

**GEORGE WESTON LIMITED**  
**MANAGEMENT PROXY CIRCULAR**  
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## SECTION 1

## Voting Information

*About this Document and Related Proxy Materials*

We are providing this Management Proxy Circular (the “Circular”) and proxy materials to you in connection with the Annual Meeting of Shareholders (the “Meeting”) of George Weston Limited (the “Corporation”) to be held on Thursday, May 11, 2006 at 11:00 a.m. (local time), in Constitution Hall, Room 105 of the Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, M5V 2W6, or any adjournment thereof.

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

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

Unless otherwise indicated, all amounts in this Circular are in Canadian dollars and information is as of March 10, 2006.

*Voting Questions and Answers**What is the business of the Meeting?*

At the Meeting, shareholders are voting on two items: the election of directors and the appointment of the auditor. We are not aware of any other matters to be considered at the Meeting. However, you may also vote on any other business that may properly come before the Meeting.

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

*Who can vote?*

Holders of common shares of the Corporation (“Common Shares”) as at the close of business on March 30, 2006 are entitled to vote. Each Common Share is entitled to one vote. As of March 10, 2006 the Corporation had 129,038,226 Common Shares issued and outstanding.

*How do I vote?*

- You are a registered shareholder if your name appears on your share certificates. If you are a registered shareholder, you can vote either:
  - in person at the Meeting; or
  - by submitting your voting instructions by proxy, which means that you give another person authority to vote on your behalf.
- You are a non-registered shareholder if your name does not appear on your share certificates. For example, you are a non-registered shareholder if your shares are held in the name of a nominee (such as a bank, trust company, securities broker, trustee or custodian). If you are a non-registered shareholder, please see below for information on how to vote your shares.

## SECTION 1

## Voting Information (continued)

*If I am a registered shareholder, how do I vote in person?*

You do not need to do anything, except attend the Meeting. Do not complete or return the proxy form, as your vote will be taken at the Meeting. You must register with the Corporation's transfer agent, Computershare Investor Services Inc. ("Computershare"), when you arrive at the Meeting. If you wish to vote shares registered in the name of a corporation, the corporation must submit a properly executed proxy to Computershare authorizing you to vote the shares on behalf of the corporation.

*If I am a registered shareholder, how do I vote by proxy?*

If it is not convenient for you to attend the Meeting, you may vote by proxy on the matters to be considered at the Meeting in one of two ways:

- You can authorize the management representatives named in the enclosed proxy form (also available through the Internet at [www.computershare.com/ca/proxy](http://www.computershare.com/ca/proxy)) to vote your shares. If returning the proxy by mail, complete the enclosed proxy form by indicating how you want your shares voted. Sign, date and return the proxy form in the envelope provided. Computershare's address for receiving proxies is 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1.
- **You may appoint another person to attend the Meeting on your behalf and vote your shares.** If you choose this option, print the person's name in the blank space provided on the back of the proxy form and indicate how you want your shares voted. If returning the proxy form by mail, please use the envelope provided as described above. You may choose anyone to be your proxyholder; the person does not have to be another shareholder. The person you appoint must attend the Meeting and vote on your behalf in order for your votes to be counted. Proxyholders must register with representatives of Computershare when they arrive at the Meeting.

Please remember that your proxy or voting instruction form must be received by 5:00 p.m. (local time) on May 9, 2006 or, if the Meeting is adjourned, before 5:00 p.m. (local time) on the second last business day before any adjournment thereof.

*If I am a non-registered shareholder, how do I vote my shares?*

There are two ways that you can vote your shares:

- *In person.* If you wish to attend the Meeting and vote in person, you should do one of the following:
  - If you have received a proxy form from your intermediary, insert your own name in the blank space on the form to appoint yourself as proxyholder. If the intermediary has not signed the form, you must sign and date it. Follow your intermediary's instructions for returning the proxy form. Do not otherwise complete the form as your vote will be taken at the Meeting; or
  - If you have received a voting instruction form from your intermediary, follow your intermediary's instructions for completing the form.
- *By proxy.* If it is not convenient for you to attend the Meeting, you should do one of the following:
  - If you have received a proxy form from your intermediary, you may vote by authorizing the management representatives named on the form to vote your shares. If you choose this option, you may complete the

## SECTION 1

## Voting Information (continued)

proxy form by indicating how you want your shares to be voted. If the intermediary has not signed the proxy form, you must sign and date it. Return the completed proxy form as indicated on the form. Alternatively, you may appoint another person to attend the Meeting on your behalf and vote your shares by printing that person's name in the blank space on the form and indicating how you want your shares to be voted. The person you choose does not have to be another shareholder. The person named on the form must attend the Meeting and vote on your behalf in order for your votes to be counted; or

- If you have received a voting instruction form from your intermediary, follow your intermediary's instructions for completing the form.

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

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

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

- FOR the election of the directors; and
- FOR the appointment of the auditor.

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

Your proxyholder will have discretionary authority to vote your shares as he or she sees fit. As of the date of this Circular, management knows of no such amendment, variation or other matter expected to come before the Meeting.

*If I change my mind, how do I revoke my proxy or voting instructions?*

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

- by completing and signing a proxy form with a later date than the proxy form you previously returned, and delivering it to Computershare;
- by delivering a written statement signed by you or your attorney authorized in writing:
  - to the offices of Computershare at any time before 5:00 p.m. (local time) on May 9, 2006 or, if the Meeting is adjourned, before 5:00 p.m. (local time) on the second last business day before any adjournment thereof; or
  - in person to the Secretary of the Meeting before the Meeting starts; or
  - in any other manner permitted by law.

## SECTION 1

## Voting Information (continued)

*How many votes are required for approval?*

A majority of votes cast, in person or by proxy, is required to approve each of the items specified in the Notice of Annual Meeting which accompanies this Circular.

*Who is soliciting my proxy?*

Management of the Corporation is soliciting proxies for use at the Meeting and any adjournment thereof. The Corporation is soliciting proxies by mail and its employees may also solicit them personally. The cost of such solicitation will be borne by the Corporation.

*Is my vote confidential?*

Yes. Computershare independently counts and tabulates the proxies to preserve the confidentiality of individual shareholder votes. This function is performed independently of the Corporation. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate an individual position to management or when it is necessary to do so to meet the requirements of applicable law.

*Controlling Shareholder*

Mr. W. Galen Weston beneficially owns, directly and indirectly through other companies which he controls including Wittington Investments, Limited, a total of 80,684,148 Common Shares representing 62.53% of the outstanding Common Shares. To the knowledge of the Corporation, no other person beneficially owns, directly or indirectly, 10% or more of the outstanding Common Shares.

## SECTION 2

## Business of the Meeting

*Financial Statements and Auditor's Report*

The consolidated financial statements of the Corporation for the financial year ended December 31, 2005 and the auditor's report thereon are included in the 2005 Annual Report, which is being mailed to shareholders with this Circular.

*Election of Directors*

On March 10, 2006, the board of directors of the Corporation (the "Board"), in accordance with the Corporation's by-laws, determined that the number of directors to be elected at the Meeting will be 12. It is proposed that the persons named below be nominated for election as directors of the Corporation. Mr. Allan Leighton resigned from the Board on March 10, 2006. All are currently directors of the Corporation and all of the nominees have established their eligibility and willingness to serve as directors. Management does not believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, **the persons named in the enclosed form of proxy may vote for another nominee at their discretion.** Each director will hold office until the next annual meeting or until the director resigns or a successor is elected or appointed.

The following pages set out the names of proposed nominees for election as directors, together with their age, place of residence, year first elected or appointed as a director, principal occupation and directorships of other companies. Also indicated for each person proposed as a director is the number of Common Shares beneficially owned by him or her or over which he or she exercises control or direction and the number of other securities of the Corporation and its subsidiary, Loblaw Companies Limited ("Loblaw"), held by him or her or over which he or she exercises direction or control, in each case as of March 10, 2006.



A. Charles Baillie, 66  
Toronto, Ontario

Common Shares: 20,000  
Deferred Share Units: 2,239  
Securities of Loblaw Companies  
Limited: 5,000<sup>o</sup>

Mr. Baillie (Corporate Director) is the retired Chairman of the Board and the former Chairman and Chief Executive Officer of Toronto Dominion Bank.

Mr. Baillie graduated from the University of Toronto with a B.A. and from Harvard Business School with an M.B.A.

Mr. Baillie is a director of Canadian National Railway Company and Telus Corporation. He is Chancellor of Queen's University, President of the Art Gallery of Ontario's Board of Trustees and Honorary Chairman of the Canadian Council of Chief Executives.

Mr. Baillie is also a director of Dana Corporation which filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code on March 3, 2006. Dana's European, South American, Asian-Pacific, Canadian and Mexican Subsidiaries are not included in the Chapter 11 filing.

**George Weston Board Details:**

- Director since 2003
- Independent Director
- Member: Audit Committee (Chair) and Governance, Human Resource Nominating and Compensation Committee
- Meets share ownership guidelines

## SECTION 2

## Business of the Meeting (continued)



**Robert J. Dart, F.C.A., 67**  
Toronto, Ontario

Common Shares: 25,200  
 Deferred Share Units: 657  
 Other securities of George Weston Limited: 2000<sup>i</sup>/4,000<sup>ii</sup>/6,000<sup>iii</sup>/2,000<sup>iv</sup>  
 Securities of Loblaw Companies Limited: 5,000<sup>v</sup>

Mr. Dart is a Director, Vice Chairman and former President of Wittington Investments, Limited (holding corporation). He is a former senior tax partner of Price Waterhouse Canada.

Mr. Dart graduated from the University of Toronto with a B.Comm. and is a chartered accountant.

Mr. Dart is a director of Holt, Renfrew & Co., Limited and Brown Thomas Group Limited.

**George Weston Board Details:**

- Director since 1994
- Non-Independent Director
- Meets share ownership guidelines



**Peter B. M. Eby, 67**  
Toronto, Ontario

Common Shares: 2,000  
 Deferred Share Units: 3,773  
 Securities of Loblaw Companies Limited: 5,000<sup>v</sup>

Mr. Eby (Corporate Director) is a former Vice Chairman and Director of Nesbitt Burns Inc. He was associated with Nesbitt Burns Inc. and its predecessor companies for 38 years in several senior capacities. He is a former Chairman of the Olympic Trust.

Mr. Eby graduated from the University of Toronto with a B.Comm. and from the University of California-Berkeley with an M.B.A.

Mr. Eby is a director of Leon's Furniture Limited, Provigo Inc. (a subsidiary of the Corporation), Sixty Split Corporation, R. Split II Corporation and TD Waterhouse Inc. U.S. Family of Funds.

**George Weston Board Details:**

- Director since 2000
- Independent Director
- Member: Audit Committee; Executive Committee and Governance, Human Resource, Nominating and Compensation Committee (Chair)
- Meets share ownership guidelines

## SECTION 2

## Business of the Meeting (continued)



**Phillip W. Farmer, 67**  
Melbourne, Florida

Common Shares: 500  
Deferred Share Units: 2,151

Mr. Farmer (Corporate Director) is the retired Chairman of the Board, President and Chief Executive Officer of Harris Corporation located in Melbourne, Florida and held several senior positions with that company since 1982. He is a past Chairman of the Executive Committee of the Manufacturer's Alliance.

Mr. Farmer is a former Governor of the Aerospace Industries Association. He is a former member of the U.S. Secretary of Defense's Defense Policy Advisory Committee on Trade and is Vice Chairman of the Board of Trustees of the Florida Institute of Technology.

Mr. Farmer graduated from Duke University with a B.Sc.

Mr. Farmer is a director of Vulcan Materials Company and AuthenTec, Inc.

**George Weston Board Details:**

- Director since 2003
- Independent Director
- Member: Audit Committee and Environmental, Health and Safety Committee
- Meets share ownership guidelines



**Anne L. Fraser, 65**  
Victoria, British Columbia

Common Shares: 1,500  
Deferred Share Units: 1,110  
Other securities of George Weston Limited: 500<sup>i</sup>  
Securities of Loblaw Companies Limited: 1,988<sup>v</sup>

Mrs. Fraser (Corporate Director) is an Education Consultant with the University of Victoria, President of EnerG Enterprises Inc. and an Associate, Faculties of Management, Education, Engineering, Law and Fine Arts at the University of Calgary and is a former syndicated broadcaster with CBC.

Mrs. Fraser graduated from Acadia University with a B.Sc. and holds Honorary Doctor of Laws degrees from the Universities of Calgary and Dalhousie. In January 2006 Mrs. Fraser was awarded the Order of Canada.

Mrs. Fraser is a director of Pier 21 Foundation and The Victoria Foundation.

**George Weston Board Details:**

- Director since 1995
- Independent Director
- Member: Environmental, Health and Safety Committee (Chair)
- Meets share ownership guidelines

## SECTION 2

## Business of the Meeting (continued)



**Anthony R. Graham, 49**  
Toronto, Ontario

Common Shares: 10,000  
Deferred Share Units: 2,698  
Securities of Loblaw Companies  
Limited: 10,000<sup>v</sup>/4,301<sup>vi</sup>

Mr. Graham is a Director and President of Wittington Investments, Limited and President and Chief Executive Officer of Sumarria Inc. (holding company). He was formerly Vice-Chairman of National Bank Financial and Senior Executive Vice President and Managing Director of Lévesque Beaubien Geoffrion Inc.

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

**George Weston Board Details:**

- Director since 1996
- Non-Independent Director
- Member: Executive Committee; Governance, Human Resource, Nominating and Compensation Committee and Pension and Benefits Committee (Chair)
- Meets share ownership guidelines



**Mark Hoffman, 67**  
London, England

Common Shares: 36,000  
Securities of Loblaw Companies  
Limited: 6<sup>v</sup>

Mr. Hoffman is Chairman of Cambridge Research Group (technology transfer and investment company) and of Guinness Flight Venture Capital Trust plc in the U.K.

Mr. Hoffman graduated from Cambridge University with a B.A. and a M.A. in Economics and from Harvard University with an A.B. in Engineering and Applied Physics and an M.B.A.

Mr. Hoffman is a director of Millipore Corporation and Advent International Corporation in the United States, Hermes Focus Asset Management Limited in the U.K. and of Glenhuron Bank Limited and Glenmaple Reinsurance Limited (both subsidiaries of the Corporation).

**George Weston Board Details**

- Director since 1975
- Independent Director
- Member: Environmental, Health and Safety Committee and Pension and Benefits Committee
- Meets share ownership guidelines

## SECTION 2

## Business of the Meeting (continued)



**John C. Makinson, CBE, 51**  
London, England

Common Shares: 1,380  
Deferred Share Units: 3,366

Mr. Makinson is Chairman and Chief Executive Officer of The Penguin Group, (international media company) and former Group Finance Director of Pearson plc. He is a former Managing Director of the Financial Times newspaper.

Mr. Makinson graduated from Cambridge University with a B.A.

Mr. Makinson is a director of Pearson plc and Interactive Data Corporation Inc.

**George Weston Board Details:**

- Director since 1997
- Independent Director
- Member: Audit Committee
- Meets share ownership guidelines



**J. Robert S. Prichard, O.C., O.ONT., 57**  
Toronto, Ontario

Common Shares: 2,000  
Deferred Share Units: 2,894

Mr. Prichard is President and Chief Executive Officer and a director of Torstar Corporation (media and newspaper company). He is President Emeritus of the University of Toronto where he served as the University's thirteenth president from 1990 to 2000.

Mr. Prichard graduated from the University of Chicago with a M.B.A., from the University of Toronto with a LL.B. and from Yale Law School with a LL.M.

Mr. Prichard is a director of Bank of Montreal, Onex Corporation and Four Seasons Hotels. He is also Chairman of the Ontario Innovation Trust and of the Visiting Committee for Harvard Law School and a director of the Toronto Community Foundation.

**George Weston Board Details:**

- Director since 2000
- Independent Director
- Member: Governance, Human Resource, Nominating and Compensation Committee
- Meets share ownership guidelines

## SECTION 2

## Business of the Meeting (continued)



**M. D. Wendy Rebanks, 74**  
Toronto, Ontario

Common Shares: 494,647  
Other securities of George Weston Limited: 43,300<sup>i</sup>/60,000<sup>ii</sup>/30,000<sup>iii</sup>  
Securities of Loblaw Companies Limited: 20,380<sup>v</sup>

Mrs. Rebanks (Corporate Director) is Treasurer of The W. Garfield Weston Foundation and a Trustee of the Toronto Art Centre and an Honorary Trustee of the American Museum Trustee Association and of the Royal Ontario Museum.

Mrs. Rebanks graduated from McGill University with a B.A., from London University with a Certificate in Education and from New York University with a Certificate in Retailing.

Mrs. Rebanks is a director of The Canadian Merit Scholarship Foundation.

**George Weston Board Details:**

- Director since 1994
- Non-Independent Director
- Member: Environmental, Health and Safety Committee and Pension and Benefits Committee
- Meets share ownership guidelines



**Galen G. Weston, 33**  
Toronto, Ontario

Common Shares: 255,000  
Securities of Loblaw Companies Limited: 290,000<sup>v</sup>

Mr. Weston is Senior Vice President, Corporate Development of Loblaw Companies Limited. He was previously Vice President, Operations, No Frills and Senior Director of e-Commerce Development for Loblaw prior to which he was manager of Retail Execution at President's Choice Financial and an Investment Banking Analyst for Salomon Brothers in the U.K.

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

Mr. Weston is a director of Wittington Investments, Limited and the Canadian Film Centre. He is a trustee of The W. Garfield Weston Foundation.

**George Weston Board Details:**

- Director since 2003
- Non-Independent Director
- Meets share ownership guidelines

## SECTION 2

## Business of the Meeting (continued)



**W. Galen Weston, O.C., 65**  
Toronto, Ontario

Common Shares: 80,684,148  
Securities of Loblaw Companies  
Limited: 173,316,835<sup>v</sup>

Mr. Weston is Chairman and President of the Corporation and has been Chairman of Loblaw Companies Limited since 1976. Mr. Weston is Chairman of Brown Thomas Group Limited, Holt, Renfrew & Co., Limited, Selfridges & Co. Ltd. and is President of The W. Garfield Weston Foundation.

Mr. Weston received a B.A. and was awarded an Honorary Doctor of Laws Degree from the University of Western Ontario.

Mr. Weston is a director of Associated British Foods plc, and is a Member of the Advisory Board of Columbia University.

**George Weston Board Details:**

- Director since 1967
- Non-Independent Director
- Member: Executive Committee (Chair)
- Meets share ownership guidelines

- (i) Preferred Shares, Series I of the Corporation
- (ii) Preferred Shares, Series II of the Corporation
- (iii) Preferred Shares, Series III of the Corporation
- (iv) Preferred Shares, Series IV of the Corporation
- (v) Common Shares of Loblaw Companies Limited
- (vi) Deferred Share Units of Loblaw Companies Limited

## SECTION 2

## Business of the Meeting (continued)

*Appointment of Auditor*

The directors propose that the firm of KPMG LLP be appointed as the auditor of the Corporation for the 2006 fiscal year. As part of the Corporation's corporate governance practices, the Board has adopted a policy prohibiting the auditor from providing non-audit consulting services to the Corporation unless such services are approved in advance by the Audit Committee.

The aggregate fees of KPMG LLP for professional services rendered for the audit of the Corporation's financial statements and other services for the fiscal years 2005 and 2004 are as follows.

	2005 \$(000's)	2004 \$(000's)
Audit fees <sup>(1)</sup>	3,755	3,416
Audit-related fees <sup>(2)</sup>	1,514	973
Tax consultant fees <sup>(3)</sup>	71	82
All other fees <sup>(4)</sup>	111	37
<b>Total Fees</b>	<b>5,451</b>	<b>4,508</b>

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

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

(3) Tax consultant fees include fees for assistance with tax planning, including commodity tax issues.

(4) Other fees related to risk management, labour relations, internal control compliance and/or regulatory compliance.

*Shareholder Proposal*

The *Canada Business Corporations Act* permits certain eligible shareholders of the Corporation to submit shareholder proposals to the Corporation, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders to be held in 2007 is December 10, 2006.

## SECTION 3

## Board of Directors Attendance and Compensation

*Directors' Compensation*

Directors who are also members of management of the Corporation receive no additional remuneration as directors.

Annual retainers (paid quarterly) and attendance fees were paid to non-management directors on the following basis during fiscal 2005:

TYPE OF FEE	AMOUNT
	\$
<b>Annual Retainer</b>	
• board member	50,000
• non-audit committee chair	3,000
• non-audit committee member <sup>(1)</sup>	4,000
• audit committee chair	10,000
• audit committee member <sup>(1)</sup>	5,000
<b>Attendance Fees</b>	
• board or committee meeting	2,000
• meeting of half day or more attended at the request of the Board or a Committee	2,000

(1) including committee chairs

The Governance, Human Resource, Nominating and Compensation Committee (the "Governance Committee") assesses the adequacy and form of compensation paid to directors in order to ensure that their compensation reflects their responsibilities as directors. Periodically, the Governance Committee benchmarks directors' compensation against compensation paid by major Canadian public companies similar in size to the Corporation. In September 2005, the Governance Committee retained the services of an outside consultant, 3XCD Inc. to advise on board compensation for members of the Board in terms of both type of compensation and value. The consultant's report compared the Corporation's directors' compensation arrangements to those of that peer group using both criteria. The Governance Committee concluded that no adjustments were appropriate at this time.

*Deferred Share Unit Plan*

To ensure that directors' compensation is aligned with shareholder interests, directors may receive up to 100% of their fees in Deferred Share Units ("DSUs"). A DSU is an amount owed by the Corporation to directors having the same value as one Common Share of the Corporation determined at the time the fees are earned but is not paid until such time as the director leaves the Board, thereby providing an ongoing equity stake in the Corporation throughout the term as a Board member. Payment of DSUs is made in Common Shares of the Corporation purchased on the TSX.

In fiscal 2005, 9 directors elected to take all or a portion of their annual retainer and attendance fees in DSUs. As at December 31, 2005 the amount owing in respect of DSUs currently outstanding to Board members was \$1,865,048.

## SECTION 3

## Board of Directors Attendance and Compensation (continued)

*Compensation and Attendance Information*

Under share ownership guidelines adopted by the Board, directors are required to hold Common Shares or DSUs and/or securities of Loblaw with a value of not less than \$250,000. Until this position is achieved, directors must take a portion of their compensation from the Corporation in the form of DSUs. All current directors either meet or are in the process of complying with these share ownership guidelines.

*Summary of Attendance*

The following table provides a summary of each director's attendance at Board and Committee meetings during fiscal 2005.

Directors	Board (7 meetings)	Audit Committee (6 meetings)	Environmental, Health and Safety Committee (5 meetings)	Governance, Human Resource, Nominating and Compensation Committee (6 meetings)	Pension and Benefits Committee (4 meetings)
A. Charles Baillie*	6/7	6/6	–	4/4	–
Robert J. Dart	7/7	–	–	–	–
Peter B.M. Eby	7/7	6/6	–	6/6	–
Phillip W. Farmer	7/7	5/6	5/5	–	–
Anne L. Fraser	7/7	–	5/5	–	–
Anthony R. Graham	7/7	–	–	6/6	4/4
Mark Hoffman	6/7	–	5/5	–	4/4
Allan L. Leighton**	7/7	–	–	–	3/4
John C. Makinson	7/7	6/6	–	–	–
J. Robert S. Prichard	6/7	–	–	6/6	–
M.D. Wendy Rebanks	5/7	–	5/5	–	4/4
W. Galen Weston	7/7	–	–	–	–
Galen G. Weston	7/7	–	–	–	–

\* Mr. A.C. Baillie joined the Governance, Human Resource, Nominating and Compensation Committee on May 11, 2005.

\*\* Mr. A. Leighton retired from the Board effective March 10, 2006.

## SECTION 3

## Board of Directors Attendance and Compensation (continued)

The following table summarizes compensation paid to non-management directors of the Corporation during fiscal 2005<sup>(a)</sup>:

Name	Board Retainer	Committee Chair Retainer	Committee Member Retainer(s)	Board Attendance Fees	Committee and Other Attendance Fees	Total Fees	% Allocated to DSUs
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(%)
A. Charles Baillie <sup>(b)</sup>	50,000	7,500	8,000	12,000	26,000	103,500	100
Robert J. Dart	50,000	–	–	12,000	2,000	64,000	100
Peter B. M. Eby <sup>(c)</sup>	50,000	3,000	12,000	14,000	34,000	113,000	100
Phillip W. Farmer	50,000	–	9,000	14,000	26,000	99,000	100
Anne L. Fraser	50,000	3,000	4,000	14,000	18,000	89,000	100
Anthony R. Graham <sup>(d)</sup>	50,000	3,000	11,000	14,000	22,000	100,000	100
Mark Hoffman <sup>(e)</sup>	50,000	–	8,000	12,000	22,000	92,000	0
Allan L. Leighton <sup>(f)</sup>	50,000	–	4,000	14,000	10,000	78,000	100
John C. Makinson	50,000	–	5,000	14,000	20,000	89,000	100
J. Robert S. Prichard	50,000	–	4,000	12,000	14,000	80,000	100
M. D. Wendy Rebanks	50,000	–	8,000	10,000	24,000	92,000	0
<b>Total</b>	<b>550,000</b>	<b>16,500</b>	<b>73,000</b>	<b>142,000</b>	<b>218,000</b>	<b>999,500</b>	<b>–</b>

## Notes:

- (a) Directors are reimbursed for transportation and other expenses incurred in connection with attendance at Board and Committee meetings.
- (b) Mr. Baillie assumed the position of Chair of the Audit Committee on May 11, 2005.
- (c) Mr. Eby received additional director fees from Provigo Inc. in the amount of \$24,955.
- (d) Mr. Graham received additional director fees from President's Choice Bank in the amount of \$11,250.
- (e) Mr. Hoffman received additional director fees from Glenhuron Bank Limited and Glenhuron Re-insurance Limited, both subsidiaries of the Corporation, in the amount of US\$14,000.
- (f) Mr. Leighton received consulting fees from the Corporation in the amount of \$500,000.

## SECTION 4

## Executive Compensation

*Report on Executive Compensation*

The responsibilities of the Governance Committee are summarized on page 36. Among other matters, the Governance Committee is responsible for reviewing and approving overall compensation policies and reviewing, approving and recommending compensation for senior employees of the Corporation and its operating subsidiaries and forms of compensation, including for those Named Executive Officers listed in the Summary Compensation Table on page 24.

As of March 10, 2006, the members of the Governance Committee were A. Charles Baillie, Peter B.M. Eby (Chairman), Anthony R. Graham and J. Robert S. Prichard. All members of the Governance Committee are independent directors except for Mr. Graham who is an executive officer of Wittington Investments, Limited, the Corporation's controlling shareholder.

*Compensation Philosophy*

The Corporation's compensation arrangements for its senior employees are intended to attract, retain and motivate high calibre employees who can effectively contribute to the long-term success and objectives of the Corporation. Senior employees receive compensation based on their level of individual responsibility and experience, the market value of the job they perform and the success of the Corporation in meeting its objectives and creating shareholder value.

The Corporation seeks to position total compensation for its senior employees, including base salary, annual cash incentives and long-term incentives, within the first quartile (75<sup>th</sup> percentile) of that paid by companies in the comparator group described below for positions with equivalent responsibilities and scope.

*Independent Advice and Comparator Group*

During 2004 the Governance Committee retained an external compensation consultant, 3XCD Inc., to analyze total compensation paid by the Corporation and the form of such compensation to ensure it is competitive with that paid by companies in the comparator group described below and is effective in achieving the objectives established by the Corporation. In 2005, 3XCD Inc. was also engaged to update its previous analysis on certain aspects of senior executive compensation of the Corporation's operating subsidiaries.

In determining compensation for senior employees, including the Named Executive Officers, the Governance Committee considers the compensation practices of a comparator group of Canadian and U.S. companies in the food processing and retail industries. In determining compensation for the Named Executive Officers, the Governance Committee also considers publicly-disclosed executive compensation information of various Canadian public companies whose revenues, profitability and market capitalization are comparable to those of the Corporation. This information is compiled and analyzed by an external compensation consultant retained by the Governance Committee who then provides the information to the Governance Committee along with recommendations.

*Components of Total Compensation*

The aggregate compensation of senior employees of the Corporation, including the Named Executive Officers, consists of four components: base salary, annual bonus incentives, long-term equity-based incentives and pension

## SECTION 4

## Executive Compensation (continued)

arrangements. The Corporation aims to ensure that each senior employee's compensation is balanced among these components with a greater emphasis on the variable components of compensation.

*Base Salary*

The Governance Committee reviews base salaries for senior employees every 2 or 3 years. Salaries are set with reference to the criteria and competitive benchmarks reviewed by external consultants and approved by the Governance Committee. The Corporation's compensation philosophy with respect to base salaries is to maintain levels at approximately the market median (50<sup>th</sup> percentile) and to place more upside opportunities on the discretionary performance-based incentives of annual bonus and long-term equity-based incentives.

*Annual Bonus Incentives**Weston Foods*

In 2005, an economic value added ("EVA") bonus program was introduced for Weston Foods similar to that of Loblaw as described below. Senior employees of Weston Foods, Canada and the U.S. participated in this EVA bonus plan. EVA targets were based on budgeted levels of operating income and capital expenditures as stated in the 3-year (2005-2007) strategic plan approved by the Board. Bonuses paid to Canadian employees will be based on targets approved for the Canadian business and those paid to U.S. employees will be based on targets approved for the U.S. business.

As a result of the bonus plan, a significant portion (approximately 50%) of each senior operating employee's annual total cash compensation over the 3 year plan period is linked to the EVA generated by each of the Weston Foods' businesses. The EVA bonus plan more closely aligns the bonus component of senior employees' compensation with the long-term shareholder objective of producing sustainable long-term returns above the cost of capital.

*Loblaw*

Senior employees of Loblaw currently participate in an annual cash bonus plan based on EVA principles which measure the economic value generated by the assets employed by Loblaw. Using this measure for purposes of calculating payments under Loblaw's bonus plan allows the Loblaw Governance Committee (as defined below) to:

- measure and link bonuses earned to capital investment decisions and operating results which, over time, create shareholder value;
- measure the effectiveness of allocation of capital; and
- focus on longer term value creation.

The Loblaw EVA plan reflects the operating performance of Loblaw while taking into account the cost of capital employed to generate operating income. Cost of capital is the economic cost of all capital employed in Loblaw's business and includes cost of debt (including off-balance sheet items such as operating leases) and cost of equity. Revenue enhancements which generate incremental operating income and cost reduction programs requiring no additional capital investment increase return on capital employed as well as EVA. Positive EVA is created when after-tax operating income exceeds the cost of capital.

## SECTION 4

## Executive Compensation (continued)

As a result of the bonus plan, a significant portion (historically between 40% and 50%) of each senior Loblaw employee's annual total short-term compensation is linked to the EVA generated by Loblaw. The application of EVA in determining the annual bonus more closely aligns the bonus component of the senior employee's compensation with the long-term shareholder objective of producing sustainable long-term returns above the cost of capital. The EVA bonus program encourages the development of management strategies that increase shareholder value by aligning operating income generation with the efficient management of assets.

The EVA bonus earned in any year is paid out in cash over a 3-year period, with one-third being paid in each year commencing with the year immediately after the bonus is earned. As a result of this payout mechanism, an employee's aggregate annual bonus will reflect Loblaw's results over a three-year period, which encourages focus on long-term performance as opposed to decisions to enhance profitability for the short term.

*Equity-Based Incentives*

In 2005, the Governance Committee approved a change in the mix of executive compensation for the Corporation's senior employees. The change reduces the use of stock options by approximately one-third and introduces a new long-term equity based incentive in the form of restricted share units ("RSUs") more fully described below.

*Stock Option and Share Appreciation Right Plans*

Senior employees participate in the Corporation's stock option plan ("Option Plan"). In addition, the Corporation pursuant to its share appreciation right plan ("Share Right Plan") issues share appreciation rights to senior employees of the Weston Foods U.S. business. Allocations under the Option Plan and the Share Right Plan are both intended to provide strong incentives for superior long-term future performance consistent with shareholders' objectives. The Option Plan and the Share Right Plan link compensation to shareholders' interests because the value of the award is directly related to the Corporation's future stock price. Vesting of options and share appreciation rights granted after January 1, 2005 to Weston Foods' Canadian and U.S. employees will be dependent on the Weston Foods' businesses, each achieving targeted levels of operating income performance during the vesting period of the options.

The Option Plan and Share Right Plan have two objectives:

- to give each holder an interest in preserving and maximizing shareholder value over the long term; and
- to enable the Corporation to attract and retain individuals with experience and ability and to reward individuals for long-term performance and expected future performance.

To hold stock options and share appreciation rights, an individual must be an officer or employee of the Corporation or an affiliate of the Corporation. Options granted pursuant to the Option Plan and share appreciation rights granted pursuant to the Share Right Plan vest over a period of five years at 20% per year, subject to early termination clauses in certain circumstances, including death, retirement and termination of employment. In any of these circumstances, any unvested options or rights expire and vested options or rights continue to be exercisable for prescribed periods following cessation of employment.

The Corporation seeks to maintain the total number of Common Shares reserved for issuance under the Option Plan at 5% or less of the total number of issued and outstanding Common Shares. Under the Option Plan,

## SECTION 4

## Executive Compensation (continued)

individuals can elect to receive Common Shares or the share appreciation value in cash in accordance with the terms of the Option Plan. In most cases on exercise of stock options, stock option holders elect to receive cash representing the share appreciation value, not shares. This avoids the dilutive effect of increasing the number of Common Shares issued pursuant to the Option Plan.

These grants of equity-based incentives are awarded as part of total compensation without reference to outstanding grants held by a particular employee. The total unvested stock option entitlements are reviewed at the time of stock option grants to ensure that the Corporation is within its target of no more than 5% of outstanding Common Shares being subject to options at any time. The Governance Committee examines options granted by companies in the comparator group described above to ensure that these grants to the Corporation's senior employees are competitive.

Stock options and share appreciation rights are granted to senior employees based upon a multiple of base salary reflecting their position, length of service and responsibility. For the fiscal year commencing January 1, 2005 at the subsidiary operating level, the multiple ranges from one times salary to ten times salary at the most senior levels except for the Named Executive Officers. These equity-based incentives are not granted every year and are reviewed by the Governance Committee as part of its regular review of compensation.

The maximum number of Common Shares which has previously been approved by shareholders under the Option Plan is 7,061,985. This number cannot be increased without shareholder approval. As at March 10, 2006, the Corporation had total unexercised stock options outstanding of 1,625,074 Common Shares or 1.3% of the issued and outstanding Common Shares. The Corporation currently has 656,072 Common Shares available for future grants of stock options.

During the second quarter of 2005, the Corporation granted 174,108 share appreciation rights to 86 employees at an exercise price of \$111.02 per Common Share under its existing Share Right Plan, which will be settled in cash, 371,538 stock options to 105 employees at an exercise price of \$111.02 per Common Share under its existing Option Plan which allows for settlement in cash at the option of the employee and 213,994 stock options to 19 employees at an exercise price of \$111.02 per Common Share, which will be settled by issuing Common Shares.

During the fourth quarter of 2005, the Corporation granted 100,130 options at an exercise price of \$95.88 per Common Share to 2 employees, which will be either settled by issuing Common Shares or in cash.

During 2005 2,247,627 Loblaw Options were granted to 236 Loblaw employees. Subsequent to year end Loblaw granted 48,742 options to 1 employee.

***Restricted Share Unit Plan***

In 2005, the Governance Committee approved a Restricted Share Unit Plan ("RSU Plan") for certain senior employees of the Corporation to ensure compensation to senior employees remains competitive, to foster retention and to ensure that the long-term compensation program is aligned with the maximization of shareholder value. The RSUs entitle the employee to a cash payment after the end of each performance period of up to 3 years following the date of their award. The RSU payment will be an amount equal to the weighted average price of a Common Share for a prescribed period immediately preceding the end of the performance period for the RSUs multiplied by the number of RSUs held by the employee. During the first year following the grant, the RSU Plan

## SECTION 4

## Executive Compensation (continued)

provides that should a participant voluntarily resign or be terminated for cause, his or her RSUs will be cancelled and no payment will be made. Following the first year from the date of the grant, a participant whose employment is terminated other than for cause will be entitled to receive a payment based on a prorated portion of his or her RSUs, with reference to the time remaining in the performance period. The payment is then calculated with reference to the date his or her employment ceases.

During the second quarter of 2005, the Corporation granted 142,685 RSUs to 183 employees and during the fourth quarter, 18,273 RSUs were granted to 2 employees. During the first quarter of 2006, 143,049 RSUs were granted to 99 employees which will entitle the employees, after a 3 year performance period, to a cash payment equal to the number of RSUs multiplied by the weighted average price of a Common Share for a prescribed period immediately preceding the end of the performance period. The performance period end date is three years from the date of each grant.

During 2005 393,335 Loblaw RSUs were granted to 236 Loblaw employees. Subsequent to year end, 644,712 Loblaw RSUs were granted to 231 Loblaw employees.

*Share Ownership Guidelines*

Share ownership guidelines were introduced in January 2003 and are designed to further align the interests of senior executives with those of the Corporation's shareholders. Under these guidelines, executives are expected to own Common Shares with a value equal to a multiple of their base salary as determined by their position. The guidelines range from five times base salary for the President, three times base salary for Named Executive Officers and two times base salary for certain other executive officers. Executives are expected to attain their ownership requirements within five years of becoming an executive officer within these categories. Share ownership under these guidelines is defined as direct ownership of Common Shares or other securities of the Corporation and common shares of Loblaw.

The beneficial share ownership of each Named Executive Officer other than for the Chairman and President and the dollar value of such share ownerships based on the closing price on the TSX on March 10, 2006 is:

Name	Number of Shares		Share Value	
	Weston	Loblaw	Weston	Loblaw
John A. Lederer	-	75,000	-	4,320,000
Gary J. Prince	29,000	-	2,565,630	-
Richard P. Mavrinac	4,192	8,828	370,866	508,492
Ralph A. Robinson	13,400	100	1,186,498	5,760

*Retirement Plans*

Senior employees participate in the Corporation's Designated Executive Pension Plan. In addition, senior employees of the Corporation, including the Named Executive Officers, are entitled to a Supplementary Employee Retirement Plan. Information on these plans can be found under "Pension Plan and Long Service Executive Arrangements" on page 28.

## SECTION 4

## Executive Compensation (continued)

*Employment and Retirement Arrangements*

Messrs. Prince and Robinson each entered into employment agreements with the Corporation effective January 1, 2003 which, among other things, determined at that time their base salaries to be US\$1 million and \$450,000, respectively, and entitled each of them to an annual bonus of up to a maximum of 100% of base salary based upon achieving budget or other performance targets consistent with other senior employees' bonus plans. Mr. Robinson's annual base salary was reviewed by the Governance Committee and increased to \$550,000 for 2004 and increased again for 2005 to \$650,000. Upon ceasing to be employed by the Corporation, Messrs. Prince and Robinson may be entitled to a maximum aggregate termination payment of up to U.S. \$5 million and \$4 million respectively, subject to certain non-competition covenants.

Mr. Mavrinc also entered into a 5 year agreement with the Corporation and Loblaw effective January 1, 2003 which fixed his base salary at that time at \$500,000 for 2 years to be allocated between the Corporation and Loblaw, and entitles him to a targeted annual bonus of 75% based on EVA not to exceed 100% of base salary. Mr. Mavrinc's base salary was reviewed by the Governance Committee and his employment agreement was amended to increase his base salary to \$600,000 effective January 1, 2005. Upon ceasing to be employed by the Corporation, Mr. Mavrinc may be entitled to a maximum aggregate termination payment of up to \$5 million, subject to certain non-competition covenants.

Mr. Lederer was appointed President of Loblaw on January 1, 2001 and entered into an employment agreement with Loblaw. In January 2004, in accordance with his agreement, Mr. Lederer's base salary was reviewed by the Loblaw Governance, Employee Development, Nominating and Compensation Committee (the "Loblaw Governance Committee"), and his salary was set at \$1.35 million annually for the 3 year period ending December 31, 2006 and his bonus was based on a target of 75% of salary based on EVA, not to exceed 100% of base salary, with an additional bonus to a maximum of \$250,000 per annum at the discretion of the Loblaw Governance Committee based upon, among other things, personal performance in achieving Loblaw's approved strategies. As part of the annual review of Mr. Lederer's compensation, the Loblaw Governance Committee considered his compensation arrangements, the compensation of senior executives in other North American retail companies, as well as the Corporation's long term strategic objectives which are dependent on the successful completion of the current significant transformative changes. Based on this review, the Loblaw Governance Committee decided that a further grant of RSUs to Mr. Lederer was appropriate. Accordingly, Mr. Lederer's agreement was amended on January 1, 2006 to provide for an additional grant of Loblaw RSUs equal to \$15 million divided by the fair market value of a Loblaw common share at the date of grant. On February 16, 2006, 271,985 Loblaw RSUs were granted to Mr. Lederer. These RSUs will be payable in cash in three instalments on performance periods ending on December 31, 2006, 2007 and 2008. Upon ceasing to be employed by Loblaw, Mr. Lederer may be entitled to a payment of a maximum of \$12.5 million, subject to certain non-competition covenants.

*Chairman and President's Compensation*

The Chairman and President's compensation is reviewed annually by the Governance Committee with the assistance of comparator information provided by external compensation consultants. The Chairman and President does not participate in the Governance Committee's or the Board's decisions relating to his compensation.

## SECTION 4

## Executive Compensation (continued)

In establishing the Chairman and President's total compensation, the Governance Committee considers the publicly-disclosed compensation of chief executive officers of companies whose revenues, profitability and market capitalization are comparable to those of the Corporation including competitor companies. In establishing the Chairman and President's compensation entitlements, the Governance Committee also considers the relative compensation of other Named Executive Officers. In addition, the Governance Committee assesses and considers factors, such as, Mr. Weston's contribution to the Corporation and Loblaw in terms of leadership in the management of the Corporation and its subsidiaries, the financial results obtained by the Corporation, increases in shareholder value, the effective development and growth of the Corporation and the development of new growth opportunities for the Corporation and its subsidiaries.

The aggregate compensation of the Chairman and President consists of four components: base salary, annual bonus incentives, long-term equity based incentives and pension arrangements. The portion of Mr. Weston's salary and bonus paid by Loblaw is reviewed and considered by the Loblaw Governance Committee and is taken into account by the Governance Committee in determining his overall compensation from the Corporation.

Mr. Weston's salary and bonus were reviewed by the Governance Committee for 2005. Mr. Weston's base salary was \$1.6 million in 2005 including \$800,000 allocated to Loblaw and his bonus from the Corporation earned with respect to its Weston Foods business was \$460,000. Mr. Weston chose to forego his Loblaw bonus for the year 2005.

This report on executive compensation is presented by the Governance, Human Resource, Nominating and Compensation Committee of the Board of Directors.

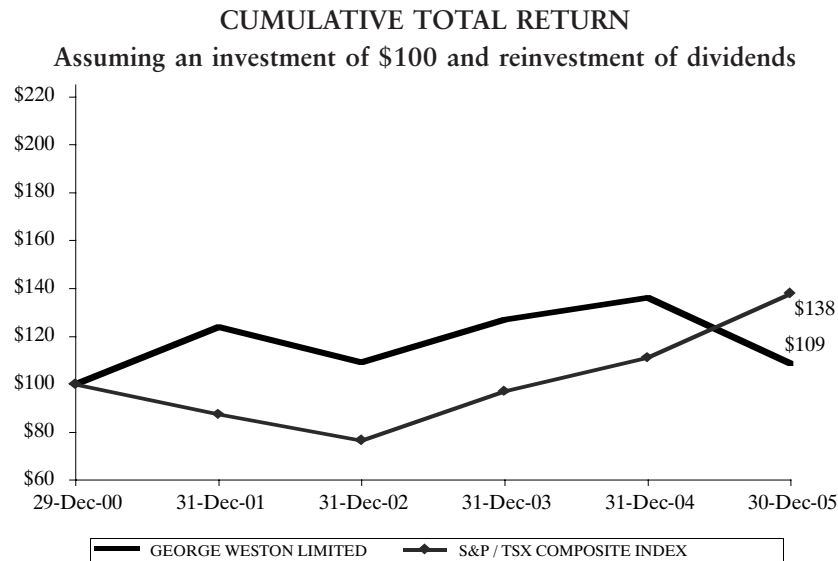
A. Charles Baillie, Peter B.M. Eby (Chairman), Anthony R. Graham and J. Robert S. Prichard.

SECTION 4

Executive Compensation (continued)

*Performance Graph*

The graph below compares the cumulative total shareholder return on \$100 invested in Common Shares on December 31, 2000 with the cumulative total return of the S&P/TSX Composite Index over the same period.



	29-Dec-00	31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04	30-Dec-05
S&P / TSX COMPOSITE INDEX	\$100	\$ 87	\$ 77	\$ 97	\$111	\$138
GEORGE WESTON LIMITED	\$100	\$124	\$109	\$127	\$136	\$109

	29-Dec-00	31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04	30-Dec-05
S&P / TSX COMPOSITE INDEX	19,309.36	16,881.75	14,782.01	18,732.48	21,444.89	26,618.80

## SECTION 4

## Executive Compensation (continued)

*Summary Compensation Table*

The following table sets forth compensation received by the Chairman and President and the Chief Financial Officer and the three most highly compensated executive officers of the Corporation and its principal subsidiaries as required by applicable rules (collectively the “Named Executive Officers”) for services rendered in all capacities to the Corporation or a subsidiary for the years 2005, 2004 and 2003.

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation			
		Salary (\$)	Bonus (\$)	Securities Under Options/SARs Granted (#)	Awards Shares or Units subject to Resale Restrictions (\$) <sup>(a)(b)(c)</sup>	Payouts LTIP Payouts (\$)	All Other Compensation (\$)
W. Galen Weston <sup>(3)</sup> Chairman and President of the Corporation	2005	1,600,000	460,000	72,490 <sup>(1)</sup> 114,893 <sup>(2)</sup>	1,412,586 <sup>(6)</sup> 1,417,473 <sup>(7)</sup>		10,000
	2004	1,600,000	700,000	–	–		10,000
	2003	1,600,000	1,000,000	85,699 <sup>(1)</sup> 149,254 <sup>(2)</sup>	– –		10,000
John A. Lederer <sup>(4)</sup> President, Loblaw Companies Limited	2005	1,350,000	0	30,582 <sup>(1)</sup> 145,411 <sup>(2)</sup>	595,945 <sup>(6)</sup> 1,794,013 <sup>(7)</sup>		18,605
	2004	1,350,000	997,570	–	–		16,889
	2003	1,200,000	851,750	42,849 <sup>(1)</sup> 149,254 <sup>(2)</sup>	– –		14,080
Richard P. Mavrinac <sup>(3)</sup> Chief Financial Officer of the Corporation	2005	600,000	345,000	18,123 <sup>(1)</sup> 28,723 <sup>(2)</sup>	353,090 <sup>(6)</sup> 354,403 <sup>(7)</sup>		28,600
	2004	500,000	339,726	–	–		28,600
	2003	500,000	284,916	26,781 <sup>(1)</sup> 46,642 <sup>(2)</sup>	– –		28,600
Gary J. Prince <sup>(5)</sup> President, Weston Foods, Inc. (U.S.)	2005	1,000,000	1,000,000	73,333 <sup>(1)</sup>	1,428,954 <sup>(6)</sup>		10,000
	2004	1,000,000	0	–	–		10,000
	2003	1,000,000	512,000	107,124 <sup>(1)</sup>	–		10,000
Ralph A. Robinson President, Weston Foods Inc. (Canada)	2005	650,000	561,943	40,000 <sup>(1)</sup>	779,450 <sup>(6)</sup>		34,000
	2004	550,000	421,076	–	–		34,000
	2003	450,000	312,556	48,206 <sup>(1)</sup>	–		34,000

(1) Common Shares of the Corporation

(2) Common Shares of Loblaw

(3) Includes a portion paid by Loblaw

(4) Paid by Loblaw

(5) U.S. Dollars

## SECTION 4

## Executive Compensation (continued)

## (6) Restricted Share Units of the Corporation

- (a) Closing price on Common Shares on the TSX on May 13, 2005, the date of grant, was \$111.35. The amount represents the dollar value of RSUs awarded during 2005, based on the above closing price, multiplied by the number of RSUs awarded. In 2005, the Corporation granted 12,686 RSUs to Mr. Weston, 5,352 RSUs to Mr. Lederer, 3,171 RSUs to Mr. Mavrinac 12,833 RSUs to Mr. Prince, and 7,000 RSUs to Mr. Robinson.
- (b) This grant of RSUs is paid out after the end of a three year-performance period following the date of their grant subject to conditions. RSUs are not redeemable for shares and do not accumulate additional units based on notional equivalents of dividends paid on the Common Shares. For a description of the terms of RSUs, see pages 19 and 20.
- (c) As of December 31, 2005, based on the closing price of the Common Shares of the Corporation on the TSX on December 30, 2005, (\$86.31), which was the last trading day of the year, Mr. Weston held an aggregate of 12,686 RSUs with a value of \$1,094,929, Mr. Lederer held an aggregate of 5,352 RSUs with a value of \$461,931, Mr. Mavrinac held an aggregate of 3,171 RSUs with a value of \$273,689, Mr. Prince held an aggregate of 12,833 RSUs with a value of \$1,107,616 and Mr. Robinson held an aggregate of 7,000 RSUs with a value of \$604,170.

## (7) Restricted Share Units of Loblaw

- (a) Closing price on Loblaw common shares on the TSX on January 20, 2005, the date of grant, was \$70.50. The amount represents the dollar value of RSUs awarded during 2005, based on the above closing price, multiplied by the number of RSUs awarded. In 2005, the Corporation granted 20,106 RSUs to Mr. Weston, 25,447 RSUs to Mr. Lederer, and 5,027 RSUs to Mr. Mavrinac.
- (b) This grant of RSUs is paid out after the end of a three year-performance period following the date of their grant subject to conditions. RSUs are not redeemable for shares and do not accumulate additional units based on notional equivalents of dividends paid on the Loblaw common shares.
- (c) As of December 31, 2005, based on the closing price of the common shares of Loblaw on the TSX on December 30, 2005, (\$56.37), which was the last trading day of the year, Mr. Weston held an aggregate of 20,106 RSUs with a value of \$1,133,375, Mr. Lederer held an aggregate of 25,447 RSUs with a value of \$1,434,447, and Mr. Mavrinac held an aggregate of 5,027 RSUs with a value of \$283,371.

***Option/SAR Grants During the Most Recently Completed Financial Year (2005)***

Under the Option Plan and the Share Right Plan, the Corporation may grant options to buy Common Shares or receive stock appreciation rights attaching to stock option grants that are valued based on the fair market value of the Common Shares at the close of business on the day prior to the date of the grant. Stock options have a 7 year term, are exercisable at the market price of the Common Shares on the date immediately prior to the date of the grant, and vest 20% on each of the first, second, third, fourth and fifth anniversaries of the date of the grant. Messrs. Weston, Lederer and Mavrinac also participate in the Loblaw stock option plan, details of which are outlined in the Loblaw Management Proxy Circular.

## SECTION 4

## Executive Compensation (continued)

The following table sets out option grants to Named Executive Officers during the most recently completed financial year:

Name	Securities Under Options/SARs Granted (#) <sup>(1)</sup>	% of Total Options/SARs Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security)	Expiration Date
W. Galen Weston	72,490 <sup>(1)</sup>	8.4	111.02	111.02	May 13, 2012
	114,893 <sup>(2)</sup>	5.1	69.63	69.63	Jan 20, 2012
John A. Lederer	30,582 <sup>(1)</sup>	3.6	111.02	111.02	May 13, 2012
	145,411 <sup>(2)</sup>	6.5	69.63	69.63	Jan 20, 2012
Richard P. Mavrinac	18,123 <sup>(1)</sup>	2.1	111.02	111.02	May 13, 2012
	28,723 <sup>(2)</sup>	1.3	69.63	69.63	Jan 20, 2012
Gary J. Prince	73,333	8.5	111.02	111.02	May 13, 2012
Ralph A. Robinson	40,000	4.7	111.02	111.02	May 13, 2012

(1) Common Shares of the Corporation

(2) Common Shares of Loblaw Companies Limited

(3) See pages 18 and 19 for terms of grant

The following table sets out RSUs granted to Named Executive Officers during the most recently completed financial year:

Name of Participant	Securities Under RSUs Granted (#) <sup>(1)</sup>	% of Total RSUs Granted to Employees in Financial Year	Performance Period End Date
W. Galen Weston	12,686 <sup>(1)</sup>	7.9	May 13, 2008
	20,106 <sup>(2)</sup>	5.1	January 20, 2008
John A. Lederer	5,352 <sup>(1)</sup>	3.3	May 13, 2008
	25,447 <sup>(2)</sup>	6.5	January 20, 2008
Richard P. Mavrinac	3,171 <sup>(1)</sup>	2.0	May 13, 2008
	5,027 <sup>(2)</sup>	1.3	January 20, 2008
Gary J. Prince	12,833 <sup>(1)</sup>	8.0	May 13, 2008
Ralph A. Robinson	7,000 <sup>(1)</sup>	4.3	May 13, 2008

(1) Common Shares of of the Corporation

(2) Common Shares of Loblaw

(3) See pages 19 and 20 for terms of grant

## SECTION 4

## Executive Compensation (continued)

The following table sets forth, where applicable, options exercised during 2005 and unexercised options at year end December 31, 2005 for each of the Named Executive Officers:

*Option/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-end Option/SAR Values*

Name	Securities/ SAR's Acquired on Exercise # <sup>(1)(2)</sup>	Aggregate Value Realized \$ <sup>(1)(2)(3)</sup>	Unexercised Options at Financial Year End		Date Option/ SAR Granted	Value of Unexercised in the Money Options/SAR's at Financial Year End (\$)	
			Exercisable/Unexercisable	#		Exercisable/Unexercisable	
W. Galen Weston	121,647	8,543,633	-	-	Jan. 30/98	-	-(1)
			36,300	-	Jan. 11/00	1,328,943	-(1)
			60,876	20,292	Jan. 08/01	454,135	151,378 <sup>(1)</sup>
			34,280	51,419	Jan. 15/03	-	-(1)
			-	72,490	May 13/05	-	-(1)
	-	-	112,500	-	Jan. 11/00	2,741,625	-(2)
			32,992	8,248	Jan. 08/01	259,647	64,912 <sup>(2)</sup>
			59,702	89,552	Jan. 15/03	165,374	248,059 <sup>(2)</sup>
			-	114,893	Jan. 20/05	-	-(2)
John A. Lederer	4,830 5,073 17,140	291,587 158,379 286,580	-	-	Jan. 11/00	-	-(1)
			-	5,073	Jan. 08/01	-	4,466 <sup>(1)</sup>
			-	25,709	Jan. 15/03	-	-(1)
			-	30,582	May 13/05	-	-(1)
	14,045 27,155	530,788 1,123,999	-	-	Jan. 13/99	-	-(2)
			160,345	-	Jan. 11/00	3,907,607	-(2)
			131,960	32,990	Jan. 08/01	1,038,525	259,631 <sup>(2)</sup>
			59,702	89,552	Jan. 15/03	165,374	248,059 <sup>(2)</sup>
			-	145,411	Jan. 20/05	-	-(2)
Richard P. Mavrincac	-	-	1,800	-	Jan. 11/00	65,898	-(1)
			5,356	16,069	Jan. 15/03	-	-(1)
			-	18,123	May 13/05	-	-(1)
	-	-	7,520	-	Jan. 11/00	183,262	-(2)
			9,328	27,986	Jan. 15/03	25,838	77,521 <sup>(2)</sup>
			-	28,723	Jan. 20/05	-	-(2)
Gary J. Prince	1,800 38,640	72,786 1,776,937	-	-	Jan. 13/99	-	-(1)
			-	-	Jan. 11/00	-	-(1)
			24,000	16,000	Jan. 11/02	-	-(1)
			42,850	64,274	Jan. 15/03	-	-(1)
			-	73,333	May 13/05	-	-(1)
Ralph A. Robinson	12,680 19,282	817,099 400,872	-	-	Jan. 11/00	-	-(1)
			-	28,924	Jan. 15/03	-	-(1)
			-	40,000	May 13/05	-	-(1)

(1) Common Shares of the Corporation

(2) Common Shares of Loblaw

(3) Pretax value accrued since date option granted to date of exercise.

## SECTION 4

## Executive Compensation (continued)

*The Equity Compensation Plans as at December 31, 2005*

The following provides information on the Corporation's Option Plan, which is the Corporation's only plan that provides for the issuance of equity securities:

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights \$	Number of securities remaining available for future issuance under equity compensation plans
Stock Option Plan	1,637,907	96.632	656,072

*Indebtedness of Directors, Executive Officers and Employees*

As at March 10, 2006, there was no indebtedness (other than "routine indebtedness" under applicable Canadian securities laws) to the Corporation or any of its subsidiaries of any directors, executive officers, employees or former directors, executive officers, or employees of the Corporation or any of its subsidiaries.

*Pension Plan and Long Service Executive Arrangements*

Certain senior employees, of the Corporation, including the Named Executive Officers, participate on a non-contributory basis, in the Corporation's Designated Executive Pension Plan (the "Executive Plan"). The annual pension payable under the Corporation's Executive Pension Plan is capped at \$2,000 per year of service. The amount of pension expected at various salary rates and years of service are set out in the following table:

*Pension Plan Table*

Annual Base Salary \$(000's)	Years of Service				
	10	15	20	25	30
75	15,000	22,500	30,000	37,500	45,000
100	20,000	30,000	40,000	50,000	60,000
125 and above	20,000	30,000	40,000	50,000	60,000

The Corporation has entered into individual retirement agreements to provide non-registered, supplemental executive retirement plan ("SERP") allowances to certain senior executives that participate in the Executive Plan, including the Named Executive Officers.

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

The cost of the estimated future SERP and pension benefits for each of the Named Executive Officers is calculated each year by the Corporation's independent actuaries, based on the same method and assumptions used to determine year-end pension plan obligations as disclosed in Note 15 of the 2005 consolidated financial statements

## SECTION 4

## Executive Compensation (continued)

of the Corporation. Certain accrued obligations in respect of the Named Executive Officers and other senior executives for the SERP are secured by a stand-by letter of credit issued by a major Canadian Bank.

The following table sets forth pension cost and benefits under the Executive Plan and the SERP to the Named Executive Officers:

	Years of Pension Service as at December 31, 2005	2005 Annual Cost (\$) <sup>(1)</sup>	Total Accrued Pension Obligation as at December 31, 2005 (\$) <sup>(2)</sup>	Estimated Annual Pension Benefits payable at Normal Retirement Age (\$)
W. Galen Weston <sup>(3)</sup>	33.0	300,000	5,260,000	500,000
John A. Lederer	28.3	292,000	4,350,000	500,000
Richard P. Mavrincac <sup>(4)</sup>	23.6	242,000	3,130,000	300,000
Gary J. Prince	31.5	US307,000	US3,654,000	US500,000
Ralph A. Robinson	31.1	332,000	4,320,000	325,000

(1) The annual cost represents the growth in the value of the projected pension benefit during the year.

(2) The total accrued pension obligation represents the value of the projected pension benefit assuming normal retirement age of 60.

(3) Mr. Weston is presumed to receive a pension of \$500,000 per annum at age 70.

(4) Mr. Mavrincac participates in the executive pension plan of Loblaw. A portion of the accrued obligation and pension expense for Mr. Mavrincac is allocated to the Corporation.

## SECTION 5

## Other Information

*Director and Officer Liability Insurance*

The Corporation maintains insurance for the benefit of its directors and officers and the directors and officers of its subsidiaries, in respect of the performance by them of the duties of their positions. The Corporation believes that coverage limits and deductibles are in line with those maintained by other corporations similar to the Corporation. The Corporation's annual insurance premium was \$945,400<sup>(1)</sup>. The insurance limit is \$100 million per annum on an aggregate basis or per occurrence basis. There is no deductible in the case of directors and officers and a deductible of up to a maximum of \$1 million for the Corporation.

(1) This premium is shared with Loblaw.

*Additional Information*

Additional copies of the Corporation's latest Annual Information Form (together with the documents or pertinent pages of documents incorporated therein by reference), the Corporation's consolidated financial statements for 2005 together with the report of the auditor on those statements along with Management's Discussion and Analysis and any financial statements for periods after 2005, and this Circular can be obtained upon request from the Senior Vice President, Investor Relations and Public Affairs of the Corporation at 22 St. Clair Avenue East, Suite 1901, Toronto, Ontario M4T 2S7. Additional information about or relating to the Corporation can also be found at [www.weston.ca](http://www.weston.ca) and [www.sedar.com](http://www.sedar.com) or by dialling in for regularly scheduled conference calls. Additional information with regard to Loblaw can be found at [www.loblaw.ca](http://www.loblaw.ca) and [www.sedar.com](http://www.sedar.com).

*Normal Course Issuer Bid*

The Corporation has a Normal Course Issuer Bid (the "Issuer Bid") on the TSX, which allows for the purchase and cancellation of up to 6,451,911 Common Shares at market price. A copy of the Corporation's Notice of Intention filed with the TSX can be found at [www.sedar.com](http://www.sedar.com). The Issuer Bid expires on April 3, 2006. The Corporation expects to renew the Issuer Bid for another year on the same terms and conditions.

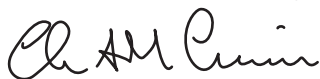
*Contacting the Board of Directors*

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

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

*Directors' Approval*

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



Gordon A. M. Currie  
Executive Vice President, Secretary & General Counsel

Dated in Toronto, Canada  
March 10, 2006

## SCHEDULE A

## Corporate Governance Practices

*Statement of Corporate Governance Practices*

The Corporation's Board and management believe that sound corporate governance practices will contribute to the effective management of the Corporation and its achievement of strategic and operational plans, goals and objectives. The Corporation seeks to attain high standards of corporate governance and when appropriate adopts "best practices" in developing its approach to corporate governance. The Corporation's approach to corporate governance is consistent with National Policy 58-201 — Corporate Governance Guidelines (the "Guidelines"). The Governance Committee regularly reviews its corporate governance practices and considers any changes necessary to maintain the Corporation's high standards of corporate governance. To this end, the Corporation also considers the rules of the New York Stock Exchange and the Securities and Exchange Commission, although the Corporation is not subject to such rules and regulations.

The Corporation's website, [www.weston.ca](http://www.weston.ca), sets out additional governance information, including the Code of Business Conduct, the Disclosure Policy and the Mandates of the Board and its Committees.

*Director Independence*

The Board is comprised of a majority of independent directors. If all the nominees proposed for election at the Meeting are elected, the Board will be comprised of a majority of directors who are independent. The Governance Committee has reviewed each existing and proposed director's factual circumstances and relationships with the Corporation to determine whether he or she is independent within the meaning of the Guidelines. The Guidelines provide that a director is independent if he or she has no material relationship with the Corporation or its affiliates that would reasonably be expected to interfere with the director's independent judgment. The following existing and proposed directors are independent: A. Charles Baillie, Peter B. M. Eby, Phillip W. Farmer, Anne L. Fraser, Mark Hoffman, John C. Makinson and J. Robert S. Prichard. The following directors are not independent: W. Galen Weston, who is an executive officer of the Corporation, Robert Dart and Anthony Graham who are both executive officers of Wittington Investments, Limited, the Corporation's majority shareholder, M. D. Wendy Rebanks, who is a relative of Mr. Weston, and Galen G. Weston, who is an officer of Loblaw Companies Limited, a subsidiary of the Corporation, and is also a relative of Mr. Weston.

The independent directors meet separately on a periodic basis following Board meetings and on other occasions as required or desirable. Additional information relating to each director 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 2005, can be found on pages 5 through 15 of this Circular.

*Board Leadership*

Mr. W. Galen Weston is Chairman of the Board. Mr. Weston has a significant common interest with other shareholders with respect to value creation, the well being of the Corporation, and the performance of its publicly listed securities. The Board has established a position description for the Chairman of the Board. The Board has appointed an independent director, Peter B. M. Eby, to serve as lead director. The lead director provides leadership to the Board and particularly to the independent directors. He ensures that the Board operates independently of management and that directors have an independent leadership contact. As part of his responsibilities, the lead director meets periodically with the other directors to obtain insight as to areas where the Board and its

## SCHEDULE A

## Corporate Governance Practices (continued)

Committees can operate more effectively and to ensure the Board is able to discharge its responsibilities independent of management. The Board has developed a position description for the lead director.

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

*Board Responsibilities and Duties*

The Board, directly and through its Committees, supervises the management of the business and affairs of the Corporation with the goal of enhancing long-term shareholder value. A copy of the Board's mandate is found on pages 38 to 40 of this Circular. The Board reviews the Corporation's direction, assigns responsibility to management for achievement of that direction, develops and approves major policy decisions, delegates to management the authority and responsibility in day-to-day affairs and reviews management's performance and effectiveness. The Board's expectations of management are communicated to management directly and through Committees of the Board.

The Board approves the Corporation's corporate goals and objectives, operating budgets and strategies, which take into account the opportunities and risks of the business. Members of the Board attend an annual all-day strategy session with management to discuss and review the Corporation's strategic plans and opportunities. In addition, management's strengths and weaknesses are discussed. Through the Audit Committee, the Board oversees the Corporation's risk management framework and assesses and evaluates the integrity of the Corporation's internal controls and management information systems. Through the Governance Committee, the Board oversees succession planning and compensation for senior management as well as Board nominees.

Individual directors may, with the approval of the lead director, retain an outside advisor at the expense of the Corporation.

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

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

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

The Board regularly receives reports on the operating results of the Corporation, as well as timely reports on various matters, including insurance, pensions, corporate governance, health and safety and treasury matters.

## SCHEDULE A

## Corporate Governance Practices (continued)

*Position Description for the Chairman and President*

A position description is in place for the Chairman and President. This description provides that the Chairman and President is responsible for the overall leadership, direction and business performance of the Corporation. Among other things, the Chairman and President is responsible for overseeing the development of an annual operating plan and an annual strategic plan and the monitoring of the performance of the Corporation against such plans.

*Ethical Business Conduct*

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

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

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

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

*Orientation and Continuing Education*

The Governance Committee is responsible for the orientation and education of new directors about the business of the Corporation. New directors are provided with a Directors' handbook containing details of the Corporation's operations, the structure and role of the Board and its Committees, the Board's mandate, compliance requirements for directors, corporate policies, as well as agendas and minutes for recent Board and Committee meetings. One-on-one meetings can be arranged with the heads of each of the Corporation's principal business groups for a new director to learn about the various functions and activities of the Corporation. On an ongoing basis, as part of regular Board meetings, directors are given presentations on various aspects of the Corporation's operations. All Board members participate in an annual all-day Board meeting at which in-depth information regarding the Corporation's strategic plan is reviewed. Members of the Board also participate annually in a two-day Loblaw senior management conference at which the performance, strategies and vision of

## SCHEDULE A

## Corporate Governance Practices (continued)

Loblaw are discussed. This senior management conference involves presentations by and discussions with senior executives responsible for different aspects of the business of Loblaw.

*Assessment of the Board, and its members and its Committees*

Each year, the Governance Committee undertakes a review process to assess the performance and effectiveness of the Board and its Committees. In 2005, this process included a questionnaire completed by each of the directors. The process covers the operation of the Board and its Committees, the adequacy of information provided to directors, Board structure, agenda planning for Board meetings, effectiveness of the Chairman in managing Board meetings, effectiveness of the lead director, and any other issues a director may wish to discuss. The results were reviewed by the Governance Committee and then presented to the full Board.

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

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

*Nomination of Directors*

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

On an annual basis or when required, the Governance Committee meets to consider any vacancies on the Board or the desirability of additional members of the Board. 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 complement the current Board. The Governance Committee also assesses any potential conflicts, independence or time commitment concerns the candidate may present. The Committee then presents its list of potential candidates to the Board. A continuous list of potential candidates is kept with the records of the Governance Committee.

*Composition of the Governance Committee*

The Governance Committee, which is responsible for the identification of new candidates for the Board and for the oversight of compensation for directors and officers of the Corporation, is not comprised entirely of independent directors, because one member, Mr. Graham, is an officer of Wittington Investments, Limited a company controlled by Mr. W. Galen Weston and the majority shareholder of the Corporation. Because of the alignment of interests between Mr. Weston and minority shareholders, namely, the creation of value and long-term growth, the Board has determined that it is appropriate for Mr. Graham to be a member of the Governance Committee, with the remainder of the members of the Governance Committee being independent directors. The Board believes that the presence of a majority of independent directors on the Governance Committee and the alignment of interests described above ensure an objective nomination process that is in the interests of all shareholders.

**SCHEDULE A****Corporate Governance Practices (continued)***Board Committees*

There are five Committees of the Board: Audit; Governance, Human Resource, Nominating and Compensation; Pension and Benefits; Environmental, Health and Safety; and Executive.

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

Each Committee has a formal mandate and a position description for the Chair established by the Board. Both the mandate and position description are reviewed annually. Copies of the Committees' mandates are available on the Corporation's website at [www.weston.ca](http://www.weston.ca).

*Position Descriptions for the Chair of the Committees*

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

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

*Audit Committee*

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

- recommending the appointment of the external auditor;
- reviewing the arrangements for and scope of the audit by the external auditor;
- reviewing the independence of the external auditor;
- reviewing and approving the Corporation's hiring policies regarding partners and professional employees of the external auditor of the Corporation;
- considering and evaluating with management the adequacy and effectiveness of internal controls over financial reporting and financial disclosure controls and reviewing any proposed corrective actions;
- reviewing and monitoring the Corporation's policies relating to ethics and conflicts of interests;

## SCHEDULE A

## Corporate Governance Practices (continued)

- overseeing procedures for the receipt, retention and follow up of complaints regarding the Corporation's accounting, internal controls and auditing matters and the confidential anonymous submission by employees of concerns regarding such matters;
- reviewing and monitoring the internal audit function of the Corporation;
- reviewing the integrity of the Corporation's management and information systems;
- reviewing and approving the audit fees paid to the external auditor and pre-approval of non-audit related fees to the external auditor;
- discussing and reviewing with management and the external auditor the Corporation's annual and interim consolidated financial statements, key reporting matters and Management's Discussion and Analysis and Annual Information Form;
- reviewing disclosure containing financial information based on the Corporation's financial statements; and
- reviewing with management the principal risks of the Corporation's business and the systems and processes implemented to manage these risks.

*Governance, Human Resource, Nominating and Compensation Committee*

The Governance Committee is responsible for the determination of compensation of directors and executive officers.

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

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

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

*Pension and Benefits Committee*

The Pension and Benefits Committee is responsible for:

- reviewing the performance of the Corporation's and its subsidiaries' pension plans and pension funds;

**SCHEDULE A****Corporate Governance Practices (continued)**

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

*Environmental, Health and Safety Committee*

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

*Executive Committee*

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

*Other Corporate Governance Matters**Disclosure Policy*

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

*Disclosure Committee*

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

## SCHEDULE A-1

## Mandate of the Board of Directors

The purpose of this document is to summarize the governance and management roles and responsibilities of the Board of Directors of the Corporation (the “Board”).

**1. ROLE**

The role of the Board is to provide governance and stewardship the Corporation. Its role is to review corporate strategy, assign responsibility to management for achievement of that strategy, establish executive limitations and monitor performance against approved objectives. In fulfilling this role, the Board regularly reviews management’s strategic plans so that they continue to be responsive to the changing business environment in which the Corporation operates. The Board oversees the Corporation’s approach to corporate governance, internal controls and information systems to ensure that the Corporation reports accurately and fairly, information to shareholders and other interested parties. The Board is required to satisfy itself as to the integrity of senior management, that the Corporation engages in ethical and legal conduct and that senior management creates a culture of integrity throughout the Corporation.

**2. RESPONSIBILITIES**

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

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

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

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

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

- Approve long-term strategies.
- Review and approve management’s strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies within which management will operate.
- Set targets and budgets against which to measure corporate and executive performance.
- Satisfy itself 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.

## SCHEDULE A-1

## Mandate of the Board of Directors (continued)

**(c) Delegate Management Authority to the Chairman and President**

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

**(d) Monitor Corporate Performance**

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

**(e) Corporate Governance**

- Develop and monitor compliance with a set of corporate governance principles and guidelines.
- Appoint a lead director who is an independent director to provide leadership to the independent directors.
- Ensure that independent directors hold regular meetings without the attendance of management or non-independent directors.
- Review the Board's mandate on an annual basis and make any revisions which are necessary.
- Adopt a written code of business conduct which is applicable to employees, officers and directors of the Corporation, and monitor compliance with such code.
- Develop, adopt and regularly review the description for the Chairman and President 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.

**3. COMPOSITION**

The Board shall be comprised of a majority of independent directors. "**Independence**" shall have the meaning given in National Instrument 58-101 Disclosure of Corporate Governance Practices.

**4. COMMITTEES**

The Board is required to establish certain committees and to delegate certain authority and responsibilities to such committees as it approves and in accordance with their charters. The Board has established the following committees: the Audit Committee (which is comprised entirely of independent directors), the Governance, Human Resource, Nominating and Compensation Committee, (which is comprised of a majority of independent directors), the Environmental, Health and Safety Committee, the Pension and Benefits Committee and the Executive Committee.

**SCHEDULE A-1**

**Mandate of the Board of Directors (continued)**

**5. ORIENTATION AND CONTINUING EDUCATION**

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

**6. SHARE OWNERSHIP BY DIRECTORS**

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