects their overall accountability as leaders of the business and their commitment to high standards of ethical conduct. It is not based on any finding of improper behaviour on their part in the investigation. The Board supported this decision, and endorsed management's leadership in responding to this issue.

Individual STIP Components

Galen G. Weston, Chairman and Chief Executive Officer

The 2017 STIP award for Mr. Weston, without taking into account the voluntary waiver set out above, reflected Mr. Weston's role as Chairman and Chief Executive Officer during the year and included an individual performance component weighted at 25% of his overall Loblaw STIP target. In assessing individual performance, the Governance Committee took into account quantitative factors including Mr. Weston's performance in achieving the Corporation's strategic objectives and his role in the overall achievement of the Corporation's 2017 financial plan. The Governance Committee also considered qualitative factors, such as Mr. Weston's leadership qualities in the execution of the Corporation's compliance plan implementation, new organizational structure, succession plan and in driving the organization's culture plan objectives. Based on these criteria, the Committee determined that Mr. Weston achieved an individual performance rating of 150%. However, as noted above, Mr. Weston voluntarily waived his entire 2017 STIP award.

Richard Dufresne, Former Chief Financial Officer

The 2017 STIP award for Mr. Dufresne, without taking into account the voluntary waiver set out above, reflected Mr. Dufresne's role as Chief Financial Officer of both the Corporation and Weston during the year and included an individual performance component weighted at 30% of his overall STIP target. The individual performance component of the 2017 STIP amount awarded to Mr. Dufresne was determined by the Governance Committees of both the Corporation and Weston based on Mr. Dufresne's achievement of both quantitative and qualitative factors established in early 2017. The quantitative factors were based on the financial performance of the Corporation's business, including his progress in compliance plan implementation, supporting and driving cost management initiatives, the execution of the Corporation's financial plan and managing the balance sheet in maintaining financial strength and liquidity. The qualitative factors included the Governance Committees' assessment of Mr. Dufresne's leadership performance. Based on these criteria, the Governance Committees of the Corporation and Weston determined that Mr. Dufresne achieved an individual performance rating of 115%. However, as noted above, Mr. Dufresne voluntarily waived his entire 2017 STIP award.

Sarah R. Davis, President

The 2017 STIP award for Ms. Davis, without taking into account the voluntary waiver set out above, reflected Ms. Davis' role as President of Loblaw during the year, and included an individual performance component weighted at 25% of her overall STIP target. Ms. Davis' STIP target was reviewed in 2017 due to her new role as President. In assessing individual performance, the Governance Committee took into account quantitative factors including Ms. Davis' role in compliance plan implementation, supporting the Corporation's strategic initiatives, and delivering on the 2017 business plan. The Governance Committee also considered qualitative factors, such as Ms. Davis' leadership qualities and her role in implementing the Corporation's culture plans. Based on these criteria, the Committee determined that Ms. Davis achieved an individual performance rating of 150%. However, as noted above, Ms. Davis voluntarily waived her entire 2017 STIP award.

Michael Motz, Chief Operating Officer (Former President, SDM)

The 2017 STIP award for Mr. Motz reflected his role as President, SDM during the year and included an individual performance component weighted at 25% of his overall STIP target. In assessing individual performance, the Governance Committee took into account quantitative factors including Mr. Motz's role in the overall achievement of SDM's operating objectives and in delivering on the Corporation's health and wellness and beauty strategy objectives and the 2017 SDM financial plan. In addition, the Governance Committee considered Mr. Motz's enterprise wide responsibilities relating to implementation of changes to Loblaw's loyalty programs. The Governance Committee also considered qualitative factors, such as Mr. Motz's leadership qualities and his role in implementing the Corporation's culture plans. Based on these criteria, the Committee determined that Mr. Motz achieved an individual performance rating of 125%. Along with all the other members of the Corporation's executive management board, Mr. Motz voluntarily waived 10% of his overall 2017 STIP award for the same reason that Messrs. Weston, Dufresne and Currie and Ms. Davis voluntarily waived their 2017 STIP awards, as noted under "Key Factors Influencing Results" on page 45.

Darren Myers, Chief Financial Officer (Former Executive Vice President, Finance)

The 2017 STIP award for Mr. Myers reflected his role as Executive Vice President, Finance during the year and included an individual performance component weighted at 25% of his overall STIP target. In assessing individual performance, the Governance Committee took into account quantitative factors including Mr. Myers' role in the overall achievement of Loblaw's operating objectives and in the execution of Loblaw's business plan. The Governance Committee also considered qualitative factors, such as Mr. Myers' leadership qualities and his role in implementing Loblaw's culture plans. Based on these criteria, the Committee determined that Mr. Myers achieved an individual performance rating of 100%. Mr. Myers' 2017 STIP award was pro-rated to reflect his start date of September 1, 2017 with Loblaw. Along with all the other members of the Corporation's executive management board, Mr. Myers voluntarily waived 10% of his overall 2017 STIP award for the same reason that Messrs. Weston, Dufresne and Currie and Ms. Davis voluntarily waived their 2017 STIP awards, as noted under "Key Factors Influencing Results" on page 45.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for each Loblaw NEO for 2017:

	2017 Loblaw STIP Award [(1)]								
Name	Consolidated Sales ($)	Consolidated Earnings ($)	Operating Leverage ($)	Consolidated NPS/CSI ($)	STIP (Business Performance at 87.5%) ($)	Individual Performance ($)	Loblaw STIP Award ($)	STIP Reduction ($)[(2)]	Actual Loblaw STIP Award ($)
Galen G. Weston[(3)]	132,697	285,094	64,570	98,420	580,781	290,391	871,172	871,172	0
Richard Dufresne[(4)]	114,451	245,894	55,691	84,888	500,924	192,021	692,945	692,945	0
Sarah R. Davis	165,365	355,281	80,466	122,651	723,763	361,882	1,085,645	1,085,645	0
Michael Motz	119,952	257,712	58,368	88,968	525,000	218,750	743,750	74,375	669,375
Darren Myers [(5)]	51,229	110,064	24,928	37,997	224,218	74,739	298,957	29,896	269,061

(1) STIP awards are calculated using each NEO's actual base salary amount in 2017, as applicable.

(2) As noted under the section "Key Factors Influencing Results" on page 45, each of Ms. Davis and Messrs. Weston and Dufresne voluntarily waived their entitlement to any STIP award for 2017. Messrs. Motz and Myers volunteered to reduce their STIP awards for 2017 by 10%.

(3) Mr. Weston also receives a STIP award from Weston. Mr. Weston's base salary is paid equally by the Corporation and Loblaw, with each applicable half thereof being subject to the Corporation's STIP and Weston's STIP, respectively. However as noted above, Mr. Weston voluntarily waived his entire STIP award for 2017. Full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

(4) Mr. Dufresne also receives a STIP award from Weston. Mr. Dufresne's base salary was paid 90% by the Corporation and 10% by Weston, with the applicable portion thereof being subject to the Corporation's STIP and Weston's STIP, respectively. However as noted above, Mr. Dufresne voluntarily waived his entire STIP award for 2017. 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.

(5) Mr. Myers joined the Corporation as Executive Vice President, Finance on September 1, 2017. His STIP award reflects a pro-rated amount for the period of the year in which he worked for the Corporation.

Executive Deferred Share Unit Plan

The Corporation's EDSU Plan enables an executive to receive up to 100% of his or her STIP payout 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 purchased on the open market 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 payout 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. Weston has also adopted a similar EDSU Plan for its executives.

LONG-TERM INCENTIVE PLAN

The Corporation's equity-based LTIP is designed to retain executives and align their interests with long-term shareholder value creation by providing them with equity-based incentive awards that vest over time. 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 of 1/3 stock options, 1/3 RSUs and 1/3 PSUs. The LTIPs balance 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 an LTIP grant to a participating executive is generally determined as 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 2017, the Governance Committee approved LTIP awards to the NEOs as follows:

Name	**Base Salary ($)(1)**	**Annual LTIP Grant as a Percentage of Base Salary (%)**	**Grant Date Fair Value ($)(2)**	**Type of LTIP Grant(3)**
Galen G. Weston	1,180,000	400	2,359,966 (4)	Stock Options, RSUs and PSUs
Richard Dufresne	800,000	275	1,277,422 (5)	Stock Options, RSUs and PSUs
Sarah R. Davis	900,000	300	2,699,952	Stock Options, RSUs and PSUs
Michael Motz	800,000	200	3,200,029 (6)	Stock Options, RSUs and PSUs
Darren Myers	820,000	300	5,209,970 (7)	Stock Options, RSUs and PSUs

(1) Other than one-time grants, LTIP awards are calculated using each NEO's actual base salary received in 2017.
(2) The grant date fair value of a PSU award assumes vesting at 100% of target.
(3) Stock options, RSUs and PSUs each comprise one-third of the annual LTIP grant.
(4) The full details of Mr. Weston's LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54. In addition to his annual LTIP grant from the Corporation, Mr. Weston received an annual LTIP grant from Weston with a grant date fair value of $2,359,923. Full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.
(5) The full details of Mr. Dufresne's LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54. In addition to his annual LTIP grant from the Corporation, Mr. Dufresne received an annual LTIP grant from Weston with a grant date fair value of $389,924, and one time grants of stock options, RSUs and PSUs with a grant date fair value of $157,455. 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.
(6) The full details of Mr. Motz's LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54.
(7) The full details of Mr. Myers' LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54.

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 14, 2018 and December 30, 2017, options to purchase 8,175,892 and 7,487,774 Common Shares, respectively, were outstanding, which represented approximately 2.1% and 1.9%, respectively, of the issued and outstanding Common Shares. As of March 14, 2018 and December 30, 2017, the Corporation had 8,372,951 and 9,871,955 Common Shares, respectively, available for future option grants, which represented approximately 2.2% and 2.6%, respectively, 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 the holder. Please see page 56 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 immediately preceding the grant date.

Options may not be exercised prior to the first anniversary of the date of the grant. The vesting of options is determined on the grant of the option. Under the Stock Option Plan, each option has a term of not less than five and not more than 10 years. Generally, options vest over a five-year period at a rate of 20% per year and expire at the end of seven 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 within any 12 month period, or issuable to insiders 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.

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).

There were no amendments to the Stock Option Plan in 2017.

The Corporation's annual burn rate, which represents the number of Stock Options awarded under an arrangement divided by the weighted average number of Common Shares outstanding as at the end of a fiscal year, under the Stock Option Plan was 0.40% in 2017, 0.32% in 2016 and 0.38% in 2015.

In 2017, the NEOs 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	78,510 (1)	70.13	786,670	20% per year over 5 years	7 years
Richard Dufresne	30,273	70.13	303,336	20% per year over 5 years	7 years
	12,787 (2)	68.54	122,500	20% per year over 5 years	7 years
Sarah R. Davis	89,820	70.13	899,996	20% per year over 5 years	7 years
Michael Motz	53,227	70.13	533,335	20% per year over 5 years	7 years
Darren Myers	85,774	67.59	819,999	20% per year over 5 years	7 years

(1) Mr. Weston received grants of stock options from Weston in 2017 with a grant date fair value of $786,669. The full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

(2) Mr. Dufresne received a special one-time options award in August 2017. The full details of Mr. Dufresne's LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54. Additionally, Mr. Dufresne received grants of stock options from Weston in 2017 with a grant date fair value of $182,507. The 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.

Restricted Share Unit Plan

RSUs entitle an executive to receive the value of the RSU award in Common Shares purchased on the open market 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 was amended effective 2017 to provide that dividend equivalents in the form of additional RSUs that are equal in value to dividends paid on Common Shares are credited to the participant's account on each dividend payment date based on the number of RSUs in the account as of each dividend record date. The additional RSUs are subject to the same vesting conditions applicable to the related RSUs. This amendment only applies to RSUs granted in 2017 and thereafter.

In 2017, the NEOs were awarded RSUs from the Corporation as follows:

Name	RSUs Granted (#)	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	11,217 (1)	70.13	786,648	March 2, 2020
Richard Dufresne	4,325	70.13	303,312	March 2, 2020
	1,787 (2)	68.54	122,481	August 2, 2020
Sarah R. Davis	12,833	70.13	899,978	March 2, 2020
Michael Motz	7,605	70.13	533,339	March 2, 2020
	22,815 (3)	70.13	1,600,016	March 2, 2020
Darren Myers	12,132	67.59	820,002	September 1, 2020
	40,686 (4)	67.59	2,749,967	September 1, 2020

(1) Mr. Weston received grants of RSUs from Weston in 2017 with a grant date fair value of $786,627. The full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

(2) Mr. Dufresne received a special one-time RSU award in August 2017. The full details of Mr. Dufresne's LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54. Additionally, Mr. Dufresne received grants of RSUs from Weston in 2017 with a grant date fair value of $182,436. 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.

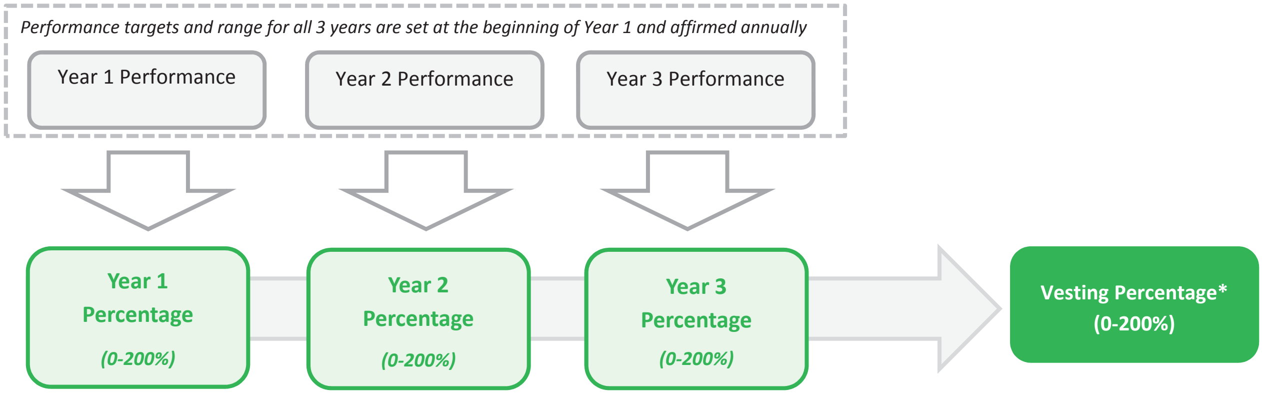
(3) Mr. Motz also received a special one-time RSU award in March 2017. The full details of Mr. Motz's LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54.

(4) Mr. Myers received a special one-time RSU award when he joined the Corporation in September 2017. The full details of Mr. Myers' LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54.

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. PSUs serve to focus executives on selected key drivers of corporate performance and reduce the number of stock options granted and 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. Like RSUs, PSUs also entitle an executive to receive the value of a PSU award in Common Shares purchased on the open market 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 2017, the Corporation's PSU performance measures were consolidated revenue, excluding gas bar and consolidated franchises, and return on capital.

PSUs vest at the end of the applicable three-year performance period, however the number of PSUs that vest is determined by averaging results against target in each year in the performance period. The results in each year, in turn, are determined based upon the level of achievement of each of the performance conditions during that year. The overall number of PSUs that vest at the end of a performance period range from 0% to 200% of the initial grant as illustrated below:



**Calculated as a simple average of performance in Years 1, 2, and 3.*

A threshold performance condition, with respect to each performance measure, must be met in order for any PSUs to vest with respect to that measure. The Corporation has set a targeted level of performance for each measure. If the target performance condition is achieved for each measure, the number of PSUs that vest will be equal to 100% of PSUs initially granted. The maximum performance condition with respect to each performance measure is the level of achievement that results in 200% of PSUs vesting for that measure. If the maximum performance conditions are achieved for each measure during every year of the performance period, 200% of the initial 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 was amended effective 2017 to provide that dividend equivalents in the form of additional PSUs that are equal in value to dividends paid on Common Shares are credited to the participant's account on each dividend payment date based on the number of PSUs in the account as of the dividend record date. The additional PSUs will be subject to the same vesting conditions applicable to the related PSUs. This amendment only applies to PSUs granted in 2017 and thereafter.

The performance targets for the PSUs granted in 2017 relate to a three-year period ending in 2020 and were developed taking into account the Corporation's confidential business strategies, plans and initiatives and its expectations regarding financial and operational performance. These targets are intended to be challenging – neither impossible nor easy to achieve. These measures were stress-tested to ensure they were appropriately challenging in 2017 taking into consideration historical trends and budget growth expectations in the Corporation's financial plan. PSU targets are forward-looking and disclosure of them before the end of the performance period would seriously prejudice the Corporation's interests. As a result, targets are disclosed at the time of payout of PSUs.

In 2017, the following NEOs were awarded PSUs from the Corporation 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	11,217 (1)	70.13	786,648	March 2, 2020
Richard Dufresne	4,325	70.13	303,312	March 2, 2020
	1,787 (2)	68.54	122,481	August 2, 2020
Sarah R. Davis	12,833	70.13	899,978	March 2, 2020
Michael Motz	7,605	70.13	533,339	March 2, 2020
Darren Myers	12,132	67.59	820,002	March 2, 2020

(1) *Mr. Weston also received grants of PSUs from Weston in 2017 with a grant date fair value of $786,627. The full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.*

(2) *Mr. Dufresne received a special one-time PSU award in August 2017. The full details of Mr. Dufresne's LTIP grant are set out in the section "2017 Compensation Decisions Regarding the Named Executive Officers" on page 54. Mr. Dufresne also received grants of PSUs from Weston in 2017 with a grant date fair value of $182,436. 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.*

Performance of 2015 PSUs

In 2015, the Corporation's NEOs, other than Mr. Myers, were awarded PSUs whose vesting was tied to consolidated revenue, excluding gas bar and consolidated franchises, and return on capital targets over a three-year period. The return on capital measure was defined as adjusted earnings before interest and income taxes ("Adjusted EBIT"*) divided by capital at the start of the year. At the time of grant, the performance targets relating to the 2015 return on capital and enterprise consolidated revenue metrics were forward-looking as they related 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 were intended to be challenging – neither impossible nor easy to achieve.

In early 2018, the Governance Committee reviewed the performance of the 2015 PSU grants and determined the following results based on the average of the three year performance:

- the enterprise consolidated revenue component achieved a performance result of 109.5%; and
- the return on capital component achieved a performance result of 174.6%.

The target and performance for each component for PSUs awarded in 2015, which were equally weighted on results from 2015, 2016 and 2017 and paid out in 2018, are set out below:

Measures	2015		2016		2017	
	Target	**Results**	*Target*	**Results**	*Target*	**Results**
Enterprise Consolidated Revenue ***50% weighting***	*Max. $43,859* **$43,211** *Min. $42,887*	**$43,805**	*Max: $45,386* **$44,715** *Min. $44,380*	**$44,631**	*Max. $46,195* **$45,512** *Min. $45,171*	**$45,171**
Loblaw Return on Capital ***50% weighting***	*Max. 10.98%* **10.48%** *Min. 9.98%*	**10.85%** (1)	*Max. 12.66%* **12.16%** *Min. 11.66%*	**12.88%**	*Max. 14.75%* **14.25%** *Min. 13.75%*	**14.50%**
Performance	**182.3%** (1)		**143.7%**		**99.9%**	
Vesting	**60.8%** (1)		**47.9%**		**33.3%**	
Overall Payout			**141.9%**			

(1) Includes the cost of accelerating the conversion of certain retail stores to new collective agreements, referred to as 'labour buy-downs'.

2015 PSU Payout Summary

In 2018, the Governance Committee determined that the 2015 grant of PSUs paid out at 141.9% of target. The number of PSUs that vested pursuant to these performance results is set out in the table below:

	Vesting of 2015 PSU Award					
Name	**2015 PSUs Granted (#)**	**Return on Capital Component (#)**	**Enterprise Consolidated Revenue Component (#)**	**Total number of PSUs Vested (#)**	**Actual/ Estimated Payout Amount ($)**	
Galen G. Weston	23,101	20,121	12,659	32,780	2,143,076	(1)
Richard Dufresne (3)	4,594	4,001	2,518	6,519	426,196	(1)
	70	61	38	99	6,605	(2)
	9,308	8,107	5,101	13,208	881,238	(2)
Sarah R. Davis	6,038	5,259	3,309	8,568	560,155	(1)
	298	260	163	423	28,223	(2)
	9,308	8,107	5,101	13,208	881,238	(2)
Michael Motz	4,229	3,683	2,317	6,001	392,331	(1)
	1,580	1,376	866	2,242	149,586	(2)
	8,592	7,484	4,708	12,192	813,450	(2)

(1) The actual value of the PSU payouts was based on the market price of Common Shares on March 5, 2018, which was $65.37754, the vesting date of the PSUs.
(2) The estimated value of the PSU payout is based on the closing price of the Common Shares on the TSX on March 14, 2018, which was $66.72. The actual value of the PSU payouts will be based on the market price of Common Shares on or about July 30, 2018 and December 15, 2018, the vesting dates of the PSUs.
(3) Mr. Dufresne also received a grant of Weston PSUs in 2015 which will pay out in 2018. For details of Mr. Dufresne's 2015 Weston PSU grant, please refer to the Weston Management Proxy Circular available at www.sedar.com.

*Non-GAAP financial measure. Please see the note in the "Other Information" section of this Circular.

2014 Synergy Award PSU Grants

Following the closing of the acquisition of SDM on March 28, 2014, NEOs and certain other executives, except for Mr. Weston, were awarded a one-time special grant of PSUs called "Synergy Award PSUs". The purpose of Synergy PSUs was to retain key executives during the period following the acquisition and to incent them to deliver on the anticipated synergies of the transaction. Vesting of the Synergy Award PSUs was conditional on the achievement of realized annual profit and loss synergies of at least $300 million, net of related costs (the "Performance Goal") over a three year performance period. If the Performance Goal was met or exceeded by the third anniversary, the Synergy Award PSUs would vest. If the $300 million synergy target was exceeded, additional PSUs (up to a maximum of 67% of the original grant number) would vest. The additional Synergy Award PSUs vested on a linear basis based on the amount that the actual synergies exceeded target up to the maximum performance target of $500 million.

Timing of the payouts of Synergy Award PSU grants differed slightly between Loblaw and SDM executives. For SDM executives, the Performance Goal was met before the third anniversary of the Synergy Award PSU grant, therefore the number of PSUs equal to such SDM NEO's initial grant value vested and was paid out in 2016. Any additional Synergy Award PSUs, to the extent the Performance Goal was 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 vested and were paid out to SDM NEOs after the third anniversary of the grant. In contrast, Loblaw NEOs were 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.

In 2017, Ms. Davis and Mr. Dufresne received payments equal to 147% of their respective initial grants as a result of the over-achievement of the Performance Goal. Mr. Motz received a payment of 100% of his initial grant in 2016 and an additional 47% of his initial grant as a result of the same over-achievement. Details on the initial grant, PSUs that vested in 2017 and the payout amounts are set out in the table below:

	Vesting of 2014 Synergy Award PSUs		
Name	2014 Synergy Award PSUs Granted (#)	Total number of PSUs Vested (#)	Payout Amount(1) ($)
Richard Dufresne	16,155	23,706	1,845,966
Sarah R. Davis	24,206	35,520	2,765,912
Michael Motz (2)	43,570	20,365	1,585,805

(1) The value of the Synergy Award PSU payout was based on the transactional market price of the Common Shares on the TSX on May 3, 2017, which was $77.86914, multiplied by the number of PSUs vested.

(2) Mr. Motz received 100% of the 43,570 Synergy Award PSU payout in 2016. The additional 20,365 Synergy Award PSUs shown in the table above were paid out in 2017 as a result of the over-achievement of the Performance Goal. In total, Mr. Motz received 63,935 Synergy Award PSUs, valued at $4,596,604.

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 December 30, 2017

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)	7,487,774	$53.77	9,871,955
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total	**7,487,774**	**$53.77**	**9,871,955**

(1) Under the former SDM stock option plan, there are 76,576 stock options outstanding with no stock options available for future option grants. Upon exercise, Common Shares will be issued. These 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 the Corporation, other than Messrs. Weston, Motz and Dufresne, participate in the Corporation's executive defined contribution registered pension plan (the "Executive DC Plan"). All new Loblaw executives join the Executive DC Plan. Certain senior management of SDM, including Mr. Motz, 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 Plan") (closed in 2014). Mr. Dufresne participates in Weston's executive defined contribution plan. Mr. Weston does not participate in any of the Corporation's or Weston's pension plans.

In addition, senior executives of the Corporation whose pensionable earnings exceed prescribed levels participate in a non-contributory SERP.

The details of these retirement and pension arrangements are set out in the section "Pension Plan and Long Service Executive Arrangements" on pages 63 and 64.

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's 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 plan. SDM's 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.

Under the 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 the Corporation as well as Weston or Choice Properties REIT 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:

Chief Executive Officer	5x base salary
President	3x base salary
COO/CFO	2x base salary
Executive Vice Presidents/Divisional 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 satisfy the required ownership levels. SDM executives have five years from the close of the SDM acquisition to attain the required ownership levels. The Chief Executive Officer and the President of the Corporation are each subject to a post-employment hold period which requires them to maintain their share ownership level for one year following the end of their employment.

Any executive subject to the Guidelines is required to retain a minimum of 50% of his or her after-tax proceeds received on the payout of RSUs or PSUs or an exercise of stock options in Common Shares until such executive's ownership level has been attained.

The dollar values of each NEO's eligible equity-based holdings, except for Mr. Dufresne, who stepped down from his role as Chief Financial Officer in December 2017, based on the market value as at March 14, 2018 of $66.72, 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(1)	50,899,710	17,248,803	68,148,513	5,900,000	5
Sarah R. Davis	638,244	4,545,183	5,183,427	2,700,000	3
Michael Motz	2,865,424	2,072,976	4,938,400	1,640,000	2
Darren Myers(2)	—	—	—	1,640,000	2

(1) Mr. Weston 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 14, 2018 at $106.02, being the price on the TSX of a Weston common share on that date. For a description of Weston's Executive Share Ownership Guidelines in respect of Mr. Weston, please refer to the Weston Management Proxy Circular available at www.sedar.com.

(2) Mr. Myers was appointed Chief Financial Officer in January 2018 and has 5 years to reach his ownership requirement.

2017 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

The following outlines the rationale underlying the compensation decisions for each of the Corporation's NEOs for 2017.

Galen G. Weston, Chairman and Chief Executive Officer

Mr. Weston was appointed Chief Executive Officer of Weston effective January 18, 2017. The Boards of both Loblaw and Weston reviewed Mr. Weston's compensation as Chief Executive Officer of both entities for 2017. The Boards determined that Mr. Weston's total base salary as Chief Executive Officer of each organization would be increased by $80,000. The increase to Mr. Weston's compensation was intended to off-set the loss of his $400,000 fee as Chairman of Weston, to which he was entitled prior to becoming Chief Executive Officer of Weston.

Following the above noted increase, Mr. Weston's base salary in 2017 was $1,180,000. The cost of Mr. Weston's base salary and LTIP, which remained at 400% of his base salary, was split equally between Weston and Loblaw. Mr. Weston's annual target STIP remained at 150%. Each applicable half of Mr. Weston's base salary was subject to the Weston STIP and Loblaw STIP, respectively. Mr. Weston's annual Loblaw LTIP grant for 2017 had an aggregate grant date fair value of approximately $2,359,966, comprised of 78,510 stock options, 11,217 RSUs and 11,217 PSUs. Mr. Weston's annual LTIP grant from Weston for 2017 had an aggregate grant date fair value of approximately $2,359,923, comprised of 46,576 stock options, 6,991 RSUs and 6,991 PSUs. As discussed in the section "Loblaw STIP—Individual STIP Components" the Governance Committee awarded Mr. Weston an individual performance rating of 150**%** on his STIP, however as noted under the section "Key Factors Influencing Results" on page 45, Mr. Weston voluntarily waived his entire 2017 STIP award.

Full details of Mr. Weston's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Richard Dufresne, Former Chief Financial Officer

Mr. Dufresne's compensation arrangements were adjusted in 2017 as part of a periodic review of executive compensation undertaken by the Governance Committee. At that time, Mr. Dufresne's base salary increased from $650,000 to $800,000, his STIP target was increased from 100% of base salary to 125% and his LTIP target increased from 200% of base salary to 275%. The cost of Mr. Dufresne's base salary was split between Loblaw (90%) and Weston (10%) and his annual target LTIP grant, which is 275% of his base salary, was split between Loblaw (70%) and Weston (30%). Each applicable portion of Mr. Dufresne's base salary is subject to the Weston STIP and Loblaw STIP, respectively. Mr. Dufresne's Loblaw LTIP grant for 2017 had an aggregate grant date fair value of approximately $1,277,422, comprised of 30,273 stock options, 4,325 RSUs and 4,325 PSUs and special one-time grants of 12,787 stock options, 1,787 RSUs and 1,787 PSUs in August 2017, which were awarded for the change in his role and increase in his responsibilities. Mr. Dufresne's annual LTIP grant from Weston for 2017 had an aggregate grant date fair value of approximately $547,379, comprised of 7,697 stock options, 1,155 RSUs and 1,155 PSUs and special one-time grants 3,425 stock options, 478 RSUs and 478 PSUs in August 2017. In addition, as discussed in the section "Loblaw STIP—Individual STIP Components", the Governance Committees of both Weston and Loblaw awarded Mr. Dufresne an individual performance component of his STIP award at 115**%** of target, however as noted under the section "Key Factors Influencing Results" on page 45, Mr. Dufresne voluntarily waived his entire 2017 STIP award.

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, President

Ms. Davis was appointed President of Loblaw effective January 18, 2017. To recognize her increased responsibilities as President, the Governance Committee increased Ms. Davis' base salary from $650,000 to $900,000, her STIP target increased from 100% of base salary to 125% and her LTIP target increased from 200% of base salary to 300%. For 2017, Ms. Davis' annual LTIP award had an aggregate grant date fair value of $2,699,952, comprised of 89,820 stock options, 12,833 RSUs and 12,833 PSUs. In addition, as discussed in the section "Loblaw STIP—Individual STIP Components", the Governance Committee awarded Ms. Davis $361,882 for the 25% individual performance component of her 2017 STIP award representing 150% of target, however as noted under the section "Key Factors Influencing Results" on page 45, Ms. Davis voluntarily waived her entire 2017 STIP award.

Michael Motz, Chief Operating Officer (Former President, SDM)

Mr. Motz's compensation arrangements were set in 2015 and did not change in 2017. Mr. Motz's base salary was $800,000 and his STIP and LTIP targets were 100% and 200%, respectively, of his base salary. For 2017, Mr. Motz received an annual LTIP grant comprised of 53,227 stock options, 7,605 RSUs and 7,605 PSUs, with an aggregate grant date fair value of $1,600,013. Mr. Motz also received a special one-time grant of 22,815 RSUs with a grant date fair value of $1,600,016 for retention purposes and in connection with his announced appointment as Chief Operating Officer in January 2018. In addition, as discussed in the section "Loblaw STIP—Individual STIP Components" on page 46, the Governance Committee awarded Mr. Motz $218,750 for the 25% individual performance component of his 2017 STIP award representing 125% of target. However as noted in that section, Mr. Motz voluntarily waived 10% of his 2017 STIP award.

Darren Myers, Chief Financial Officer and former Executive Vice President, Finance

Mr. Myers' compensation arrangements were set in September 2017 when he joined Loblaw as Executive Vice President, Finance. Mr. Myers' base salary was set at $820,000, his STIP and LTIP targets were set at 125% and 300%, respectively, of base salary. For 2017, Mr. Myers received an LTIP grant comprised of 85,774 stock options, 12,132 RSUs and 12,132 PSUs, with an aggregate grant date fair value of $2,460,003, representing approximately 300% of his base salary and a special one-time grant of 40,686 RSUs, with an aggregate grant date value of $2,749,967. Additionally, Mr. Myers received a cash amount of $2,750,000 as a make-whole payment for amounts forgone upon leaving his previous employment. In addition, as discussed in the section "Loblaw STIP—Individual STIP Components" on page 46, the Governance Committee awarded Mr. Myers $74,739 for the 25% individual performance component of his 2017 STIP award representing 100% of target. However as noted in that section, Mr. Myers voluntarily waived 10% of his 2017 STIP award.

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[1]					Change of Control
Type of Compensation	**Resignation**	**Termination without Cause**	**Termination with Cause**	**Retirement after age 55 with at least 10 years of service (the "Conditions")**	**Retirement that does not meet the Conditions**	
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,	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	90 days from notice of termination to exercise vested options	All outstanding options forfeited at time of notice of termination	Options will continue to vest and pay out in the normal course, with the exception of any award granted in the year of retirement	90 days from notice of retirement 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	RSUs will continue to vest and pay out in the normal course, with the exception of any award granted in the year of retirement	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	PSUs will continue to vest and pay out in the normal course, with the exception of any award granted in the year of retirement	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	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

(1) *The Corporation's plans were amended in 2016 to provide for certain benefits upon an executive's retirement at age 55 with at least 10 years of service. The plans were also amended for executives who die or become disabled, to allow for their RSUs and PSUs to continue to vest and pay out in the normal course. All vested and unvested stock options will immediately vest and executives (or their estates) will have 2 years from the date of death or disability (or, if earlier, expiry of the term) to exercise vested options.*

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, Chairman and Chief Executive Officer

Mr. Weston is not contractually 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 would be subject to certain non-competition and confidentiality undertakings.

Richard Dufresne, Former Chief Financial Officer

If Mr. Dufresne's employment was terminated without cause when Mr. Dufresne was Chief Financial Officer of the Corporation, he would have been entitled to receive: (a) his salary and car allowance for up to 12 months, (b) his target STIP bonus for up to 12 months, (c) his vacation accrual, pension accrual, extended health care and dental benefits and participation in the employee/family assistance program for up to 12 months and (d) applicable incentive and share based payments as provided for under the terms of the LTIP. Upon termination, Mr. Dufresne would have been subject to certain non-competition and confidentiality undertakings. Details of Mr. Dufresne's employment arrangements with Weston are set forth in the Weston Management Proxy Circular which is available at www.sedar.com.

Sarah R. Davis, President

If Ms. Davis' employment is terminated without cause, she would be entitled to receive: (a) her salary and car allowance for up to 18 months, (b) her STIP bonus for up to 18 months up to a maximum of her target bonus amount, (c) her health care and dental benefits, participation in the employee/family assistance program and pension accrual for up to 18 months, and (d) applicable incentive and share based payments as provided for under the terms of the LTIP. Upon termination, Ms. Davis would be subject to certain non-competition and confidentiality undertakings.

Michael Motz, Chief Operating Officer and former President, SDM

If Mr. Motz's employment is terminated without cause or he resigns for "good reason", he would be entitled to receive: (a) his salary for up to 24 months, (b) his STIP bonus for up to 24 months, (c) annual car allowance for 24 months, (d) credit of additional 24 months of service under the SDM Pension Plan, (e) extended health and dental care benefits for an additional 24 months, and (f) applicable incentive and share-based payments as provided for under the terms of the LTIP. For purposes of the foregoing, a resignation for "good reason" means resignation following a reduction in salary, a substantial reduction in duties and responsibilities or a significant relocation of primary workplace. Upon termination or resignation of Mr. Motz's employment (however occasioned), he would be subject to certain non-competition and confidentiality undertakings.

Darren Myers, Chief Financial Officer

If Mr. Myers' employment is terminated without cause, he would be entitled to receive: (a) his salary and car allowance for up to 18 months, (b) his target STIP bonus for up to 18 months, (c) his health care and dental benefits, participation in the employee/family assistance program and pension accrual for up to 18 months, and (d) applicable incentive and share based payments as provided for under the terms of the LTIP. Upon termination, Mr. Myers would 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 December 29, 2017 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	—	—	—	—	—	—	—	—
Chairman and Chief Executive Officer	Termination without cause	—	—	—	—	—	—	—	—
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Richard Dufresne	Termination with cause	—	—	—	—	—	—	—	—
Former Chief Financial Officer	Termination without cause	800,000	1,000,000 [4]	183,775 [7]	21,000 [5]	—	—	—	2,004,775
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Sarah R. Davis	Termination with cause	—	—	—	—	—	—	—	—
President	Termination without cause	1,350,000	1,687,500 [4]	233,878 [7]	32,040 [6]	—	—	—	3,303,418
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Michael Motz	Termination with cause	—	—	—	—	—	—	—	—
Chief Operating Officer and former President, SDM	Termination without cause/Resignation for Good Reason	1,600,000	1,600,000 [4]	429,000 [8]	50,218 [9]	—	—	—	3,679,218
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Darren Myers	Termination with cause	—	—	—	—	—	—	—	—
Chief Financial Officer and former Executive Vice President, Finance	Termination without cause	1,230,000	1,537,500 [4]	76,318 [7]	32,040 [6]	—	—	—	2,875,858
	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. NEOs are entitled to continued vesting and payout of stock options in the normal course if they retire at age 55 with 10 years of service.
(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. NEOs are entitled to continued vesting and payout of RSUs and PSUs if they retire at age 55 with 10 years of service.
(4) Annual bonus is valued at target level.
(5) Includes annual car allowance for 12 months.
(6) Includes annual car allowance for 18 months.
(7) Includes benefits and pension accrual as per the terms of the employment agreement.
(8) Reflects approximate value of Mr. Motz's credit of 24 months of service under the SDM pension plan.
(9) Includes annual car allowance and 24 months of extended health and dental care benefits.

COMPENSATION DECISIONS FOR 2018

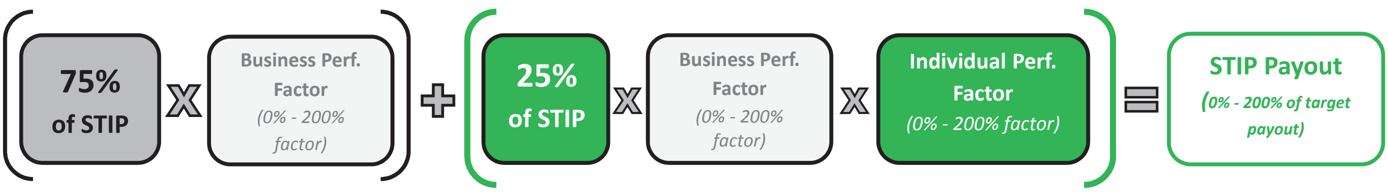
INTRODUCTION

Effective January 1, 2018, Mr. Motz was appointed to the position of Chief Operating Officer. Recognizing the elevation of his position in the Corporation's new organizational structure, Mr. Motz received a base salary increase from $800,000 to $820,000. For purposes of his annual STIP determination, his STIP increased from 100% to 125% and his LTIP target increased from 200% of base salary to 300%. Also, in consideration of Mr. Motz's new role, changes were made to his pension plan service accruals to allow for full retirement benefits in certain circumstances.

2018 SHORT-TERM INCENTIVE PLAN

The Governance Committee has approved the performance measures and weightings for the 2018 STIP as set out below.

Consistent with its ongoing commitment to legal and regulatory compliance, the Corporation has added a compliance measure to its STIP targets for 2018. The compliance metric will be measured in accordance with these compliance initiatives: ISO certification, operational effectiveness testing and on-time completion of mandatory compliance training.



Loblaw STIP - 2018 Business Performance Measures

Consolidated Sales (35%)	Consolidated Earnings (35%)	Operating Leverage (10%)	Consolidated NPS/CSI (10%)	Compliance (10%)

2018 LONG-TERM INCENTIVE PLAN GRANTS

In February 2018, 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 1, 2018. As noted, in 2018, the cost of Mr. Weston's LTIP compensation arrangements will be shared equally between the Corporation and Weston.

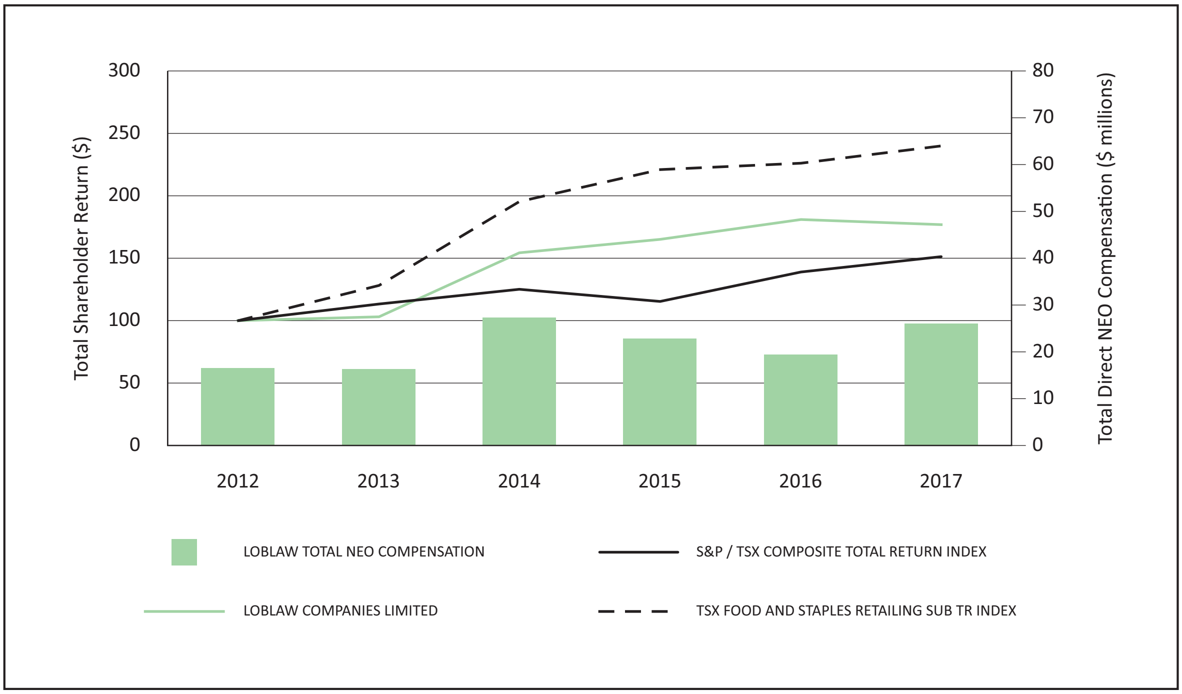
Name	Grant Date Fair Value ($)(1)	Stock Options (#)(2)	RSUs (#)	PSUs (#)
Galen G. Weston	2,360,000	88,390	11,885	11,885
Sarah R. Davis	2,700,000	101,124	13,597	13,597
Michael Motz	2,460,000	92,135	12,389	12,389
Darren Myers	2,460,000	92,135	12,389	12,389

(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 $66.19 as of March 1, 2018. The grant date fair value of a PSU award assumes vesting at 100% of target.

(2) The exercise price of the stock options is $66.19.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return on $100 invested in Common Shares on December 31, 2012, with the cumulative annual total return of the S&P/TSX Composite Total Return Index over the same period (assuming all dividends were reinvested). The graph also shows the Corporation's total direct NEO compensation (which includes base salary, STIP and LTIP) over the same period. In the graph below, the 2017 total direct NEO compensation includes compensation prior to any voluntary waivers by NEOs.



Five-Year Cumulative Total Shareholder Return on $100 Investment

	2012	2013	2014	2015	2016	2017
S&P / TSX COMPOSITE TOTAL RETURN INDEX	$ 100	$ 113	$ 125	$ 115	$ 139	$ 151
LOBLAW COMPANIES LIMITED	$ 100	$ 103	$ 154	$ 165	$ 181	$ 177
TSX FOOD AND STAPLES RETAILING SUB TR INDEX	$ 100	$ 128	$ 195	$ 221	$ 226	$ 240

Total Direct NEO Compensation

	2012	2013	2014	2015	2016	2017
TOTAL DIRECT NEO COMPENSATION ($ millions)	$ 16.6	$ 16.3	$ 27.3	$ 22.9	$ 19.4	$ 26.0

For the five-year period ended December 30, 2017, the Corporation's total shareholder return, as shown above, out-performed the S&P/TSX Composite Total Return Index. During the period, the total cumulative shareholder return for $100 invested in Common Shares was $177 as compared to $151 for the S&P/TSX Composite Total Return Index. The Corporation's total shareholder return was positively affected by key strategic initiatives, including the creation of Choice Properties REIT and the Corporation's acquisition of SDM.

Both the Corporation's total shareholder return and total compensation for the Corporation's NEOs have trended upwards over the five fiscal years ended December 30, 2017. 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) account for approximately 60% of all NEO compensation in 2017.

The NEO compensation disclosed in the Summary Compensation Table is not strongly correlated to shareholder returns in the short to medium 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 2017 ranged from 64.4% to 83.1% of their total compensation prior to any voluntary waivers by NEOs.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during fiscal years 2017, 2016 and 2015, 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	2017	1,180,000 [4]	3,146,550 [5]	1,573,339 [5]	0 [6]	—	—[7]	116,881 [8]	6,016,770 [9]
Chairman and Chief Executive Officer	2016	1,100,000	2,933,398	1,466,662	1,856,250	—	—[7]	184,846 [8]	7,541,156
	2015	1,100,000	2,933,364	1,466,663	2,788,335	—	—[7]	196,835 [8]	8,485,197
Richard Dufresne	2017	737,500 [10]	1,216,458 [11]	608,343 [11]	0 [12]	—	41,000	74,118	2,677,419 [13]
Former Chief Financial Officer	2016	650,000 [10]	866,666 [11]	433,334 [11]	664,674 [12]	—	38,000	56,221	2,708,895 [13]
	2015	635,417 [10]	1,497,410 [11]	423,619 [11]	881,476 [12]	—	38,000	68,667	3,544,589 [13]
Sarah R. Davis	2017	888,782	1,799,956	899,996	0 [14]	—	38,000	73,975	3,700,709
President	2016	650,000	866,714	433,336	674,375	—	38,000	58,208	2,720,633
	2015	606,250	1,458,302	404,168	1,024,502	—	38,000	68,190	3,599,412
Michael Motz	2017	778,462	2,666,694	533,335	669,375 [15]		205,000	25,109	4,877,975
Chief Operating Officer	2016	800,000	1,066,640	533,338	960,000	—	249,000	28,963	3,637,941
	2015	742,510	1,357,639	378,822	1,023,516	—	283,000	21,434	3,806,921
Darren Myers	2017	273,333	4,389,971	819,999	269,061 [16]	—	11,000	2,766,962 [17]	8,530,326
Chief Financial Officer									

(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 an RSU or PSU award is the same as the accounting grant date fair value of such award on the applicable grant date except that for accounting purposes the calculation of the grant date fair value of an RSU or PSU for 2016 and 2015 also reflects the deduction of the net present value of the dividends over the term of the RSU or PSU. The grant date fair value of a PSU award assumes vesting at 100% of target. Awards granted prior to 2017 do not include dividends or equivalents of dividends. The number of PSUs that may vest will range between 0% and 200% 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 grant date fair value of the options granted as this methodology is commonly used by issuers. To determine the grant date 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 December 30, 2017, 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 grant date fair value per option for compensation reporting purposes, and the accounting value per option as follows: For Mr. Weston's 2017 grant, the accounting value per option is lower by $0.15 (2016 and 2015 grants are lower by $1.29 and $1.07, respectively); for Mr. Dufresne's 2017 grants in March and August, the accounting value per option is lower by $0.15 and higher by $0.07, respectively (2016 grant was lower by $1.29, 2015 grants on March 5, 2015 and July 30, 2015 were lower by $1.07 and $0.86, respectively); for Ms. Davis' and Mr. Motz's 2017 grant, the accounting value per option is lower by $0.15 (Ms. Davis' and Mr. Motz's 2016 grants were lower by $1.29, 2015 grants on March 5, 2015 and July 30, 2015 were lower by $1.07 and $0.86, respectively); for Mr. Myers 2017 grant, the accounting value per option is lower by $0.10.

(3) Amounts under All Other Compensation include the value of perquisites and payments made by the Corporation under the employee share ownership plans.

(4) In 2017, Mr. Weston's actual base salary was split equally between Loblaw and Weston, with each company paying $590,000.

(5) The cost of Mr. Weston's annual LTIP grant is equally split between Loblaw and Weston. Mr. Weston's annual LTIP grant from Weston in 2017 had an aggregate grant date value of $2,359,923. Mr. Weston's annual LTIP grant from the Corporation in 2017 had an aggregate grant date value of $2,359,966.

(6) Mr. Weston's base salary is paid equally by the Corporation and Weston, with each applicable half thereof being subject to the Corporation's STIP and Weston's STIP, respectively, however, as noted under the section "Key Factors Influencing Results" on page 45, Mr. Weston voluntarily waived his entire 2017 STIP award.

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

(8) In 2015, 2016 and 2017, Mr. Weston received $134,000, $138,000 and $43,470, respectively, in compensation for his role as Chairman of Choice Properties REIT. Mr. Weston did not stand for re-election to the board of Choice Properties REIT at its 2017 annual meeting of unitholders.

(9) The cost of Mr. Weston's total compensation amount was apportioned between the Corporation and Weston, as described in footnotes 4, 5 and 6. In 2017, Loblaw paid $3,030,142 of Mr. Weston's total compensation amount.

(10) In 2015, Mr. Dufresne's actual base salary amount was $635,417 of which the Corporation paid $571,875. In 2016, the Corporation paid $585,000 of Mr. Dufresne's base salary. In 2017, Mr. Dufresne's actual base salary amount was $737,500, of which the Corporation paid $663,750 and Weston paid $73,750.

(11) Prior to January 2018, the cost of Mr. Dufresne's LTIP grants was apportioned between the Corporation (70%) and Weston (30%). Mr. Dufresne's LTIP grant from Weston in 2017 had an aggregate grant date value of $547,379. Mr. Dufresne's LTIP grant from the Corporation in 2017 had an aggregate grant date value of $1,277,422. Mr. Dufresne's annual LTIP grant from Weston in 2016 had an aggregate grant date value of $389,992. Mr. Dufresne's annual LTIP grant from the Corporation in 2016 had an aggregate grant date value of $910,008. Mr. Dufresne's annual LTIP grant from Weston in 2015 had an aggregate grant date value of $381,399. Mr. Dufresne's annual LTIP grant from the Corporation in 2015 had an aggregate grant date value of $889,652. In 2015, Mr. Dufresne also received a special one time PSU Grant from the Corporation of 9,308 PSUs with a grant date fair value of $649,978.

(12) Prior to January 2018, Mr. Dufresne's base salary was paid 90% by the Corporation and 10% by Weston, with the applicable portion thereof being subject to the Corporation's STIP and Weston's STIP, respectively. In 2015 and 2016, the Corporation paid $793,328 and $598,207, respectively, toward Mr. Dufresne's STIP payment. As noted under the section "Key Factors Influencing Results" on page 45, Mr. Dufresne voluntarily waived his entire 2017 STIP award.

(13) The cost of Mr. Dufresne's total compensation amount was apportioned between the Corporation and Weston, as described in footnotes 10, 11 and 12. In 2015, 2016 and 2017, the Corporation paid $2,904,833, $2,178,006 and $2,044,778, respectively, of Mr. Dufresne's total compensation amount.

(14) As noted under the section "Key Factors Influencing Results" on page 45, Ms. Davis voluntarily waived her entire 2017 STIP award.

(15) As noted in the section "Loblaw STIP - Individual STIP Components" on page 46, Mr. Motz voluntarily waived 10% of his overall 2017 STIP award.
(16) As noted in the section "Loblaw STIP - Individual STIP Components" on page 46, Mr. Myers voluntarily waived 10% of his overall 2017 STIP award.
(17) Mr. Myers received a one time signing bonus payment of $2,750,000 when he joined the Corporation.

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 December 30, 2017:

	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	187,034	39.27	March 3, 2018	5,414,634	111,530	7,608,577	—
Chairman and Chief Executive Officer	415,428	34.93	March 1, 2019	13,829,598			
	106,991	40.56	February 28, 2020	2,959,371			
	82,590	47.51	March 28, 2021	1,710,439			
	150,427	63.49	March 5, 2022	711,520			
	127,758	68.94	March 3, 2023	0			
	78,510	70.13	March 2, 2024	0			
Richard Dufresne	687	55.71	September 16, 2021	8,594	39,821	2,716,589	—
Former Chief Financial Officer	29,915	63.49	March 5, 2022	141,498			
	430	69.83	July 30, 2022	0			
	26,423	68.94	March 3, 2023	0			
	30,273	70.13	March 2, 2024	0			
	12,787	68.54	August 2, 2024	0			
Sarah R. Davis	8,312	39.27	March 3, 2018	240,632	60,612	4,134,951	—
President	99,189	34.93	March 1, 2019	3,302,002			
	33,558	40.56	February 28, 2020	928,214			
	37,991	47.51	March 28, 2021	786,794			
	39,316	63.49	March 5, 2022	185,965			
	1,844	69.83	July 30, 2022	0			
	37,747	68.94	March 3, 2023	0			
	89,820	70.13	March 2, 2024	0			
Michael Motz	30,018	32.47	February 19, 2020	1,073,144	74,291	5,068,132	—
Chief Operating Officer and former President, SDM	31,558	45.02	February 18, 2021	732,146			
	26,607	47.51	March 28, 2021	551,031			
	27,535	63.49	March 5, 2022	130,241			
	9,766	69.83	July 30, 2022	0			
	46,458	68.94	March 3, 2023	0			
	53,227	70.13	March 2, 2024	0			
Darren Myers	85,774	67.59	September 1, 2024	54,038	65,469	4,466,295	—
Chief Financial Officer and former Executive Vice President, Finance							

(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 December 29, 2017, which was $68.22.
(2) The value of RSUs and PSUs held by the NEOs is calculated based on the closing price of the Common Shares on the TSX on December 29, 2017, which was $68.22, multiplied by the number of RSUs or PSUs held, as applicable. The value of a PSU award assumes vesting at 100% of target.

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 2017, as well as the value of non-equity incentive plan compensation that the NEOs earned during fiscal 2017. 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			
Chairman and Chief Executive Officer	4,095,182	2,542,757	0 (2)
Richard Dufresne			
Former Chief Financial Officer	44,480	1,862,591	0 (3)
Sarah R. Davis			
President	1,317,329	3,935,667	0 (4)
Michael Motz			
Chief Operating Officer	177,664	2,405,025	669,375 (5)
Darren Myers			
Chief Financial Officer	–	–	269,061 (6)

(1) Payments made in accordance with the Corporation's STIP.
(2) Mr. Weston's total STIP award for 2017 was $871,172, however as noted under the section "Key Factors Influencing Results" on page 45, Mr. Weston voluntarily waived his entire 2017 STIP award.
(3) Mr. Dufresne's total STIP award for 2017 was $692,945, however as noted under the section "Key Factors Influencing Results" on page 45, Mr. Dufresne voluntarily waived his entire 2017 STIP award.
(4) Ms. Davis's total STIP award for 2017 was $1,085,645, however as noted under the section "Key Factors Influencing Results" on page 45, Ms. Davis voluntarily waived her entire 2017 STIP award.
(5) As noted in the section "Loblaw STIP - Individual STIP Components" on page 46, Mr. Motz voluntarily waived 10% of his overall 2017 STIP award.
(6) As noted in the section "Loblaw STIP - Individual STIP Components" on page 46, Mr. Myers voluntarily waived 10% of his overall 2017 STIP award.

PENSION PLAN AND LONG SERVICE EXECUTIVE ARRANGEMENTS

The Corporation's retirement programs are designed to facilitate the retirement of executives who have served over the long-term. The NEOs, other than Mr. Weston, who does not participate in any pension plan, and Mr. Dufresne, participate in the same retirement programs as other executives and receive no additional enhancements in determining their pension benefits. The NEOs (other than Messrs. Weston and Dufresne) participate in the Corporation's Executive DC Plan or the SDM Pension Plan. Mr. Dufresne is a member of Weston's executive defined contribution plan, Ms. Davis and Mr. Myers are members of the Corporation's Executive DC Plan, and Mr. Motz is a member of the SDM Pension Plan. All newly hired or newly appointed executives join the Corporation's Executive DC Plan.

SDM PENSION PLAN

The SDM Pension Plan provides 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 Mr. Motz, who participates in the SDM Pension 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				
Michael Motz	14	223,000	401,000	3,025,000	205,000	473,000	3,703,000

(1) Discount rate is 4.00%.
(2) Discount rate is 3.50%.

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 2017, contributions were set as a percentage of base salary (maximum of $250,000) and were capped at $26,230 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 or Weston have entered into retirement agreements with certain executives who participate in the Corporation's or Weston's Executive DC Plan to provide SERP benefits to those executives with allocations for contributions in excess of the annual $26,230 registered plan limit. As noted above, the SERP is an unfunded obligation of the Corporation or Weston 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. Myers who participated in the Corporation's Executive DC Plan and SERP during 2017:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)
Sarah R. Davis	448,000	38,000	535,000
Darren Myers	0	11,000	11,000

The following table sets forth details regarding Mr. Dufresne who participated in Weston's Executive DC Plan during 2017:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)
Richard Dufresne	199,000	41,000	261,000

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As of March 14, 2018, none of the current or former executive officers or directors of the Corporation or any of its subsidiaries was 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 14, 2018.

	AGGREGATE INDEBTEDNESS ($)	
Purpose	To the Corporation or its Subsidiaries	To Another Entity
Share purchases	—	—
Other	1,892,500	—

COMPENSATION DISCUSSION AND ANALYSIS

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 2017 was $579,220 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 "NCIB") on the TSX which allows for the purchase and cancellation of up to 21,016,472 Common Shares at market prices. A copy of the Corporation's Notice of Intention filed with the TSX can be obtained by the shareholders, without charge, by contacting the Corporation. The current NCIB expires on April 27, 2018. The Corporation intends to refile the NCIB.

NON-GAAP FINANCIAL MEASURES

Certain financial measures discussed in this Circular, such as Adjusted EBITDA and Adjusted EBIT, are non-GAAP financial measures. For more information on the Corporation's use of non-GAAP financial measures, please see section 17, "Non-GAAP Financial Measures", included in the MD&A of the Corporation's 2017 Annual Report.

These measures do not have a standardized meaning prescribed by GAAP and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies, and they should not be construed as an alternative to other financial measures determined in accordance with GAAP.

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 2017 Annual Report and this Circular can be obtained upon request from the Vice President, Investor Relations of the Corporation at 1 President's Choice Circle, Brampton, Ontario L6Y 5S5.

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 REIT can be found at www.weston.ca, www.choicereit.ca and www.sedar.com.

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
c/o Chief Legal Officer & Secretary
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 auditor of the Corporation and to the appropriate government agencies have been approved by the Board.

Gordon A. M. Currie
Executive Vice President, Chief Legal Officer & Secretary

Dated in Toronto, Ontario

March 29, 2018

SCHEDULE A
LOBLAW COMPANIES LIMITED

Mandate of the Board of Directors

1. **ROLE**

The role of the Board is to provide governance and stewardship to the Corporation which consists of reviewing corporate strategy, assigning responsibility to management for achievement of that strategy, establishing limitations on the authority delegated to management and overseeing 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, capital structure and finance matters, 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, or any Committee so delegated by the Board, will oversee the following:

(a) **Strategic Goals, Corporate Performance, 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:

- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.
- Evaluate performance against both corporate strategic goals and objectives.
- Approve long-term strategies.
- Review and approve management's strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies within which management will operate.
- 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.
- Approve targets and budgets against which to measure corporate and executive performance.

(b) **Finance and Capital Matters**

- Review with management and receive periodic reports on the Corporation's target capital structure.
- Review with management and receive periodic reports on the Corporation's consolidated balance sheet, including cash, investment assets and debt position.
- Receive periodic reports from rating agencies and updates on any material discussions or communications with rating agencies.

(c) **Executive Compensation and Succession Planning**

- 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.

(d) **Delegation of Management Authority to the Chairman and Chief Executive Officer**

- Delegate to the Chairman and Chief Executive Officer 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.

(e) **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.

(f) **Enterprise Risk Management Program**

- Approve management's approach to enterprise risk management, including the identification and assessment 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.

(g) **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.

(h) **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.

(i) **Corporate Governance**

- Develop, and review 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 Chairman and Chief Executive Officer 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 Chairman and Chief Executive Officer, 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.

(j) **Corporate Social Responsibility, Integrity and Ethics**

- Oversee actions taken by management to 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 oversee compliance with the code.
- Receive and review 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 may establish committees of the Board where required or prudent. The Board may delegate to such committees of the Board matters for which the Board is responsible, including the approval of Board and management compensation, the conduct of performance evaluations and oversight of internal controls, but the Board retains its oversight function and ultimate responsibility for these matters and all other delegated responsibilities. The Board has established the following committees:

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

- the Environmental, Health and Safety Committee (no more than one member of the Committee shall be a management director); and
- the Pension Committee (a majority of whom shall be non-management directors).

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 by the respective committee and submitted to the Board for approval with such amendments as the committee proposes. 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.

7. RETENTION OF EXPERTS

The Board may engage any professional advisors including legal, accounting or other experts, at the expense of the Corporation, as it considers necessary to perform its duties.

SCHEDULE B
SHAREHOLDER PROPOSALS

Shareholder Proposal No. 1

Living Wage

The following Shareholder Proposal has been submitted for consideration at the Meeting by Vancity Investment Management Ltd., on behalf of the IA Clarington Inhance Canadian SRI Class fund. The proposal and statement of support are set out in italics below.

Be it resolved: The Board of Directors undertake a review and report to shareholders, by December 31, 2018, on the feasibility, cost and benefits of Loblaw Companies Ltd. implementing a Living Wage policy covering employees, suppliers and contractors.

SUPPORTING STATEMENT

Socially responsible companies are aware of the need to contribute to the economic well-being of the communities in which they operate. Direct and indirect employment is one of the tangible benefits companies provide to local communities.

Over the past decade public campaigns have evolved to ensure the lowest paid workers and contracted service employees, receive sufficient wages to meet basic needs and support families. These wages are defined as a "Living Wage" and are set at an hourly rate calculated on a metropolitan, regional or provincial basis. The rate is calculated annually and is based on a market basket of expenses including food, clothing shelter, transportation, childcare and other household expenses.

Unlike the minimum wage, the Living Wage is a voluntary commitment to pay wages which reflects the income necessary to support families in specific communities. The wage is paid to all full-time, part-time and casual employees, includes base wages and non-mandatory benefits.

The wage covers employees of suppliers and contractors who provide a set number of hours of labour or services per year. Employers who choose to make the commitment are known as Living Wage Employers.

The direct benefits of paying a Living Wage include staff retention, positive corporate reputation, improved productivity and staff morale. The indirect benefits include increased social capital and sustainable economic growth. Paying a Living Wage:

- *allows families to thrive and human capital to flourish by contributing to a more supportive environment for positive childhood outcomes.*
- *contributes to prosperity and helps overcome economic stagnation by increasing consumer demand among lower wage earners.*
- *is an investment in the company's workforce and the community.*

THE BOARD OF DIRECTORS OF THE CORPORATION RECOMMENDS A VOTE "AGAINST" THIS PROPOSAL FOR THE FOLLOWING REASONS:

- ***Over-simplification of compensation practices.*** Establishing the Corporation's compensation practices is a complex process which inherently involves balancing the interests of a number of stakeholders, including both employees and shareholders, and considering a number of market-specific factors. While ensuring that our compensation practices are fair to employees, we must also ensure that they are flexible enough to allow the company to maintain its competitive position and adapt in an ever-changing retail landscape. Requiring the Corporation to adopt a living wage policy would oversimplify the process used to set compensation and restrict its competitive flexibility.

- ***Inefficient use of resources.*** Conducting a review and report on such a complex issue would require enormous time and resources. To be effective, this would involve an assessment in each jurisdiction and community where Loblaw operates and jurisdictions where it sources from. On balance, Loblaw is of the view that this would not be a useful exercise for the Corporation and that the costs of conducting such an assessment would significantly outweigh the potential value to the Corporation and its stakeholders.

- ***Collective Bargaining Agreements.*** A meaningful number of Loblaw's employees are covered by collective bargaining agreements, pursuant to which wages are governed. A living wage analysis would not have any bearing on the contractual terms set out in such agreements.

The Board of Directors recommends that shareholders vote AGAINST Proposal No. 1.

Shareholder Proposal No. 2

Adopt an Independent Chairman Policy

The following Shareholder Proposal has been submitted for consideration at the Meeting by B.C. Government and Service Employees' Union General Fund. The proposal and statement of support are set out in italics.

RESOLVED: Shareholders of Loblaw Companies Limited ("Loblaw") ask the Board of Directors to adopt a policy, and amend the bylaws as necessary, to require the Chair of the Board to be an independent director. The policy should provide that (i) if the Board determines that a Chair who was independent when selected is no longer independent, the Board shall select a new Chair who satisfies the policy within 60 days of that determination; and (ii) compliance with this policy is waived if no independent director is available and willing to serve as Chair.

This policy shall apply prospectively so as not to violate any contractual obligation.

SUPPORTING STATEMENT

Loblaw's Chief Executive Officer (CEO) Galen G. Weston also serves as Chair of the Board. We believe the combination of these two roles in a single person weakens a corporation's governance, which can harm shareholder value. As Intel's former Chair Andrew Grove stated, "The separation of the two jobs goes to the heart of the conception of a corporation. Is a company a sandbox for the CEO, or is the CEO an employee? If he's an employee, he needs a boss, and that boss is the board. The chairman runs the board. How can the CEO be his own boss?"

In our view, shareholder value is enhanced by an independent Board Chair who can provide a balance of power between the CEO and the Board and support strong Board oversight. Proxy advisor Glass Lewis opined in a 2016 report that "shareholders are better served when the board is led by an independent chairman who we believe is better able to oversee the executives of the Company and set a pro-shareholder agenda without the management conflicts that exist when a CEO or other executive also serves as chairman."

An independent Board Chair has been found in academic studies to improve the performance of public companies, although evidence overall is inconclusive. Separating the roles of Chair and CEO is the norm in Europe, and 86 of Canada's 100 largest companies had independent board chairs in 2016 according to the Canadian Spencer Stuart Board Index.

We believe that independent Board leadership would be particularly useful at Loblaw to provide more robust oversight in light of disclosures in 2017 that Loblaw participated in a price fixing scheme. Independent Board leadership would, we think, more likely result in improved policies and practices to mitigate this and other business risks.

We urge shareholders to vote for this proposal.

THE BOARD OF DIRECTORS OF THE CORPORATION RECOMMENDS A VOTE "AGAINST" THIS PROPOSAL FOR THE FOLLOWING REASONS:

Combining the roles of Chairman and CEO benefits all stakeholders. The Corporation believes that combining the Chair and Chief Executive Officer positions under the strong leadership of Mr. Galen G. Weston benefits all stakeholders. It provides for clear and effective authority as it allows for one person to represent both the Corporation and the Board. Mr. Weston's extensive experience and knowledge of the Corporation's business provides an advantage to the board's decision-making process and, ultimately, to board effectiveness. The combined position reinforces a clear and unified strategic vision and reinforces accountability for the Corporation's performance and provides continuity for employees, shareholders and external stakeholders.

Loblaw has a strong Independent Lead Director. The Board recognizes the importance of strong independent leadership on the board and has appointed Thomas C. O'Neill as the Independent Lead Director to provide independent leadership, consistent with guidance for controlled companies from leading corporate governance organizations. As Independent Lead Director, Mr. O'Neill provides leadership to the Board, and particularly to the independent directors, ensures that the board operates independently of management and that directors have an independent leadership contact, acts as a liaison between the Board and shareholders and oversees the Board's self-assessment and evaluation of its leadership structure. The Lead Director also effectively provides leadership in managing situations in which there may be a conflict of interest between the Corporation and its controlling shareholder, which Mr. Weston also represents. Furthermore, the Lead Director is also Chair of the Governance Committee in order to ensure that the interests of the Corporation and of the minority shareholders and other relevant stakeholders are protected and that the Board is following good governance processes and prioritizing the right matters. In sum, the Lead Director has the following responsibilities:

a. Provides leadership to the Board in any situation where the Chairman's role may be perceived to be in conflict;
b. Chairs meetings when the Chairman is absent;
c. Chairs independent director meetings that follow Board meetings;
d. Calls additional Board or independent meetings as needed;
e. Regularly meets with the Chair and serves as liaison between the Chair and the independent directors;
f. Works with the Chairman on appropriate agenda items; and
g. Oversees the Board's self-assessment and evaluation of its leadership structure.

The Corporation's approach to the role of its independent lead director has been endorsed by leading corporate governance organizations.

Loblaw's strong governance practices reinforce management accountability. The Board has in place many mechanisms to reinforce management accountability with meaningful independent oversight, including that 11 of 12 of the director nominees are independent, all Board committees other than the pension committee are composed of independent directors (and it is anticipated that subsequent to Mr. John S. Lacey's departure it will also be entirely comprised of independent directors), and the independent directors typically meet separately following each Board meeting.

Controlled company considerations. The Canadian Coalition for Good Governance has published guidance that it is appropriate for controlled companies to combine the roles of Chairman and CEO, provided there is a lead independent director. Given that George Weston Limited ("GWL"), through its majority ownership of Loblaw, has control of ordinary matters submitted to shareholders for approval, it would be impractical to insist on the appointment of an independent Chair. As a significant shareholder, the Board believes that GWL's interests are aligned with that of other shareholders in most cases and therefore it is appropriate and effective for the Chair to also be a representative of its controlling shareholder.

The Board of Directors recommends that shareholders vote AGAINST Proposal No. 2.

Loblaw
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