



March 2007

Invitation to Shareholders

Dear Shareholder,

It is my pleasure to invite you to the Annual and Special Meeting of Shareholders, which will be held on Wednesday, May 16, 2007, at 11:00 a.m. (local time), in the Frontenac Ballroom of the Westin Harbour Castle Convention Centre, 1 Harbour Square, Toronto, Ontario. The Notice of Annual and Special Meeting and related material are enclosed.

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

We hope you will be able to join us in person, or through our webcast, which will be available live from the Investor Zone section of the Corporation's website at www.weston.ca.

Yours very truly,

A handwritten signature in black ink that reads "W. Galen Weston". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

W. Galen Weston
Chairman and President



Notice of Annual and Special Meeting of Shareholders to be held on May 16, 2007

The 2007 Annual and Special Meeting of Shareholders of George Weston Limited will be held on Wednesday, May 16, 2007 at 11:00 a.m. (local time), in the Frontenac Ballroom of the Westin Harbour Castle Convention Centre, 1 Harbour Square, Toronto, Ontario M5J 1A6 for the following purposes:

1. to receive the consolidated financial statements of the Corporation for the financial year ended December 31, 2006 and the auditor's report thereon;
2. to elect the directors;
3. to appoint KPMG LLP as the Corporation's auditor;
4. to consider, and if thought fit, approve an amended and restated employees' stock option plan;
5. to consider, and if thought fit, confirm new By-Law No. 1 of the Corporation; and
6. to transact such other business as may properly be brought before the Annual and Special Meeting or any adjournment thereof.

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

Dated at Toronto, Ontario this 20th day of March, 2007.

BY ORDER OF THE BOARD OF
DIRECTORS

A handwritten signature in black ink, appearing to read "Gordon A. M. Currie".

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

Please Note:

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

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

NOTE: Registered shareholders wishing to receive (or continue to receive) interim financial statements and interim management's discussion and analysis by mail during 2007 must mark the request box at the bottom of their form of proxy, and non-registered shareholders must complete and return the enclosed interim report request form. **Unless you request them, quarterly reports will not be sent to you.** Financial results are announced by media release, and financial statements and management's discussion and analysis are available on the George Weston Limited website at www.weston.ca.

Some households may receive multiple copies of annual reports in shareholder mailings as a result of having multiple registered shareholders residing at that address. Registered shareholders may decline to receive future annual reports, containing annual financial statements and annual management's discussion and analysis, by marking the annual report box at the bottom of the form of proxy. In order to receive future annual reports, non-registered shareholders must complete and return the enclosed annual report request form. Registered shareholders who decline to receive annual reports and non-registered shareholders who do not request annual reports will continue to receive the Management Proxy Circular, form of Proxy and other shareholder mailings.



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 and Special Meeting of Shareholders (the “Meeting”) of George Weston Limited (the “Corporation”) to be held on Wednesday, May 16, 2007 at 11:00 a.m. (local time), in the Frontenac Ballroom, Westin Harbour Castle Convention Centre, 1 Harbour Square, Toronto, Ontario M5J 1A6, 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 current as of March 20, 2007.

Voting Information***Business of the Meeting***

At the Meeting, shareholders are voting on: (i) the election of directors; (ii) the appointment of the auditor; (iii) the approval of the Corporation’s amended and restated employees’ stock option plan (the “Stock Option Plan”), and (iv) the confirmation of the Corporation’s By-law No. 1 (“By-Law No. 1”). 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. A simple majority of the votes cast at the Meeting in person or by proxy is required to approve each of the items specified in the notice of meeting which accompanies this Circular.

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

Voting Questions and Answers***Who can vote?***

Holders of common shares of the Corporation (“Common Shares”) as at the close of business on March 19, 2007 are entitled to vote. Each Common Share is entitled to one vote. As of March 20, 2007, the Corporation had 129,074,526 Common Shares issued and outstanding.

How do I vote?

- Registered shareholders hold shares directly in their name. If you are a registered shareholder, you can vote either:
 - in person at the Meeting; or
 - you may sign the enclosed form of proxy appointing the persons named in the proxy, or some other person you choose, who need not be a shareholder to represent you as proxyholder and vote your shares at the Meeting.
- Non-registered shareholders beneficially own shares but the shares are held in the name of a nominee, such as a bank, broker or trust company. If you are a non-registered shareholder, you may vote your shares either:

SECTION 1

Voting Information (continued)

- through your nominee; or
- in person at the meeting.
- To vote your shares through your nominee you should follow the instructions on the voting instruction form or proxy form provided by your nominee.
- To vote your shares in person at the meeting you should take these steps:
 - appoint yourself as the proxyholder by writing your name in the space provided on the voting instruction form or proxy form; and
 - return the voting instruction form or proxy form to the nominee in the envelope provided.

Do not complete the voting section of the proxy form as your vote will be taken at the meeting.

If you voted through your nominee and would now like to vote in person, contact your nominee to discuss whether this is possible and what procedures you need to follow.

What if I plan to attend the meeting and vote in person?

If you are a registered shareholder and plan to attend the Meeting on May 16, 2007 and wish to vote your shares in person at the Meeting, do not complete or return the form of proxy. Your vote will be taken and counted at the Meeting. Please register with the transfer agent, Computershare Investor Services Inc. (“Computershare”), upon arrival at the Meeting.

Voting 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) 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 14, 2007, or if the Meeting is adjourned, before 5:00 p.m. (local time) on the second last business day before any adjournment thereof.

SECTION 1

Voting Information (continued)

Non-registered shareholder voting

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 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;**
- **FOR the appointment of KPMG LLP as the auditor of the Corporation and the authorization of the directors to fix their remuneration;**
- **FOR the approval of the Stock Option Plan; and**
- **FOR the confirmation of By-Law No. 1.**

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

Your proxyholder will have discretionary authority to vote your shares as he or she sees fit with respect to amendments or variations to matters identified in the notice of meeting which accompanies this Circular and with respect to other matters which may properly come before the Meeting. As of March 20, 2007, management of the Corporation knows of no such amendment, variation or other matter expected to come before the Meeting.

SECTION 1

Voting Information (continued)

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 14, 2007 or, if the Meeting is adjourned, before 5:00 p.m. (local time) on the second last business day before any adjournment thereof; or
 - to the Secretary of the Meeting before the Meeting starts; or
- in any other manner permitted by law.

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

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 costs of such solicitation will be paid by the Corporation.

Is my vote confidential?

Yes, proxies returned to Computershare are counted and tabulated to preserve the confidentiality of individual shareholder votes. Proxies are referred to the Corporation only in cases where a shareholder clearly intends to communicate with management, in the event of questions as to the validity of the proxy or where it is necessary to do so to meet applicable legal requirements. Computershare does not inform the Corporation's management about how individual shareholders have voted except when comments made by shareholders are intended for the attention of management or when required by law.

Controlling Shareholder

As at March 20, 2007, Mr. W. Galen Weston beneficially owned, directly and indirectly through other companies which he controls, including Wittington Investments, Limited, a total of 80,720,448 Common Shares representing 62.54% 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, 2006 and the auditor's report thereon are included in the 2006 Annual Report. A copy of the 2006 Annual Report is available on the Corporation's website at www.weston.ca and on www.sedar.com.

Election of Directors

On March 8, 2007, 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 and was re-appointed on September 19, 2006. All nominees except Messrs. Stephen Bachand and Thomas Rahilly are currently directors of the Corporation and all of the nominees have established their eligibility and willingness to serve as directors. Messrs. Mark Hoffman and John Makinson will not be standing for re-election. 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 of shareholders 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, (if applicable), principal occupation and directorships of other companies. Also indicated for each nominee is the number of Common Shares and deferred share units 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 control or direction, in each case, as of March 20, 2007.

SECTION 2

Business of the Meeting (continued)



Stephen E. Bachand, 68
Ponte Vedra Beach, Florida

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

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

Mr. Bachand is a director of Canadian Pacific Railway Limited and Bank of Montreal, and a former member of Board of Trustees of the Hospital for Sick Children.

In the past five years, Mr. Bachand has also been a director of Fairmont Hotels and Resorts Inc.

George Weston Board Details:

- Independent Director Nominee



A. Charles Baillie O.C., 67
Toronto, Ontario

Mr. Baillie, a corporate director, is the retired 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, Dana Corporation and Telus Corporation. He is Chancellor of Queen's University and President of the Art Gallery of Ontario's Board of Trustees.

Dana Corporation 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.

In the past five years, Mr. Baillie has also served as a director of Toronto Dominion Bank, Ballard Power Systems Inc. and Quebecor World Inc.

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

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	20,000	20,000
• deferred share units	3,809	2,239
Loblaw Companies Limited		
• common shares	6,000	5,000

SECTION 2

Business of the Meeting (continued)



Robert J. Dart, F.C.A., 68
Toronto, Ontario

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.

In the past five years, Mr. Dart has also served as a director of Loblaw.

George Weston Board Details:

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

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	25,200	25,200
• deferred share units	1,606	657
• Preferred Shares Series I	4,000	2,000
• Preferred Shares Series II	4,000	4,000
• Preferred Shares Series III	6,000	6,000
• Preferred Shares Series IV	2,000	2,000
Loblaw Companies Limited		
• common shares	5,851	5,000



Peter B. M. Eby, 68
Toronto, Ontario

Mr. Eby, a 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, Sixty Split Corporation, R. Split II Corporation and TD Asset Management USA Funds Inc.

In the past five years, Mr. Eby has also served as a director of Provigo Inc. and Westfair Foods Ltd. (subsidiaries of the Corporation).

George Weston Board Details:

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

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	2,000	2,000
• deferred share units	5,346	3,773
Loblaw Companies Limited		
• common shares	5,000	5,000

SECTION 2

Business of the Meeting (continued)



Phillip W. Farmer, 68
Melbourne, Florida

Mr. Farmer, a corporate director, is the retired Chairman, 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 Manufacturers 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 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.

In the past five years, Mr. Farmer has also served as a director of AuthenTec, Inc.

George Weston Board Details:

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

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	500	500
• deferred share units	3,478	2,151



Anne L. Fraser, C.M., 66
Victoria, British Columbia

Mrs. Fraser, a 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. She is also a former syndicated broadcaster with the 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.

In the past five years, Ms. Fraser has also served as a director of Loblaw and Crestar Energy.

George Weston Board Details:

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

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	1,500	1,500
• deferred share units	1,131	1,110
• Preferred Shares Series I	500	500
Loblaw Companies Limited		
• common shares	1,988	1,988

SECTION 2

Business of the Meeting (continued)



Anthony R. Graham, 50
Toronto, Ontario

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

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

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	10,000	10,000
• deferred share units	4,153	2,698
Loblaw Companies Limited		
• common shares	10,000	10,000
• deferred share units	6,473	4,301



Allan L. Leighton, 53
London, England

Mr. Leighton is Deputy Chairman of the Corporation and of Loblaw. He is also Deputy Chairman of Selfridges & Co. Ltd. and Chairman of Royal Mail Group (U.K. Postal Service).

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

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

Mr. Leighton graduated from the Advanced Management Program at Harvard University.

In the past five years, Mr. Leighton has also served as a director of Scottish Power plc.

George Weston Board Details:

- Director from 2000 - March, 2006; re-appointed September, 2006
- Non-Independent Director
- In process of accumulating shares to meet share ownership guidelines

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	2,648	—

SECTION 2

Business of the Meeting (continued)



J. Robert S. Prichard, 58
O.C., O.Ont
Toronto, Ontario

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 an 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 Inc. He is also Chairman 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 and Pension and Benefits Committee
- Meets share ownership guidelines

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	2,000	2,000
• deferred share units	4,247	2,894



Thomas F. Rahilly, 63
Toronto, Ontario

Mr. Rahilly was, from 1996 until his retirement at the end of 2006, a Vice Chairman of RBC Capital Markets Inc. (investment and financial corporation), a division of Royal Bank of Canada.

He has worked as an investment banker for over 30 years.

Mr. Rahilly graduated from the University of Toronto with a B.A., a LL.B and a M.A.

Mr. Rahilly is Chair of the Board of Trustees of Trinity College in the University of Toronto.

In the past five years, Mr. Rahilly has also served as a director of Wittington Investments, Limited, Great Lakes Group, Triam Automotive Inc. and Pembina Pipeline Income Fund.

George Weston Board Details:

- Independent Director Nominee

SECTION 2

Business of the Meeting (continued)



M. D. Wendy Rebanks, 75
Toronto, Ontario

Mrs. Rebanks, a corporate director, is Treasurer of The W. Garfield Weston Foundation and a Trustee of the Toronto Art Centre. Mrs. Rebanks is an Honorary Trustee of the American Museum Trustee Association and of the Royal Ontario Museum. Mrs. Rebanks is a director of The Canadian Merit Scholarship Foundation.

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.

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

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	494,647	494,647
• Preferred Shares Series I	43,300	43,300
• Preferred Shares Series II	60,000	60,000
• Preferred Shares Series III	30,000	30,000
Loblaw Companies Limited		
• common shares	20,380	20,380



W. Galen Weston, O.C., 66
Toronto, Ontario

Mr. Weston is Chairman and President of the Corporation and was Chairman of Loblaw from 1976 until his retirement on September 19, 2006. 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.

In the past five years, Mr. Weston has served as a director of Loblaw and Canadian Imperial Bank of Commerce.

George Weston Board Details:

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

Securities owned/controlled	2006	2005
George Weston Limited		
• common shares	80,720,448	80,684,148
Loblaw Companies Limited		
• common shares	173,389,535	173,316,835

SECTION 2

Business of the Meeting (continued)

Appointment of Auditor

It is recommended that KPMG LLP be appointed as the auditor of the Corporation to hold office until the next annual meeting of shareholders of the Corporation and that the directors be authorized to fix their remuneration for the 2007 fiscal year. KPMG LLP and its predecessor companies have been the Corporation's auditor for over 25 years. As part of the Corporation's corporate governance practices, the Board has adopted a policy prohibiting the auditor from providing non-audit services to the Corporation unless such services are approved in advance by the Audit Committee.

The aggregate fees paid to KPMG LLP and its affiliates for the fiscal years 2006 and 2005 are as follows:

	2006 \$(000's)	2005 \$(000's)
Audit fees ⁽¹⁾	3,947	3,755
Audit-related fees ⁽²⁾	1,570	1,514
Tax consultant fees ⁽³⁾	179	71
All other fees ⁽⁴⁾	228	111
Total Fees	5,924	5,451

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

Amended and Restated Employees' Stock Option Plan

On March 8, 2007, the Board approved an amended and restated version of the Corporation's Employees' Stock Option Plan, subject to shareholder approval. A summary of the principal features of the Stock Option Plan follows.

Material Changes from the Existing Stock Option Plan

The Corporation is proposing to amend and restate the existing Stock Option Plan in order to:

- increase the number of Common Shares available for issuance under the Stock Option Plan by 4,059,967 to 6,453,726;
- adopt detailed provisions to clarify when shareholder approval is required in order to amend the Stock Option Plan;
- provide for the automatic extension of the expiration date of all options issued under the Stock Option Plan if they would otherwise expire during a blackout period or at any other time when the holder may be prohibited from trading in securities of the Corporation pursuant to the Corporation's insider trading policy; and
- generally update the Stock Option Plan to conform to new and prevailing practices, rules and guidance, including Toronto Stock Exchange ("TSX") rules relating to security-based compensation plans.

SECTION 2

Business of the Meeting (continued)

Objectives

Allocations under the Stock Option Plan are intended to provide incentives for superior long-term future performance consistent with shareholders' objectives. The Stock Option Plan links compensation to shareholders' interests because the value of the award is directly related to the Corporation's future stock price.

The Stock Option Plan has two objectives:

- to give each option 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.

Administration

The Governance, Human Resource, Nominating and Compensation Committee (the "Governance Committee") administers the Stock Option Plan, approves the participants, makes grants of options and establishes any limitations, restrictions and conditions upon any grants of options.

Eligibility

Any employee or officer of the Corporation or any of its affiliates as may be determined by the Governance Committee may be a participant under the Stock Option Plan. The number of Common Shares that may be issued to any one participant is capped at 5% of the number of issued and outstanding Common Shares.

Shares Available for Issuance

As of March 1, 2007, options to purchase 1,425,638 Common Shares were outstanding and 968,121 Common Shares were available for future option grants, representing in the aggregate approximately 1.85% of the number of issued and outstanding Common Shares as of that date. The Corporation seeks to maintain the total number of Common Shares issuable pursuant to the Stock Option Plan at 5% or less of the number of issued and outstanding Common Shares. If the Stock Option Plan is approved, an additional 4,059,967 Common Shares will be available for issuance under the Stock Option Plan, bringing the total number of Common Shares issuable pursuant to the Stock Option Plan in line with that goal. Any further increase in the number of Common Shares available for issuance under the Stock Option Plan will require shareholder approval. The Stock Option Plan provides that Common Shares issuable pursuant to outstanding options that are, for any reason, cancelled, expired, forfeited or terminated without having been exercised will again be available for grants under the Stock Option Plan.

Option Exercise Price

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

Term, Exercisability and Vesting

Options may not be exercised prior to the first anniversary of the date of grant. The vesting of options is otherwise determined on the grant of the option. Each option has a term of not less than five and not more than ten years. If

SECTION 2

Business of the Meeting (continued)

the expiry date for an option occurs during a black-out period or other period during which an insider is prohibited from trading in securities of the Corporation pursuant to its insider trading policy, the expiry date will automatically be extended until 10 business days after such period ends.

Instead of receiving Common Shares on the exercise of an option, the holder may elect to receive a cash payment equal to the weighted average trading price of the Common Shares for the five trading days prior to the date of exercise, minus the exercise price.

In connection with a transaction involving a change of control of the Corporation, the Board has the discretion to accelerate the vesting of options and to provide for options that are not exercised in connection with the transaction to expire. Options are not transferable.

Termination of Employment

All unvested options are cancelled if the holder resigns or is terminated. If the holder's employment is terminated without cause, the holder has 30 days to exercise vested options. If the holder retires under a retirement plan, the holder has 90 days to exercise vested options. If the holder dies, the holder's representatives have 180 days to exercise vested options.

Adjustments Upon Change in Capitalization

In the event of any consolidation, subdivision or reclassification of the Common Shares, or any stock dividend of Common Shares paid otherwise than in lieu of a normal cash dividend, or any merger, amalgamation or reorganization of the Corporation, the Board will make appropriate adjustments to the number of Common Shares subject to any option then outstanding and the exercise price thereof.

Amendments

Effective June 30, 2007, TSX-listed companies that only have general amendment provisions in their security-based compensation plans will no longer be able to make any amendments to their plans, or options granted under these plans, without shareholder approval, including amendments considered to be of a "housekeeping" nature. The TSX has encouraged its listed companies to seek shareholder approval of more detailed amendment provisions to clarify when shareholder approval is required. The Corporation believes that except for certain material changes to the Stock Option Plan or options under the Stock Option Plan as described below, it is appropriate for the Board (or one of its committees) to have the flexibility to adopt changes to the Stock Option Plan and options without the need to obtain shareholder approval.

The Stock Option Plan provides that shareholder approval is not required for any amendments to the Stock Option Plan or an option granted under the Stock Option Plan, except for any amendment or modification that:

- increases the number of Common Shares that can be issued under the Stock Option Plan, including an increase to a fixed number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;
- reduces the exercise price of an option (including, without limitation, a cancellation and re-grant of an option, constituting a reduction of the exercise price of such option), except in connection with a change in the number of the Corporation's outstanding Common Shares by reason of a stock dividend or split,

SECTION 2

Business of the Meeting (continued)

recapitalization, reorganization, merger, amalgamation, consolidation, combination or exchange of Common Shares, or another corporate change affecting Common Shares;

- extends the term of an option beyond its original expiry date, except where the expiry date would have occurred during a blackout period or at any other time when the holder may be prohibited from trading in securities of the Corporation pursuant to the Corporation's insider trading policy;
- changes the provisions relating to the transferability of an option;
- extends eligibility to participate in the Stock Option Plan to a non-employee director; or
- is required to be approved by shareholders under applicable laws, regulations or stock exchange rules.

Examples of the types of changes to the Stock Option Plan or an option granted under the Stock Option Plan that the Corporation could make without shareholder approval include (without limitation):

- housekeeping or administrative changes, including, without limitation, any amendment for the purpose of:
 - curing any ambiguity, error or omission in the Stock Option Plan;
 - correcting or supplementing any provision of the Stock Option Plan that is inconsistent with any other provision of the Stock Option Plan;
 - changing procedures for Stock Option Plan enrollment and/or withdrawal by participants;
 - changing the time periods for applicable notice provisions in the Stock Option Plan; or
 - changing the Stock Option Plan's eligibility requirements for employees and/or officers;
- changes to the vesting provisions of the Stock Option Plan or an option granted under the Stock Option Plan;
- changes to the termination or amendment provisions for the Stock Option Plan or an option granted under the Stock Option Plan (other than those which require shareholder approval), provided that the change does not entail an extension of an option beyond the original expiry date, except where the expiry date would have occurred during a blackout period or at any other time when the holder may be prohibited from trading in securities of the Corporation pursuant to the Corporation's insider trading policy; and
- changes to the procedures for exercising options, including, without limitation, the addition or modification of a cashless exercise feature, payable in cash or Common Shares, which provides for a full deduction of the number of underlying Common Shares from the reserve of the Stock Option Plan.

The text of the Stock Option Plan is attached hereto as Schedule "B". A simple majority of votes cast, in person or by proxy, is required to approve this resolution.

Resolution Approving Stock Option Plan

The resolution to approve the amendments to the Corporation's Stock Option Plan, which will be presented at the Meeting and, if deemed appropriate, adopted with or without variation is as follows:

1. THAT the amendments made to the Corporation's Stock Option Plan by the Board of Directors of the Corporation on March 8, 2007, as described in the Management Proxy Circular dated March 20, 2007, are hereby approved; and

SECTION 2

Business of the Meeting (continued)

2. THAT any two officers or directors of the Corporation are hereby authorized to do all such things and to sign, execute and deliver any and all documents and instruments as may be necessary or advisable in order to give effect to this resolution.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE ADOPTION OF THE STOCK OPTION PLAN.

By-Law No. 1

Effective March 8, 2007, the Board enacted By-Law No. 1 regulating generally the business and affairs of the Corporation, subject to shareholder confirmation. By-Law No. 1 replaced the Corporation’s By-Law in effect immediately prior to March 8, 2007. By-Law No. 1 sets forth the general rules with respect to the management of business and affairs of the Corporation, including the formalities associated with shareholder meetings, the payment of dividends, communications between the Corporation and the shareholders, the powers and duties of directors and officers, the appointment of directors and formalities associated with meetings of the Board and the framework for the execution of documents on behalf of the Corporation. By-Law No. 1 was adopted in large part to provide flexibility with respect to the management of the business and affairs of the Corporation and to respond to changes made to the *Canada Business Corporations Act* (“CBCA”) since the enactment of the previous By-Law. By-Law No. 1 includes provisions relating to the holding of director and shareholder meetings by electronic means, modifies the periods within which notices of shareholder meetings must be sent to not less than 21 days and not more than 60 days (in contrast to the previous 21 and 50 days), increases the quorum requirement for meetings of directors from at least 33⅓% to at least a majority of the directors and reduces the number of directors who must be resident Canadians from at least a majority to at least 25% of the directors.

The text of By-Law No. 1 is attached hereto as Schedule “C”. A simple majority of votes cast, in person or by proxy, is required to approve this resolution.

Resolution Confirming New By-Law No. 1

The resolution to confirm new By-Law No. 1 which will be presented at the Meeting, and, if deemed appropriate, adopted with or without variation is as follows:

THAT the By-Law No. 1 attached to the Management Proxy Circular dated March 20, 2007 is hereby confirmed.

THE BOARD OF DIRECTORS RECOMMENDS THAT SHAREHOLDERS VOTE “FOR” THE CONFIRMATION OF BY-LAW NO. 1.

Shareholder Proposals

Pursuant to the CBCA, proposals by shareholders to be considered for inclusion in connection with the Annual Meeting of shareholders to be held in 2008 must be received by the Secretary and General Counsel of the Corporation by December 20, 2007.

SECTION 3

Board of Directors Attendance and Compensation

Directors' Compensation

Annual retainers (paid quarterly) and attendance fees were paid to non-management directors on the following basis during fiscal 2006. Directors who are members of management of the Corporation or its subsidiaries receive no additional remuneration in their role as directors of the Corporation.

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

(1) including committee chairs

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 December, 2006, the Governance Committee reviewed the report of an outside consultant, 3XCD Inc., with respect to 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 its peer group using both criteria. The Governance Committee concluded that no adjustments to director compensation were appropriate at that time, except an additional cash payment to Mr. Eby in the amount of \$30,000 in relation to additional work performed as Governance Committee Chair and Lead Director in 2006.

Share Ownership Guidelines

Under share ownership guidelines adopted by the Board, directors are expected to hold Common Shares or Deferred Share Units of the Corporation ("DSUs") with a market value of not less than \$250,000. Directors are expected to meet this requirement within five years of being elected or appointed to the Board. Until this position is achieved, directors must take at least 50% of their annual retainer/attendance fees from the Corporation in the form of DSUs. All current directors either meet or are in the process of complying with these share ownership guidelines.

Deferred Share Unit Plan

To ensure that directors' compensation is aligned with shareholder interests, directors have the option to receive up to 100% of their annual retainer fees in DSUs. A DSU is an amount owed by the Corporation to directors having the same value as one Common Share 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 director's term as a Board member. Payment of DSUs is made in Common Shares purchased on the TSX.

SECTION 3

Board of Directors Attendance and Compensation (continued)

In fiscal 2006, 8 directors elected to receive all or a portion of their annual retainer, committee fees and attendance fees in DSUs. As at December 31, 2006, the amount owing in respect of outstanding DSUs was \$2,139,669.

Attendance and Compensation Information

The following table provides a summary of each director's attendance at Board and Committee meetings during fiscal 2006.

Directors	Board (10 Meetings)	Audit Committee (6 Meetings)	Environmental, Health and Safety Committee (4 Meetings)	Governance, Human Resource, Nominating and Compensation Committee (8 Meetings)	Pension and Benefits Committee (4 Meetings)
W. Galen Weston	10/10	–	–	–	–
A. Charles Baillie	9/10	6/6	–	8/8	–
Robert J. Dart	10/10	–	–	–	–
Peter B.M. Eby	9/10	6/6	–	8/8	–
Phillip W. Farmer	9/10	6/6	4/4	–	–
Anne L. Fraser	9/10	–	4/4	–	–
Anthony R. Graham	8/10	–	–	8/8	4/4
Mark Hoffman	10/10	–	4/4	–	4/4
Allan L. Leighton ^(a)	3/3 1/1	–	–	–	–
John C. Makinson	8/10	6/6	–	–	–
J. Robert S. Prichard ^(b)	10/10	–	–	8/8	2/3
M.D. Wendy Rebanks	10/10	–	4/4	–	4/4
Galen G. Weston ^(c)	7/8	–	–	–	–

(a) Mr. Leighton retired from the Board of Directors effective March 10, 2006 and was re-appointed on September 19, 2006.

(b) Mr. Prichard was appointed to the Pension and Benefits Committee on May 11, 2006.

(c) Mr. Galen G. Weston resigned from the Board of Directors effective September 19, 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 2006:

Name	Board Retainer (\$)	Committee Chair Retainer (\$)	Committee Member Retainer(s) (\$)	Board Attendance Fees (\$)	Committee Attendance and Other Fees (\$)	Total Fees (\$)	% of Fees Received as DSUs (%)
A. Charles Baillie	50,000	10,000	9,000	18,000	28,000	115,000	100
Robert J. Dart	50,000	–	–	20,000	2,000	72,000	100
Peter B. M. Eby ^(a)	50,000	3,000	13,000	18,000	58,000	142,000	100
Phillip W. Farmer	50,000	–	9,000	18,000	22,000	99,000	100
Anne L. Fraser	50,000	3,000	4,000	18,000	10,000	85,000	–
Anthony R. Graham ^(b)	50,000	3,000	12,000	16,000	24,000	105,000	100
Mark Hoffman ^(c)	50,000	–	8,000	20,000	18,000	96,000	–
Allan L. Leighton ^(d)	12,500	–	1,000	6,000	–	19,500	100
John C. Makinson	50,000	–	5,000	16,000	14,000	85,000	100
J. Robert S. Prichard	50,000	–	8,000	20,000	20,000	98,000	100
M. D. Wendy Rebanks	50,000	–	8,000	20,000	18,000	96,000	–
Total	512,500	19,000	77,000	190,000	214,000	1,012,500	

Notes:

- (a) These fees include a cash payment of \$30,000 paid to Mr. Eby in relation to additional work that he performed as Governance Committee Chair and Lead Director. Mr. Eby received additional director fees from Provigo Inc., a subsidiary of the Corporation, in the amount of \$27,000.
- (b) Mr. Graham received additional director fees from President's Choice Bank, a subsidiary of the Corporation, in the amount of \$17,500.
- (c) 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.
- (d) Mr. Leighton retired from the Board of Directors March 10, 2006 and was re-appointed to the Board on September 19, 2006. Prior to his retirement from the Board in March, 2006, Mr. Leighton received his director fees in DSUs. As a result of his appointment as Deputy Chairman of the Corporation and of Loblaw, Mr. Leighton no longer receives director fees. Prior to his appointment as Deputy Chairman of the Corporation and of Loblaw on September 19, 2006, Mr. Leighton received \$671,000 in consulting fees for services provided to the Corporation.

Directors are reimbursed for transportation and other expenses incurred in connection with attendance at Board and Committee meetings.

SECTION 4

Executive Compensation

Report on Executive Compensation

The responsibilities of the Governance Committee are summarized under “Statement of Corporate Governance Practices” on page 35. Among other matters, the Governance Committee is responsible for reviewing and approving overall compensation policies and reviewing, approving and recommending compensation to the Board 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 29. The compensation of the executive officers of Loblaw is overseen by the Loblaw Board of Directors with the assistance of the Loblaw Governance Committee. During 2006 and the first quarter of 2007, the Weston Board approved a new compensation program for executives of the Corporation and in the first quarter of 2007, the Loblaw Board also approved a new compensation program for Loblaw executives.

As of March 20, 2007, 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 private holding corporation through which Mr. W. Galen Weston controls the Corporation.

Compensation Philosophy

The compensation of the Corporation’s senior employees is a key area of focus for the Governance Committee. 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 compensation framework is structured to provide senior employees with the opportunity for a competitive level of total compensation based on the Corporation’s business results, both absolute and relative to the comparator group.

Comparator Group

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 its recommendations.

Components of Total Compensation

The aggregate compensation of senior employees of the Corporation, including the Named Executive Officers, consists of four components: (i) base salary, (ii) short-term incentives, (iii) medium and long-term incentives (including stock options and restricted share units) and (iv) retirement 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.

SECTION 4

Executive Compensation (continued)

Base Salary

The Governance Committee reviews base salaries for senior employees, including the Named Executive Officers. Base salaries are set with reference to criteria and competitive benchmarks and approved by the Governance Committee. The Corporation's compensation philosophy with respect to base salaries is to generally maintain levels at approximately the market median and to place more upside opportunities on the performance-based incentives of annual bonus and medium and long-term incentives. Beginning in 2007, compensation targets were adjusted as described below under Executive Compensation Review.

Annual Bonus Incentive

There are separate bonus incentive plans for the senior management of each of the Corporation's two reportable operating segments. The Weston Foods' operating segment is primarily engaged in the baking and dairy industries within North America and Loblaw is Canada's largest food distributor and leading provider of general merchandise, drugstore, and financial products and services. The Loblaw bonus and incentive plans are developed and overseen by the Loblaw Governance Committee and the Loblaw Board of Directors.

Weston Foods

In 2005, management introduced an economic value added ("EVA") bonus program for Weston Foods based on EVA principles similar to that of Loblaw described below. Approximately 30 senior employees of Weston Foods' Canadian and US businesses 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 strategic plan approved by the Board. Bonuses paid to Canadian employees were based on targets approved for the Canadian business while those paid to US employees were based on targets approved for the US business.

EVA reflects the operating performance of the Corporation 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 the Corporation'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. Negative EVA results when after-tax operating income is less than the cost of capital. As a result of the bonus plan, historically a significant portion (generally between 35-50%) of each senior operating employee's annual total cash compensation over the 3-year plan period was linked to the EVA generated by each of the Weston Foods' businesses.

In 2006, senior executives of the Corporation received annual cash bonus payment based on the EVA program described above. In both the US and Canadian Weston Foods' businesses, EVA bonuses were generally paid out at the targeted levels except for those executives with responsibilities for business units which did not meet their EVA targets.

SECTION 4

Executive Compensation (continued)

Loblaw

Up to and including 2006, senior employees of Loblaw, participated in an annual cash bonus plan based on EVA principles which measured the economic value generated by the assets employed by Loblaw. Using this measure for purposes of calculating payments under the bonus plan allowed the Loblaw Governance Committee 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.

As a result of the bonus plan, historically a significant portion (between 40% and 50%) of each Loblaw senior employee's annual total short term compensation was linked to EVA generated by Loblaw.

The Loblaw EVA bonus earned in any year was historically 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. In 2006, Loblaw's EVA was a negative amount as a result of the Corporation's operating performance. In accordance with the Loblaw EVA plan, the negative EVA for 2006 reduced the amount owing for previous years. In view of the discontinuation of the Loblaw EVA bonus plan, as described below under "Executive Compensation Review", the Loblaw Governance Committee approved a payout of the remaining amounts owing under this bonus plan in respect of the 2004 and 2005 fiscal years, less an amount reflecting the negative EVA performance of Loblaw in 2006, resulting in an aggregate payment of approximately \$10.6 million.

Long-Term Incentive Plans

The Corporation's equity-based incentives consist of stock options and restricted share units ("RSUs"). In 2006, the Board approved a medium term compensation plan ("MTIP") for Weston Foods senior employees that contains performance features based on equity value creation. The MTIP aligns the incentive payments of Weston Foods executives with shareholder interests by rewarding equity value creation within the Weston Foods businesses. The MTIP more accurately reflects the performance of the Weston Foods businesses independently of the Corporation's equity interest in Loblaw. Beginning in 2006, with the introduction of the MTIP, the Board has decided to emphasize the granting of MTIP Units as opposed to stock options and RSUs for senior employees in the Weston Foods businesses.

Stock Option Plan

For a description of the Stock Option Plan, including amendments that the Board has approved subject to shareholder approval, see Schedule "B". There are approximately 150 participants in the Stock Option Plan. Beginning in 2007, certain employees will be eligible for stock option grants and grants of RSUs on an annual basis. All grants will be reviewed and approved by the Governance Committee as part of its regular review of compensation.

No stock options were granted to Weston employees in 2006. During the first half of 2006, 189,354 Loblaw options were granted to 6 Loblaw employees pursuant to the Loblaw Stock Option Plan.

On March 19, 2007, 700,490 stock options were granted to 37 employees of the Corporation at the exercise price of \$72.21. On March 19, 2007, 3,885,439 stock options were granted to 293 Loblaw employees under Loblaw's Stock Option Plan at an exercise price of \$47.44.

SECTION 4

Executive Compensation (continued)

Restricted Share Unit Plan

In 2005, the Governance Committee approved a Restricted Share Unit Plan (“RSU Plan”) for 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 the ten days preceding the end of the performance period for the RSUs multiplied by the number of RSUs held by the employee. The RSU Plan 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 ceased.

During 2006, 148,049 RSUs were granted to 100 employees of the Corporation, and 691,001 Loblaw RSUs were granted to 238 Loblaw employees.

On March 19, 2007, 38,356 RSUs were granted to 37 employees of the Corporation and 281,820 Loblaw RSUs were granted to 289 Loblaw employees.

Medium Term Incentive Plans

Annual awards of MTIP Units are intended to be made to eligible executives in both the Weston Foods US and Canadian businesses. Each year the Committee will designate a new three year performance period for each Weston Foods business and approve a three year budget to be applied in conjunction with the new awards. The underlying principle of the MTIP is that participating employees will be paid an amount that reflects the increase in the equity value of the relevant business that is actually achieved by the end of the three year performance period. Each participant’s share in the increase in notional equity value will be a function of the number of MTIP Units the participant is awarded.

A participant who voluntarily resigns or is terminated with cause is not entitled to any payment under the MTIP in respect of his or her MTIP Units. A participant who is terminated without cause or retires in accordance with one of the Corporation’s retirement plans is entitled to pro rata payment based on the date his or her employment ceases.

In 2006, the Governance Committee approved the grants of MTIP Units to 19 executives of Weston Foods US and 10 executives of Weston Foods Canada. The Governance Committee also has approved grants of MTIP Units for 2007 to members of the senior management teams of each business.

*Executive Compensation Review**Weston Foods*

In 2007, the Board approved a new short-term incentive plan (“STIP”) for senior management in the Weston Foods businesses to replace the EVA program described above. This incentive program provides for target annual bonus awards, which are expressed as a percentage of base salary and tied to the achievement of predetermined financial performance objectives for the applicable Weston Foods business unit for the relevant fiscal year. Both the target bonus awards and the financial performance objectives will be set on an annual basis by the Board. This new incentive plan is designed to provide employees with an easily understood metric, against which annual performance is measured as well as directly linking the timing of the payment with the performance period. An employee’s bonus may be less or more than the full amount, should actual performance be lower or

SECTION 4

Executive Compensation (continued)

higher than the target performance objectives and taking into account individual executive performance. No bonus will be payable if the actual performance in a year is less than 90% of the target for that year. The bonus amount increases incrementally based on the amount the actual performance exceeds 90% of target performance objectives up to a maximum of 150% of the full target bonus amount. The new short-term incentive program will be implemented by the Weston Foods US business in 2007 and by the Weston Foods Canada business in 2008. On March 19, 2007, 700,490 stock options were granted to 37 employees of the Corporation at the exercise price of \$72.21.

Loblaw

In the latter part of 2006 and the early part of 2007, Loblaw management initiated a comprehensive review of all aspects of Loblaw's compensation program for senior employees. Loblaw management received input from the Loblaw Board, and support was provided by management and compensation consultants, Hay Group Limited and Mercer Human Resources Consultants. The objective of the review was to identify opportunities to improve the overall competitiveness of the Loblaw's senior management compensation program. The review focused on all components of compensation including base salary and short-term and long-term incentives. The components of total compensation will now be reviewed annually rather than on a three year basis as was the case under the previous program. Under the new compensation program, the compensation structure for the executive group is comprised of 7 levels, each with a specific salary range, STIP target and long-term incentive plan ("LTIP") target, providing total direct compensation generally targeted at the 60th percentile of the market.

As part of this review, the base salaries of the senior management group of approximately 175 Loblaw employees were reviewed and set at levels that are competitive with base salaries paid by a comparator group based on market data provided by Loblaw's compensation consultants. A salary range was established for each level of senior management within Loblaw. Adjustments to an executive's base salary will be considered annually with reference to a number of factors, including the employee's overall performance and experience.

Loblaw's STIP was examined as part of the executive compensation review. In February of 2007, the Loblaw Board approved a new STIP for senior management that, effective 2007, will replace the Loblaw EVA program described above. The new STIP is designed to provide employees with an easily understood metric against which annual performance is measured as well as directly linking the timing of the payment with the performance period. This STIP is similar to the Weston Foods plan described above. The new Loblaw STIP provides for target annual bonus awards, which are expressed as a percentage of base salary and tied to the achievement of a predetermined financial performance objective for Loblaw for the relevant fiscal year. Both the target bonus awards and the financial performance objective will be set on an annual basis by the Loblaw Board. Generally, if the target performance objective is reached by Loblaw, the employee will be eligible to receive his or her full bonus, calculated as a fixed percentage of base salary. An employee's bonus may be less or more than this amount, should actual performance be lower or higher than the target financial performance objective. No bonus will be payable if the actual performance in a year is less than 90% of the target for that year, and the maximum possible bonus is 200% of target bonus.

As a result of the discontinuation of the Loblaw EVA bonus plan, the Loblaw Governance Committee approved the accelerated payout of all earned EVA which had not yet been paid out to employees, which represents 1/3 of the EVA earned in 2004 and 2/3 of the EVA earned in 2005. The total amount will be reduced by 1/3 of the negative EVA attributed to 2006, resulting in an aggregate payout of approximately \$10.6 million to

SECTION 4

Executive Compensation (continued)

approximately 135 Loblaw EVA participants. The remaining 2/3 of the negative EVA attributed to 2006 will not be applied against future bonus payouts, given the implementation of the new Loblaw STIP.

The Loblaw Governance Committee also reviewed the LTIP of Loblaw consisting of its stock option and RSU programs. Based on this review, the Loblaw Governance Committee approved an equity-based long-term incentive award plan for 2007 consisting of stock option and RSU grants to all eligible employees. The Loblaw Board has also approved the issuance of a special one-time retention grant of stock options and RSUs to certain mid-level employees who would generally not be eligible to receive equity based incentives.

Share Ownership Guidelines

The Corporation adopted share ownership guidelines in January 2003 to further align the interests of senior executives with those of the Corporation's shareholders. The guidelines were updated in March, 2007. Under these guidelines, senior executives are expected to own Common Shares with a value equal to a multiple of their base salary as determined by their position.

The guidelines range from 3 times base salary for the Deputy Chairman and the Presidents of the US and Canadian Weston Foods businesses and 1 times base salary for other senior executives. Executives are expected to attain their ownership requirements within five years. Share ownership under these guidelines includes ownership of Common Shares of the Corporation and the in-the-money value of vested stock options of Weston.

The beneficial share ownership of each active Named Executive Officer other than for the significant shareholder and the dollar value of such share ownership based on the closing price on the TSX on March 20, 2007 is:

Name	Number of Shares (#)		Share Value (\$)	
	Weston	Loblaw	Weston	Loblaw
Galen G. Weston	255,000	290,000	18,609,900	13,804,000
Richard P. Mavrincac	6,036	9,173	440,507	436,643
Gary J. Prince	29,000	–	2,116,420	–
Ralph A. Robinson	13,200	100	963,336	4,760

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 supplemental executive retirement plan. Information on these plans can be found under "Pension Plan and Long Service Executive Arrangements" on page 32.

Employment and Retirement Arrangements

Mr. Prince entered into a new employment agreement with the Corporation effective January 1, 2006 that provides that his base salary is US\$1,250,000 and entitles him to an annual bonus of up to a maximum of 100% of base salary based upon achieving budget and other performance targets. Mr. Prince was also granted MTIP Units in accordance with the terms of his employment agreement. With respect to the MTIP grants provided to Mr. Prince in each of 2006 and 2007, the projected payout amount at the end of each respective 3-year period is US\$1,250,000 based upon the Weston Foods US business achieving its targeted growth in terms of implied equity value. The payouts in connection with the MTIP grants may be higher or lower than the projected amounts based

SECTION 4

Executive Compensation (continued)

on the performance of the Weston Foods US business compared to its target. Upon ceasing to be employed by the Corporation, Mr. Prince may be entitled to an aggregate termination payment of a maximum of US\$5 million, subject to certain non-competition covenants.

Mr. Robinson entered into a new employment agreement with the Corporation effective January 1, 2006 that provides that his base salary is \$650,000 and entitles him to an annual bonus of up to a maximum of 100% of base salary based upon achieving budget or other performance targets. Mr. Robinson was also granted MTIP Units in accordance with the terms of his employment agreement. With respect to the MTIP grants provided to Mr. Robinson in each of 2006 and 2007, the projected payout amount at the end of each respective 3-year period is \$1,250,000 based upon the Weston Foods Canada business achieving its targeted growth in terms of implied equity value. The payouts in connection with the MTIP grants may be higher or lower than the projected amounts based on the performance of the Weston Foods Canada business compared to its target. Upon ceasing to be employed by the Corporation, Mr. Robinson may be entitled to an aggregate termination payment of a maximum of \$4 million, subject to certain non-competition covenants.

Mr. Allan L. Leighton was appointed Deputy Chairman of the Corporation on September 19, 2006. Under his employment agreement with the Corporation, Mr. Leighton's annual base salary is \$1 million. Mr. Leighton also has an employment agreement with Loblaw pursuant to which he receives an annual base salary of \$1 million for his service as Deputy Chairman of Loblaw. He participates in annual executive bonus plans and the Stock Options Plans of both Weston and Loblaw. Mr. Leighton was granted 247,155 options of the Corporation on March 19, 2007 at an exercise price of \$72.21 covering a minimum of the three year period 2007-2009 inclusive. On March 19, 2007, Mr. Leighton was also granted 371,839 options of Loblaw at an exercise price of \$47.44 under the Loblaw Stock Option Plan also covering a minimum of the three year period 2007-2009 inclusive. Mr. Leighton's employment may be terminated at any time for any reason and no amounts shall be owing to him except for accrued and unpaid salary to the date of termination and amounts owing to him in accordance with applicable incentive plans. On termination, Mr. Leighton is subject to non-competition and confidentiality agreements. Mr. Leighton does not participate in any of the Corporation's or Loblaw's pension or retirement arrangements.

Mr. Galen G. Weston was appointed Executive Chairman of Loblaw on September 19, 2006 and has entered into an employment agreement with Loblaw. Under his employment agreement with Loblaw, Mr. Weston's annual base salary is \$1 million. He participates in Loblaw's STIP and in the Loblaw Stock Option Plan. On March 19, 2007, he was granted 495,786 options of Loblaw at an exercise price of \$47.44 under the Loblaw Stock Option Plan covering a minimum of the three year period 2007-2009 inclusive. Mr. Weston's employment may be terminated at any time for any reason and no amounts shall be owing to him except for accrued and unpaid salary to the date of termination and amounts owing to him in accordance with applicable incentive plans. On termination, Mr. Weston is subject to non-competition and confidentiality agreements. Mr. Weston does not participate in any of the Corporation's or Loblaw's pension or retirement arrangements.

Subsequent to year end, the Corporation announced that Mr. Mavrinac, Chief Financial Officer of the Corporation, will be retiring from the Corporation effective May 16, 2007. Pursuant to the terms of his employment contract, Mr. Mavrinac will receive a payment of \$5 million. Mr. Mavrinac will also be paid amounts owing to him under the Corporation's and Loblaw's Stock Option Plans, RSU Plans and applicable agreements. Upon ceasing to be employed by the Corporation, Mr. Mavrinac will be subject to certain non-competition covenants.

SECTION 4

Executive Compensation (continued)

On September 19, 2006, Loblaw and Mr. Lederer entered into an agreement with respect to his resignation as President of Loblaw. In accordance with the terms of Mr. Lederer's employment contract, he was paid \$12 million as a result of the cessation of his employment. Mr. Lederer was also paid approximately \$10 million owing to him under the Corporation's and Loblaw's Stock Option Plans, RSU Plans, EVA bonus plans and applicable agreements. Mr. Lederer is subject to certain non-competition covenants pursuant to his employment contract.

Compensation Review Process

In establishing the total compensation for the Chairman and President of the Corporation and the Presidents of each of the US and Canadian Weston Foods businesses, 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 their compensation entitlements, the Governance Committee also considers the relative compensation of other members of the senior management team. In addition, the Governance Committee assesses and considers factors such as their contribution to the Corporation 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 these executives consists of four components: (i) base salary, (ii) annual bonus incentives, (iii) medium and long-term incentives and (iv) pension arrangements.

Mr. W. Galen Weston's salary and bonus were reviewed by the Governance Committee for 2006. Mr. Weston's base salary was \$1,466,667 in 2006 including a portion allocated to Loblaw, which ceased upon his resignation from Loblaw on September 19, 2006. At this time, Mr. Weston's salary with respect to his role as Chairman and President of the Corporation was increased from \$800,000 to \$1 million per annum. On March 19, 2007, Mr. Weston also was granted 123,750 stock options by the Corporation at an exercise price of \$72.21. Mr. Weston did not earn a bonus from the Corporation or Loblaw in 2006.

Mr. Prince received a salary of US\$1,250,000 in 2006. Mr. Prince received a bonus in the amount of US\$1,000,000, representing 80% of his target bonus amount reflecting an adjusted payout of the EVA target for the Weston Foods US business in 2006. As discussed in the "Employment and Retirement Arrangements" section on page 25, Mr. Prince was also granted MTIP Units in 2006 and 2007.

Mr. Robinson received a salary of \$650,000 in 2006 and a bonus of \$650,000, representing 100% of his target bonus amount reflecting the achievement of the EVA target for Weston Foods Canada for 2006. Mr. Robinson was also granted MTIP Units in 2006 and 2007 as discussed in the "Employment and Retirement Arrangements" section on page 25.

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

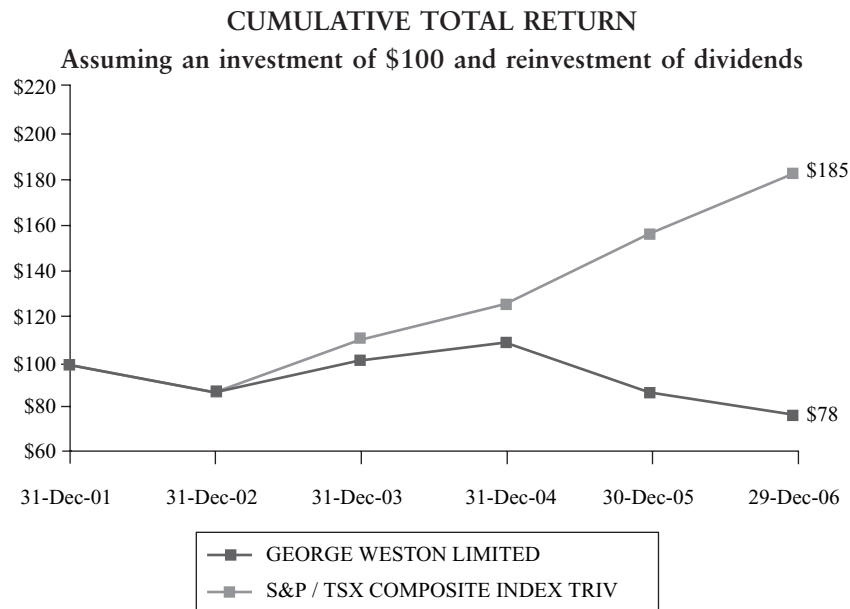
A. Charles Baillie, Peter B.M. Eby (Chairman), Anthony R. Graham and J. Robert S. Prichard.

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, 2001 with the cumulative total return of the S&P/TSX Composite Index over the same period.



	31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04	30-Dec-05	29-Dec-06
S&P / TSX COMPOSITE INDEX TRIV	\$100	\$88	\$111	\$127	\$158	\$185
GEORGE WESTON LIMITED	\$100	\$88	\$102	\$110	\$88	\$78

	31-Dec-01	31-Dec-02	31-Dec-03	31-Dec-04	30-Dec-05	29-Dec-06
S&P / TSX COMPOSITE INDEX TRIV	16,881.75	14,782.01	18,732.48	21,444.89	26,618.80	31,213.49

SECTION 4

Executive Compensation (continued)

Summary Compensation Table

The following table sets forth compensation earned by the Chairman and President, the Chief Financial Officer and the three most highly compensated executive officers of the Corporation and its principal subsidiaries for 2006 as well as the Executive Chairman of Loblaw (collectively the “Named Executive Officers”) for services rendered in all capacities to the Corporation or a subsidiary for the years 2006, 2005 and 2004.

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation Awards				All Other Compensation ⁽¹⁰⁾ (\$)
		Salary (\$)	Bonus (\$)	Awards		Payouts		
				Options/SARs Granted	Securities Under Resale Restrictions (\$) ⁽⁸⁾⁽⁹⁾	Shares or Units Subject To Resale Restrictions (\$) ⁽⁸⁾⁽⁹⁾	LTIP Payouts (\$)	
W. Galen Weston ⁽³⁾⁽⁷⁾ Chairman and President of the Corporation	2006	1,466,667	–	–	–	–	–	10,000
	2005	1,600,000	460,000	72,490 ⁽¹⁾	1,412,586 ⁽⁹⁾	1,412,586 ⁽⁹⁾	–	10,000
	2004	1,600,000	700,000	114,893 ⁽²⁾	1,418,675 ⁽¹⁰⁾	1,418,675 ⁽¹⁰⁾	–	10,000
John A. Lederer ⁽⁴⁾ Former President, Loblaw Companies Limited	2006	966,575	–	–	5,000,000 ⁽¹⁰⁾	5,000,000 ⁽¹⁰⁾	–	12,308,088
	2005	1,350,000	–	30,582 ⁽¹⁾	595,945 ⁽⁹⁾	595,945 ⁽⁹⁾	–	18,605
	2004	1,350,000	997,570	145,411 ⁽²⁾	1,794,013 ⁽¹⁰⁾	1,794,013 ⁽¹⁰⁾	–	16,889
Richard P. Mavrincac ⁽⁶⁾ Chief Financial Officer of the Corporation	2006	600,000	–	–	268,699 ⁽⁹⁾	268,699 ⁽⁹⁾	–	31,000
	2005	600,000	345,000	18,123 ⁽¹⁾	353,090 ⁽⁹⁾	353,090 ⁽⁹⁾	–	28,600
	2004	500,000	339,726	28,723 ⁽²⁾	354,403 ⁽¹⁰⁾	354,403 ⁽¹⁰⁾	–	28,600
Gary J. Prince President, Weston Foods, Inc. (US)	2006	1,250,000 ⁽⁵⁾	1,000,000 ⁽⁵⁾	–	1,459,135 ⁽⁹⁾	1,459,135 ⁽⁹⁾	–	10,000 ⁽⁵⁾
	2005	1,000,000 ⁽⁵⁾	1,000,000 ⁽⁵⁾	73,333 ⁽¹⁾	1,428,954 ⁽⁹⁾	1,428,954 ⁽⁹⁾	–	10,000 ⁽⁵⁾
	2004	1,000,000 ⁽⁵⁾	–	–	–	–	–	10,000 ⁽⁵⁾
Ralph A. Robinson President, Weston Foods Inc. (Canada)	2006	650,000	650,000	–	711,570 ⁽⁹⁾	711,570 ⁽⁹⁾	–	34,000
	2005	650,000	561,943	40,000 ⁽¹⁾	779,450 ⁽⁹⁾	779,450 ⁽⁹⁾	–	34,000
	2004	550,000	421,076	–	–	–	–	34,000
Galen G. Weston Executive Chairman, Loblaw Companies Limited	2006	411,031	–	–	174,760 ⁽¹⁰⁾	174,760 ⁽¹⁰⁾	–	18,000

(1) Common Shares of the Corporation.

(2) Common Shares of Loblaw.

(3) Includes a portion paid by Loblaw except for the bonus amount in 2005 which was paid only by the Corporation.

(4) Paid by Loblaw. Mr. Lederer’s employment with Loblaw ceased on September 19, 2006. The amount of approximately \$12,000,000 included in All Other Compensation represents a payment as a result of the cessation of his employment with Loblaw.

(5) US Dollars.

(6) Mr. Mavrincac will retire from the Corporation effective May 16, 2007. A portion of Mr. Mavrincac’s salary and bonus is paid by Loblaw.

(7) Mr. W. Galen Weston resigned as Chairman of Loblaw effective September 19, 2006.

(8) Amounts represent the dollar value of RSUs of the Corporation awarded to the Named Executive Officer, in each case based on the closing price of the Common Shares on the grant date multiplied by the number of RSUs awarded. In 2006, the Corporation granted 3,195 RSUs

SECTION 4

Executive Compensation (continued)

to Mr. Mavrinc, 17,350 RSUs to Mr. Prince, and 8,461 RSUs to Mr. Robinson, in each case based on the closing price for the Common Shares of \$84.10.

As of December 31, 2006, based on the closing price of \$75.60 of Common Shares of the Corporation on the TSX on December 29, 2006, the last trading day of the year, Mr. W.G. Weston held an aggregate of 12,686 RSUs with a value of \$959,061, Mr. Mavrinc held an aggregate of 6,366 RSUs with a value of \$481,269, Mr. Prince held an aggregate of 30,183 RSUs with a value of \$2,281,834 and Mr. Robinson held an aggregate of 15,461 RSUs with a value of \$1,168,851. Mr. G.G. Weston held no RSUs of the Corporation as at December 31, 2006.

- (9) Amounts represent the dollar value of RSUs of Loblaw awarded to the Named Executive Officer, in each case based on the closing price of the Common Shares of Loblaw on the grant date multiplied by the number of RSUs awarded. On February 16, 2006, Loblaw granted 3,146 RSUs to Mr. Galen G. Weston and 4,760 RSUs to Mr. Mavrinc, in each case based on the closing price of \$55.00. On the same date, Loblaw granted 271,985 RSUs to Mr. Lederer, of which 90,662 RSUs related to 2006. The value of the 90,662 RSUs was based on a closing price for the Common Shares of \$55.00. Mr. Lederer received a cash payment of approximately \$4.6 million representing the value of these 90,662 RSUs owing to him under the RSU Plan as disclosed under "Employment and Retirement Arrangements" beginning on page 25.

As of December 31, 2006, based on the closing price of \$48.79 of common shares of Loblaw on the TSX on December 29, 2006, the last trading day of the year, Mr. Galen G. Weston held an aggregate of 4,956 Loblaw RSUs with a value of \$241,803, Mr. Mavrinc held an aggregate of 9,787 Loblaw RSUs with a value of \$477,507 and Mr. W. Galen Weston held 20,106 Loblaw RSUs with a value of \$980,971.

RSUs of the Corporation and of Loblaw are paid out after the end of a three year performance period following the date of their grant subject to certain conditions. RSUs are not redeemable for shares and do not accumulate additional units based on notional dividends paid on the Common Shares. For a description of the terms of RSUs, see "Restricted Share Unit Plan" on page 23.

- (10) Amounts under All Other Compensation include the value of perquisites. The aggregate value of perquisites and benefits for each Named Executive Officer is less than \$50,000 and 10% of the Named Executive Officer's total annual salary and bonus.

Option/SAR Grants During the Most Recently Completed Financial Year (2006)

Under the existing Stock Option 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 closing price of the Common Shares at the close of business on the day prior to the date of the grant. For a description of the terms of the Amended and Restated Employees' Stock Option Plan, see "Business of the Meeting, Amended and Restated Employees' Stock Option Plan." Stock options currently 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 generally vest 20% on each of the first, second, third, fourth and fifth anniversaries of the date of the grant. Messrs. W.G. Weston, G.G. Weston and Mavrinc participate in the Loblaw Stock Option Plan as set out in the Loblaw Management Proxy Circular.

There were no grants of stock options to Named Executive Officers during 2006.

Grants of Restricted Share Units During the Most Recently Completed Financial Year (2006)

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 (#)	Dollar Value at Date of Grant (\$)	% of Total RSUs Granted to Employees in Financial Year	Performance Period End Date
W. Galen Weston	-	-	-	-
Richard P. Mavrinc	3,195 ⁽¹⁾ 4,760 ⁽²⁾	268,699 261,800	2.16 0.7	February 16, 2009 February 16, 2009
Gary J. Prince	17,350 ⁽¹⁾	1,459,135	11.72	February 16, 2009
Ralph A. Robinson	8,461 ⁽¹⁾	711,570	5.72	February 16, 2009
Galen G. Weston	3,146 ⁽²⁾	174,760	0.5	February 16, 2009

(1) Restricted Share Units of the Corporation. See page 23 for terms of grant of Restricted Share Units for both the Corporation and Loblaw.

(2) Restricted Share Units of Loblaw.

* Mr. Lederer received approximately \$5.3 million as the amount owing to him under the Loblaw RSU plan upon the cessation of his employment effective September 19, 2006.

SECTION 4

Executive Compensation (continued)

The following table sets forth, where applicable, options exercised during 2006 and unexercised options at year end December 31, 2006 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/ SARs Acquired on Exercise (#)	Aggregate Value Realized (\$) ⁽³⁾	Unexercised Options at Financial Year End (#)		Date Option/ SAR Granted	Value of Unexercised in the Money Options/SARs at Financial Year End (\$) Exercisable/Unexercisable
W. Galen Weston	36,300	818,565	-	-	Jan. 11/00 ⁽¹⁾	-
			81,168	-	Jan. 08/01 ⁽¹⁾	-
			51,420	34,279	Jan. 15/03 ⁽¹⁾	-
			14,498	57,992	May 13/05 ⁽¹⁾	-
	112,500	1,688,062	-	-	Jan. 11/00 ⁽²⁾	-
			41,240	-	Jan. 08/01 ⁽²⁾	-
			89,553	59,701	Jan. 15/03 ⁽²⁾	-
			22,979	91,914	Jan. 20/05 ⁽²⁾	-
John A. Lederer	160,345	3,013,363	-	-	Jan. 11/00 ⁽²⁾	-
			164,950	378,230	-	-
Richard P. Mavrinac	1,800	40,330	-	-	Jan. 11/00 ⁽¹⁾	-
			10,712	10,713	Jan. 15/03 ⁽¹⁾	-
			3,625	14,498	May 13/05 ⁽¹⁾	-
			-	-	Jan. 11/00 ⁽²⁾	-
	7,520	115,507	18,656	18,658	Jan. 15/03 ⁽²⁾	-
			5,745	22,978	Jan. 20/05 ⁽²⁾	-
			-	-	Jan. 11/02 ⁽¹⁾	-
Gary J. Prince			32,000	8,000	Jan. 11/02 ⁽¹⁾	-
			64,275	42,849	Jan. 15/03 ⁽¹⁾	-
			14,667	58,666	May 13/05 ⁽¹⁾	-
Ralph A. Robinson			9,641	19,283	Jan. 15/03 ⁽¹⁾	-
			8,000	32,000	May 13/05 ⁽¹⁾	-
Galen G. Weston			2,365	-	June 12/00 ⁽¹⁾	-
			2,068	8,272	Jan. 20/05 ⁽²⁾	-

(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)

Equity Compensation Plans as at December 31, 2006

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

Plan Category	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	1,451,265	99.388	968,121

Indebtedness of Directors, Executive Officers and Employees

As at March 20, 2007, there was no indebtedness (other than "routine indebtedness" under applicable Canadian securities laws) owing to the Corporation or any of its subsidiaries by any directors, executive officers, employees or former directors, executive officers or employees of the Corporation or any of its subsidiaries.

Pension Plan and Long Service Executive Arrangements

The Corporation maintains two pension plans for its executives, including its Named Executive Officers except for Mr. Galen G. Weston who does not participate in any of the Corporation's pension plans.

Executive Defined Benefit Plan

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 "DB Plan"). The annual pension payable under the DB Plan is capped at \$2,111 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	21,111	31,666	42,222	52,777	63,333

The Corporation has entered into individual retirement agreements with certain senior executives to provide benefits under a non-registered supplemental executive retirement plan ("SERP").

Benefits under the DB Plan and the SERP are based on the executive's length of service and the executive's highest consecutive three-year average rate of eligible pension earnings (base salary) during his or her years of service with the Corporation. The total annual benefits paid under the DB Plan and the SERP are capped at \$100,000, except for a limited number of senior executives.

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 17 of the 2006 consolidated financial statements

SECTION 4

Executive Compensation (continued)

of the Corporation. Certain accrued obligations in respect of the Named Executive Officers and other senior employees for the SERP are secured by a stand-by letter of credit issued by a major Canadian chartered bank. The following table sets forth the pension cost and estimated benefits under the DB Plan and the SERP to the Named Executive Officers who participate in the DB Plan:

Name	Years of Pension Service as at December 31, 2006	2006 Annual Cost (\$) ⁽¹⁾	Total Accrued Pension Obligation as at December 31, 2006 (\$) ⁽²⁾	Estimated Annual Pension Benefits Payable at Normal Retirement Age (\$)
W. Galen Weston ⁽³⁾	34.0	449,000	5,407,000	500,000
John Lederer ⁽⁴⁾	29.3	451,000	4,920,000	500,000
Richard P. Mavrinac ⁽⁵⁾	24.6	303,000	3,349,000	300,000
Gary J. Prince ⁽⁶⁾	32.5	500,000	5,744,000	500,000
Ralph A. Robinson	32.1	368,000	6,096,000	442,000

(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 of age 60.

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

(4) Mr. Lederer resigned as President of Loblaw effective September 19, 2006.

(5) Mr. Mavrinac participates in the executive defined benefit pension plan of Loblaw. A portion of the accrued obligation and pension expense for Mr. Mavrinac is allocated to the Corporation.

(6) US dollars. The total accrued pension obligation for Mr. Prince includes entitlements he has in US plans.

Executive Defined Contribution Plan

Certain senior employees of the Corporation participate on a non-contributory basis in the Corporation's Defined Contribution Executive Plan (the "DC Plan"). Contributions are set as a percentage of base salary and are capped at \$19,000 per year as set forth on the following table:

Age + Years of Service	Employer Contributions
< 50	13%
50-60	15%
61 +	17%

As at March 20, 2007, there were no Named Executive Officers participating in the DC Plan. The Corporation's contribution to the DC Plan and the SERP are capped at \$34,000 for each year of service.

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 in 2006 was \$915,142 (such premium is shared with Loblaw). 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.

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 prices. A copy of the Corporation's Notice of Intent filed with the TSX can be found at www.sedar.com. The current Issuer Bid expires on April 3, 2007.

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 2006 together with the report of the auditor on those statements along with Management's Discussion and Analysis and any financial statements for periods after 2006, and this Circular can be obtained upon request from the Senior Vice President, Financial Services and Investor Relations of the Corporation at 22 St. Clair Avenue East, Suite 901, Toronto, Ontario M4T 2S7. Additional information about or relating to the Corporation can also be found at www.weston.ca and www.sedar.com or by dialing in for regularly scheduled conference calls. Additional information with regard to Loblaw can be found at www.loblaw.ca and www.sedar.com.


Contacting the Board of Directors

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

Lead Director
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,
General Counsel and Secretary

Dated in Toronto, Ontario
March 20, 2007

SCHEDULE A

Corporate Governance Practices — (OSC Guidelines)

Statement of Corporate Governance Practices

The Corporation's Board and management believe that sound corporate governance practices contribute to the effective management of the Corporation and its achievement of strategic and operational plans, goals and objectives. To maintain high standards of corporate governance in a rapidly changing environment, the Corporation's governance system is subject to ongoing review and assessment. The Corporation's approach to corporate governance is consistent with Canadian Securities Administrators 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.

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

Director Independence

The Board believes that independence from management is fundamental to its effectiveness. The Board is comprised of a majority of independent directors and will continue to be comprised of a majority of directors who are independent directors if all the nominees proposed for election at the Meeting are elected. 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 director nominees are independent: A. Charles Baillie, Stephen Bachand, Peter B. M. Eby, Phillip W. Farmer, Anne L. Fraser, J. Robert S. Prichard and Thomas F. Rahilly. The following directors are not independent:

- W. Galen Weston, who is an executive officer of the Corporation;
- Robert J. Dart and Anthony R. Graham, who are both executive officers of Wittington Investments, Limited, the Corporation's majority shareholder;
- Allan L. Leighton, who is an executive officer of the Corporation and of Loblaw;
- M. D. Wendy Rebanks, who is a relative of Mr. Weston and of Mr. G. G. Weston, the Executive Chairman of Loblaw.

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

The independent directors meet separately on a periodic basis following Board meetings and on other occasions as required or desirable. Additional information relating to each director and each director nominee standing for election, including other public company boards on which they serve as well as their attendance record for all Board and Committee meetings during fiscal 2006, can be found on pages 6 through 11 and page 18 of this Circular.

SCHEDULE A

Corporate Governance Practices — (OSC Guidelines) (continued)

Board Leadership

Mr. W. Galen Weston is Chairman of the Board and Mr. Allan L. Leighton is the Deputy Chairman of the Corporation. The Board has established a position description for each of the Chairman and the Deputy Chairman.

The Board has also 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 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; and ensure that all the Board's responsibilities, as set out in the Board mandate, are being fulfilled. The Chairman also monitors the reports from the Committees of the Board to ensure the Committees are fulfilling the responsibilities delegated to them by the Board. The 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 42 to 44 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. Each operating division presents a review of its activities and its outlook and strategies for the long-term. 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 control over financial reporting and management information systems. Through the Governance Committee, the Board oversees succession planning and compensation for senior management and members of the Board.

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

SCHEDULE A

Corporate Governance Practices — (OSC Guidelines) (continued)

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

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

These matters are in addition to those matters, 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 certain non-operational matters, including insurance, pensions, corporate governance, health and safety, legal and treasury matters.

Ethical Business Conduct

The Corporation's Code of Business Conduct (the "Code") 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. All directors, officers and employees of the Corporation are required to comply with the Code and must acknowledge their commitment to abide by the Code on a periodic basis. The Code is available on the Corporation's website at www.weston.ca.

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

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

The Corporation encourages the reporting of unethical behaviour and has established an Ethics Response Line, a toll-free number that any employee or director may use to report conduct which he or she feels violates the Code or otherwise constitutes fraud or unethical conduct. A fraud reporting protocol has also been implemented to ensure that fraud is reported to senior management in a timely manner. In addition, the Audit Committee has endorsed procedures for the anonymous receipt, retention and handling of complaints regarding accounting, internal control or auditing matters. These procedures are available at 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' guide containing details of the Corporation's operations, the structure and role of the Board and its Committees, the Board's mandate, compliance requirements for directors, corporate policies, as well as agendas and minutes for recent Board and Committee meetings. The goal is to ensure that new directors fully understand the nature and operation of the Corporation's

SCHEDULE A

Corporate Governance Practices — (OSC Guidelines) (continued)

businesses. One-on-one meetings can be arranged with the heads of each of the Corporation's principal business groups for a new director to learn about the various functions and activities of the Corporation. On an ongoing basis, as part of regular Board meetings, directors are given presentations on various aspects of the Corporation's operations. All Board members participate in an annual all-day Board meeting at which in-depth information regarding particular aspects of the Corporation's strategic plan is reviewed. Members of the Board also participate periodically in senior management conferences and a Loblaw strategy meeting. These sessions involve presentations by and discussions with senior executives responsible for different aspects of the businesses of the Corporation and 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 2006, this process included a questionnaire completed by each of the directors soliciting feedback from directors on matters including the operation of the Board and its Committees, the adequacy of information provided to directors, Board structure and agenda planning for Board meetings. The survey results were reviewed by the Governance Committee and then presented to the full Board.

Following the assessment, the members of the Board made recommendations for improvements in certain areas, including the involvement of the Board with the Corporation's strategic plan and the number of 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 commencing in 2007, the performance of the Deputy Chairman and reviews the results with the Board.

Nomination of Directors

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

On an annual basis or when required, the Governance Committee meets to consider any vacancies on the Board or assess the composition of the current Board membership. The members of the Board are canvassed with respect to potential candidates and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could best complement the current Board. The Governance Committee also assesses any 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 ("Wittington") the private holding corporation that controls Weston. Because of the alignment of interests between Wittington and minority shareholders of the Corporation, namely, the creation of value and long-term growth, the Board has determined that it is appropriate for Mr. Graham to be a member of the Governance

SCHEDULE A

Corporate Governance Practices — (OSC Guidelines) (continued)

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.

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

Each Committee has a formal mandate and a position description for the Chair established by the Board. Both the mandate and position description are reviewed annually by the Governance Committee. Copies of the Committees' mandates are available on the Corporation's website at www.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 regarding the matters discussed and voted upon at each Committee meeting; reviewing the agenda for each meeting of the Committee to ensure that all appropriate matters are brought forward for discussion at the Committee meeting; ensuring that the Committee meets as frequently as is necessary and ensuring, with the assistance of management, that all proper materials and information are before the Committee in connection with matters to be discussed at each meeting of the Committee.

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

Audit Committee

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

- recommending the appointment of the external auditor;
- reviewing the arrangements for and scope of the audit by the external auditor;
- reviewing the independence of the external auditor;
- considering and evaluating with management the adequacy and effectiveness of internal controls over financial reporting and financial disclosure controls and reviewing any proposed corrective actions;

SCHEDULE A

Corporate Governance Practices — (OSC Guidelines) (continued)

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

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

- identifying candidates for membership on the Board and evaluating the independence of the directors;
- assisting in directors' orientation and assessing their performance on an on-going basis;
- shaping the Corporation's approach to corporate governance and recommending to the Board, 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 has appointed the Chair of the Governance Committee, who is an independent director, to serve as lead director.

SCHEDULE A

Corporate Governance Practices — (OSC Guidelines) (continued)

Pension and Benefits Committee

The Pension and Benefits Committee is responsible for:

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

Environmental, Health and Safety Committee

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

Executive Committee

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

*Other Corporate Governance Matters**Disclosure Policy*

The Board has adopted a corporate Disclosure Policy to deal with the timely dissemination of all material information. A copy of the Disclosure Policy is available on the Corporation's website, 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 interim and annual consolidated financial statements, the Annual Report, the Annual Information Form, Management's Discussion and Analysis and this Circular. The Corporation seeks to communicate to its shareholders through these documents as well as by means of news releases, its website and investor relations meetings.

Disclosure Committee

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

SCHEDULE A-1

Mandate of The Board of Directors

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 of the Corporation. Its role is to review corporate strategy, assign responsibility to management for achievement of that strategy, establish limitations on the authority delegated to management and monitor performance against approved objectives. In fulfilling this role, the Board regularly reviews management’s strategic plans so that they continue to be responsive to the changing business environment in which the Corporation operates. The Board oversees the Corporation’s approach to corporate governance, succession planning, internal control over financial reporting, disclosure controls and procedures, and information systems to ensure that the Corporation reports accurately and fairly information to shareholders, other stakeholders and the public. The Board is required to appoint corporate officers and 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 Board and the independent directors.
- Ensure that independent directors hold regular meetings without the attendance of management or non-independent directors.
- Review the Board's mandate on an annual basis and make any revisions, which are necessary.
- 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 position descriptions for the Chairman and President, the Deputy Chairman, the lead director and the chair of each committee of the Board.
- Assess the effectiveness and performance of the Board and its committees as well as their individual members.

3. COMPOSITION

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

SCHEDULE A-1

Mandate of The Board of Directors (continued)

4. COMMITTEES

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

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.

SCHEDULE B

Amended and Restated Employees' Stock Option Plan

GEORGE WESTON LIMITED has established and hereby amends an Employees' Stock Option Plan for employees of the Corporation and its Affiliates in order to secure for the Corporation and its shareholders the benefits of incentives inherent in share ownership by key employees of the Corporation and its Affiliates who, in the judgment of the Board of Directors or the Committee will be largely responsible for the future growth and continued success of the Corporation. It is recognized that stock option plans aid in retaining and encouraging employees of exceptional ability because of the opportunity offered them to acquire a proprietary interest in the Corporation.

1. Definitions:

- (a) "Act" means the Securities Act (Ontario), as from time to time amended.
- (b) "Affiliate" means any entity which is an "affiliate" of the Corporation for the purposes of Ontario Securities Commission National Instrument 45-106 Prospectus and Registration Exemptions, as amended or replaced from time to time.
- (c) "Blackout Period" means the period imposed by the Corporation, during which Optionees may not trade in the Corporation's securities (and includes any period in which an Optionee has Material Undisclosed Information).
- (d) "Board of Directors" means the Board of Directors of the Corporation.
- (e) "Committee" means the Governance, Human Resource, Nominating and Compensation Committee or the Executive Committee of the Board of Directors or any other committee designated by the Board of Directors to carry on the functions of the Committee hereunder.
- (f) "Corporation" means George Weston Limited and its successors.
- (g) "Eligible Employees" means key employees (including officers, whether or not directors) of the Corporation and its Affiliates, as determined by the Board of Directors or the Committee, and shall constitute the class of employees eligible for the granting of Options.
- (h) "Fair Market Value" means the greater of (i) the weighted average of the trading prices of the Shares on the Toronto Stock Exchange for the five trading days prior to the applicable grant date, and (ii) the weighted average of the trading prices of the Shares on the Toronto Stock Exchange on the trading day prior to the grant date, except that for U.S. Participants, "Fair Market Value" means the closing price of the Shares on the Toronto Stock Exchange on the day prior to the grant date.
- (i) "Material Undisclosed Information" means material information affecting the Corporation that has not been publicly disclosed.
- (j) "Option" means an Option granted under the terms of the Plan.
- (k) "Option Price" means the price at which a Share may be exercised pursuant to an Option and which may not be less than Fair Market Value at the date of grant.
- (l) "Optionee" means an Eligible Employee to whom an Option is granted.
- (m) "Plan" means the Amended and Restated Employees' Stock Option Plan herein provided for.

SCHEDULE B

Amended and Restated Employees' Stock Option Plan (continued)

- (n) "Shares" mean the Common Shares of the Corporation.
- (o) "Stock Option Agreement" means, in the case of each Option, the stock option agreement approved for the Option as provided in Section 5.
- (p) "Subsidiary" means a company that is a subsidiary of the Corporation within the meaning of the Act.
- (q) "U.S. Participant" means an Eligible Employee who is subject to the income tax legislation of the United States.

2. **Number of Shares:** The shares which may be issued and sold upon the exercise of Options granted pursuant to the Plan will be Shares. The maximum number of Shares issuable pursuant to the Plan at any time shall not exceed 6,453,726. The aggregate number of Shares issued to insiders of the Corporation within any 12-month period, or issuable to insiders of the Corporation at any time, under the Plan and any other security-based compensation arrangement of the Corporation, may not exceed 5% of the total number of issued and outstanding Common Shares of the Corporation at such time.

For greater certainty, any Share issuable pursuant to an outstanding Option that is, for any reason, cancelled, expired, forfeited or terminated without having been exercised in full shall again be available for issuance upon the exercise of Options granted pursuant to the Plan.

The terms "security based compensation arrangement" and "insider" have the meanings attributed thereto in the TSX Company Manual.

3. **Participation:** Options shall be granted only to Eligible Employees.

4. **Price:** The price at which each Share may be exercised under an Option shall be not less than 100% of its Fair Market Value at the date of grant.

5. **Grant of Options:** The Board of Directors or the Committee may from time to time make all determinations regarding the granting of Options, including the effective date of such grant, and may authorize the granting of Options at the opening of business on such date to such Eligible Employees as it may select for the number of Shares that it shall designate, all subject to the provisions of the Plan. It may take into consideration the Eligible Employees' present and potential contributions to the success of the Corporation or any Subsidiary and such other factors which it may deem proper and relevant, but shall select only Eligible Employees who are anticipated to remain in the employ of the Corporation or its Affiliates for not less than one year from the date of the grant of the Option.

Each Option shall be confirmed by a Stock Option Agreement containing terms and conditions consistent with the Plan and approved by the Board of Directors or the Committee (which terms and conditions need not be the same in each case and may be changed from time to time).

6. **Terms of Options:** Except as otherwise determined by the Board of Directors or the Committee:

- (a) No Option may be exercised in whole or in part prior to one year from the date it is granted.
- (b) Options shall become exercisable (in each case to the nearest full Share) at such times and in such instalments, which may be cumulative, as may be provided in the Stock Option Agreement, having

SCHEDULE B

Amended and Restated Employees' Stock Option Plan (continued)

regard for any requirements of any competent governmental authority or any stock exchange on which the Shares are listed for trading.

- (c) Options shall terminate on the first to occur of the following events:
 - (i) termination of the Option pursuant to the Stock Option Agreement; or
 - (ii) termination of the Optionee's employment as provided in Section 7.
- (d) Each Option shall expire on such date (being not less than five nor more than ten years from the date of the grant of the Option) as the Board of Directors or the Committee may determine at the time the Option is granted (which determination may be evidenced by the applicable Stock Option Agreement).
- (e) Except as set forth in Section 7, no Option may be exercised unless the Optionee is at the time of such exercise in the employ of the Corporation or any Affiliate and has been continuously so employed since the grant of the Option.
- (f) If an Option would otherwise expire during a Blackout Period, the term of such Option shall automatically be extended until 10 business days after the end of the Blackout Period.

7. Effect of Cessation of Employment: If the Optionee dies, retires or otherwise ceases to be employed by the Corporation and/or the Affiliate (whether or not by reason of the Optionee's employment being terminated with or without cause), no Option held by the Optionee shall be exercisable after the date of such death, retirement or other cessation of employment (or after the date the Optionee gives or receives any notice of termination of employment), except as follows and subject to Section 6(f):

- (a) If the Optionee's employment is terminated without cause, on or before the 30th day after the earlier of the date of such cessation of employment and the date of such notice, if any, the Optionee may exercise his or her Option(s) to the extent the Optionee was entitled to do so at the date of such cessation of employment or notice.
- (b) If the Optionee retires under a retirement pension plan of the Corporation or any Affiliate, the 30-day period referred to in clause (a) shall be extended to 90 days after the date of retirement.
- (c) If the Optionee dies while employed by the Corporation or any Affiliate or within the 30-day or 90-day periods referred to in clauses (a) or (b), the person or persons to whom the Optionee's rights have passed by the Optionee's will or the laws of descent and distribution may, on or before the 180th day after the date of death, exercise the deceased's Option(s) to the extent the Optionee was entitled to do so at the date of death provided, however, that nothing contained in paragraphs (a), (b) or (c) shall extend the expiry date of any Option or give any person a right to exercise an Option after the date when the same has expired in accordance with its terms.
- (d) The date of cessation of an Optionee's employment is the Optionee's last day of active employment and does not include any period of statutory, reasonable or contractual notice or any period of deemed employment or salary continuance.

SCHEDULE B

Amended and Restated Employees' Stock Option Plan (continued)

8. Adjustment in Shares Subject to the Plan:

- (a) In the event of any consolidation, subdivision or reclassification of Shares, or any stock dividend of Shares paid otherwise than in lieu of a normal cash dividend, or any merger, amalgamation or reorganization of the Corporation, the number of Shares subject to any Option then outstanding and the Option Price thereof shall be adjusted appropriately by the Board of Directors or the Committee to ensure that such Option will after such event represent a benefit substantially similar to the benefit, if any, it represented before such event, and such adjustments shall be effective and binding for all purposes of the Plan.
- (b) In the event of a transaction which the Board of Directors determines would result in a change of control or a potential change of control, the Board of Directors shall have the power to: (i) accelerate the vesting of Options in full or in part; and (ii) make such other changes to the terms of the Options as it considers fair and appropriate in the circumstances, including but not limited to: (x) otherwise modifying the terms of the Options to assist the Optionees to tender into a take-over bid or other arrangement or transaction leading to a change of control, and thereafter; (y) terminating, conditionally or otherwise, the Options not exercised following successful completion of such bid, arrangement or transaction. If the change of control or potential change of control is not completed within the time specified therein (as the same may be extended), the Options which vested pursuant to this Section shall be returned by the Optionee to the Corporation, in either case, and, if exercised, shall be reinstated as authorized but unissued Shares and the original terms applicable to such Options shall be reinstated.

9. Payment for Shares: Payment for Shares purchased upon exercise of an Option shall be made in full not later than 10 business days following the exercise of the Option.

10. Transferability:

- (a) Options shall not be transferable or assignable otherwise than by will or by the laws of descent and distribution, and during the lifetime of an Optionee shall be exercisable only by him or her.
- (b) Instead of receiving Shares on the exercise of an Option, including Shares under Option at the date this amendment becomes effective, an Optionee may, by written notice to the Corporation given at any time when such Option is exercisable, elect to receive in cash from the Corporation an amount equal to the excess of the Fair Market Value of the Shares as to which such election is made over the Option Price of such Shares set out in the Stock Option Agreement granting the Option ("Share Appreciation Value") net of any required tax withholding. An Option on shares as to which such election is made shall thereupon be deemed to have expired. Payment of such Appreciation Value shall be made within 7 business days of receipt by the Corporation of such appropriately executed election form.

11. Necessary Approvals: The obligation of the Corporation to sell and deliver Shares on the exercise of Options is subject to the approval of any competent governmental authority or stock exchange on which the Shares are listed for trading, which may be required in connection with the creation, issuance or sale of such Shares by the Corporation.

12. Expiration, Amendment and Termination of the Plan: The Board of Directors or the Committee may amend, suspend or terminate the Plan, or any portion thereof, at any time, subject to those provisions of applicable

SCHEDULE B

Amended and Restated Employees' Stock Option Plan (continued)

law (including, without limitation, the applicable rules, regulations and policies of any stock exchange) that require approval of shareholders or any governmental or regulatory body. The Board of Directors or the Committee may make amendments to the Plan or any Option outstanding thereunder without seeking shareholder approval, except for the following types of amendments:

- (i) increasing the number of Shares reserved for issuance under the Plan;
- (ii) reducing the Option Price, except pursuant to Section 8(a);
- (iii) extending the term of an Option beyond its original expiry date or beyond 10 years from its grant date, except pursuant to Section 6(f);
- (iv) extending eligibility to participate in the Plan to non-employee directors;
- (v) permitting Options to be transferred other than by testate or intestate succession;
- (vi) permitting awards, other than Options, to be made under the Plan; or
- (vii) amending this Section 12.

Except as expressly set forth in the Plan, no action of the Board shall alter or impair the rights of an Optionee under any Option previously granted to an Optionee without the consent of the affected Optionee.

13. Administration of the Plan: The Board of Directors or the Committee is authorized to interpret the Plan and from time to time to adopt, amend and rescind the rules and regulations for carrying out the Plan. The interpretation and construction of any provision of the Plan by the Board of Directors or the Committee shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Corporation.

14. Governing Law: The Plan and all Options from time to time outstanding shall be governed by the law of the Province of Ontario and the applicable laws of Canada.

15. U.S. Incentive Stock Options:

- (a) The Board of Directors or the Committee may grant, to U.S. Participants Options which for purposes of such legislation qualify as incentive stock options ("ISO's"). To the extent any such Option does not qualify as an ISO, it shall constitute a non-qualified stock option under such legislation. Options issued as ISO's shall be subject to the terms and conditions set out in Schedule A hereto and to all other terms and conditions of the Plan which are not inconsistent therewith. This section shall terminate on the 10th anniversary of the earlier of the date the first ISO is granted under the Plan and the date on which this section is formally approved by the Board of Directors, without prejudice to any ISO granted prior to and outstanding on that date.
- (b) Compensation paid under the Plan to U.S. Participants is intended not to be subjected to U.S. federal income tax under Section 409A of the Internal Revenue Code and the Plan shall be construed, interpreted and administered in compliance with such intent. The Board of Directors or the Committee is hereby authorized to amend the Plan or any award under the Plan to achieve this result.

SCHEDULE B

Amended and Restated Employees' Stock Option Plan (continued)

SCHEDULE A TO THE AMENDED AND RESTATED EMPLOYEES' STOCK OPTION PLAN

Additional Terms and Conditions Applicable to U.S. Incentive Stock Options

1. **Definitions:**

- (a) "Code" means the United States Internal Revenue Code of 1986, as from time to time amended, and
- (b) "ISO" means an Option which qualifies as an incentive stock option under Section 422 of the Code.

2. **Number of Shares:** The maximum number of Shares which may be issued under ISO's shall be 1,613,000 (as adjusted from time to time by the Board of Directors or the Committee in the event of any occurrence contemplated by Section 8 of the Plan).

3. **Grant of Options:** No ISO may be granted to any Eligible Employee who owns or exercises control or direction over, directly or indirectly, shares carrying more than 10% of the voting rights attached to all outstanding shares of the Corporation or any Subsidiary.

The aggregate Fair Market Value (determined as of the date an ISO is granted) of the Shares with respect to which any Eligible Employee may be granted ISO's in any calendar year (under the Plan and all other plans of the Corporation and its Subsidiaries) shall not exceed the equivalent of \$100,000 U.S.

4. **Terms of Options:** To the extent required under applicable tax legislation, an ISO may not be exercised by an Optionee while an ISO previously granted to the Optionee by the Corporation or any Subsidiary is outstanding, and each Stock Option Agreement relating to an ISO shall so provide.

SCHEDULE C

Resolution Approving New By-Law No. 1

BY-LAW NO. 1

A by-law relating generally to the transaction of the business and affairs of

GEORGE WESTON LIMITED

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BE IT ENACTED as a by-law of the Corporation as follows:

**SECTION 1
INTERPRETATION**

1.1 **Definitions** — In the by-laws of the Corporation, unless the context otherwise requires, capitalized terms used but not defined in this By-Law shall have the meanings attributed to them in the Act, except that:

“**Act**” means the *Canada Business Corporations Act*, as amended, restated or in effect from time to time, and any statute that may be substituted therefor;

“**appoint**” includes “**elect**” and vice-versa;

“**articles**” means the original or restated articles of incorporation, articles of amendment, articles of amalgamation, articles of continuance, articles of reorganization, articles of arrangement, articles of dissolution or articles of revival and includes any amendments thereto;

“**Board**” means the board of directors of the Corporation;

“**by-laws**” means this by-law and all other by-laws of the Corporation from time to time in force and effect;

“**Corporation**” means George Weston Limited and its successors;

“**meeting of shareholders**” includes an annual meeting of shareholders or a special meeting of shareholders;

“**special meeting of shareholders**” includes a meeting of any class or classes of shareholders and a special meeting of all shareholders entitled to vote at an annual meeting of shareholders;

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

“**non-business day**” means Saturday, Sunday and any other day that is a holiday as defined in the *Interpretation Act* (Canada) and any statute that may be substituted therefor, as amended, restated or in effect from time to time;

“**recorded address**” means:

- (a) in the case of a shareholder, that person’s address as recorded in the securities register;
- (b) in the case of joint shareholders, the address appearing in the securities register in respect of such joint holding or the first address so appearing if there are more than one; and
- (c) in the case of a director, officer, auditor or member of a committee of the Board, that individual’s latest address as recorded in the records of the Corporation;

“**Regulations**” means the regulations made under the Act, as amended, restated or in effect from time to time; and

“**signing officer**” means, in relation to any instrument, any person authorized to sign the instrument on behalf of the Corporation by Section 2.2 or by a resolution passed pursuant thereto.

1.2 **Interpretation** — Words in the singular include the plural and vice-versa, words in one gender include all genders, and words importing persons include individuals, bodies corporate, partnerships, trusts and unincorporated organizations.

SECTION 2 BUSINESS OF THE CORPORATION

2.1 **Corporate Seal** — The Corporation may have one or more different corporate seals which may be adopted or changed from time to time by the Board, on which the name of the Corporation appears in the language or one or more of the languages set out in the articles.

2.2 **Execution of Instruments** — Deeds, transfers, assignments, contracts, obligations, certificates and other instruments may be signed on behalf of the Corporation by any two (2) of the directors or officers. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular instrument or class of instruments may or shall be signed. Any signing officer may affix the corporate seal (if any) to any instrument. Any signing officer may certify a copy of any instrument, resolution, by-law or other document of the Corporation to be a true copy thereof.

2.3 **Execution in Counterpart** — Any articles, notice, resolution, requisition, statement or other document required or permitted to be executed in several documents of like form each of which is executed by all persons required or permitted, as the case may be, to do so, shall be deemed to constitute one document and to bear date as of the date of execution thereof by the last person.

2.4 **Banking Arrangements** — The banking business of the Corporation including, without limitation, the borrowing of money and the giving of security therefor, shall be transacted with such banks, trust companies or other bodies corporate or organizations as may from time to time be designated by or under the authority of the Board. Such banking business or any part thereof shall be transacted under such agreements, instructions and delegations of powers as the Board may from time to time prescribe or authorize.

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

2.5 **Voting Rights in Other Bodies Corporate** — The signing officers of the Corporation may execute and deliver proxies and arrange for the issuance of voting certificates or other evidence of the right to exercise the voting rights attaching to any securities held by the Corporation. Such instruments, certificates or other evidence shall be in favour of such person or persons as may be determined by the officers executing such proxies or arranging for the issuance of voting certificates or such other evidence of the right to exercise such voting rights. In addition, the Board may from time to time direct the manner in which and the person or persons by whom any particular voting rights or class of voting rights may or shall be exercised.

2.6 **Withholding Information from Shareholders** — Subject to the Act, no shareholder shall be entitled to discovery of any information respecting any details or conduct of the Corporation's business which, in the opinion of the Board, it would be inexpedient or not in the interests of the shareholders or the Corporation to communicate to the public. The Board may from time to time determine whether and to what extent and at what time and place and under what conditions or regulations the accounts, records and documents of the Corporation or any of them shall be open to the inspection of shareholders and no shareholder shall have any right of inspecting any account, record or document of the Corporation except as conferred by the Act or authorized by the Board or by resolution passed at a meeting of shareholders.

SECTION 3 BORROWING AND SECURITIES

3.1 **Borrowing Power** — Without limiting the borrowing powers of the Corporation as provided by the Act, the Board may from time to time on behalf of the Corporation, without authorization of the shareholders:

- (a) borrow money on the credit of the Corporation;
- (b) issue, reissue, sell, pledge or hypothecate bonds, debentures, notes or other evidences of indebtedness of the Corporation, whether secured or unsecured;
- (c) give a guarantee on behalf of the Corporation to secure performance of any present or future indebtedness, liability or obligation of any person; and
- (d) mortgage, hypothecate, pledge or otherwise create a security interest in all or any currently owned or subsequently acquired real or personal, movable or immovable, property of the Corporation including book debts, rights, powers, franchises and undertakings, to secure any such bonds, debentures, notes or other evidences of indebtedness or guarantee or any other present or future indebtedness, liability or obligation of the Corporation.

The Board may from time to time delegate to one or more of the directors and officers of the Corporation as may be designated by the Board all or any of the powers conferred on the Board in this Section 3.1 to the extent and in the manner as the Board shall determine at the time of such delegation.

Nothing in this Section limits or restricts the borrowing of money by the Corporation on bills of exchange or promissory notes made, drawn, accepted or endorsed by or on behalf of the Corporation.

3.2 **Delegation** — The Board may from time to time delegate to a committee of the Board, a director or an officer of the Corporation or any other person as may be designated by the Board all or any of the powers

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

conferred on the Board by Section 3.1 or by the Act to such extent and in such manner as the Board shall determine at the time of each such delegation.

**SECTION 4
DIRECTORS**

4.1 **Number of Directors and Quorum** — The Board shall consist of the number of directors specified in the articles, except that if the articles provide for a minimum and maximum number of directors, the Board shall consist of the number of directors determined from time to time by the Board within such minimum and maximum. At least two directors shall not be officers or employees of the Corporation or any of its affiliates. A majority of the number of directors so specified or determined shall constitute a quorum at any meeting of the Board.

4.2 **Qualification** — No person shall be qualified for election as a director:

- (a) if the person is less than 18 years of age;
- (b) if the person is of unsound mind and has been so found by a court in Canada or elsewhere;
- (c) if the person is not an individual; or
- (d) if the person has the status of a bankrupt.

At least 25% percent of the directors must be resident Canadians.

4.3 **Election and Term** — The election of directors shall take place at each annual meeting of shareholders. All the directors then in office shall retire but, if qualified, shall be eligible for re-election. The election shall be by resolution. If an election of directors is not held at the proper time, the incumbent directors shall continue in office until their successors are elected.

4.4 **Removal of Directors** — The shareholders may by resolution passed at a special meeting remove any director from office and the vacancy created by such removal may be filled at the same meeting failing which it may be filled by the directors.

4.5 **Vacation of Office** — A director ceases to hold office when such director: (a) dies or resigns; (b) is removed from office by the shareholders in accordance with the Act; or (c) ceases to be qualified for election as a director in accordance with the Act. A resignation of a director becomes effective at the time a written resignation is received by the Corporation or the time specified in such resignation, whichever is later.

4.6 **Vacancies** — Subject to the Act, a quorum of the Board may fill a vacancy in the Board, except a vacancy resulting from an increase in the number or the minimum or maximum number of directors, or from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders. In the absence of a quorum of the Board, or if the vacancy has arisen from a failure of the shareholders to elect the number of directors required to be elected at any meeting of shareholders, the Board shall forthwith call a special meeting of shareholders to fill the vacancy. If the Board fails to call such meeting or if there are no directors then in office, any shareholder may call the meeting.

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

4.7 **Action by the Board** — The Board shall manage, or supervise the management of, the business and affairs of the Corporation. Subject to Section 4.9, the powers of the Board may be exercised by resolution passed at a meeting at which a quorum is present or by resolution in writing signed by all the directors entitled to vote on that resolution at a meeting of the Board. Where there is a vacancy in the Board, the remaining directors may exercise all the powers of the Board so long as a quorum remains in office.

4.8 **Residence** — The Board shall not transact business at a meeting, other than filling a vacancy in the Board, unless at least 25% of the directors present are resident Canadians, except where:

- (a) a resident Canadian director who is unable to be present approves in writing or by telephonic, electronic or other communications facilities, the business transacted at the meeting; and
- (b) the required number of resident Canadians would have been present had that director been present at the meeting.

4.9 **Meeting by Communications Facility** — A director may, in accordance with the Regulations, participate in a meeting of the Board, or a committee of the Board, by means of a telephonic, electronic or other communications facility that permits all participants to communicate adequately with each other during the meeting. A director participating in such a meeting by such means is deemed to be present at the meeting.

4.10 **Place of Meetings** — Meetings of the Board may be held at any place in or outside Canada.

4.11 **Calling of Meetings** — Meetings of the Board shall be held from time to time at such time and at such place as the Board, the Chairman of the Board, the Chief Executive Officer or any two directors may determine.

4.12 **Notice of Meeting** — Notice of the time and place of each meeting of the Board shall be given in the manner provided in Section 11.1 to each director not less than 24 hours before the time when the meeting is to be held. A notice of a meeting of directors need not specify the purpose of or the business to be transacted at the meeting except where the Act requires such purpose or business to be specified, including any proposal to:

- (a) submit to the shareholders any question or matter requiring approval of the shareholders;
- (b) fill a vacancy among the directors or in the office of auditor or appoint additional directors;
- (c) issue securities;
- (d) issued shares of a series;
- (e) declare dividends;
- (f) purchase, redeem or otherwise acquire shares of the Corporation;
- (g) pay a commission for the sale of shares;
- (h) approve a management proxy circular;
- (i) approve a take-over bid circular or directors' circular;
- (j) approve any annual financial statements; or
- (k) adopt, amend or repeal by-laws.

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

A director may in any manner waive notice of or otherwise consent to a meeting of the Board, and attendance of a director at a meeting constitutes a waiver of notice, unless the director is attending for the express purposes of objecting to the transaction of any business on the grounds that the meeting is not lawfully called.

4.13 **First Meeting of New Board** — Provided a quorum of directors is present, each newly elected Board may without notice hold its first meeting immediately following the meeting of shareholders at which such Board is elected.

4.14 **Adjourned Meeting** — Notice of an adjourned meeting of the Board is not required if the time and place of the adjourned meeting is announced at the original meeting.

4.15 **Regular Meetings** — The Board may appoint a day or days in any month or months for regular meetings of the Board at a place and hour to be named. A copy of any resolution of the Board fixing the place and time of such regular meetings shall be sent to each director forthwith after being passed, but no other notice shall be required for any such regular meeting except where the Act requires the purpose thereof or the business to be transacted thereat to be specified.

4.16 **Chairman** — The chairman of any meeting of the Board shall be the first mentioned of such of the following officers as have been appointed and who is a director and is present at the meeting: Chairman of the Board, lead director or Chief Executive Officer. If no such person is present, the directors present shall choose one of their number to be chairman.

4.17 **Votes to Govern** — At all meetings of the Board every question shall be decided by a majority of the votes cast on the question of those directors entitled to vote. In case of an equality of votes the chairman of the meeting shall not be entitled to a second or casting vote.

4.18 **Conflict of Interest** — A director or officer who is a party to, or who is a director or officer of or has a material interest in any person who is a party to, a material contract or a material transaction or proposed material contract or proposed material transaction, with the Corporation shall disclose the nature and extent of such director's or officer's interest at the time and in the manner provided by the Act.

4.19 **Remuneration and Expenses** — The directors shall be paid such remuneration for their services as the Board may from time to time determine. The directors shall also be entitled to be reimbursed for travelling and other expenses properly incurred by them in attending meetings of the Board or any committee thereof. Nothing herein contained shall preclude any director from serving the Corporation in any other capacity and receiving remuneration therefor in that capacity.

SECTION 5 DELEGATION

5.1 **Committees of the Board** — The Board may appoint from among the directors one or more committees of the Board and delegate to them any of the powers of the Board except those which, under the Act, a committee of the Board has no authority to exercise.

5.2 **Audit Committee** — The Board shall appoint from among the directors an audit committee composed of not fewer than three directors, a majority of whom are not officers or employees of the Corporation or any

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

affiliate of the Corporation. The auditor of the Corporation or any member of the audit committee may call a meeting of the committee.

5.3 **Transaction of Business** — Subject to Section 4.9, the powers of a committee of directors may be exercised by a meeting at which a quorum is present or by resolution in writing signed by all the members of such committee who would have been entitled to vote on that resolution at a meeting of the committee. Meetings of such committee may be held at any place in or outside Canada.

5.4 **Procedure** — Unless otherwise determined by the Board, each committee shall have the power to fix its quorum and to regulate its procedure.

SECTION 6 OFFICERS

6.1 **General** — The Board may from time to time appoint a Chairman of the Board, a Chief Executive Officer, a President, one or more Executive Vice-Presidents, Senior Vice-Presidents, Vice-Presidents, a Corporate Secretary, Chief Financial Officer and such other officers as the Board may determine, including one or more assistants to any of the officers so appointed. Subject to Sections 6.2 and 6.3, an officer may but need not be a director and one person may hold more than one office.

6.2 **Chairman of the Board** — The Chairman of the Board, if any, shall be appointed from among the directors and shall, when present, be chairman of meetings of shareholders and the Board and shall have such other powers and duties as the Board may determine.

6.3 **Chief Executive Officer** — Unless the Board otherwise determines, the Chief Executive Officer shall be appointed from among the directors and shall have the general supervision of the business and affairs of the Corporation and, in the absence of the Chairman of the Board, shall be chairman at meetings of shareholders and the Board when present.

6.4 **President** — A President shall have such powers and duties as the Board or the Chief Executive Officer may determine.

6.5 **Executive Vice-President, Senior Vice-President, Vice-President** — Each of an Executive Vice-President, a Senior Vice-President and a Vice-President shall have such powers and duties as the Board or the Chief Executive Officer may determine.

6.6 **Corporate Secretary** — The Corporate Secretary shall attend and be the secretary of all meetings of the Board, shareholders and committees of the Board and shall enter or cause to be entered into records kept for that purpose minutes of all proceedings thereat; shall give or cause to be given, as and when instructed, all notices to shareholders, directors, officers, auditors and members of committees of the Board; shall be the custodian of the corporate seal of the Corporation and of all books, papers, records, documents and instruments belonging to the Corporation; and shall have such other powers and duties as the Board or the Chief Executive Officer may determine.

6.7 **Chief Financial Officer** — The Chief Financial Officer shall keep proper books of account and accounting records with respect to all financial and other transactions of the Corporation and shall be responsible for the deposit of money, the safe-keeping of securities and the disbursement of the funds of the Corporation; shall render

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

to the Board whenever required an account of all transactions as Chief Financial Officer and of the financial position of the Corporation; and shall have such powers and duties as the Board or the Chief Executive Officer may determine.

6.8 **Other Officers** — The powers and duties of all other officers shall be such as the Board or the Chief Executive Officer may determine. Any of the powers and duties of an officer to whom an assistant has been appointed may be exercised and performed by such assistant, unless the Board or the Chief Executive Officer otherwise directs.

6.9 **Variation of Powers and Duties** — The Board may from time to time and subject to the Act, vary, add to or limit the powers and duties of any officer.

6.10 **Term of Office** — The Board, in its discretion, may remove any officer of the Corporation without prejudice to such officer's rights under any employment contract. Otherwise each officer appointed by the Board shall hold office until such officer's successor is appointed, or until such officer's earlier resignation.

6.11 **Conflict of Interest** — An officer shall disclose his or her interest in any material contract or material transaction, whether entered into or proposed, in accordance with Section 4.18.

6.12 **Agents and Attorneys** — The Board shall have the power from time to time to appoint agents or attorneys for the Corporation within or outside Canada with such powers (including the power to sub-delegate) of management, administration or otherwise as the Board may specify.

SECTION 7

PROTECTION OF DIRECTORS, OFFICERS AND OTHERS

7.1 **Indemnity** — The Corporation shall indemnify a director or officer, a former director or officer or a person who acts or acted at the Corporation's request as a director or officer, or in a similar capacity of another entity, and the heirs and legal representatives of such a person to the extent permitted by the Act.

7.2 **Insurance** — The Corporation may purchase and maintain insurance for the benefit of any person referred to in Section 7.1 to the extent permitted by the Act.

SECTION 8

SHARES

8.1 **Allotment** — Subject to the Act and the articles, the Board may from time to time allot or grant options to purchase the whole or any part of the authorized and unissued shares of the Corporation at such times and to such persons and for such consideration as the Board shall determine, provided that no share shall be issued until it is fully paid as provided by the Act.

8.2 **Registration of Transfer** — No transfer of shares shall be registered in a securities register except on presentation of the certificate representing such shares with an endorsement which complies with the Act, together with such reasonable assurance or evidence of signature, identification and authority to transfer as the Board may from time to time prescribe, on payment of all applicable taxes and any fees prescribed by the Board, on

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

compliance with such restrictions on transfer as are authorized by the articles and on satisfaction of any lien referred to in Section 8.4.

8.3 **Transfer Agents and Registrars** — The Board may from time to time appoint a registrar to maintain the securities register and a transfer agent to maintain the register of transfers and may also appoint one or more branch registrars to maintain branch securities registers and one or more branch transfer agents to maintain branch registers of transfers, but one person may be appointed both registrar and transfer agent. The Board may at any time terminate any such appointment.

8.4 **Lien for Indebtedness** — If the articles provide that the Corporation shall have a lien on shares registered in the name of a shareholder indebted to the Corporation, such lien may be enforced, subject to any other provision of the articles, by the sale of the shares thereby affected or by any other action, suit, remedy or proceeding authorized or permitted by law or by equity and, pending such enforcement, the Corporation may refuse to register a transfer of the whole or any part of such shares.

8.5 **Non-recognition of Trusts** — Subject to the Act, the Corporation may treat the person in whose name a share is registered in the securities register as the person exclusively entitled to vote, to receive notices, to receive any dividend or other payments in respect of the share and otherwise to exercise all the rights and powers of an owner.

8.6 **Security Certificates** — Every holder of one or more securities of the Corporation shall be entitled, at the security holder's option, to a security certificate, or to a non-transferable written acknowledgement of such security holder's right to obtain a security certificate, stating the number and class or series of securities held by such security holder as shown on the securities register. Security certificates and acknowledgements of a security holder's right to a security certificate, respectively, shall be in such form as the Board shall from time to time approve. Any security certificate shall be signed in accordance with Section 2.2 and need not be under the corporate seal; provided that, unless the Board otherwise determines, certificates representing securities in respect of which a transfer agent and/or registrar has been appointed shall not be valid unless countersigned by or on behalf of such transfer agent and/or registrar. The signature of one of the signing officers or, in the case of security certificates which are not valid unless countersigned by or on behalf of a transfer agent and/or registrar, the signatures of both signing officers, may be printed or mechanically reproduced in facsimile on security certificates and every such facsimile signature shall for all purposes be deemed to be the signature of the officer whose signature it reproduces and shall be binding on the Corporation. A security certificate executed as aforesaid shall be valid notwithstanding that one or both of the officers whose facsimile signature appears thereon no longer holds office at the date of issue of the certificate.

8.7 **Replacement of Security Certificates** — The Board or any officer or agent designated by the Board may in its or such person's discretion direct the issue of a new security certificate in lieu of and on cancellation of a security certificate that has been mutilated or in substitution for a security certificate claimed to have been lost, destroyed or wrongfully taken on payment of such fee, not exceeding the amount prescribed by the Regulations, and on such terms as to indemnity, reimbursement of expenses and evidence of loss and of title as the Board may from time to time prescribe, whether generally or in any particular case.

8.8 **Joint Security Holders** — If two or more persons are registered as joint holders of any security, the Corporation shall not be bound to issue more than one certificate in respect thereof, and delivery of such

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

certificate to one of such persons shall be sufficient delivery to all of them. Any one of such persons may give effectual receipts for the certificate issued in respect thereof or for any dividend, bonus, return of capital or other money payable or warrant issuable in respect of such security.

8.9 **Deceased Security Holders** — In the event of the death of a holder, or of one of the joint holders, of any security, the Corporation shall not be required to make any entry in the securities register in respect thereof or to make payment of any dividends thereon except on production of all such documents as may be required by law and on compliance with the reasonable requirements of the Corporation and its transfer agents.

SECTION 9
DIVIDENDS AND RIGHTS

9.1 **Dividends** — Subject to the Act, the Board may from time to time declare dividends payable to the shareholders according to their respective rights and interests in the Corporation. Dividends may be paid in money or property or by issuing fully paid shares of the Corporation.

9.2 **Dividend Cheques** — A dividend payable in money shall be paid by cheque drawn on the Corporation's bankers or one of them to the order of each registered holder of shares of the class or series in respect of which it has been declared and mailed by prepaid ordinary mail to such registered holder at his or her recorded address, unless such holder otherwise directs. In the case of joint holders the cheque shall, unless such joint holders otherwise direct, be made payable to the order of all of such joint holders and mailed to them at their recorded address. The mailing of such cheque as aforesaid, unless the same is not paid on due presentation, shall satisfy and discharge the liability for the dividend to the extent of the sum represented thereby plus the amount of any tax which the Corporation is required to and does withhold.

9.3 **Non-receipt of Cheques** — In the event of non-receipt of any dividend cheque by the person to whom it is sent as aforesaid, the Corporation shall issue to such person a replacement cheque for a like amount on such terms as to indemnity, reimbursement of expenses and evidence of non-receipt and of title as the Board may from time to time prescribe, whether generally or in any particular case.

9.4 **Record Date for Dividends and Rights** — The Board may fix in advance a date, preceding by not more than 60 days, or such other period as may be prescribed by the Regulations, the date for the payment of any dividend or the date for the issue of any warrant or other evidence of the right to subscribe for securities of the Corporation, as a record date for the determination of the persons entitled to receive payment of such dividend or to exercise the right to subscribe for such securities, provided that notice of any such record date shall be given, not less than 7 days before such record date, or such other period as may be prescribed by the Regulations in the manner provided by the Act. Where no record date is fixed so, the record date for the determination of the persons entitled to receive payment of any dividend or to exercise the right to subscribe for securities of the Corporation shall be at the close of business on the day on which the resolution relating to such dividend or right to subscribe is passed by the Board.

9.5 **Unclaimed Dividends** — Any dividend unclaimed after the expiry of the applicable limitation period shall be forfeited and shall revert to the Corporation.

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

SECTION 10
MEETINGS OF SHAREHOLDERS

10.1 **Annual Meetings** — The annual meeting of shareholders shall be held at such time in each year and, subject to Section 10.3, at such place as the Board, may from time to time determine, for the purpose of considering the financial statements and reports required by the Act to be placed before the annual meeting, electing directors, appointing auditors and for the transaction of such other business as may properly be brought before the meeting.

10.2 **Special Meetings** — The Board, the Chairman of the Board or the Chief Executive Officer shall have power to call a special meeting of shareholders at any time.

10.3 **Place of Meetings** — Meetings of shareholders shall be held at the registered office of the Corporation or elsewhere in the province in which the registered office is situate or, if the Board shall so determine, at some other place in Canada or, at some place outside Canada if such place is specified in the articles or all the shareholders entitled to vote at the meeting so agree.

10.4 **Participation by Electronic Means** — If the Corporation chooses to make available a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during a meeting of shareholders, any person entitled to attend such meeting may participate in the meeting by means of such telephonic, electronic or other communication facility in the manner provided by the Act and the Regulations. A person participating in a meeting by such means is deemed to be present at the meeting. Notwithstanding any other provision of this by-law, any person participating in a meeting of shareholders pursuant to this Section who is entitled to vote at that meeting may vote, in accordance with the Act and the Regulations, by means of any telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

10.5 **Meeting Held by Electronic Means** — Notwithstanding Section 10.3, if the directors or shareholders of the Corporation call a meeting of shareholders pursuant to the Act, those directors or shareholders, as the case may be, may determine that the meeting shall be held, in accordance with the Act and the Regulations, entirely by means of a telephonic, electronic or other communication facility that permits all participants to communicate adequately with each other during the meeting. Notwithstanding any other provision of this by-law, any person participating in a meeting of the shareholders pursuant this Section who is entitled to vote at that meeting may vote, in accordance with the Act and the Regulations, by means of any telephonic, electronic or other communication facility that the Corporation has made available for that purpose.

10.6 **Notice of Meetings** — Notice of the time and place of each meeting of shareholders shall be given in the manner provided in Section 11.1 not less than 21 nor more than 60 days before the date of the meeting, or within such other period as may be provided by the Act or prescribed by the Regulations to each director, to the auditor and to each shareholder who at the close of business on the record date for notice, is entered in the securities register as the holder of one or more shares carrying the right to vote at the meeting. Notice of a meeting of shareholders called for any purpose other than consideration of the financial statements and auditors report, election of directors and reappointment of the incumbent auditors shall state the nature of such business in sufficient detail to permit the shareholder to form a reasoned judgment thereon and shall state the text of any special resolution to be submitted to the meeting.

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Resolution Approving New By-Law No. 1 (continued)

10.7 **List of Shareholders Entitled to Notice** — For every meeting of shareholders, the Corporation shall prepare within the time specified by the Act a list of shareholders entitled to vote at the meeting, arranged in alphabetical order and showing the number of shares which each such shareholder is entitled to vote at the meeting. If a record date for voting is fixed pursuant to Section 10.9, the shareholders listed shall be those registered at the close of business on such record date. If no record date for voting is so fixed, the shareholders listed shall be those registered at the close of business on the record date for notice fixed pursuant to Section 10.8. If no record date for voting is fixed pursuant to Section 10.9 and no record date for notice is fixed pursuant to Section 10.8, the shareholders listed shall be those registered (a) at the close of business on the day immediately preceding the day on which notice of the meeting is given, or (b) on the day on which the meeting is held where no such notice is given. The list shall be available for examination by any shareholder during usual business hours at the registered office of the Corporation or at the place where the central securities register is maintained and at the meeting for which the list was prepared.

10.8 **Record Date for Notice** — The Board may fix in advance a date, preceding the date of any meeting of shareholders by not less than 21 days and not more than 60 days, or such other period as may be prescribed by the Regulations, as a record date for the determination of the shareholders entitled to notice of the meeting, and notice of any such record date shall be given not less than 7 days before such record date, or such other period as may be prescribed by the Regulations, by newspaper advertisement in the manner provided by the Act. If no record date for notice is so fixed, the record date for the determination of the shareholders entitled to notice of the meeting shall be (a) at the close of business on the day immediately preceding the day on which notice of the meeting is given, or (b) on the day on which the meeting is held where no such notice is given.

10.9 **Record Date for Voting** — The Board may fix in advance a date, preceding the date of any meeting of shareholders by not less than 21 days and not more than 60 days, or such other period as may be prescribed by the Regulations, as a record date for the determination of the shareholders entitled to vote at the meeting, and notice of any such record date shall be given not less than 7 days before such record date, or such other period as may be prescribed by the Regulations, by newspaper advertisement in the manner provided by the Act. If no record date for voting is so fixed, the record date for the determination of the shareholders entitled to vote at the meeting shall be at the close of business on the record date for notice fixed pursuant to Section 10.8. If no record date for voting is fixed pursuant to this Section and no record date for notice is fixed pursuant to Section 10.8, the record date for the determination of the shareholders entitled to vote at the meeting shall be (a) at the close of business on the day immediately preceding the day on which notice of the meeting is given, or (b) on the day on which the meeting is held where no such notice is given.

10.10 **Meetings without Notice** — A meeting of shareholders may be held at any time and place permitted by the Act without notice or on shorter notice than that provided for herein, and proceedings thereat shall not be invalidated (a) if all the shareholders entitled to vote thereat are present in person or represented by proxy or if those not present or represented by proxy, waive notice before or after the meeting or the time prescribed for the notice thereof, in writing of such meeting being held, and (b) if the auditors and the directors are present or if those not present, waive notice of or otherwise consent to such meeting being held. At such a meeting any business may be transacted which the Corporation at a meeting of shareholders may transact. If the meeting is held at a place outside Canada, shareholders not present or represented by proxy, but who have waived notice of such meeting, shall also be deemed to have consented to the meeting being held at such place.

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

10.11 **Chairman, Secretary and Scrutineers** — The chairman of any meeting of shareholders shall be the first mentioned of such of the following officers as have been appointed and who is present at the meeting: Chairman of the Board, Chief Executive Officer or President. If no such officer is present within 15 minutes from the time fixed for holding the meeting, the persons present and entitled to vote shall choose one of their number to be chairman. If the secretary of the Corporation is absent, the chairman shall appoint some person, who need not be a shareholder, to act as secretary of the meeting. If desired, one or more scrutineers, who need not be shareholders, may be appointed by a resolution or by the chairman with the consent of the meeting.

10.12 **Persons Entitled to be Present** — The only persons entitled to attend a meeting of shareholders shall be those entitled to vote thereat, the directors and auditor of the Corporation and others who, although not entitled to vote, are entitled or required under the Act or the articles or by-laws to be present at the meeting. Any other person may be admitted only on the invitation of the chairman of the meeting or with the consent of the meeting.

10.13 **Quorum** — Subject to the Act, a quorum for the transaction of business at any meeting of shareholders shall be one person present in person, being a shareholder entitled to vote thereat or a duly appointed representative or proxyholder for an absent shareholder so entitled, and holding or representing in the aggregate not less than 30% of the outstanding shares of the Corporation entitled to vote at the meeting. If a quorum is present at the opening of any meeting of shareholders, the shareholders present or represented may proceed with the business of the meeting notwithstanding that a quorum is not present throughout the meeting. If a quorum is not present at the opening of any meeting of shareholders, the shareholders present or represented by proxy may adjourn the meeting to a fixed time and place, but may not transact any other business. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of less than 30 days it is not necessary to give notice of the adjourned meeting other than by announcement at the time of an adjournment. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more but not more than 90 days, notice of the adjourned meeting shall be given as for an original meeting but the management of the Corporation shall not be required to send a form of proxy in the form provided by the Act to each shareholder who is entitled to receive notice of the meeting. Those shareholders present at any duly adjourned meeting shall constitute a quorum.

10.14 **Right to Vote** — Subject to the Act as to authorized representatives of any other body corporate or association and restrictions on intermediary voting, for any meeting of shareholders every person who is named in the list of shareholders entitled to vote prepared for purposes of such meeting shall be entitled to vote the shares shown opposite such person's name. For any meeting of shareholders where a list of shareholders entitled to vote has not been prepared for purposes of such meeting, the names of the persons appearing in the securities register at the close of business on the record date for voting as the holders of one or more shares carrying the right to vote at such meeting, shall be deemed to be the list of shareholders entitled to vote for purposes of such meeting.

10.15 **Proxies** — Every shareholder entitled to vote at a meeting of shareholders may appoint a proxyholder, or one or more alternate proxyholders, who need not be shareholders, to attend and act at the meeting in the manner and to the extent authorized and with the authority conferred by the proxy. A proxy shall be in writing executed by the shareholder or such shareholder's attorney and shall conform with the Act. Every such shareholder which is a body corporate or association may by resolution of its directors or governing body authorize an individual who need not be a shareholder to represent it at a meeting of shareholders and such individual may exercise on the shareholder's behalf all the powers it could exercise if it were an individual shareholder. The authority of such an

SCHEDULE C

Resolution Approving New By-Law No. 1 (continued)

individual shall be established by depositing with the Corporation a certified copy of such resolution, or in such other manner as may be satisfactory to the secretary of the Corporation or the chairman of the meeting.

10.16 Time for Deposit of Proxies — The Board may specify in a notice calling a meeting of shareholders a time, preceding the time of such meeting by not more than 48 hours exclusive of non-business days, before which time proxies to be used at such meeting must be deposited. A proxy shall be acted on only if, prior to the time so specified, it shall have been deposited with the Corporation or an agent thereof specified in such notice or, if no such time is specified in such notice, unless it has been received by the secretary of the Corporation or by the chairman of the meeting or any adjournment thereof prior to the time of voting.

10.17 Joint Shareholders — If two or more persons hold shares jointly, one of them present in person or represented by proxy at a meeting of shareholders may, in the absence of the other or others, vote the shares; but if two or more of those persons are present in person or represented by proxy and vote, they shall vote as one on the shares jointly held by them.

10.18 Votes to Govern — At any meeting of shareholders every question shall, unless otherwise required by the articles or by-laws or by law, be determined by a majority of the votes cast on the question. In case of an equality of votes either on a show of hands or on a ballot or on results of electronic voting, the chairman of the meeting shall not be entitled to a second or casting vote.

10.19 Show of Hands — Any question at a meeting of shareholders shall be decided by a show of hands unless a ballot thereon is required or demanded as hereinafter provided. On a show of hands every person who is present and entitled to vote shall have one vote. Whenever a vote by show of hands shall have been taken on a question, unless a ballot thereon is so required or demanded, a declaration by the chairman of the meeting that the vote on the question has been carried or carried by a particular majority or not carried and an entry to that effect in the minutes of the meeting shall be *prima facie* evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against any resolution or other proceeding in respect of the question, and the result of the vote so taken shall be the decision of the shareholders on the question.

10.20 Ballots — On any question proposed for consideration at a meeting of shareholders, and whether or not a show of hands has been taken thereon, the chairman may require a ballot of any person present and any shareholder or proxyholder entitled to vote on such question at the meeting may demand a ballot. A ballot so demanded shall be taken in such manner as the chairman shall direct. A demand for a ballot may be withdrawn at any time prior to the taking of the ballot. If a ballot is taken each person present shall be entitled, in respect of the shares which such person is entitled to vote at the meeting on the question, to that number of votes provided by the Act or the articles, and the result of the ballot so taken shall be the decision of the shareholders on the question.

10.21 Electronic Voting — If the Corporation chooses to make available a telephonic, electronic or other communication facility, in accordance with the Act and the Regulations, that permits shareholders to vote by means of such facility then, notwithstanding any other provision of this by-law, any vote may be held, in accordance with the Act and the Regulations, entirely by means of such facility.

10.22 Adjournment — If a meeting of shareholders is adjourned for less than 30 days, it shall not be necessary to give notice of the adjourned meeting, other than by announcement at the earliest meeting that is adjourned. If a meeting of shareholders is adjourned by one or more adjournments for an aggregate of 30 days or more, notice of the adjourned meeting shall be given as for an original meeting.

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Resolution Approving New By-Law No. 1 (continued)

10.23 **Resolution in Writing** — A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders unless a written statement with respect to the subject matter of the resolution is submitted by a director or the auditors in accordance with the Act.

**SECTION 11
NOTICES**

11.1 **Method of Giving Notices** — Any notice (which term includes any communication or document) to be given (which term includes sent, delivered or served) pursuant to the Act, the Regulations, the articles, the by-laws or otherwise to a shareholder, director, officer or member of a committee of the Board or to the auditors shall be sufficiently given if delivered personally to the person to whom it is to be given or if delivered to such person's recorded address or if mailed to such person at such person's recorded address by prepaid ordinary or air mail or if sent to such person at his or her recorded address by facsimile or if provided in the form of an electronic document in accordance with Section 12.1. A notice so delivered shall be deemed to have been given when it is delivered personally or to the recorded address as aforesaid; a notice so mailed shall be deemed to have been given when deposited in a post office or public letter box; and a notice so sent by any means of transmitted or recorded communication shall be deemed to have been given when dispatched or delivered to the appropriate communication company or agency or its representative for dispatch. The secretary may change or cause to be changed the recorded address of any shareholder, director, officer, auditor or member of a committee of the Board in accordance with any information believed by the secretary to be reliable.

11.2 **Notice to Joint Shareholders** — If two or more persons are registered as joint holders of any share, any notice shall be addressed to all of such joint holders but notice to one of such persons shall be sufficient notice to all of them.

11.3 **Computation of Time** — In computing the date when notice must be given under any provision requiring a specified number of days notice of any meeting or other event, the date of giving the notice shall be excluded and the date of the meeting or other event shall be included.

11.4 **Undelivered Notices** — If any notice given to a shareholder pursuant to Section 11.1 is returned on two consecutive occasions because such shareholder cannot be found, the Corporation shall not be required to give any further notices to such shareholder until such shareholder informs the Corporation in writing of his or her new address.

11.5 **Omissions and Errors** — The accidental omission to give any notice to any shareholder, director, officer, auditor or member of a committee of the Board or the non-receipt of any notice by any such person or any error in any notice not affecting the substance thereof shall not invalidate any action taken at any meeting held pursuant to such notice or otherwise founded thereon.

11.6 **Persons Entitled by Death or Operation of Law** — Every person who, by operation of law, transfer, death of a shareholder or any other means whatsoever, shall become entitled to any share, shall be bound by every notice in respect of such share which shall have been duly given to the shareholder from whom such person derives title to such share prior to such person's name and address being entered on the securities register (whether such notice

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Resolution Approving New By-Law No. 1 (continued)

was given before or after the happening of the event on which such person became so entitled) and prior to such person furnishing to the Corporation the proof of authority or evidence of entitlement provided by the Act.

11.7 **Waiver of Notice** — Any shareholder, (or such shareholder's duly appointed proxyholder), director, officer, auditors or member of a committee of the Board may at any time waive any notice, or waive or abridge the time for any notice, required to be given to such person under the Act, the Regulations, the articles, the by-laws or otherwise and such waiver or abridgement, whether given before or after the meeting or other event of which notice is required to be given, shall cure any default in the giving or in the time of such notice, as the case may be. Any such waiver or abridgement shall be in writing except a waiver of notice of a meeting of shareholders or of the Board or of a committee of the Board which may be given in any manner.

SECTION 12

DOCUMENTS IN ELECTRONIC FORM

12.1 **Documents in Electronic Form** — Subject to any additional conditions set out in Section 12.2 of this by-law, a requirement under the Act, the Regulations or this by-law to provide a person with a notice, document or other information may be satisfied by the provision of an electronic document, provided that:

- (a) the addressee has consented, in the manner prescribed by the Regulations, if any, and has designated an information system for the receipt of electronic documents;
- (b) the electronic document is provided to the designated information system, unless otherwise prescribed by the Regulations; and
- (c) any other requirements of the Regulations have been complied with.

An addressee may revoke the consent referred to in Section 12.1(a). Nothing in this Section 12 shall require a person to create or otherwise provide an electronic document. Except where a notice, document or other information must be sent to a specific place (such as a registered address), an electronic document need not be sent to the designated information system if: (a) the document is posted on or made available through a generally accessible electronic source, such as a website; and (b) the addressee is provided with notice in writing of the availability and location of that electronic document. An electronic document shall be considered to have been received when it enters the information system designated by the addressee or if the document is posted on or made available through a generally accessible electronic source, when it is accessed by the addressee.

12.2 **Where Documents to be Created in Writing** — Where the Act or Regulations expressly require that a notice, document or other information be created in writing, such requirement shall be satisfied by the creation of an electronic document provided that, in addition to the conditions set out in Section 12.1:

- (a) the information in the electronic document is accessible so as to be usable for subsequent reference; and
- (b) any other requirements of the Regulations have been complied with.

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Resolution Approving New By-Law No. 1 (continued)

12.3 **Where Documents to be Provided in Writing** — Where the Act or Regulations expressly require that a notice, document or other information be provided in writing, such requirement shall be satisfied by the provision of an electronic document provided that, in addition to the conditions set out in Section 12.1:

- (a) the information in the electronic document is accessible by the addressee and capable of being retained by the addressee, so as to be usable for subsequent reference; and
- (b) any other requirement of the Regulations have been complied with.

**SECTION 13
EFFECTIVE DATE**

13.1 **Effective Date** — This by-law shall be effective as of March 8, 2007.

13.2 **Repeal** — The previous by-law no. 1 of the Corporation is repealed as of the coming into force of this by-law provided that such repeal shall not affect the previous operation of the by-law so repealed or affect the validity of any act done or right, privilege, obligation or liability acquired or incurred under or the validity of any contract or agreement made pursuant to any such by-law prior to its repeal. All officers and persons acting under the by-law so repealed shall continue to act as if appointed under the provisions of this by-law and all resolutions of the Board or the shareholders with continuing effect passed under the by-law so repealed shall continue to be valid except to the extent inconsistent with this by-law and until amended or repealed.