Management Proxy Circular

GEORGE WESTON LIMITED
ANNUAL MEETING MAY 10, 2012

THIS DOCUMENT CONTAINS

- NOTICE OF MEETING
- PROXY CIRCULAR

MANAGEMENT PROXY CIRCULAR

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Weston
George Weston Limited

March 26, 2012

Fellow Shareholder,

It is my pleasure to invite you to our Annual Meeting of Shareholders, which will be held on Thursday, May 10, 2012, at 11:00 a.m. (local time) at The Royal Conservatory, TELUS Centre for Performance and Learning, Koerner Hall, 273 Bloor Street West, Toronto, Ontario, Canada. The Notice of Annual Meeting of Shareholders and related materials are enclosed.

This Management Proxy Circular describes the business to be conducted at the meeting and other important matters. 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 Centre section of our website at www.weston.ca. A recorded version of the meeting will be available on our website following the meeting.

We look forward to seeing you at the meeting.

Yours very truly,

W. Galen Weston
Executive Chairman

Weston
George Weston Limited

Notice of Annual Meeting of Shareholders

The 2012 Annual Meeting of Shareholders of George Weston Limited will be held on Thursday, May 10, 2012, at 11:00 a.m. (local time) at The Royal Conservatory, TELUS Centre for Performance and Learning, Koerner Hall, 273 Bloor Street West, Toronto, Ontario, Canada, for the following purposes:

1. to receive the consolidated financial statements for the financial year ended December 31, 2011, and the external auditors' report thereon;
2. to elect the directors;
3. to appoint the external auditors and authorize the directors to fix the external auditors' remuneration; and
4. to transact such other business as may properly be brought before the Annual Meeting, or any adjournment thereof.

Shareholders of record at the close of business on March 15, 2012, are entitled to vote at the Annual Meeting. Shareholders are entitled to vote at the Annual Meeting either in person or by proxy. Any shareholder who is unable to attend the Annual Meeting in person is requested to either complete, date, sign and return the enclosed form of proxy in the envelope provided for that purpose to the Corporation's transfer agent, Computershare Investor Services Inc., or vote via the Internet.

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

Dated at Toronto, Ontario, this 26th day of March, 2012.

BY ORDER OF THE BOARD OF DIRECTORS,

Robert A. Balcom
Senior Vice President, General Counsel — Canada and Secretary

VOTING INFORMATION

ABOUT THIS CIRCULAR AND RELATED PROXY MATERIALS

We are providing you with this Management Proxy Circular (the "Circular") and other proxy materials in connection with the 2012 Annual Meeting of Shareholders (the "Meeting") of George Weston Limited (the "Corporation") to be held on Thursday, May 10, 2012, at 11:00 a.m. (local time) at The Royal Conservatory, TELUS Centre for Performance and Learning, Koerner Hall, 273 Bloor Street West, Toronto, Ontario, Canada.

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

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

Unless otherwise indicated, the information contained in this Circular is given as of March 15, 2012 and all dollar amounts used are in Canadian dollars.

QUESTIONS AND ANSWERS ON THE VOTING PROCESS

Q: What am I voting on?

A: You will be voting on:

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

Q: Am I entitled to vote?

A: You are entitled to vote if you were a shareholder of common shares of the Corporation ("Common Shares") as at the close of business on March 15, 2012, which is the record date of the Meeting. Each Common Share is entitled to one vote.

Q: How do I vote?

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

Q: Am I a registered shareholder?

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

Q: Am I a non-registered shareholder?

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

Q: How do I vote if I am a registered shareholder?
A: If you are a registered shareholder, you may vote your Common Shares at the Meeting or by proxy.

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

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

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

You may authorize the management representatives named in the enclosed proxy form to vote your Common Shares, or **you may appoint another person or company to be your proxyholder**. The names already inserted on the form of proxy are W. Galen Weston, Executive Chairman and Robert A. Balcom, Senior Vice President, General Counsel — Canada and Secretary of the Corporation. Unless you choose another person or company to be your proxyholder, you are giving these persons the authority to vote your Common Shares at the Meeting.

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

Please note that in order for your vote to be recorded, your proxy must be received by Computershare at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1 no later than 5:00 p.m. (local time) on May 8, 2012 or one business day before any adjournment of the Meeting.

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

Unless contrary instructions are provided, Common Shares represented by proxies received by management will be voted:

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

Q: What if my Common Shares are registered in more than one name or in the name of a company?
A: If the Common Shares are registered in more than one name, all registered persons must sign the form of proxy. If the Common Shares are registered in a company's name or any name other than your own, you must provide documents showing your authorization to sign the form of proxy for that company or name.

Q: How do I vote if I am a non-registered shareholder?
A: If you are a non-registered shareholder, you may vote your Common Shares in one of the following ways:

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

2. Attend the Meeting
If you wish to vote your Common Shares in person at the Meeting, you should take these steps:
- Insert your name in the space provided on the voting instruction form provided by your intermediary and sign and return it in accordance with the instructions provided. By doing so, you are instructing your intermediary to appoint you as proxyholder.
- Do not otherwise complete the form, as you will be voting at the Meeting.
- When you arrive at the Meeting, please register with Computershare at the registration table.

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

Q: Can I revoke my proxy or voting instruction?
A: If you are a **registered shareholder**, you may revoke your proxy by taking one of the following steps:
you may submit a new proxy to Computershare before 5:00 p.m. (Eastern Standard Time) on May 8, 2012 or the business day before any adjournment of the Meeting; or

- you (or your attorney, if authorized in writing) may sign a written notice of revocation addressed to the Secretary of the Corporation and deposited at the registered office of Computershare at any time up to and including the last business day preceding the day of the Meeting or any adjournment of the Meeting, at which the proxy is to be used; or
- you (or your attorney, if authorized in writing) may sign a written notice of revocation and deliver it to the Chair of the Meeting on the day of the Meeting, or any adjournment of the Meeting, at which the proxy is to be used.

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

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

GENERAL INFORMATION

Q: How many shares are entitled to vote?

A: As of March 15, 2012, there were 128,189,996 Common Shares outstanding. Each Common Share is entitled to one vote on each matter to be voted upon at the Meeting.

Q: Who counts the vote?

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

Q: Who is soliciting my proxy?

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

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

Q: Who do I contact if I have questions?

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

SHARE CAPITAL AND PRINCIPAL SHAREHOLDER

As of March 15, 2012, there were 128,189,996 Common Shares outstanding.

As at March 15, 2012, Mr. W. Galen Weston beneficially owned, directly and indirectly through companies which he controls, including Wittington Investments, Limited (“Wittington”), a total of 80,724,599 Common Shares, representing approximately 63% of the outstanding Common Shares. To the knowledge of the Corporation, no other person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the outstanding Common Shares.

BUSINESS TO BE TRANSACTED AT THE MEETING

The following business will be transacted at the meeting:

1. **RECEIVING THE FINANCIAL STATEMENTS**
   - Management will present the consolidated financial results at the Meeting and shareholders and proxyholders will be given an opportunity to discuss these results with management.

2. **ELECTION OF THE BOARD OF DIRECTORS**
   - 12 nominee directors are proposed for election to the board of directors of the Corporation (the "Board"). Owners of Common Shares can vote on the election of the directors.

3. **APPOINTMENT OF THE EXTERNAL AUDITORS**
   - The Board recommends the re-appointment of KPMG LLP as the Corporation's external auditors. Owners of Common Shares can vote on the re-appointment of the external auditors and authorize the Board to set the external auditors' compensation.

RECEIVING THE FINANCIAL STATEMENTS

The Corporation's annual consolidated financial statements for the year ended December 31, 2011 and the external auditors' report thereon will be presented at the Meeting. These documents are included in the 2011 Annual Report. Copies of the 2011 Annual Report in English or French may be obtained from the Secretary of the Corporation upon request and will be available at the Meeting. The 2011 Annual Report in English or French is also available on SEDAR at www.sedar.com or on the Corporation's website at www.weston.ca.

ELECTION OF THE BOARD OF DIRECTORS

Introduction

The Board, directly and through its committees, supervises and oversees the management of the business and affairs of the Corporation with the goal of enhancing long term shareholder value. The Board has five standing committees: the Audit Committee; the Governance, Human Resource, Nominating and Compensation Committee (the "Governance Committee"); the Environmental, Health and Safety Committee; the Pension Committee and the Executive Committee.

Board Responsibilities and Duties

The Board reviews the Corporation's strategic direction, assigns responsibility to management for the achievement of that direction, develops and approves major policy decisions and significant transactions, delegates to management the authority and responsibility in day-to-day affairs and reviews management's performance and effectiveness. The Board's expectations of management are communicated to management directly and through committees of the Board. The Board approves the Corporation's goals, objectives, operating budgets and strategies, which take into account the opportunities and risks of the business. The Board also regularly receives reports on the operating results of the Corporation and risk management matters as well as reports on certain non-operational matters, including insurance, pensions, corporate governance, health and safety, legal and treasury matters. The Board also closely monitors any potential conflicts of interest between the Corporation and its affiliates, including Loblaw Companies Limited ("Loblaw"). A copy of the Board's mandate is attached as Schedule A to this Circular.

Position on Majority Voting

Certain corporations have adopted a majority voting policy. A majority voting policy generally requires that any nominee for director of a corporation who receives a greater number of votes "withheld" than "for" his or her election must tender his or her resignation for consideration by the corporation's board.

The Corporation is a "controlled company" by virtue of Mr. W. Galen Weston's ownership of approximately 63% of the Common Shares. Controlled companies raise unique considerations in relation to corporate governance. This uniqueness, and the prevalence of controlled companies in Canada, have been noted by regulators, market participants and organizations such as the Canadian Coalition for Good Governance. In a controlled company, the controlling shareholder has the ability to control the outcome of the election of directors making it virtually impossible that more votes for an individual director will be "withheld" than voted "for". For this reason, the Board does not believe it is necessary to implement a majority voting policy. At the Meeting, the nominees will be voted on individually. The voting results for each nominee will be publicly disclosed and the Governance Committee will review and consider the voting results for each individual nominee.

Proposed Nominees

The Board has determined that the number of nominees proposed for election at the Meeting will be 12. The proposed nominees to the Board are listed below:

A. Charles Baillie	**Peter B.M. Eby**	**John S. Lacey**	**Thomas F. Rahilly**
Paviter S. Binning	**Darren Entwistle**	**Isabelle Marcoux**	**Barbara Stymiest**
Warren Bryant	**Anthony R. Graham**	**J. Robert S. Prichard**	**W. Galen Weston**

11 out of 12 nominees are currently directors of the Corporation and 2/3 of the nominees are independent. Mr. Binning, the President of the Corporation, is being nominated as a director for the first time. All nominees have established their eligibility and willingness to continue to serve as directors. Management does not believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the persons designated in the accompanying form of proxy may vote for another nominee at their discretion. Each director shall hold office until the next annual meeting of shareholders or until the director resigns or a successor is elected or appointed.

The tables below provide information about the nominee directors, including their background experience, meeting attendance, boards they sit on and securities of the Corporation held. The information about the securities held by each nominee director is as of March 15, 2012 and as of December 31, 2010.

The persons named in the accompanying form of proxy intend to vote **FOR** the election as directors of the proposed nominees whose profiles are set forth in the following section.

Nominees for Election to the Board of Directors

A. Charles Baillie, O.C., 72
Toronto, Ontario, Canada

Weston Board Details:
- Director since 2003
- Independent Director

Mr. Baillie, a corporate director, is also Chair of Alberta Investment Management Corporation. Mr. Baillie is a 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 Chancellor Emeritus of Queen's University, Chair of the Art Gallery of Ontario's Board of Trustees, President of Authors at Harbourfront, director of Soulpepper Theatre Company, director of the Luminato Festival of Art and Culture, director of Business for the Arts and a member of the Advisory Committee of Canada's National History Society.

Mr. Baillie is a former Chair of the Canadian Council of Chief Executives.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
Board Audit Committee (Chair) Governance Committee	11/12 5/5 6/7	22/24	92%	Year	Amount
				2011	$184,000
				2010	$188,250

Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	Meets Share Ownership Guidelines
Current	20,000	20,601	40,601	$2,506,706	$400,000	Yes
2010	20,000	15,757	35,757	$3,010,739	$400,000	

Current Public Board Memberships		Public Board Interlocks: Directors	Board
Canadian National Railway Company	2003 to present	John S. Lacey	TELUS Corporation
TELUS Corporation	2003 to present	Darren Entwistle	TELUS Corporation
Public Board Memberships During Last Five Years			
Dana Corporation(3)	1998 to 2008		

Paviter S. Binning, 51(4)
Toronto, Ontario, Canada

Weston Board Details:
- Director nominee
- Non-Independent Director

Mr. Binning is the President and former Chief Financial Officer of the Corporation. Prior to these positions, he was an Executive Vice President, Chief Financial Officer and Chief Restructuring Officer of Nortel Networks Corporation. Prior to joining Nortel, Mr. Binning was a Board member and Chief Financial Officer at Hanson plc and Marconi Corporation plc. Mr. Binning previously held various senior corporate and operational finance roles at Diageo plc (a global consumer goods company).

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

In the past five years, Mr. Binning has served as director of Loblaw Companies Limited.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
—	—	—	—	Year	Amount
				2011	—

Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs
Current	1,179	—	1,179

Mr. Binning's is subject to the Executive Share Ownership Guidelines. For details relating to his equity-based share ownership as an executive, please see the table on page 38.

Current Public Board Memberships		Public Board Interlocks: Directors	Board
—	—	—	—
Public Board Memberships During Last Five Years			
Loblaw Companies Limited	2009 to 2010		

Warren Bryant, 66
Bellevue, Washington, United States

Weston Board Details:
- Director Since 2010
- Independent

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

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

Mr. Bryant is a member of the Executive Advisory Committee for the Portland State University Food Industry Leadership Center. Mr. Bryant is a former Chairman of the Board of Directors and was a member of the Board Executive Committee for the National Association of Chain Drug Stores (NACDS). Mr. Bryant is also a former member of the Board of Directors for the California Governor's Council on Physical Fitness and Sports.

Board/Committee Membership	Attendance	Attendance (Total)	
Board	12/12	21/21	100%
Audit Committee	5/5		
Environmental, Health and Safety Committee (Chair)	4/4		

Director Fees Received(1)	
Year	**Amount**
2011	$157,875
2010	$92,208

Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	Meets Share Ownership Guidelines
Current	—	3,677	3,677	$227,018	$400,000	Mr. Bryant has an additional three years to meet the Guidelines.
2010	—	1,165	1,165	$98,093	$400,000	

Current Public Board Memberships	
Dollar General Corporation	2009 to present
OfficeMax Incorporated	2004 to present

Public Board Memberships During Last Five Years	
Longs Drug Stores	2002 to 2008

Public Board Interlocks

Director	Board
—	—

Peter B.M. Eby, 73
Toronto, Ontario, Canada

Weston Board Details:
- Director since 2000
- Independent
- Lead Director

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 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 TD Asset Management USA Funds Inc.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board Executive Committee Audit Committee Governance Committee (Chair)	12/12 — 2/2 7/7	21/21	100%	2011 2010	$224,875 $225,000

Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	Meets Share Ownership Guidelines
Current	2,000	24,456	26,456	$1,633,393	$400,000	Yes
2010	2,000	18,627	20,627	$1,736,793	$400,000	

Current Public Board Memberships		Public Board Interlocks – Director	Board
Leon's Furniture Limited	1977 to present	—	—
Public Board Memberships During Last Five Years			
R. Split II Corp.	2004 to 2009		
Sixty Split Corp.	2001 to 2011		

Darren Entwistle, 49
- Vancouver, British Columbia, Canada

Weston Board Details:
- Director Since 2011
- Independent

Darren Entwistle is President and Chief Executive Officer of TELUS Corporation (a Canadian communications company).

Darren holds a Bachelor of Economics (Honours) degree from Concordia University, an M.B.A. in Finance from McGill University and a diploma in Network Engineering from the University of Toronto. He is on a number of boards including the Canadian Council of Chief Executives and McGill University.

Mr. Entwistle is also a past director of the TD Bank Financial Group, the Vancouver Symphony Orchestra and the Leading Edge Endowment Fund. He also served as Chair of the Royal Conservatory of Music's Capital Campaign.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board Audit Committee	7/7 3/3	10/10	100%	2011 2010	$89,625 N/A

Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	Meets Share Ownership Guidelines
Current	—	1,339	1,339	$82,670	$400,000	Mr. Entwistle has an additional four years to meet the Guidelines.

Current Public Board Memberships		Public Board Interlocks – Directors	Board
TELUS Corporation	2000 to present	A. Charles Baillie John S. Lacey	TELUS Corporation TELUS Corporation
Public Board Memberships During Last Five Years			
Toronto-Dominion Bank	2001 to 2008		

Anthony R. Graham, 55
Toronto, Ontario, Canada

Weston Board Details:
- Director since 1996
- Non-Independent

Mr. Graham is President and a director of Wittington and President and Chief Executive Officer of Sumarria Inc. He is a former Vice Chairman and director of National Bank Financial.

He was awarded an Honorary Doctor of Laws Degree from Brock University.

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

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

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board	12/12	25/25	100%	2011	$356,000
Executive Committee	—			2010	$338,750
Governance Committee	7/7				
Pension Committee (Chair)	6/6				

Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	Meets Share Ownership Guidelines
Current	10,000	19,099	29,099	$1,796,572	$400,000	Yes
2010	10,000	14,721	24,721	$2,081,508	$400,000	

Current Public Board Memberships	
Loblaw Companies Limited	1999 to present
Power Corporation of Canada	2001 to present
Power Financial Corporation	2001 to present
Public Board Memberships During Last Five Years	
Garbell Holdings Limited	2005 to 2009

Public Board Interlocks

Directors	Boards
John S. Lacey	Loblaw Companies Limited
Isabelle Marcoux	Power Corporation of Canada

John S. Lacey, 68
Toronto, Ontario, Canada

Weston Board Details:
- Director since 2009
- Non-Independent

Mr. Lacey is Chairman of the Advisory Board of Brookfield Special Situations Funds. Mr. Lacey provides advisory services to the Corporation and Loblaw. He is a former President and Chief Executive Officer of the Oshawa Group (a major food retailer, now part of Sobeys Inc.).

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

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
				Year	Amount
Board	12/12	12/12	100%	2011	$1,400,000
				2010	$246,000

Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	Meets Share Ownership Guidelines
Current	8,000	4,972	12,972	$800,891	$400,000	Yes
2010	6,000	2,782	8,782	$739,444	$400,000	

Current Public Board Memberships	
Loblaw Companies Limited	2007 to present
TELUS Corporation	2000 to present
Ainsworth Lumber Co. Ltd.	2008 to present
Public Board Memberships During Last Five Years (5)(6)	
Canadian Imperial Bank of Commerce	2004 to 2009
Alderwoods Group, Inc.	2004 to 2007

Public Board Interlocks

Directors	Boards
A. Charles Baillie	TELUS Corporation
Darren Entwistle	TELUS Corporation
Anthony R. Graham	Loblaw Companies Limited

Isabelle Marcoux, 42
Montreal, Quebec, Canada

Weston Board Details:
- Director since 2007
- Independent

Ms. Marcoux is Chair of the Board of Transcontinental Inc. (a major Canadian printing, publishing and interactive marketing company).

Ms. Marcoux formerly practiced corporate and securities law at McCarthy Tétrault LLP.

Ms. Marcoux has an LL.B. in Civil Law and a B.A. in Political Science and Economics from McGill University.

Ms. Marcoux is a board member of the Montreal Museum of Fine Arts and of the Board of Trade of Metropolitan Montreal and serves as Chair of Tel-jeunes' 2011-2016 major fundraising campaign.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
Board	11/12	15/17	88%	**Year**	**Amount**
Audit Committee	1/2			2011	$134,375
Environmental, Health and Safety Committee	3/3			2010	$141,000

Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	Meets Share Ownership Guidelines
Current	—	10,183	10,183	$628,698	$400,000	Yes
2010	—	7,217	7,217	$607,671	$400,000	

Current Public Board Memberships	
Transcontinental Inc.	2005 to present
Rogers Communications Inc.	2008 to present
Power Corporation of Canada	2010 to present
Public Board Memberships During Last Five Years	
—	—

Public Board Interlocks

Director	Board
Anthony R. Graham	Power Corporation of Canada

J. Robert S. Prichard, O.C., O. Ont., 63
Toronto, Ontario, Canada

Weston Board Details:
- Director since 2000
- Independent

Mr. Prichard is the Chair of Torys LLP and of the Board of Directors of Metrolinx. He is a former President and CEO of Metrolinx, the regional transportation agency for Greater Toronto. Mr. Prichard is a past President and Chief Executive Officer and a former director of Torstar Corporation and 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 an LL.B., and from Yale Law School with an LL.M. He is a fellow of the Royal Society of Canada.

He is also Vice Chair of Canada's Science Technology & Innovation Council, Chairman of the Visiting Committee for Harvard Law School, a director of the Toronto Community Foundation, a trustee of the Hospital for Sick Children and a member of Canada's Economic Advisory Council and Ontario's Economic Advisory Panel.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received(1)	
Board	12/12	25/25	100%	**Year**	**Amount**
Governance Committee	7/7			2011	$158,000
Pension Committee	6/6			2010	$150,000

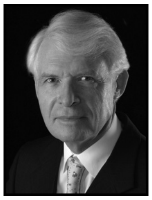
Equity Ownership (as of March 15, 2012)

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs(2)	Minimum Equity Ownership	Meets Share Ownership Guidelines
Current	2,000	18,577	20,577	$1,270,424	$400,000	Yes
2010	2,000	14,313	16,313	$1,373,555	$400,000	

Current Public Board Memberships	
The Bank of Montreal	2000 to present
Onex Corporation	1994 to present
Public Board Memberships During Last Five Years	
Four Seasons Hotels Inc.	1996 to 2007
Torstar Corporation	2002 to 2009

Public Board Interlocks

Director	Board
—	—



Thomas F. Rahilly, 68
Toronto, Ontario, Canada

Weston Board Details:
- Director since 2007
- Independent

Mr. Rahilly, a corporate director, was, from 1996 until his retirement at the end of 2006, Vice Chairman of RBC Capital Markets, a division of Royal Bank of Canada. He worked as an investment banker for over 30 years.

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

In the past five years, Mr. Rahilly has also served as a director of Wittington.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
Board Audit Committee Environmental, Health and Safety Committee Pension Committee	12/12 5/5 4/4 6/6	27/27	100%	**Year** 2011 2010	**Amount** $173,000 $175,000

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	Meets Share Ownership Guidelines
Equity Ownership (as of March 15, 2012)						
Current	—	13,795	13,795	$851,703	$400,000	Yes
2010	—	9,896	9,896	$833,243	$400,000	

Current Public Board Memberships		Public Board Interlocks: Director	Board
—	—	—	—
Public Board Memberships During Last Five Years			
—	—		

Barbara Stymiest, F.C.A., 55
Toronto, Ontario, Canada

Weston Board Details:
- Director since 2011
- Independent

Ms. Stymiest, a corporate director, serves as a director and Chairperson of Research in Motion Limited. She was one of ten executives of RBC responsible for the overall performance of Canada's largest bank (as measured by market capitalization, earnings and assets) and one of North America's leading diversified financial services companies until June 2011. She is also a former Chief Executive Officer of TSX Group Inc.

Ms. Stymiest obtained a B.A. from the Richard Ivey School of Business and is a Fellow of the Institute of Chartered Accountants of Ontario.

Ms. Stymiest serves as director of the Canadian Institute for Advanced Research, Royal Ontario Museum and University Health Network and has worked with a number of professional and charitable organizations including the CICA's Accounting Oversight Committee, United Way Campaign Cabinet and Hincks-Dellcrest Children's Centre.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
Board Audit Committee Pension Committee	7/7 3/3 4/4	14/14	100%	**Year** 2011 2010	**Amount** $102,125 N/A

Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	Meets Share Ownership Guidelines
Equity Ownership (as of March 15, 2012)						
Current	2,000	1,526	3,526	$217,695	$400,000	Ms. Stymiest has an additional four years to meet the Guidelines

Current Public Board Memberships		Public Board Interlocks: Director	Board
Research in Motion (Chair)	2007 to Present	—	—
Public Board Memberships During Last Five Years			
—	—		

W. Galen Weston, O.C., 71
Toronto, Ontario, Canada

Weston Board Details:
- Director since 1967
- Non-Independent

Mr. Weston is the Executive Chairman 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 and 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.

Board/Committee Membership	Attendance	Attendance (Total)		Director Fees Received[1]	
				Year	**Amount**
Board	11/12	11/12	92%	2011	—
Executive Committee (Chair)	—			2010	—

Equity Ownership (as of March 15, 2012)

Mr. Weston is the controlling shareholder of the Corporation. For further information regarding the holdings of the Principal Shareholder, please see page 4.

Current Public Board Memberships		Public Board Interlocks	
		Director	**Board**
—	—	—	—
Public Board Memberships During Last Five Years			
Associated British Foods, plc	1964 to 2011		

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

(2) "Total Market Value of Common Shares and DSUs" for non-management directors is calculated for 2011 based on the closing price of the Common Shares on the TSX on March 15, 2012, which was $61.74 and for 2010, the closing price of the Common Shares on December 31, 2010, which was $84.20.

(3) Dana Corporation filed voluntary petitions for reorganizations under Chapter 11 of the U.S. Bankruptcy Code on March 3, 2006. Dana's European, South American, Asian-Pacific, Canadian and Mexican subsidiaries were not included in the Chapter 11 filing. Dana emerged from bankruptcy in January of 2008.

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

(5) Mr. Lacey was Chairman of The Loewen Group Inc. when it filed a petition for creditor protection under Chapter 11 of the U.S. Bankruptcy Code and the Companies' Creditors Arrangement Act in June of 1999. The Loewen Group Inc. emerged from Chapter 11 in January 2003 and CCAA proceedings were held in November of 2006.

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

Board and Committee Attendance

The following table provides a summary of each director's attendance at Board and Committee meetings in 2011:

Name	Board (12 meetings)	Audit Committee (5 meetings)	Environmental, Health and Safety Committee (4 meetings)	Governance Committee (7 meetings)	Pension Committee (6 meetings)	Overall Attendance
W. Galen Weston	11	-	-	-	-	11/12
A. Charles Baillie	11	5	-	6	-	22/24
Warren Bryant	12	5	4	-	-	21/21
Robert J. Dart (1)	5	-	1	-	2	8/8
Peter B.M. Eby(2)	12	2	-	7	-	21/21
Darren Entwistle(3)	7	3	-	-	-	10/10
Anne L. Fraser	12	-	4	-	-	16/16
Anthony R. Graham	12	-	-	7	6	25/25
John S. Lacey	12	-	-	-	-	12/12
Allan A. Leighton	11	-	-	-	-	11/12
Isabelle Marcoux(4)	11	1	3	-	-	15/17
J. Robert S. Prichard	12	-	-	7	6	25/25
Thomas F. Rahilly	12	5	4	-	6	27/27
Barbara Stymiest(5)	7	3	-	-	4	14/14

(1) Mr. Dart resigned as a director of the Corporation on May 12, 2011.

(2) Mr. Eby resigned from the Audit Committee on May 12, 2011.

(3) Mr. Entwistle was elected as a director of the Corporation on May 12, 2011.

(4) Ms. Marcoux resigned from the Audit Committee on May 12, 2011.

(5) Ms. Stymiest was elected as a director of the Corporation on May 12, 2011.

DIRECTORS' COMPENSATION

The compensation of the Board of Directors is designed to attract and retain committed and qualified directors and to align their compensation with the long-term interests of the shareholders of the Corporation. The Board, through the Governance Committee, is responsible for reviewing and approving any changes to the directors' compensation arrangements.

Mr. Weston is, and Mr. Leighton was, a senior executive of the Corporation and does not and did not receive any additional remuneration for their role as directors of the Corporation or any of its subsidiaries.

Comparator Review

In September 2010, the Governance Committee reviewed the compensation paid to its non-management directors. As part of this review, the Committee considered the complexity of the Corporation's operations, the risks and responsibilities involved in being a director of the Corporation, the time required to prepare for and participate in scheduled and special Board meetings, the expected participation on the Board's committees and the compensation paid to directors of comparable Canadian companies.

To assist in such review, the Corporation's and Loblaw's respective governance committees commissioned their independent consultant, Meridian Compensation Partners ("Meridian"), to perform a benchmarking analysis and compile market data relating to director compensation using two groups of comparable Canadian companies. The first group consisted of public companies with market capitalizations comparable to the Corporation's and the second group consisted of large public companies with a controlling shareholder. In selecting the groups, the Governance Committee also considered the composition of the comparator groups selected for the review of executive compensation, the details of which are set out on pages 22 to 49.

The companies in the comparator groups for benchmarking director compensation were as follows:

Comparator Group of Canadian Companies by Market Capitalization	Comparator Group of Canadian Companies with a Controlling Shareholder
Agrium Inc.	Bombardier Inc.
Bombardier Inc.	Canadian Tire Corporation, Limited
Brookfield Asset Management Inc.	Empire Company Limited
Cameco Corporation	The Great-West Life Assurance Company
Canadian Pacific Railway Limited	Rogers Communications Inc.
Canadian Tire Corporation, Limited	Power Corporation of Canada
Metro Inc.	Power Financial Corporation
Power Corporation of Canada	Shaw Communications Inc.
Saputo Inc.	Thomson Reuters Corporation
Shaw Communications Inc.	Torstar Corporation
Shoppers Drug Mart Corporation	
SNC-Lavalin Inc.	
TELUS Corporation	
Tim Hortons Inc.	

Based on the Meridian report and the considerations noted above, the Governance Committee affirmed the annual board retainer and attendance fees in 2010. In 2011, the Governance Committee reviewed the fees and concluded that no changes were required. The Board's 2011 retainer and attendance fees are set forth in the following table:

Type of Fee	Amount ($)
Annual Fees	
- Board Retainer Cash(1)	50,000
- Board Retainer DSUs	50,000
Total Board Retainer	100,000
Lead Director retainer	50,000
Audit Committee chair	30,000(2)
Audit Committee member	5,000
Governance Committee chair	25,000(2)
Environmental Committee chair	15,000(2)
Pension Committee chair	10,000(2)
Member of other board committee	4,000
Attendance Fees	
Board or committee meeting	2,000
Meeting of half day or more attended at the request of the board or a committee	2,000

(1) Directors may elect to receive their cash retainer in the form of DSUs.

(2) Includes fee received as committee member.

Directors' Compensation for 2011

The following table sets out the compensation elements and total compensation earned by each non-management director of the Corporation in 2011 and the manner in which the compensation was paid:

	Fees Breakdown							Allocation of Total Fees		
Name(1)	**Board Retainer ($)(2)**	**Committee Chair Retainer ($)**	**Committee Member Retainer ($)**	**Attendance Fees ($)(3)**	**Total Fees Earned ($)**	**All Other Compensation ($)**	**Total Compensation ($)**	**Cash ($)**	**Share Based Awards ($)(4)**	**Allocation of Fees between Cash and DSUs (%)**
A. Charles Baillie	100,000	30,000	4,000	50,000	184,000	—	184,000	—	184,000	100
Warren Bryant	100,000	9,375	6,500	42,000	157,875	—	157,875	—	157,875	100
Robert J. Dart	37,500	—	3,000	16,000	56,500	—	56,500	—	56,500	100
Peter B.M. Eby	100,000	75,000	1,875	48,000	224,875	—	224,875	—	224,875	100
Darren Entwistle	62,500		3,125	24,000	89,625		89,625	—	89,625	100
Anne L. Fraser	100,000	5,625	2,500	32,000	140,125	—	140,125	90,125	50,000	35.6
Anthony R. Graham	100,000	10,000	4,000	48,000	162,000	194,000(5)	356,000	—	162,000	100
John S. Lacey	100,000	—	—	22,000	122,000	1,278,000(6)	1,400,000	—	122,000	100
Allan L. Leighton(7)	40,500	—	—	4,000	44,500	—(7)	44,500	—	44,500	100
Isabelle Marcoux	100,000	—	4,375	30,000	134,375	—	134,375	—	134,375	100
J. Robert S. Prichard	100,000	—	8,000	50,000	158,000	—	158,000	—	158,000	100
Thomas F. Rahilly	100,000	—	13,000	60,000	173,000	—	173,000	—	173,000	100
Barbara Stymiest	62,500		5,625	34,000	102,125	—	102,125	—	102,125	100
Total ($)	**$1,103,000**	**$130,000**	**$56,000**	**$460,000**	**$1,749,000**	**$1,472,000**	**$3,221,000**	**$90,125**	**$1,658,875**	

(1) Mr. W. Galen Weston does not receive any additional remuneration for his role as a director of the Corporation or of any of its subsidiaries. The executive compensation of Mr. W. Galen Weston is set forth in the Summary Compensation Table on page 46.

(2) At least 50% of the board retainer is paid in DSUs.

(3) Each director receives a $2,000 fee for each board or committee meeting attended.

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

(5) Mr. Graham also received compensation for his role as director of Loblaw and as Chairman and director of President's Choice Bank, a subsidiary of Loblaw. The details of his Loblaw compensation are set forth in the Loblaw Management Proxy Circular, which is available at www.sedar.com.

(6) Mr. Lacey received $1,150,000 from the Corporation in fees for providing advisory services to the Corporation as well as compensation of $128,000 for his role as a director of Loblaw. The details of his director compensation for Loblaw are set forth in the Loblaw Management Proxy Circular, which is available at www.sedar.com.

(7) Mr. Leighton stepped down as Deputy Chairman of the Corporation and as Deputy Chairman and President of Loblaw on July 31, 2011. He did not receive any additional remuneration for his role as a director of the Corporation or any of its subsidiaries while he was an executive. Mr. Leighton received prorated fees for his role as director of the Corporation after he stepped down as an executive. The compensation of Mr. Leighton is set forth in the Summary Compensation Table on page 46.

Director Deferred Share Unit Plan

A DSU is a right to receive an amount from the Corporation equal to the value of one Common Share. Directors are typically required to take 50% of their board retainer in DSUs and have the option to receive up to 100% of their remaining fees in DSUs pursuant to the Director Deferred Share Unit Plan. The number of DSUs awarded to a director is equal to the value of the compensation that the director elects or is required to receive in the form of DSUs divided by the volume weighted average trading price of a Common Share on the TSX for the five trading days prior to the date of the award. DSUs are not paid out until the director ceases to serve on the Board, thereby providing an equity stake in the Corporation throughout the director's term as a Board member. Following cessation of Board service, payment of DSUs is made, at the holder's option, either in cash or in Common Shares purchased on the open market. A director may elect to defer this conversion until December 15th of the calendar year following the date when he or she ceases to be a director. Dividend equivalents in the form of additional DSUs that are equal in value to dividends paid on Common Shares are credited to the director's account on each dividend payment date based on the number of DSUs in the account as of the dividend record date. DSUs do not entitle the director to any voting or other shareholder rights.

In 2011, 12 of 13 non-management directors elected to receive all or a portion of the cash component of their fees in DSUs.

Director Share Ownership Guidelines

Pursuant to the Director Share Ownership Guidelines adopted by the Board, non-management directors are expected to hold Common Shares or DSUs with a value of not less than $400,000. For purposes of the Guidelines, securities are valued at their market value. Directors are expected to meet the required level of share ownership within five years of initially being elected or appointed to the Board. Until the required level is achieved, directors must take at least 50% of their fees from the Corporation that is otherwise payable in cash in the form of DSUs. Ownership and market value of Common Shares and DSUs held by each director as at March 15, 2012 and December 31, 2010 can be found in the section "Nominees For Election to the Board of Directors" at pages 7 to 13. All directors comply with the Guidelines or are in the process of accumulating securities as required under the Guidelines.

Management directors are subject to the Executive Share Ownership Guidelines described on page 38.

APPOINTMENT OF THE EXTERNAL AUDITORS

Audit Committee

The Audit Committee is responsible for the review of the Corporation's financial statements and recommending the appointment of the external auditors. It is also responsible for supporting the Board in overseeing the integrity of the Corporation's financial reporting and internal control over financial reporting, disclosure controls, internal audit function and its compliance with legal and regulatory requirements. The Audit Committee also oversees the Corporation's risk management framework. As part of this responsibility, the Committee reports regularly to the Board with respect to risk assessment and risk management, including the steps and processes taken to monitor and control risk.

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

The members of the Audit Committee are Mr. A. Charles Baillie (Chair), Mr. Warren Bryant, Mr. Darren Entwistle, Mr. Thomas F. Rahilly and Ms. Barbara Stymiest. All members of the Audit Committee are independent and financially literate as required under applicable securities law rules.

Audit and Other Service Fees

The following table sets forth the aggregate fees billed for professional services rendered by the independent external auditors, KPMG LLP, for the fiscal years 2011 and 2010, respectively:

	2011 **$(000's)**	**2010** **$(000's)**
Audit fees(1)	3,690	3,941
Audit-related fees(2)	2,824	2,562
Tax-related fees(3)	0	76
All other fees(4)	2,189	2,218
Total Fees	**$8,703**	**$8,797**

(1) Audit fees are fees for services related to the audit of the Corporation's consolidated financial statements, the audit of Loblaw's consolidated financial statements and the audit of PC Bank (a subsidiary of Loblaw).

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

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

(4) All other fees are fees related to risk management, internal control/compliance, legislative and/or regulatory compliance services and the Corporation's conversion to International Financial Reporting Standards (IFRS).

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

Audit Committee Report

The Audit Committee reviewed and discussed with management the Corporation's annual consolidated financial statements and management's discussion and analysis for the year ended December 31, 2011 and the external auditors' report thereon. During 2011, the Audit Committee oversaw the transition of the Corporation's financial statements to International Financial Reporting Standards. The Audit Committee also recommended to the Board that the Corporation's audited financial statements be approved and released on March 1, 2012.

The Audit Committee has concluded that KPMG LLP is independent from the Corporation and from management and recommended to the Board that KPMG LLP be proposed for re-appointment as the external auditors of the Corporation.

Respectfully submitted,

Audit Committee
A. Charles Baillie (Chair)
Warren Bryant
Darren Entwistle
Thomas F. Rahilly
Barbara Stymiest

Appointment of the External Auditors

The Board, on the recommendation of the Audit Committee, is proposing that KPMG LLP be re-appointed as the external auditors of the Corporation to hold office until the next annual meeting of shareholders of the Corporation and that the directors be authorized to fix the external auditors' remuneration. The persons named in the accompanying form of proxy intend to vote **FOR** the appointment of KPMG LLP as external auditors of the Corporation and the authorization of the directors to fix the external auditors' remuneration. A simple majority of votes cast for KPMG LLP, by person or by proxy, is needed to approve their re-appointment.

GOVERNANCE COMMITTEE

Introduction

The Governance Committee is responsible for developing and maintaining governance practices consistent with high standards of corporate governance. As part of its mandate, the Governance Committee, together with the Executive Chairman, identifies and recommends candidates for nomination to the Board as directors and reviews the composition of the Board Committees. The Governance Committee 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. The Governance Committee also oversees succession planning for the Corporation's senior management positions. The Governance Committee is also responsible for overseeing the compensation of directors, the design of the Corporation's incentive programs and the individual compensation of the named executive officers (the "NEOs") identified on page 22.

Many public investors expect a controlling shareholder to have substantial influence over the strategic direction of a controlled company through the board and committee selection process. With Mr. Weston's substantial equity investment in the Corporation, he considers that his interest as a shareholder is aligned with those of all other shareholders. The controlling shareholder provides input into the development of strategic plans of the Corporation, the selection of director nominees and the design of compensation programs and plans for its senior executives. The controlling shareholder is also involved in a variety of corporate governance matters including the assessment of the effectiveness of the Board. For these reasons, the Board believes that a majority, but not all, the members of the Governance Committee should be independent directors.

The members of the Governance Committee are A. Charles Baillie, Peter B.M. Eby (Chair), 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, the private holding company through which Mr. W. Galen Weston indirectly controls the Corporation. Collectively, the Governance Committee members have the requisite knowledge and experience in corporate governance and compensation matters, including human resource management, executive compensation matters and general business leadership to fulfill the Governance Committee's mandate. All members of the Governance Committee have knowledge and experience as current and former senior executives of large and complex organizations and directors of various other publicly traded companies. The directors believe that the members of the Governance Committee individually and collectively have the requisite knowledge, skill and experience to fulfill the Governance Committee's mandate. The chart below sets out the relevant experience of each member of the Governance Committee. For additional information regarding each member of the Governance Committee please see pages 7 through 13 for the profiles of the directors. For additional information regarding the activities of the Governance Committee, see the Governance Committee's report to shareholders on the following page as well as the Corporation's Statement of Corporate Governance Practices on pages 50 through 57.

Governance Committee Members - Skills Matrix		
Name of Member	**Positions Held/Role**	**Experience in Executive Compensation and Governance**
A. Charles Baillie	• Former Chairman and Chief Executive Officer of Toronto Dominion Bank • Director of TELUS Corporation and Canadian National Railway Company	• Executive experience at a public company • Public company board experience • Chair of TELUS Corporation's Human Resources and Compensation Committee • Member of Canadian National Railway Company's Human Resources and Compensation Committee
Peter B.M. Eby	• Former Vice Chair and Director of Nesbitt Burns • Director of TD Asset Management USA Funds Inc. and Leon's Furniture Limited	• Senior roles at large institutions • Public company board experience • Experience in human resource management, executive compensation and business leadership
Anthony R. Graham	• President and Director of Wittington Investments, Limited and Chief Executive Officer of Sumarria Inc. • Director of Loblaw Companies Limited, Power Corporation of Canada and Power Financial Corporation • Former Vice Chairman and Director of National Bank Financial	• Executive experience at large organizations • Public company board experience • Member of Loblaw Governance Committee • Member of Power Corporation of Canada's Compensation Committee • Member of Power Financial Corporation's Nominating and Governance Committee
J. Robert S. Prichard	• Former President, Chief Executive Officer and Director of Torstar Corporation • Former President and Chief Executive Officer of Metrolinx • Director of The Bank of Montreal and Onex Corporation • Former Director of Four Seasons Hotels Inc.	• Executive experience at a public company • Public company board experience • Chair of Bank of Montreal's Governance and Nominating Committee • Member of Bank of Montreal's Human Resources Committee (which is responsible for executive compensation) • Former member of the Four Seasons Hotels Inc.'s Governance Committee

GOVERNANCE COMMITTEE REPORT TO SHAREHOLDERS

Dear Shareholders:
This report provides a brief overview of the Governance Committee's philosophy and approach to the compensation of the Corporation's senior executives, a review of how we fulfilled some of our other responsibilities and a discussion of a few of our accomplishments during 2011.

Executive Compensation
An important role of the Governance Committee is to review and approve the Corporation's compensation philosophy and programs for executive officers, including its NEOs. In doing so, the Governance Committee established several objectives in the design of the executive compensation program.

First, we believe that the compensation structure must be designed to attract and retain the best candidates for the challenging roles that our executive officers fulfill. Food manufacturers and retailers have faced a difficult economic environment over the past few years. As competitive pressures increased, the Corporation has undertaken significant change at its two operating segments, Weston Foods and Loblaw, as they pursue their missions to provide the best bakery solutions in North America and be Canada's best food, health and home retailer, respectively. In that context, our executive compensation programs must be competitive in order to enable the Corporation to attract and retain executives with the talent and experience to ensure we meet our strategic and operational objectives.

Second, pay for performance is a cornerstone of our compensation philosophy. Compensation should create strong incentives for executive officers to achieve the Corporation's annual business plan including its financial targets. We feel this objective is achieved through the design of our short term incentive plan (the "STIP"). We review the STIP components and mix each year to ensure that its design matches the business' annual targets and objectives. Over the past several years, executives have been rewarded for exceptional performance, but conversely, executives have had to bear the risk when performance fell below targeted expectations.

The 2012 STIP design for senior executives will include a discretionary component based on the executive's successful fulfillment of personal objectives. We have made this change for senior executives recognizing that an executive's overall performance should not be measured exclusively by reference to the Corporation's short term financial performance; rather, there are a variety of other qualities that contribute to the long-term sustainability of the business, even though these qualities may not be easily quantifiable.

Third, we believe that executive compensation should align with the long-term interests of the shareholders. We believe our LTIP program of stock options and restricted share units, and our medium term incentive program which is designed specifically for executives of Weston Foods, accomplishes this objective.

In 2012, we recommended and the Board approved the addition of a Performance Share Unit ("PSU") plan as a component of the overall executive compensation program. The underlying objective of the PSU Plan is to focus senior executives on the achievement of longer term strategic objectives of the Corporation in addition to meeting the short term business and financial objectives contained in the Corporation's annual business plan. The Corporation intends to use PSUs as part of its compensation model, while at the same time maintaining its use of RSUs and stock options. Our goal remains to appropriately balance the amount of at-risk compensation with the need to retain and attract key executives and employees while at the same time focusing executives on the delivery of strategic plan targets. Details of the PSU plan are set forth on page 43 of this Circular.

At the same time, in structuring our compensation programs, we have been mindful of the need to balance incentives with managing risk. This balance is built into our compensation design by ensuring that the different components of the programs act as a counter balance to the other components, so that executives are not incented to take on inappropriate risk. For example, the Committee believes that the Corporation's STIP is a balanced program comprised of different performance measures that focus executives on the key drivers of the business and value creation over both the short and long term and, as such, reduce the risk of inappropriate or excessive risk-taking behaviour. We have also introduced clawbacks on STIP and LTIP payments in certain circumstances (see page 23 for a discussion of our clawback policy). The clawback feature helps to discourage excessive risk taking by our executives.

Further detail on the Corporation's executive compensation programs is contained in the Compensation Discussion and Analysis that follows this report.

Succession Planning

The Committee is entrusted with responsibility to oversee the Corporation's succession planning and implementation with respect to the senior executives. As part of the succession planning process, management annually reviews each executive position and the performance of the incumbents. We also receive reports on the formal performance evaluation process, which is designed to improve individual leadership and management skills. We also receive updates on the talent management plans across the organization.

In 2011, the Governance Committee was able to recommend to the Board the appointment of Paviter Binning as our new President. We were delighted with the promotion of Mr. Binning from his previous position as Chief Financial Officer. Pavi's international experience and leadership skills have significantly enhanced the capability of the Corporation's executive management team.

Board Leadership and Governance Matters

Our Committee is also responsible for oversight of the compensation of directors and the identification of individuals qualified to become Board members. We continuously assess and evaluate the effectiveness of the Board and identify areas where our Board may need additional skills and experience. Our Committee appreciates the need to maintain a strong, vibrant and engaged Board that understands the Corporation's dynamic business needs and the food manufacturing and retail industries generally. This past year, we, along with the entire Board, were pleased with the addition of two new directors, Mr. Darren Entwistle and Ms. Barbara Stymiest. Both directors have already made valuable contributions.

In looking out to the balance of 2012, we are confident that we have strong and practical governance systems in place and the design and administration of our executive compensation programs appropriately incent and reward our executives for performance without taking on unacceptable risk. At the same time, we are not complacent. You can be confident that we will continue to closely monitor our own practices, industry trends and regulatory developments and evaluate our governance practices and compensation programs accordingly.

Respectfully submitted,

Governance Committee
Peter B.M. Eby (Chair)
A. Charles Baillie
Anthony R. Graham
J. Robert S. Prichard

COMPENSATION DISCUSSION AND ANALYSIS

INTRODUCTION

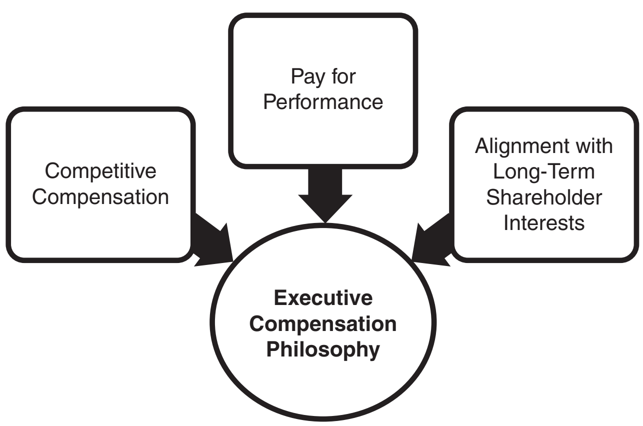
This Compensation Discussion and Analysis describes the compensation programs of the NEOs. For 2011, the NEOs were:

Name	Position
W. Galen Weston	Executive Chairman
Paviter S. Binning	President and former Chief Financial Officer
Ralph A. Robinson	President of Weston Foods
Galen G. Weston	Executive Chairman of Loblaw
Vicente Trius	President of Loblaw
Allan L. Leighton	Former Deputy Chairman of the Corporation and former Deputy Chairman and President of Loblaw

Mr. Binning was appointed President of the Corporation on July 29, 2011 while continuing with the responsibilities of Chief Financial Officer. Mr. Allan Leighton resigned as Deputy Chairman of the Corporation and Deputy Chairman and President of Loblaw on July 31, 2011. Mr. Vicente Trius was appointed President of Loblaw on August 2, 2011.

EXECUTIVE COMPENSATION PHILOSOPHY

The objectives of the executive compensation programs are to attract, retain and motivate outstanding executives who are committed to improving the Corporation's performance and creating value for its shareholders. Three core principles underlie the Corporation's executive compensation programs.



1. Competitive Compensation

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

2. Pay for Performance

The Corporation structures its executive compensation programs to align executive compensation with the financial performance of the Corporation including the performance of Common Shares. A significant portion of executive compensation is in the form of at-risk pay. This creates a performance-based corporate culture that rewards individual and team based contributions to the achievement of the Corporation's goals and for increases in shareholder value.

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

The Corporation structures its executive compensation programs to align the interests of its executives with those of its shareholders. A significant portion of executive compensation takes the form of long-term equity-based awards. Structuring executive compensation in this manner ensures that executives are properly motivated to increase long-term shareholder value.

RISK AND EXECUTIVE COMPENSATION

Risk Mitigation Practices

The Corporation has designed its overall compensation programs to provide an appropriate balance of risk and reward in relation to its overall business strategy. The Corporation believes that its compensation programs do not incent our executives to take undue risks because a significant portion of the executives' compensation takes the form of long-term equity based awards. Additionally, the Corporation has risk mitigation practices that include designing balanced incentive plans that are not focused on a single financial measure, a clawback policy for both short and long term compensation, share ownership requirements for the NEOs and trading restrictions.

1. *Incentive Plan Design*

The Corporation's 2011 long and short term incentive plans included a variety of performance measures, including share price appreciation, earnings and sales performance and the reduction of net debt. The inclusion of multiple performance measures requires that the operating results of the Corporation outperform in all key metrics in order to achieve the maximum compensation awards. This balanced approach reduces the risk of a disproportionate focus by executives on any single aspect of the business for the sole purpose of increasing compensation. For example, the Corporation's STIP is a balanced program comprised of different performance measures that are designed to focus executives on the key drivers of the business and on value creation over both the short and long term and, as such, reduce the risk of inappropriate or excessive risk-taking. The Corporation's incentive plans have a maximum payout level that limits the amount that an executive can be paid.

2. *Clawback Policy*

In 2011, the Committee introduced a clawback policy on STIP and LTIP payments when (i) an executive engaged in conduct that resulted in the need for the correction or restatement of financial results, (ii) the executive received an award calculated on the achievement of those financial results, and (iii) the award received would have been lower had the financial results been properly reported. A clawback may also be triggered if the executive committed a material breach of the Corporation's Code of Conduct. The clawback policy requires an executive to repay all of the incentive payments received over the two-year period preceding a triggering event.

3. *Share Ownership Requirements*

Senior executives are required to maintain a significant equity investment in the Corporation to align their interests with those of the Corporation's shareholders. A minimum share ownership level has been set for each senior executive level measured as a percentage of the senior executive's annual salary. The share ownership requirements are discussed under Executive Share Ownership Guidelines on page 38.

4. *Trading Restrictions*

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

ROLE OF MANAGEMENT AND COMPENSATION CONSULTANTS

Role of Management in Determining Compensation and Evaluating Performance

The Executive Chairman participates in the compensation design process, evaluates the performance of key senior executives and makes recommendations to the Governance Committee with respect to the compensation of the NEOs (excluding himself and Messrs. Galen G. Weston and Vicente Trius) and the specific business goals to be used as performance targets for the various incentive programs. The views of the Executive Chairman are valued because of his day-to-day involvement with key senior executives. As a result, he is in the best position to effectively assess the performance of the other NEOs and how their efforts have contributed to the achievement of the Corporation's performance. These evaluations are based on the achievement of objectives related to both the individual and the Corporation and include an assessment of leadership capabilities and management team development. The results of these evaluations are presented to the Governance Committee. The President and the Executive Vice President, Chief Legal Officer assist the Executive Chairman in developing and presenting management's recommendations and supporting material to the Governance Committee regarding the design of the incentive plans and the compensation of the NEOs.

Comparative Market Data

Comparative market data is one factor used in setting compensation for each NEO. Other factors include personal performance, leadership ability, internal equity among executives and the operating results of the business or area for which the NEO has responsibility. From time to time, the Governance Committee uses benchmarking or comparisons of certain other companies' compensation programs to confirm that the Corporation's programs remain competitive. When performing compensation reviews, the Governance Committee does not generally identify a median or percentile as a target for the total compensation of the NEOs.

Role of Meridian Compensation Partners

To assist in fulfilling its duties, the Governance Committee retains an independent compensation advisor, Meridian, which reports solely to the Governance Committee. Meridian provides information and independent advice on the design of the Corporation's executive compensation programs, evaluates recommendations put forward by management and advises on any other items requested by the Governance Committee. The Governance Committee has the sole authority to retain and approve fees for Meridian and any other independent consultants. Meridian provides its advice directly to the Governance Committee, including during in camera sessions without management present. The Governance Committee retained the services of Hewitt Associates until September 2010, after which the Governance Committee retained the services of Meridian.

The Governance Committee periodically assesses the independence of its compensation consultant. In 2010 and 2011, neither Meridian nor its predecessor, Hewitt Associates, were retained to perform any services for the Corporation and they did not receive any compensation from the Corporation, except in relation to the services they provided to the Governance Committee. In 2010, Meridian and Hewitt Associates, received an aggregate of $37,485 in fees for services performed for the Governance Committee. In 2011, Meridian received $27,300 in fees for services.

Role of Mercer (Canada) Limited

Mercer (Canada) Limited and its affiliates ("Mercer") act as a compensation consultant to the Corporation's and Loblaw's management groups from time to time. In 2011, Mercer provided assistance to management in a report to the Governance Committee with respect to the short and long term incentive programs of the Corporation. This report included information and advice on current market trends and best practices with respect to the design of the Corporation's incentive plans.

In October of 2011, the Loblaw Governance Committee asked Loblaw management and Mercer to conduct a review of Loblaw's executive compensation programs for Loblaw's senior executives to confirm that Loblaw's programs were competitive. In conducting the comparisons, Loblaw management selected a group consisting of large retail and other companies in Canada, similar-sized retail and large retail companies in the United States and large retail companies in the United Kingdom that share common elements with Loblaw's structure and business activities. They also compared base salary, short-term incentives, long-term incentives and pension entitlements for those executives with similar positions in the comparator group. The comparator group of companies used is set out in the table below. The decisions of the Corporation and Loblaw to adopt PSU plans and Loblaw's decision to increase the LTIP targets for Mr. Galen G. Weston and Mr. Trius was in part driven by the advice received from Mercer in 2011 (see pages 43 and 44 of this Circular for details regarding the increased LTIP targets for Messrs. Galen G. Weston and Vicente Trius).

Canadian Retailers	Canadian Corporations (General)	U.S. Retailers		U.K. Retailers
Alimentation Couche-Tard Inc.	Agrium Inc.	Best Buy Co. Inc.	Rite Aid Corporation	Home Retail Group plc
Canadian Tire Corporation, Limited	Barrick Gold Corp.	Costco Wholesale Corporation	Safeway Inc.	J Sainsbury plc
Empire Company Limited	BCE Inc.	CVS Caremark Corporation	Sears Holdings Corporation	Marks and Spencer Group plc
Maple Leaf Foods Inc.	Canadian National Railway Company	Home Depot Inc.	Staples Inc.	Tesco plc
Metro Inc.	Domtar Corp.	J.C. Penney Company, Inc.	Supervalu Inc.	Wm Morrison Supermarkets plc
Rogers Communications Inc.	Encana Corporation	Kohl's Corporation	Sysco Corporation	
RONA Inc.	Molson Coors Canada Inc.	Kroger Co., The	Target Corporation	
Sears Canada Inc.	Nova Chemicals Corp.	Lowe's Companies Inc.	TJX Companies Inc.	
Shoppers Drug Mart Corporation	RBC Financial Group	Macy's Inc.	Walgreen Co.	
	Research in Motion Limited	Publix Super Markets, Inc.	Wal-Mart Stores, Inc.	
	Saputo Inc.			
	TELUS Corp.			

2011 Compensation Review – George Weston Limited President

In establishing Mr. Binning's compensation upon his appointment as President of the Corporation on July 29, 2011, the Governance Committee considered the level and scope of Mr. Binning's international executive experience and his leadership skills and the compensation paid to executives in a position similar to that of President of the Corporation.

Management provided the Governance Committee with input on which companies would be appropriate comparators. Factors considered in determining the composition of the group included their size, geography, industry as well as their structure and businesses. The compensation data from the comparator group set out in the table below provided an initial reference point for the Governance Committee in setting Mr. Binning's compensation. With input from Meridian, the Governance Committee also considered the importance of Mr. Binning's role and contributions in developing and executing the overall strategic imperatives of the Corporation and in implementing a performance driven culture throughout the organization. Based on these considerations, the Governance Committee approved an increase to Mr. Binning's base salary, STIP target and LTIP target. For details regarding Mr. Binning's compensation, see page 39.

Canadian Corporations			U.S. Corporations
Agrium Inc.	Enbridge Inc.	Rogers Communications Inc.	Campbell Soup
Alimentation Couche-Tard Inc.	Encana Corp.	Shoppers Drug Mart Corporation	Heinz HJ Co.
Barrick Gold Corp.	Maple Leaf Foods Inc.	Suncor Energy Inc.	Kroger
Bombardier Inc.	Metro Inc.	Talisman Energy Inc.	Safeway
Canadian National Railway Co.	Potash Corp.	Teck Resources Ltd.	
Canadian Tire Corporation, Limited	Power Financial Corp.	TELUS Corporation	
Empire Company Limited	Research in Motion Ltd.	Thomson Reuters Corp.	
		Tim Hortons Inc.	

2011 Compensation Review – Loblaw President

Key factors in determining Mr. Trius' compensation arrangements included certain comparative information, compensation paid to him by his former employer and internal equity amongst Loblaw senior executives. Although no formal benchmarking was performed, Loblaw's Governance Committee did review the compensation paid to top executives at certain domestic and foreign retailers, namely Empire Company Limited, J Sainsbury plc, Kroger Co., Metro Inc., Tesco plc and Wm Morrison Supermarkets plc. For details regarding Mr. Trius' compensation, see page 39.

COMPONENTS OF COMPENSATION

The 2011 NEO compensation was comprised principally of base salary, short-term cash incentives (which executives may elect to receive in the form of DSUs) and long-term incentives (restricted share units ("RSUs"), medium term incentive plan units ("MTIP units") and stock options) as described in the table that follows. Benefits, pensions and perquisites generally comprise a relatively small part of an NEO's total annual compensation.

Element		Form	Period	Program Objectives and Details
Fixed Compensation	Base Salary	Cash	Annual	• Reflects the executive's level of responsibility, skill and experience, internal equity among executives and the executive's overall performance both individually and in relation to the executive's business unit or division.
Variable Compensation	Short-Term Incentive Plan (STIP)	Cash	Annual	• Incentive program is linked to the achievement of specific performance targets in the fiscal year. • Each executive has a target annual bonus (% of base salary). • Actual payout is determined by the achievement of predetermined financial and/or operating performance objectives. • Payouts range from zero to a maximum of 200% of an executive's target bonus.
		DSUs (Elective)	Annual election; DSUs held until cessation of employment	• Each executive has the option to receive all or a portion of the executive's STIP award in the form of DSUs to a cumulative maximum of three times the executive's base salary. • Aligns executives' interests with those of shareholders and count towards Share Ownership Guidelines.
	Medium–Term Incentive Plan (MTIP)	MTIP Units	Typically a 3 year performance period	• Motivates and rewards executives of Weston Foods for creating increased shareholder value. • Eligible executives have a targeted bonus for the relevant performance period expressed as a percentage of base salary. • Actual payout is determined by the increase in implied equity value of the relevant Weston Foods business during the performance period. • Payouts generally range from zero to a maximum of 200% of an executive's base salary in the last year of the performance period.
	Long-Term Incentive Plan (LTIP)	RSUs	Typically a 3 year performance period	• Motivates and rewards executives for creating increased shareholder value. • RSU grants are generally made once per year. However, newly hired or recently promoted executives may receive a RSU grant outside of the annual grant process. • Individual awards are differentiated based on role and expected future performance. • RSUs typically comprise one-third of the total value of LTIP grants to executives. • RSUs are typically paid in cash at the end of the performance period.
		Stock Options	5 year vesting (20% per year); 7 year term	• Motivates and rewards executives for creating long-term shareholder value. • Stock option grants are generally made once per year. However, newly hired or recently promoted executives may receive stock option grants outside of the annual grant process. • Individual awards are differentiated based on role and expected future performance. • Stock options typically comprise two-thirds of the total value of LTIP grants to executives using the Black-Scholes-Merton methodology.
Other Elements of Compensation				
Benefits	Group health, dental and insurance benefits		Employment and post employment	• Executive benefit plans, paid for by the Corporation, provide health, dental, disability and insurance coverage.
Pensions	Defined Benefit Pension Plan/ Defined Contribution Pension Plan/ Supplemental Executive Retirement Plan		Post-employment	• Plans are designed to provide a reasonable level of retirement income to executives to reward them for their service to the Corporation. • In 2011, senior executives (other than Messrs. Galen G. Weston and Allan Leighton) participated in either the executive defined benefit registered pension plan or the executive defined contribution registered pension plan and in a supplemental executive retirement plan. • New executives participate in the executive defined contribution registered pension plan.
Perquisites	Cash allowance/reimbursement for professional services		Annual	• Limited personal benefits are provided, including a car or car allowance, an annual medical examination and/or a discretionary health care spending account.

2011 NAMED EXECUTIVE OFFICER COMPENSATION

BASE SALARY

Base salaries for the NEOs are set on an individual basis and not within formalized salary ranges. Base salaries are set taking into account the skill, competency and experience of each executive. Each year the Governance Committee reviews the salary of the NEOs. The Governance Committee may make adjustments to an NEO's salary as a result of a change in the NEO's duties and responsibilities and the performance and contribution of the NEO, both on an individual basis and in relation to the performance of the NEO's business unit or division during the previous year. No base salary changes were made in 2011 other than for Mr. Binning, who was promoted to the position of President of the Corporation on July 29, 2011.

The following table sets out the base salary for each of NEO for fiscal 2011, and, if applicable, the percentage increase from 2010:

Name	2011 Base Salary ($)	Percentage Increase From 2010 (%)
W. Galen Weston	1,000,000	Nil
Paviter S. Binning(1)	1,000,000	33.3
Ralph A. Robinson	700,000	Nil
Galen G. Weston	1,000,000	Nil
Vicente Trius(2)	1,000,000	—
Allan L. Leighton(3)	2,000,000	Nil

(1) Mr. Binning was promoted from Chief Financial Officer to President of the Corporation on July 29, 2011 and his salary increased from $750,000 to $1,000,000. His prorated salary for 2011 was $854,167.

(2) Mr. Trius was appointed President of Loblaws on August 2, 2011. His prorated salary for 2011 was $416,667.

(3) Mr. Leighton resigned as Deputy Chairman of the Corporation and Deputy Chairman and President of Loblaw on July 31, 2011. His prorated salary for 2011 was $1,166,666, including $583,333 received from Loblaw.

SHORT TERM INCENTIVE PLAN

The Corporation's short term incentive plan (the "STIP") is designed to motivate executives, including the NEOs, to meet the Corporation's annual business and financial objectives. In each fiscal year, the performance of the executives is measured by the achievement of specific financial goals, which vary from year to year. All participating executives have STIP award targets that are expressed as a percentage of base salary determined by the executive's position and level within the organization. Depending on actual performance relative to the performance targets, payouts range from zero to a maximum of 200% of target. The STIP is designed with the intent that, over time, STIP awards will be paid out at each executive's target level. The STIP award payments are made in cash, although executives may elect to receive all or a portion of their STIP award in DSUs, to a cumulative maximum of three times the executive's base salary.

The Governance Committees of both the Corporation and Loblaw believe that the STIP programs are balanced as they are comprised of different performance measures that are designed to focus executives on the key drivers of the business and value creation over both the short and long term and, as such, reduce the risk of inappropriate or excessive risk-taking behaviour.

The Governance Committee and, in the case of Messrs. Galen G. Weston and Vicente Trius, the Loblaw Governance Committee, determine the appropriate STIP performance measures and weightings for each NEO, based on his or her roles and responsibilities within the Corporation and Loblaw. The Governance Committee is responsible for the plan design and awards made by the Corporation pursuant to the Weston Foods STIP. The Loblaw Governance Committee is responsible for the plan design and awards made pursuant to the Loblaw STIP.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for each NEO for 2011:

Name	Title	Performance Measure	Weighting (%)
W. Galen Weston	Executive Chairman	Discretion of the Governance Committee	100
Paviter S. Binning	President	Loblaw STIP/Weston Foods STIP	67/33
Ralph A. Robinson	President of Weston Foods	Weston Foods STIP/Discretion of the Governance Committee	67/33
Galen G. Weston	Executive Chairman of Loblaw	Loblaw STIP	100
Vicente Trius	President of Loblaw	Loblaw STIP	100
Allan L. Leighton			
Weston	Former Deputy Chairman	Discretion of the Governance Committee	100
Loblaw	Former Deputy Chairman and Former President of Loblaw	Loblaw STIP	100

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

Discretion of Governance Committee

In determining the STIP awards for the Executive Chairman, the former Deputy Chairman of the Corporation and the President of Weston Foods, the Governance Committee considered the financial performance of the Corporation and the individual overall performance of each NEO.

W. Galen Weston, Executive Chairman

The STIP awarded to the Executive Chairman is determined in the discretion of the Governance Committee based on both quantitative and qualitative factors. The quantitative factors were the financial performance of the Corporation and its two operating segments, Weston Foods and Loblaw, as reflected by the STIP plans and targets for both segments. The payouts for these plans were approximately 113.4% and 98.8% of target, respectively. The qualitative factors are the Governance Committee's assessment of the Corporation's progress in delivering its major strategic objectives and the Executive Chairman's overall leadership of the Corporation. Absent exceptional circumstances, the Executive Chairman's STIP target award is 100% of his salary and is capped at that amount. Taking account of all of these factors, the Committee awarded the Executive Chairman a STIP payout of $1,000,000.

Ralph A. Robinson, President of Weston Foods

For 2011, 33% of Mr. Robinson's STIP payout was determined by the Governance Committee. The Governance Committee determined the discretionary portion of Mr. Robinson's 2011 STIP award to be $231,000. The Governance Committee determined the discretionary portion of Mr. Robinson's 2011 STIP award by taking into account the performance of the Weston Foods business and Mr. Robinson's role and performance in assisting the Corporation to achieve its business goals and objectives.

Allan L. Leighton, Former Deputy Chairman and Former Deputy Chairman and President of Loblaw

For 2011, the Governance Committee granted Mr. Leighton a 2011 STIP award of $494,000. The Governance Committee determined Mr. Leighton's 2011 STIP award in a manner consistent with other senior executives of the Corporation with 2/3 of the award based on the Loblaw STIP and 1/3 based on the Weston Foods STIP. Mr. Leighton's award was prorated based on his resignation from the Corporation on July 31, 2011.

Weston Foods STIP

Plan Design

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

For 2011, the Weston Foods STIP was based on two performance measures: 67% based on earnings and 33% based on sales growth. With more than one performance measure, the STIP payouts are determined separately for each measure and then aggregated to determine the final amount.

Weston Foods Earnings Performance

The earnings target for 2011 was based on budgeted earnings before interest and taxes ("EBIT") and was based on the annual and multi-year business plans of Weston Foods. The Governance Committee believes that EBIT represents one of the best indicators of overall business performance. The earnings target for the STIP was designed specifically for compensation purposes and differs from the segmented GAAP financial information publicly reported for Weston Foods by the Corporation. For 2011, the STIP earnings target for Weston Foods was $302 million.

The earnings component of the Weston Foods STIP for 2011 was designed so that:

- a positive (or negative) change of 1% in earnings performance relative to the target had a corresponding 4% increase (or decrease) in the bonus awarded for the earnings component;
- no 2011 bonus would be awarded for the earnings component if the actual earnings of Weston Foods were 80% or less than target; and
- the maximum 2011 bonus payout was 180% of target and would be met if the actual earnings of Weston Foods were equal to or greater than 120% of target.(1)

Early in 2012, the Governance Committee reviewed the 2011 financial results of Weston Foods and calculated that the earnings for STIP purposes in accordance with the plan exceeded the earnings target resulting in a payout of 104.5% for the earnings component. As a result, the NEOs received the payout amounts for the earnings component of the Weston Foods STIP set forth in the chart on page 32. The benefits realized from cost and productivity improvements and other cost reduction initiatives contributed to the earnings performance of Weston Foods relative to target during 2011.

Weston Foods Sales Performance

In 2010, the Governance Committee added a sales growth measure to the STIP. This performance measure was maintained in 2011 as sales growth remained a key focal point for executives in each of the business units across North America. The sales target for 2011 was $1,827 million based on the targeted growth in net sales set forth in the annual business plan of Weston Foods.

The sales component of the Weston Foods STIP for 2011 was designed so that:

- a positive (or negative) change of 0.25% in sales growth relative to the target had a corresponding 10% increase (or decrease) in the bonus awarded for the sales growth component;

(1) In 2011, Mr. Robinson's maximum STIP award was 126% of his target amount.

- no 2011 bonus was awarded for the sales growth component if the actual sales of Weston Foods were less than target by 2% or greater; and
- the maximum 2011 bonus payout was 180% of target if the actual sales growth of Weston Foods exceeded target by 2% or greater.[(1)]

Early in 2012, the Governance Committee reviewed the 2011 financial results of Weston Foods and calculated the sales growth for STIP purposes in accordance with the plan. Sales growth of Weston Foods for 2011, calculated in accordance with the plan, did not meet the minimum level required to earn any bonus in respect of the sales component of the STIP.

Loblaw STIP
Plan Design
Both the purpose and overall design of Loblaw's short term incentive plan (the "Loblaw STIP") are consistent with the Corporation's STIP. The Loblaw STIP is designed with the intent that, over time, Loblaw STIP awards will be paid out at each executive's target level. The Loblaw STIP award payments are made in cash, although executives may elect to receive all or a portion of their Loblaw STIP award in Loblaw DSUs, up to a cumulative maximum of three times the executive's base salary.

The 2011 Loblaw STIP incorporated the following performance measures and weightings: 50% based on earnings, 30% based on sales growth and 20% based on the reduction of net debt. The Loblaw STIP payout is determined separately for each performance measure and then aggregated to determine the final amount. Additional detail regarding the Loblaw STIP design can be found in Loblaw's Management Proxy Circular available at www.sedar.com.

Loblaw Earnings Performance
Loblaw's earnings target was based on budgeted Loblaw earnings before interest, tax, depreciation and amortization ("EBITDA") pursuant to Loblaw's annual and multi-year business plans. The earnings target for the Loblaw STIP was designed specifically for compensation purposes and differs from Loblaw's publicly reported earnings. For 2011, the Loblaw STIP earnings target for Loblaw was $2.022 billion.

The Loblaw earnings component was designed so that:

- a positive (or negative) change of 1.5% in earnings performance relative to the target had a corresponding 10% increase (or decrease) in the bonus awarded for the earnings component;
- no 2011 bonus would be awarded for the earnings component if Loblaw's actual earnings were 85% or less than target; and
- the maximum 2011 bonus payout was 200% of target and would be met if Loblaw's actual earnings were equal to or greater than 115% of target.

Early in 2012, the Loblaw Governance Committee reviewed the 2011 financial results of Loblaw and calculated the earnings for Loblaw STIP purposes in accordance with the plan. Loblaw earnings for 2011, calculated in accordance with the Loblaw STIP, exceeded target such that this component of the Loblaw STIP paid out at 129% of target. Key factors contributing to Loblaw's earnings performance relative to target were the continued labour, supply chain and other operating cost efficiencies as well as growth and performance of the Loblaw's franchisees, which were offset in part by increased infrastructure costs related to the launch of the *Joe Fresh* brand in the United States.

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(1) In 2011, Mr. Robinson's maximum STIP award was 126% of his target amount.

Loblaw Sales Performance

In 2010, the Loblaw Governance Committee added a sales growth component to the Loblaw STIP. The inclusion of the sales metric was designed to focus executives on improving growth in both Loblaw's core retail food business and in new and innovative products and services. The sales target for 2011 was $31.213 billion based on the targeted growth set forth in Loblaw's business plan.

The Loblaw sales growth component was designed so that:

- a positive (or negative) change of 0.15% in sales growth relative to the target had a corresponding 10% increase (or decrease) in the bonus awarded for the sales growth component;
- no 2011 bonus would be awarded for the sales growth component if the Corporation's actual sales were less than target by 1.5% or more; and
- the maximum 2011 bonus payout would be 200% of target if Loblaw's actual sales growth exceeded target by 1.5% or more.

Early in 2012, the Loblaw Governance Committee reviewed the 2011 financial results of Loblaw and calculated the sales for Loblaw STIP purposes in accordance with the plan. Loblaw's actual sales for 2011, calculated in accordance with the plan, resulted in a payout of 108% of target for this component of the Loblaw STIP. The increase in sales was driven by several factors including same store sales growth of 0.9% and modest sales growth in food.

Loblaw Net Debt Reduction Performance

For Loblaw STIP purposes, "net debt" is defined as the sum of Loblaw's long and short term debt less cash, cash equivalents, short term investments and security deposits included in other assets on the Corporation's balance sheet. "Net debt" excludes the impact of PC Bank for the purposes of calculating the Loblaw STIP payouts.

The target approved by the Loblaw Governance Committee for 2011 was to reduce net debt by $273 million dollars, which reflected a number of corporate initiatives that were intended to increase free cash flow during the year. The Loblaw Governance Committee believes that the net debt reduction component of the Loblaw STIP is an effective overall measure of Loblaw's financial strength, stability and flexibility.

The Loblaw net debt reduction component was designed so that:

- a positive (or negative) change of $15 million in net debt reduction relative to the target had a corresponding 10% increase (or decrease) in the bonus awarded for the net debt reduction component, to a maximum factor of 200% of target; and
- no 2011 bonus would be earned if the reduction in net debt during the fiscal year was $150 million less than the target.

Early in 2012, the Loblaw Governance Committee reviewed the 2011 financial results of Loblaw and calculated the net debt for STIP purposes in accordance with the plan. For 2011, Loblaw achieved an adjusted net-debt reduction of 90.5% of target, calculated in accordance with the plan, such that the NEOs received a payout of 82.7% for the net debt component of the Loblaw STIP. The net debt reduction, while lower than the targeted reduction, was attributable to positive cash flows from operations driven by positive earnings and proceeds from fixed asset sales but was partially offset by fixed asset purchases and by interest paid on debt obligations.

Data Quality Clawback

A key business objective of Loblaw in 2011 was a commitment to ensure that data accuracy and completeness were maintained across the businesses. In order to ensure appropriate focus on this commitment, a clawback was introduced whereby a failure to meet pre-established data quality results could reduce a Loblaw executive's final STIP payout by as much as 10%. Loblaw successfully met its 2011 data accuracy and completeness targets and therefore no adjustments to executives' final 2011 STIP payouts were made.

STIP Payout Summary

In 2011, the payout amounts for the NEOs, which account for each performance measure and its respective weighting, were 113.4% of the target level for Loblaw and 98.8% for the Corporation. Mr. Robinson's STIP payout amount was 78% of target based on the performance of the Weston Foods business. The following table sets forth the STIP target, maximum STIP award and the 2011 STIP award for each NEO.

					2011 STIP Award ($)						
Name	Base Salary	STIP Target as Percentage Of Base Salary (%)	STIP Target ($)	Maximum STIP Award ($)	Weston Foods Earnings Component ($)	Weston Foods Sales Component ($)	Loblaw Earnings Component ($)	Loblaw Sales Component ($)	Loblaw Net Debt Reduction Component ($)	Discretionary Component ($)	Total ($)
W. Galen Weston	1,000,000	100	1,000,000	1,000,000	—	—	—	—	—	1,000,000	1,000,000
Paviter S. Binning	1,000,000(1)	*121*(2)	1,062,499(2)	2,054,167	246,771	0	401,489	240,894	160,596	—	1,049,750
Ralph A. Robinson	700,000	100	700,000	884,800	315,000	0	—	—	—	231,000	546,000(3)
Galen G. Weston	1,000,000	100	1,000,000	2,000,000	—	—	644,994	323,997	165,333	—	1,134,324
Vicente Trius	1,000,000(4)	150	1,500,000	2,000,000	—	—	405,551	203,719	103,956	—	713,226
Allan L. Leighton											
- Weston	1,000,000(5)	100	1,000,000	1,000,000	—	—	—	—	—	494,000	494,000
- Loblaw	1,000,000(5)	150	1,500,000	3,000,000	—	—	553,988	278,282	142,005	—	974,275

(1) Mr. Binning was appointed President of the Corporation on July 29, 2011 and his prorated salary for 2011 was $854,167.

(2) The STIP target for Mr. Binning (expressed as a percentage and dollar amount) is a weighted average of his target of 100% while serving as Chief Financial officer and 150% following his appointment as President on July 29, 2011.

(3) 45% of Mr. Robinson's STIP payout was determined based on the EBIT performance of Weston Foods, 22% based on the sales performance of Weston Foods and 33% was determined at the discretion of the Governance Committee.

(4) Mr. Trius was appointed President of Loblaw on August 2, 2011 and his prorated salary was $416,667.

(5) Mr. Leighton's prorated salary for 2011 was $1,166,666 and includes $583,333 received from Loblaw in his former capacity as its Deputy Chairman and President.

Executive Deferred Share Unit Plan

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

MEDIUM TERM INCENTIVE PLAN (MTIP)

Under the Weston Foods medium term incentive plan ("MTIP"), awards of MTIP units are made to eligible executives on an annual basis. The purpose of the MTIP is to reward executives for improvement in certain factors that influence enterprise value (such as EBITDA, notional debt and cash flow) based on the performance of the Weston Foods business units over a three-year performance period. The size of an award to a participating executive is generally determined as a percentage of the executive's base salary. The target value of an MTIP award on vesting is determined based on pre-determined performance levels of EBITDA and cash flow of the relevant business unit. Payouts may be higher or lower than the targeted amounts based on actual performance. The targets for the awards made in 2011 were forward-looking as they relate to the three-year period ending in 2013 and were developed taking into account Weston Foods business strategies, plans and initiatives and its expectations regarding financial and operational performance. Given their forward looking nature, the targets are confidential and their disclosure would seriously prejudice the Corporation's interests. Consistent with the STIP plans, the MTIP targets are intended to be challenging such that strong financial performance is required to achieve the targeted results. The financial performance of Weston Foods has been strong over recent years and as a result, the payouts for each MTIP grant to date have exceeded target.

In 2011, the Governance Committee approved the grant of MTIP units to approximately 60 executives of Weston Foods. Mr. Robinson is the only NEO who participates in the MTIP.

The following table sets forth the MTIP target award and the performance measure that was used in determining the MTIP awards for Mr. Robinson for 2011:

NEO	Target MTIP as Percentage of Base Salary (%)	Target MTIP Award ($)	Performance Measure
Ralph A. Robinson	200	1,400,000	Increase in estimated enterprise value of Weston Foods from January 1, 2011 to December 31, 2013(1)

(1) Mr. Robinson's grant has a three-year term, which, as part of his retirement arrangements, has a right of early termination after two years.

The amounts under the heading "Non-Equity Incentive Plan Compensation – Long-Term Incentive Plans" in the Summary Compensation Table reflect the payment made to Mr. Robinson with respect to his 2009 MTIP grant, for which the three-year performance period ended on December 31, 2011 and his 2010 MTIP grant, for which he elected early termination after two years as part of his retirement arrangements.

LONG TERM INCENTIVE PLAN

The purpose of the Corporation's equity-based Long Term Incentive Plan (the "LTIP") is to motivate executives to increase shareholder value. Under the LTIP, the Corporation awards executives long-term incentives in the form of stock options and RSUs, the values of which are directly linked to the change in value of the Common Shares. Executives eligible for LTIP grants generally receive them on an annual basis. Typically, two-thirds of the grant value is delivered through stock options valued using the Black-Scholes-Merton methodology, and one-third is delivered through RSUs. The value of the LTIP grant to a participating executive is generally based on a percentage of the executive's base salary. All grants are reviewed and approved by the Governance Committee as part of its regular review of compensation. Annual LTIP awards are granted in the first quarter during an open trading window in accordance with the Corporation's Securities Trading Policy. Annual grants are made in the window following the announcement of the Corporation's year-end financial results. "Off-cycle" grants are made to newly hired executives and to executives promoted part way through a year during open trading windows following the release of quarterly financial results.

The Governance Committee believes that the LTIP incentives are generally ill-suited to those executives of the Corporation who are employed by Weston Foods, as the Corporation's share price is overwhelmingly determined by the value of the Corporation's substantial investment in Loblaw and not by the performance of

Weston Foods. Accordingly, in 2006, the Corporation introduced the MTIP for Weston Foods to reward executives for increases in the enterprise value of those businesses over time. As a result of the introduction of the MTIP, participation in the LTIP is now restricted to the relatively small number of executives of the Corporation (approximately 35 in 2011) who do not work directly for Weston Foods or for Loblaw.

Long Term Incentive Plan Changes for 2011

In connection with the payment by the Corporation of a special dividend of $1 billion on January 25, 2011, the Governance Committee decided to compensate employees who held stock options and RSUs for the decreased value of their awards resulting from the payment of the dividend. The compensation mechanism approved by the Governance Committee provides for employees holding vested stock options to receive a tax effected cash payment equivalent in value to that of the special dividend (in prescribed circumstances) and for employees who hold RSUs to receive additional RSUs equivalent in value to that of the special dividend which will be paid out at the same time as the existing RSUs to which the additional RSUs relate.

In 2011, the Governance Committee approved annual LTIP awards to the NEOs as follows:

Name	Base Salary ($)	LTIP Grant as a Percentage of Base Salary (%)	Grant Date Fair Value ($)	Type of LTIP Grant
Paviter S. Binning[(1)]	1,000,000	100	1,895,036	Stock options and RSUs
Allan L. Leighton	2,000,000	150[(2)]	1,500,026	RSUs

(1) Mr. Binning was appointed President of the Corporation on July 29, 2011 and his prorated salary for 2011 (including the salary he received as the Corporation's Chief Financial Officer) was $854,167. He was given a grant of RSUs with a grant date fair value of $1,145,018 at the time of his appointment to the position of President as a prorated increase to his 2011 LTIP award. His annual LTIP grant of stock options and RSUs had a grant date fair value of $750,018, which was approximately 100% of his base salary for 2011 at the time of grant.

(2) The value of Mr. Leighton's LTIP grant was 150% of his $1,000,000 base salary from the Corporation. Mr. Leighton's prorated salary for 2011 was $1,166,666 and included $583,333 received from Loblaw in his former capacity as Deputy Chairman and President of Loblaw. In 2011, Mr. Leighton was awarded 21,927 RSUs with a grant date fair value of approximately $1,500,000. Upon Mr. Leighton's resignation from the Corporation, 50% of the RSUs granted to him in 2011 were cancelled. As a result, 10,964 RSUs from this grant remain outstanding and will be paid out on the first anniversary of his resignation from the Corporation.

In 2011, the Loblaw Governance Committee approved annual LTIP awards to Messrs. Galen G. Weston, Vicente Trius and Allan Leighton as follows:

Name	Base Salary ($)	LTIP Grant as a Percentage of Base Salary (%)	Grant Date Fair Value ($)	Type of LTIP Grant
Galen G. Weston	1,000,000	150	1,507,494	Stock Options
Vicente Trius	1,000,000[(1)]	100[(2)]	362,253	Stock Options and RSUs[(3)]
Allan L. Leighton	1,000,000[(4)]	150[(5)]	1,499,800	RSUs

(1) Mr. Trius' prorated salary was $416,667 in 2011.

(2) Mr. Trius' employment commenced on August 2, 2011 and the annual 2011 LTIP grant of 62,500 Loblaw stock options and Loblaw RSUs with a grant date fair value of $500,000 was prorated based on his start date. His LTIP grant was comprised of 26,042 Loblaw stock options with a grant date fair value approximately $153,908 and 5,547 Loblaw RSUs with a grant date fair value of approximately $208,345. Please see pages 36 and 37 for details regarding other LTIP awards paid to Mr. Trius.

(3) Mr. Trius' 2011 annual LTIP is comprised of 62,500 Loblaw options and Loblaw RSUs having a value of $500,000.

(4) Mr. Leighton's prorated salary in 2011 from Loblaw's was $583,333.

(5) The value of Mr. Leighton's LTIP grant was 150% of his $1,000,000 base salary from Loblaw, which on a prorated basis was $583,333. In 2011, Mr. Leighton was awarded 38,192 Loblaw RSUs with a grant date fair value of approximately $1,500,000. Upon Mr. Leighton's resignation from Loblaw, 50% of the Loblaw RSUs granted to him in 2011 were cancelled. As a result, 19,096 Loblaw RSUs from this grant remain outstanding and will be paid out on the first anniversary of his resignation from Loblaw.

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

Stock Option Plan

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

As of December 31, 2011, options to purchase 1,414,504 Common Shares were outstanding and 4,862,853 Common Shares were available for future option grants, representing approximately 3.8% of the issued and outstanding Common Shares as of that date. The Stock Option Plan provides that Common Shares issuable pursuant to outstanding options that are cancelled, expired, forfeited or terminated for any reason without having been exercised will again be available for grant under the Stock Option Plan. Stock options are not transferable or assignable otherwise than by will or by laws of descent and distribution, and during the lifetime of an optionee will be exercisable only by him or her. Please see page 40 for details regarding the treatment of stock options upon the resignation, termination with or without cause, or retirement of a participant as well as the effect of a change of control of the Corporation.

The exercise price for options may not be lower than the fair market value of a Common Share, which is defined as the greater of: (i) the volume weighted average of the trading price of a Common Share for the five trading days prior to the grant date; or (ii) the volume weighted average of the trading price of a Common Share on the trading day immediately preceding the grant date. The exercise price for options granted to U.S. participants is the closing price of the Common Shares on the TSX on the day prior to the grant date.

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

If the expiry date of an option occurs during a blackout period or other period during which an insider is prohibited from trading in securities of the Corporation pursuant to its Securities Trading Policy, the expiry date will automatically be extended for 10 business days after the blackout period ends.

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

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

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

1. increases the number of Common Shares that can be issued under the Stock Option Plan, including an increase to a fixed number of Common Shares or a change from a fixed maximum number of Common Shares to a fixed maximum percentage;

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

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

In early 2011, as a result of changes in tax legislation, the Corporation amended its Stock Option Plan to remove the ability of the holder to receive a cash payment upon exercise of an option equal to the appreciation in the share price in excess of the exercise price of the option. This amendment did not require shareholder approval.

In 2011, Mr. Binning received a stock option grant from the Corporation as described in the table below:

Name	Options Granted	Exercise Price ($)	Grant Date Fair Value ($)	Vesting Schedule	Term of Grant
Paviter S. Binning	30,634	68.41	500,253	20% per year over 5 years	7 years

In 2011, Mr. Galen G. Weston and Mr. Trius received stock option grants from Loblaw as described in the table below:

Name	Loblaw Options Granted	Exercise Price ($)	Grant Date Fair Value ($)	Vesting Schedule	Term of Grant
Galen G. Weston	187,034	39.27	1,507,494	20% per year over 5 years	7 years
Vicente Trius	151,042*(1)*	37.56	892,658	20% per year over 5 years	7 years

(1) Mr. Trius was granted a signing bonus of 125,000 Loblaw stock options with a grant date fair value of approximately $738,750 and as part of his 2011 prorated LTIP award an additional 26,042 Loblaw stock options with a grant date fair value of approximately $153,908.

Restricted Share Unit Plan

RSUs typically entitle the executive to a cash payment after the end of the applicable performance period, which is usually three years in length. The RSU payment is calculated by multiplying the applicable number of RSUs by the volume weighted average price of a Common Share for the five days preceding the end of the performance period. The RSU Plan does not provide for the payment of any additional units in respect of dividends paid on Common Shares for the period when an RSU is outstanding.

In 2011, Messrs. Binning and Leighton were awarded RSUs from the Corporation as follows:

Name	RSUs Granted	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Paviter S. Binning	3,651	68.41	249,765	March 10, 2014
	17,594	65.08	1,145,018	November 29, 2014*(1)*
Allan L. Leighton	21,927	68.41	1,500,026	March 10, 2014*(2)*

(1) Mr. Binning was given a grant of RSUs with a grant date fair value of $1,145,018 in connection with his appointment to the position of President as a prorated increase to his 2011 LTIP award.

(2) In accordance with his employment agreement with the Corporation, Mr. Leighton's RSUs were payable upon his resignation, termination without cause or at his option in certain circumstances. Mr. Leighton resigned as the Deputy Chairman of the Corporation and the Deputy Chairman and President of Loblaw as of July 31, 2011. Effective as of that date, 50% of the RSUs granted to him in 2011 were cancelled and the remaining RSUs will be paid out on the first anniversary of his resignation from the Corporation.

In 2011, Messrs. Leighton and Trius were awarded RSUs from Loblaw as described in the table below:

Name	Loblaw RSUs Granted	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Allan L. Leighton	38,192	39.27	1,499,800	March 2, 2014*(1)*
Vicente Trius	5,547	37.56	208,345	August 2, 2014*(2)*
	53,250	37.56	2,000,070	August 2, 2014*(3)*
	133,123	37.56	5,000,100	August 2, 2016*(4)*

(1) In accordance with his employment agreement with Loblaw, Mr. Leighton's Loblaw RSUs were payable upon his resignation, termination without cause or at his option in certain circumstances. Mr. Leighton resigned as the Deputy Chairman of the Corporation and the Deputy Chairman and President of Loblaw as of July 31, 2011. Effective as of that date, 50% of the Loblaw RSUs granted to him in 2011 were cancelled and the remaining Loblaw RSUs will be paid out on the first anniversary of his resignation from the Corporation.

(2) Mr. Trius was granted 5,547 Loblaw RSUs as part of his prorated annual LTIP award.

(3) Mr. Trius was granted a signing bonus of 53,250 Loblaw RSUs with a three year performance period.

(4) Mr. Trius was also granted 133,123 Loblaw RSUs with a five year performance period as a compensatory payment to replace pension compensation from his previous employer that was forfeited when he commenced employment at Loblaw. Mr. Trius' five-year RSU grant will vest in equal parts on the third, fourth and fifth anniversary of the grant date and is payable in cash or shares.

Long Term Incentive Plan Clawback

Beginning in January 2010, all LTIP grants include a clawback provision that provides that if an executive accepts employment with a competitor of the Corporation (or Loblaw) within six months after leaving the employment of the Corporation, the gross dollar value of all stock option and RSU payments received in the 12 months of employment immediately prior to the date of cessation of employment must be repaid to the Corporation. The Loblaw Governance Committee approved the inclusion of the same provision in its LTIP awards to Loblaw executives.

Securities Authorized for Issuance under Equity Compensation Plans as of December 31, 2011

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Securityholders • Employee Stock Option Plan	1,414,504	$75.43	4,862,853
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total	1,414,504	$75.43	4,862,853

RETIREMENT AND PENSION ARRANGEMENTS

The Corporation's and Loblaw's retirement and pension arrangements are designed to provide a reasonable level of retirement income to executives. Mr. Leighton did not participate in any retirement plans and does not have any other retirement or pension arrangements with the Corporation or Loblaw. Mr. Galen G. Weston does not participate in any retirement plans and does not have any other retirement or pension arrangements with Loblaw. Mr. Trius participates in the Loblaw executive defined contribution registered pension plan. Senior executives of the Corporation and of Loblaw, other than Mr. Galen G. Weston, participate in either the Corporation's or Loblaw's executive defined benefit registered pension plan or executive defined contribution plan. All new executives join the executive defined contribution plan of the Corporation or Loblaw, as the case may be. In addition, senior executives of the Corporation whose pensionable earnings exceed prescribed levels participate in a non-contributory supplemental executive retirement plan (the "SERP").

EXECUTIVE BENEFIT PLANS

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

PERQUISITES

NEOs receive a limited number of perquisites. These include a car or car allowance, an annual medical examination and a discretionary health care spending account.

EXECUTIVE SHARE OWNERSHIP GUIDELINES

The Corporation maintains share ownership guidelines (the "Guidelines") to further align the interests of senior executives with those of the Corporation's shareholders. Under the Guidelines, Common Shares, RSUs, DSUs and the in-the-money value of vested stock options of the Corporation are included in determining a senior executive's share ownership. Senior executives who serve both the Corporation and Loblaw may include their eligible holdings in both companies to satisfy the Guidelines. The Common Shares, RSUs and DSUs held by an executive are valued at their market value at the measurement date.

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

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

Senior executives are expected to attain the required ownership level within five years of their appointment. The eligible equity-based holdings of each NEO and the dollar value of such holdings based on the market value on December 31, 2011 which was $68.09, are set forth in the following table:

	Value of Equity-Based Holdings				Ownership Requirement		Meets Executive Share Ownership Guidelines
Name	Common Shares ($)	RSUs ($)	In-the-money stock options ($)	Total ($)	($)	Multiple of Salary	
Paviter S. Binning	63,528	1,533,319	—	1,596,847	3,000,000	3	Mr. Binning has an additional four years to meet the Guidelines.
Galen G. Weston(1)	11,159,200	—	62,586	11,221,786	5,000,000	5	Yes
Vicente Trius(2)	21,510	7,385,082	—	7,406,592	3,000,000	3	Yes

(1) Mr. Galen G. Weston has Common Shares in the Corporation that have not been disclosed as the value of his holdings in Loblaw satisfies the Loblaw's Executive Share Ownership Guidelines. His Loblaw equity-based holdings are set forth in the table based on their value on December 31, 2011 at $38.48, being the price of a Loblaw common share on that date.

(2) Mr. Trius is subject to Loblaw's Executive Share Ownership Guidelines. His Loblaw equity-based holdings are set forth in the table based on their value on December 31, 2011 at $38.48, being the price of a Loblaw common share on that date.

As previously noted, the share price of the Corporation is not strongly correlated with the performance of the business of Weston Foods because of the value of the Corporation's substantial investment in Loblaw. Accordingly, in 2008, the Governance Committee concluded that the share ownership guidelines would no longer apply to Mr. Robinson.

For the Executive Share Ownership Guidelines in respect of the NEOs that are Loblaw executives, please refer to the Loblaw Management Proxy Circular available at www.sedar.com.

2011 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

The following outlines the rationale underlying the compensation decisions for each of the NEOs for 2011.

Paviter S. Binning, President and Former Chief Financial Officer

While serving as Chief Financial Officer, Mr. Binning received an annual LTIP grant equal to 100% of his salary at the time of the grant. As Chief Financial Officer, Mr. Binning's annual grant was comprised of 30,634 stock options of the Corporation with a grant date fair value of $500,253, and 3,651 RSUs with a grant date fair value of $249,765. Mr. Binning was appointed President of the Corporation on July 29, 2011. Mr. Binning's employment agreement provides for a base salary of $1,000,000 and a STIP target payout of 150% of his base salary. In recognition of his appointment to President of the Corporation and the corresponding increase in his LTIP target from 100% to 350%, Mr. Binning was granted an additional 17,594 RSUs with a grant date fair value of $1,145,018. Mr. Binning is also eligible to participate in the Corporation's other compensation and benefit plans available to executive officers including the EDSU Plan, executive pension plan and other group benefits.

Ralph A. Robinson, President, Weston Foods

Mr. Robinson's employment agreement was amended effective January 1, 2010. Under the amendment, no changes were made to Mr. Robinson's base salary, STIP target or MTIP target for 2010 or 2011, although for 2011 only, his maximum STIP payment increased from 100% of base salary to 126%. Mr. Robinson's MTIP grant for 2011 has a targeted payout of 200% of base salary, subject to a clawback of up to 30% if certain sales growth targets are not met during the performance period. As with the 2010 MTIP grant, Mr. Robinson's grant in 2011 has a three-year term, which, as part of his retirement arrangement, has a right of early termination after two years. In connection with his retirement, Mr. Robinson has entered into a consulting agreement for a two year period to, among other things, assist in the transition of leadership of the business to his successor.

Galen G. Weston, Executive Chairman of Loblaw

In light of Mr. Galen G. Weston's relationship to the controlling shareholder and in order to further align Mr. Weston's interest with the shareholders of Loblaw, the Loblaw Governance Committee structured Mr. Weston's LTIP award to be comprised solely of stock options. Mr. Weston received 187,034 Loblaw stock options with a grant date fair value of approximately $1,500,000. The Loblaw Governance Committee reviewed Mr. Weston's leadership and performance in determining the quantum of this grant.

Vicente Trius, President of Loblaw

Mr. Trius was appointed President of Loblaw on August 2, 2011. Mr. Trius' employment agreement provides for a base salary of $1,000,000 and a Loblaw STIP target at 150% of his base salary with a maximum payout of 200% of his base salary. In recognition of his joining Loblaw, Mr. Trius was granted a signing bonus of 125,000 Loblaw stock options with a grant date fair value of $738,750 and 53,250 Loblaw RSUs with a grant date fair value of $2,000,070, as well as a one-time cash payment of US $1,800,000. These grants and the cash payment were intended to replace forfeited compensation from his previous employers when he commenced employment with Loblaw and provide an incentive for his anticipated performance at Loblaw.

Pursuant to his employment agreement, Mr. Trius' 2011 annual LTIP grant was comprised of RSUs with a value of $500,000 and 62,500 stock options. As Mr. Trius' employment started on August 2, 2011, in 2011 he received a prorated annual Loblaw LTIP grant comprised of 26,042 Loblaw stock options with a grant date fair value of approximately $153,908 and 5,547 Loblaw RSUs with a grant date fair value of approximately $208,345.

Mr. Trius also received a grant of 133,123 Loblaw RSUs with a five year performance period. These Loblaw RSUs had a grant date fair value of $5,000,100 and were awarded as a compensatory payment to replace forfeited pension compensation from his previous employer when he commenced employment with Loblaw. Mr. Trius' Loblaw RSUs will vest in equal tranches on the third, fourth and fifth anniversaries of the grant date.

Loblaw also agreed to compensate Mr. Trius in the amount of approximately $825,000 for his transition from his previous employer and to reimburse certain other expenses incurred by him in connection with his move to Canada to take up his position as President of Loblaw.

Allan L. Leighton, Former Deputy Chairman and Former Deputy Chairman and President of Loblaw
In 2011, Mr. Leighton was awarded 21,927 RSUs of the Corporation and 38,192 RSUs of Loblaw, each with a grant date fair value of approximately $1,500,000. The quantum of this grant was determined in accordance with his employment agreements that were entered into in April 2008 when Mr. Leighton was appointed President of Loblaw. Upon Mr. Leighton stepping down as Deputy Chairman of the Corporation and Deputy Chairman and President of Loblaw, 50% of the RSUs granted to him by the Corporation and Loblaw in 2011 were cancelled. The RSUs granted to Mr. Leighton by the Corporation and by Loblaw in each of 2010 and 2011 that were not cancelled will be paid out on the first anniversary of his resignation date. Mr. Leighton ceased employment with the Corporation and Loblaw on July 31, 2011 and received a prorated STIP payment of $494,000 from the Corporation and $974,275 from Loblaw.

TERMINATION AND CHANGE OF CONTROL BENEFITS

Except for Mr. Robinson, none of the NEOs' employment agreements provides for change of control benefits. The Corporation's and Loblaw's compensations plans have termination and change of control provisions. The table below summarizes the termination and change of control benefits provided under each plan in situations that result in cessation of employment.

	Separation Event				
Type of Compensation	**Resignation**	**Termination without Cause**	**Termination with Cause**	**Retirement**	**Change of control**
Short Term Incentive Plan	No payment	Payment for the applicable performance period	No payment	Bonus for current year is prorated to retirement date	Governance Committee discretion to adjust bonus
Medium-Term Incentive Plan	Forfeited at time of notice of resignation	Value of units paid out on a pro rata basis	All outstanding units are forfeited	Grant value paid out on a pro rata basis	Governance Committee discretion to adjust grant or payout of current value
Stock Option Plan	Options forfeited at time of notice of resignation	30 days to exercise vested options	All outstanding options cancelled at time of notice of termination	90 days to exercise vested options	Board discretion to accelerate vesting of options
Restricted Share Unit Plan	Units forfeited at time of notice of resignation	Value of units paid out on a prorated basis provided termination date is more than 12 months after the grant date	All outstanding units forfeited at time of notice of termination	Value of all outstanding units paid out on a prorated basis	Governance Committee discretion to adjust grant
Executive Deferred Share Unit Plan	Units automatically redeemed	Units automatically redeemed	All outstanding units automatically redeemed	All outstanding units automatically redeemed	Governance Committee to ensure substantially similar award following a change of control event

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

W. Galen Weston, Executive Chairman
The Corporation does not have an employment agreement with Mr. Weston. If Mr. Weston's employment is terminated, he will be entitled to receive accrued and unpaid salary up to the date of termination and applicable incentive payments as provided for under the terms of the Stock Option Plan.

Paviter S. Binning, President
If Mr. Binning's employment is terminated without cause, he is entitled to receive (a) his salary for up to 18 months, (b) target STIP bonus for up to 18 months, and (c) applicable incentive and share based payments as provided for under the terms of the LTIP. Upon termination, Mr. Binning is subject to certain non-competition and confidentiality undertakings.

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

Vicente Trius, President of Loblaw
If Mr. Trius' employment is terminated without cause, he will be entitled to receive (a) salary for up to 36 months and (b) applicable incentive and share based payments as provided for under the terms of the Loblaw LTIP. Upon termination, Mr. Trius is subject to certain non-competition and confidentiality undertakings.

Ralph A. Robinson, President of Weston Foods
If Mr. Robinson's employment had been terminated without cause, he would have been entitled to receive (a) a termination payment of $4,000,000 and (b) applicable incentive and share based payments as provided for under the terms of such programs. If the Corporation had been subject to a change of control, Mr. Robinson would have been entitled to a payment of $3,000,000. Mr. Robinson has retired from Weston Foods and remains subject to certain non-competition and confidentiality undertakings.

Potential Amounts Paid on Termination

The following table sets forth the estimated incremental payments or benefits that the NEOs would have received upon termination of employment on December 31, 2011 for the various reasons described below.

		Amounts Due on Termination						
		Contractual Severance			Long term Incentive Plans			
Name	Event	Salary(1) ($)	Annual Bonus(1) ($)	Benefits ($)	Stock Options(2) ($)	RSUs(3)	MTIP	Total ($)
W. Galen Weston Executive Chairman	Termination with cause Termination without cause Resignation Retirement(4) Change of Control	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —
Paviter S. Binning President and Former Chief Financial Officer	Termination with cause Termination without cause Resignation Retirement(4) Change of Control	— 1,500,000 — — —	— 2,250,000(5) — — —	— — — — —	— — — — —	— — — — —	— — — — —	— 3,750,000 — — —
Ralph A. Robinson President of Weston Foods	Termination with cause Termination without cause Resignation Retirement(4) Change of Control	— 4,000,000 — — 3,000,000	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— 4,000,000 — — 3,000,000
Galen G. Weston Executive Chairman of Loblaw	Termination with cause Termination without cause Resignation Retirement(4) Change of Control	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —
Vicente Trius President of Loblaw	Termination with cause Termination without cause Resignation Retirement(4) Change of Control	— 3,000,000 — — —	— — — — —	— — — — —	— — — — —	— — — — —	— — — — —	— 3,000,000 — — —

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

(2) The NEOs are entitled to exercise vested options following termination in accordance with the Stock Option Plan.

(3) RSUs are paid out on a prorated basis where the NEO retires or is terminated without cause in accordance with the RSU Plan. The values shown are for RSUs that would be accelerated and paid out based on the price for the Common Shares on December 31, 2011 of $68.09 for the Corporation and $38.48 for Loblaw.

(4) The NEO was not entitled to retirement benefits as of December 31, 2011.

(5) Assumes annual bonus is at target level.

Mr. Leighton stepped down from his role as Deputy Chairman of the Corporation and Deputy Chairman and President of Loblaw on July 31, 2011. He remains entitled to payment in respect of (i) the RSUs granted to him by the Corporation and Loblaw in 2010 and, (ii) half of the RSUs granted to him by the Corporation and Loblaw in 2011, which had an aggregate value of $2,364,153 based on the price of $68.09 for the Common Shares on December 31, 2011 and $2,306,145 based on the price of $38.48 for Loblaw common shares on December 31, 2011.

COMPENSATION DECISIONS FOR 2012

Appointment of Chief Financial Officer

The Corporation has announced that Mr. Richard Dufresne has been appointed as Chief Financial Officer of the Corporation effective March 26, 2012.

Appointment of President of Weston Foods

The Corporation has announced that Mr. Jairo Senise has been appointed as President of Weston Foods effective March 5, 2012.

2012 Incentive Plan Amendments

For 2012, the Governance Committee has approved changes to the design of both the STIP and the LTIP.

The STIP for executives of the Corporation will include a discretionary component equal to 30% of the total STIP award that is based on achievement of pre-determined individual and team objectives during the year. This discretionary component will, among other things, take into account the executive's role in the overall achievement of the Corporation's goals, the personal objectives of the executive, the personal performance of the executive and the leadership qualities of the executive.

For 2012, the Governance Committee approved the introduction of a PSU plan as an additional component of the LTIP for certain executives including NEOs (other than Mr. W. Galen Weston). Going forward, annual LTIP grants for senior executives of the Corporation, including the NEOs, will be generally comprised of equal grants (by value) of stock options, RSUs and PSUs instead of the previous approach of 2/3 stock options and 1/3 RSUs. The Committee assessed how each NEO's individual compensation would be affected by the new design. The performance measures for the new PSU plan will be based on the Loblaw PSU results, the Weston Foods MTIP results and, for certain individuals, a discretionary component contingent on the achievement of pre-determined objectives. PSUs represent a form of at-risk long-term compensation that serves to motivate the recipient to deliver the objectives set forth in the Corporation's strategic plan. The introduction of the PSU plan also allows the Corporation to decrease its dependence on the use of stock options as a form of at-risk long-term compensation, by moving to an LTIP design based on the following: (a) 1/3 of the value in stock options with the intention of aligning the executive's interest with shareholders; (b) 1/3 of the value in RSUs with the intention of retaining key executives and employees; and (c) 1/3 of the value in PSUs with the intention of focusing the executives on the delivery of the objectives set forth in the strategic plan.

2012 Loblaw Incentive Plan Amendments

The Loblaw Governance Committee also approved a change to the STIP design for 2012. The net-debt measure, which comprises 20% of the overall STIP target will be replaced with a free-cash flow measure as it provides better alignment with Loblaw's strategic objectives. Free-cash flow is defined as cash flows from operations excluding the net change in credit card receivables less fixed asset purchases. Also, the calculation for STIP for executives, including the NEOs, for 2012 will be based on a percentage of actual annual salary earned that year rather than as a percentage of base salary determined as of December 31.

For 2012, the Loblaw Governance Committee approved the introduction of a PSU plan as an additional component of the overall LTIP. On this basis, annual LTIP grants for certain NEOs will be comprised of equal grants (by value) of stock options, RSUs and PSUs instead of the previous approach of 2/3 stock options and 1/3 RSUs. The Committee assessed how each NEO's individual compensation would be affected by the new design. The 2012 Loblaw PSUs will have three performance measures: earnings per share, return on capital and market share.

2012 Long Term Incentive Plan Grants

In March 2012, the Governance Committee approved LTIP awards to the executive group. Messrs. W. Galen Weston and Paviter Binning, received an annual LTIP award from the Corporation. Messrs. Galen G. Weston and Vicente Trius received annual LTIP awards from Loblaw. The Loblaw Governance Committee approved an increase from 150% to 250% in the LTIP targets for each of Mr. Galen G. Weston and Mr. Trius, in part as a result of the 2011 Mercer report commissioned by the Governance Committee and Loblaw Governance Committee referred to on page 25 of this Circular. The increased LTIP target is reflected in the grants from the Corporation and Loblaw set out below for Messrs. Paviter Binning, Galen G. Weston and Vicente Trius, respectively.

George Weston Limited:

Name	Grant Date Fair Value ($)(1)	Stock Options (#)	RSUs (#)	PSUs (#)
W. Galen Weston Executive Chairman	999,938	80,257	—	—
Paviter S. Binning President and former Chief Financial Officer	3,499,971	93,633	18,530	18,530

(1) These amounts reflect the grant date fair value of the options, RSUs and PSUs when granted. The grant date fair value of stock options granted is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The grant date fair value of the RSUs and PSUs is calculated in the following manner: RSU or PSU = Number of RSUs or PSUs Granted x 5 day Volume Weighted Average Price of the Common Shares prior to the date of grant, being $62.96.

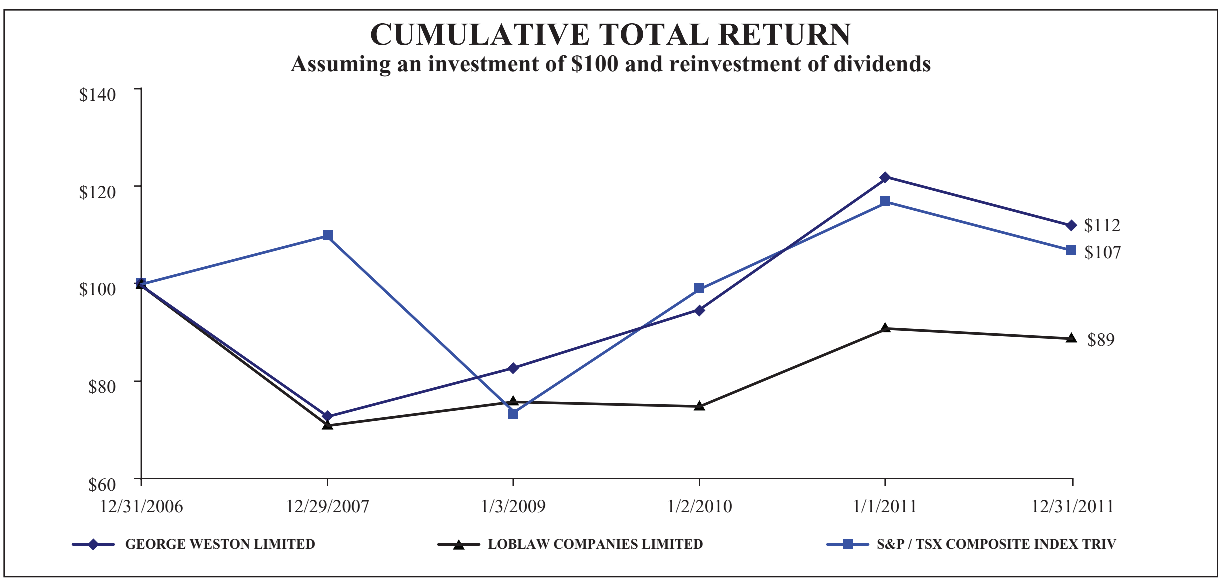
Loblaw Companies Limited:

Name	Grant Date Fair Value ($)(1)	Stock Options (#)	RSUs (#)	PSUs (#)
Galen G. Weston Executive Chairman of Loblaw	2,485,838	415,428	—	—
Vicente Trius President of Loblaw	2,495,250	138,476	23,859	23,859

(1) These amounts reflect the grant date fair value of the options, RSUs and PSUs when granted. The grant date fair value of stock options granted is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The grant date fair value of the RSUs and PSUs is calculated in the following manner: RSU or PSU = Number of RSUs or PSUs Granted x 5 day Volume Weighted Average Price of the Loblaw common shares prior to the date of grant, being $34.93.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return on $100 invested in Common Shares and Loblaw common shares on December 31, 2006, with the cumulative annual total return of the S&P/TSX Composite Index over the same period.



	31-Dec-06	31-Dec-07	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11
S&P / TSX COMPOSITE TOTAL RETURN INDEX	$100	$110	$74	$99	$117	$107
GEORGE WESTON LIMITED	**$100**	**$73**	**$83**	**$95**	**$122**	**$112**
LOBLAW COMPANIES LIMITED	**$100**	**$71**	**$76**	**$75**	**$91**	**$89**

For the five-year period ended December 31, 2011, the Corporation's total shareholder return out-performed the S&P/TSX Composite Index. The compensation of NEOs involved in the Weston Foods business has increased over this period as a result of the achievement of financial performance targets at Weston Foods.

For the five-year period ended December 31, 2011, Loblaw's total shareholder return under-performed the S&P/TSX Composite Index. In recent years, food retailers have faced a difficult economic environment partly due to increased competition. As competitive pressures have increased, Loblaw has undertaken significant change to achieve its goal of becoming Canada's best food, health and home retailer. Loblaw has designed its executive compensation program to attract and retain executives with the talent and experience to ensure Loblaw meets its strategic and operational objectives. Total compensation for the NEOs involved in the Loblaw business has increased during the five-year period ended December 31, 2011 primarily as a result of their achievement of these objectives and an increased emphasis on long-term equity-based incentives. In addition, during this period, Loblaw has hired new executives with competitive compensation packages that included one-time incentives and compensatory payments.

In the case of both the Corporation and Loblaw, a substantial portion of executive pay is at-risk based on financial performance and share price performance. The at-risk component for the NEOs in 2011 ranged from 31.9% to 82.1% of the NEOs' total compensation. The Corporation's MTIP awards and both companies' STIP awards are made based on the successful performance of key financial objectives that are tied to the applicable annual business plans. Stock option and RSU grants are directly correlated to the share price of the Corporation and Loblaw, as applicable, and are therefore directly aligned with shareholder returns. In 2012, both the Corporation and Loblaw approved the addition of a PSU plan as an additional component of the overall executive compensation program. The PSU plan is designed to focus senior executives on the achievement of longer term strategic objectives in addition to meeting the short term business and financial objectives in the annual business plan.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during fiscal years 2011, 2010 and 2009, as applicable.

Name and Principal Position	Year(1)	Salary ($)	Share-Based Awards ($)(3)	Option-Based Awards ($)(4)	Non-Equity Incentive Plan Compensation: Annual Incentive Plans ($)	Non-Equity Incentive Plan Compensation: Long-Term Incentive Plans ($)(5)	Pension Value ($)	All Other Compensation ($)(6)	Total Compensation ($)
W. Galen Weston Executive Chairman	2011	1,000,000	—	—	1,000,000	—	—	1,131,014	3,131,014
	2010	1,000,000	—	—	1,000,000	—	—	98,387	2,098,387
	2009	1,000,000	—	—	1,000,000	—	—	71,653	2,071,653
Paviter S. Binning President and former Chief Financial Officer	2011	854,167	1,394,783	500,253	1,049,750	—	38,000	60,173	3,897,126
	2010	284,617	93,775	2,751,900	347,344	—	14,000	21,812	3,513,448
Ralph A. Robinson President of Weston Foods	2011	700,000	—	—	546,000	4,357,572	—	365,547	5,969,119
	2010	700,000	—	—	700,000	2,800,000	—	406,285	4,606,285
	2009	700,000	—	—	700,000	2,500,000	—	364,156	4,264,156
Galen G. Weston Executive Chairman of Loblaw	2011	1,000,000	—	1,507,494	1,134,324	—	—	36,223	3,678,041
	2010	1,000,000	—	1,499,992	1,329,500	—	—	83,915	3,913,407
	2009	1,000,000	—	—	2,000,000	—	—	74,198	3,074,198
Vicente Trius President of Loblaw	2011	416,667	7,208,515	892,658	713,226	—	16,000	2,726,032	11,973,098(11)
Allan L. Leighton Former Deputy Chairman and former Deputy Chairman and President of Loblaw	2011	1,166,666(2)	2,999,826(8)(9)	—	1,468,275(10)	—	—	2,254,175	7,888,942
	2010	2,000,000(7)	2,984,378(9)	—	2,994,250(10)	—	—	50,004	8,028,632
	2009	2,000,000(7)	2,979,296(9)	—	4,000,000(10)	—	—	28,641	9,007,937

(1) Compensation has been disclosed for the years in which an executive served as an NEO. Mr. Binning became an NEO in 2010 and Mr. Trius in 2011.

(2) Mr. Leighton ceased being the Deputy Chairman of the Corporation and the Deputy Chairman and President of Loblaw on July 31, 2011. In 2011, Mr. Leighton's prorated salary was $1,166,666 and included $583,333 received from Loblaw.

(3) Amounts represent the grant date fair value of RSUs awarded to the NEOs, calculated in the following manner: RSU Grant Date Value = Number of RSUs Granted x volume weighted average share price for the five trading days preceding the grant date. The grant date fair value of an RSU award is the same as the accounting fair value of such award on the applicable grant date except that for accounting purposes the calculation of the grant date fair value of an RSU also reflects the deduction of the net present value of the expected dividends over the term of the RSU, to which an RSU holder is not entitled.

(4) These amounts reflect the grant date fair value of the options when granted. The grant date fair value of stock options granted is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The Corporation has chosen to use Black-Scholes-Merton model as the methodology for calculating the fair value of the options granted as this methodology is commonly used by other issuers. To determine the fair value of options granted using the Black-Scholes-Merton model an expected life of 7 years is used, which is based on the contractual term of the options. The other assumptions used in the model are based on relevant market data on the day of the valuation. The Corporation also uses the Black-Scholes-Merton model for accounting purposes. However, the accounting value ascribed at the grant date for the stock options is based on an expected life that reflects historical exercise patterns, as opposed to the contractual term of the option which is used for compensation reporting purposes (see Note 25 to the Corporation's annual audited consolidated financial statements for the year ended December 31, 2011, for the other assumptions and estimates used for this calculation). As a result when using the Black-Scholes-Merton value method, there is a difference between the fair value per option for compensation reporting purposes, and the accounting value per option as follows: For Mr Binning's 2011 grant, the accounting value is lower by $1.80 (2010 grant – lower by $2.73); for Mr. Galen G. Weston's 2011 grant, the accounting value is lower by $0.05 (2010 grant – lower by $2.68); and for Mr. Trius' 2011 grant, the accounting value is higher by $0.33.

(5) Amounts represent MTIP awards paid during the applicable year. The 2011 amount includes payments from the MTIP awards granted to Mr. Robinson in 2009 and 2010.

(6) Amounts under All Other Compensation include the value of perquisites and payments made by the Corporation and Loblaw under their respective employee share ownership plans, pension entitlements (Mr. Robinson received $325,000 in 2011, $325,000 in 2010 and $325,000 in 2009), a US $1,800,000 (CDN $1,877,548) payment to Mr. Trius in respect of compensation from his previous employer that was forfeited by Mr. Trius in connection his accepting the role of President of the Corporation and an $825,000 payment for his transition from his previous employer and to reimburse certain other expenses incurred by him in connection with his move to Canada to assume the position of President of the Corporation. Payments were made to all employees that held in-the-money options, including Mr. W. Galen Weston ($1,099,477) and Mr. Leighton ($2,195,888), as compensation for the decreased value of their awards resulting from the payment of the $1.0 billion special one-time dividend paid on Common Shares during the first quarter of 2011. Mr. Leighton received $44,500 in director fees for his role as a director of the Corporation following his role as an executive of the Corporation.

(7) For 2011, 2010 and 2009, Mr. Leighton's base salary was comprised of $1,000,000 paid by the Corporation and $1,000,000 paid by Loblaw.

(8) In 2011, Mr. Leighton was awarded 21,927 RSUs with a grant date fair value of $1,500,026 and 38,192 Loblaw RSUs with a grant date fair value of $1,499,800. Upon Mr. Leighton's resignation from the Corporation and Loblaw, 50% of the RSUs and Loblaw RSUs granted to him in 2011 were cancelled. As a result, 10,964 RSUs and 19,096 Loblaw RSUs remain outstanding and will be paid out on the first anniversary of his resignation from the Corporation and Loblaw.

(9) In 2011, Mr. Leighton's share-based awards were comprised of $1,500,026 awarded by the Corporation and $1,499,800 awarded by Loblaw. For 2010, Mr. Leighton's share-based awards were comprised of $1,500,026 awarded by the Corporation and $1,484,352 awarded by Loblaw. For 2009, Mr. Leighton's share-based awards were comprised of $1,500,019 awarded by the Corporation and $1,479,277 awarded by Loblaw.

(10) In 2011, Mr. Leighton's annual bonus was comprised of $494,000 paid by the Corporation and $974,275 paid by Loblaw. In 2010, Mr. Leighton's annual bonus was comprised of $1,000,000 paid by the Corporation and $1,994,250 paid by Loblaw. In 2009, Mr. Leighton's annual bonus was comprised of $1,000,000 paid by the Corporation and $3,000,000 paid by Loblaw.

(11) Mr. Trius' 2011 compensation included approximately $10,500,000 of one-time payments associated with his assumption of the role of President of Loblaw. These payments relate to forfeited compensation and pension entitlements from previous employers, a one-time signing bonus and costs associated with his relocation to Canada.

INCENTIVE PLAN AWARDS

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

The following table sets forth the number and value of outstanding option-based and share-based awards for each of the NEOs at the end of fiscal 2011:

	Option-Based Awards				Share-Based Awards		
Name of Participant	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised In-The-Money Options ($)(1)**	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Market or Payout Value of Share-Based Awards That Have Not Vested ($)(2)**	**Market or Payout Value of Share-Based Awards Not Paid Out or Distributed ($)**
W. Galen Weston Executive Chairman	72,490 123,750 114,893(3)	111.02 72.21 69.63	May 13, 2012 March 19, 2014 January 20, 2012	0 0 0	—	—	—
Paviter S. Binning President and former Chief Financial Officer	128,774 30,634	81.05 68.41	August 16, 2017 March 10, 2018	0 —	22,519	1,533,319	—
Ralph A. Robinson President of Weston Foods	40,000	111.02	May 13, 2012	0	—	—	—
Galen G. Weston Executive Chairman of Loblaw	10,340(3) 495,786(3) 146,914(3) 187,034(3)	69.63 47.44 36.35 39.27	January 20, 2012 March 19, 2014 March 11, 2017 March 3, 2018	0 0 62,586 —	—	—	—
Vicente Trius President of Loblaw	151,042	37.56	August 2, 2018	—	191,920	7,385,082	—
Allan L. Leighton Former Deputy Chairman and former Deputy Chairman and President of Loblaw	247,155 371,839(3)	72.21 47.44	March 19, 2014 March 19, 2014	0 0	34,721 59,931(4)	2,364,153 2,306,145(4)	—

(1) The value of outstanding vested option-based awards is calculated based on the closing price for the Common Shares of Weston on December 31, 2011, which was $68.09 or the Loblaw common shares on December 31, 2011, which was $38.48, as applicable.

(2) The value of RSUs awarded to the NEOs is based on the closing price of the Common Shares on December 31, 2011, which was $68.09, or the Loblaw common shares on December 31, 2011, which was $38.48, in each case, multiplied by the number of RSUs awarded.

(3) Stock options awarded by Loblaw.

(4) RSUs awarded by Loblaw.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth the value of option-based and share-based awards of the NEOs that vested during fiscal 2011, as well as the value of non-equity incentive plan compensation that the NEOs earned during fiscal 2011.

Name of Participant	Option-Based Awards – Value Vested During The Year ($)	Share-Based Awards – Value Vested During The Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During The Year(1) ($)
W. Galen Weston Executive Chairman	0	—	1,000,000
Paviter S. Binning President	0	—	1,049,750
Ralph A. Robinson President, Weston Foods	0	—	4,903,572(2)
Galen G. Weston Executive Chairman of Loblaw	62,586	—	1,134,324
Vicente Trius President of Loblaw	—	—	713,226
Allan L. Leighton Former Deputy Chairman and former Deputy Chairman and President of Loblaw	0	7,852,666(3)	1,468,275(4)

(1) Payments made in accordance with the Corporation's STIP and Loblaw's STIP, as applicable.

(2) Amount includes payments for the 2009 and 2010 grants made pursuant to the Corporation's MTIP plan.

(3) Payments made in 2011 relating to RSUs of the Corporation granted in 2008 and 2009 in the amount of $4,178,344 and RSUs of Loblaw granted in 2008 and 2009 in the amount of $3,674,322.

(4) Mr. Leighton received a STIP award of $494,000 from the Corporation and $974,275 from Loblaw.

PENSION PLAN AND LONG SERVICE EXECUTIVE ARRANGEMENTS

Executives of the Corporation, including the NEOs participate in either the Corporation's or Loblaw's executive defined benefit plan or executive defined contribution plan (other than Mr. Galen G. Weston, who does not, and Mr. Allan Leighton, who did not, participate in the pension plans). All newly hired and newly appointed executives join one of the executive defined contribution plans.

Pension Plan Amendments

The Governance Committee approved amendments to the executive pension plans of the Corporation and Loblaw effective January 1, 2010. The maximum annual pension cap under the executive defined benefit plan was increased from $100,000 to $125,000, with the result that the pensionable earnings salary cap under that plan was increased from $200,000 to $250,000. Similarly, the pensionable earnings salary caps under the executive defined contribution plans were increased from $200,000 to $250,000.

Executive Defined Benefit Pension Plan and Supplemental Executive Retirement Plan

For those executives who participate in the executive defined benefit plan of the Corporation or Loblaw and who retired in 2011, annual pension benefits were capped at $2,552 per year of service. In addition, the Corporation provides SERP allowances to executives who participate in the executive defined benefit plan of the Corporation or Loblaw, including Messrs. W. Galen Weston and Robinson. The SERP is an unfunded obligation of the Corporation and executives who participate in this plan must comply with certain non-competition provisions in order to receive payment.

Pension entitlements for an executive in the Corporation's executive defined benefit plan and the SERP are based on the executive's length of service and his or her highest three-year average rate of base salary during his or her years of service with the Corporation. For senior executives other than Messrs. W. Galen Weston and Robinson, the total annual benefits payable under the Corporation's executive defined benefit plan and the SERP are capped at $125,000.

The cost of the estimated future executive defined benefit plan and SERP benefits for each NEO participating in the executive defined benefit plan is calculated each year by the Corporation's independent actuaries based on the same method and assumptions used to determine year-end pension plan obligations as disclosed in

Note 24 to the 2011 consolidated financial statements of the Corporation. Certain accrued obligations in respect of the NEOs and other senior executives for the SERP are secured by a stand-by letter of credit issued by a major Canadian bank.

The following table sets forth details regarding the NEOs who participate in the Corporation's executive defined benefit plan:

Name	Number of Years Credited Service (#)	Annual Benefits Payable ($)		Opening present value of deferred benefit obligation ($)(1)	Compensatory Change ($)	Non Compensatory Change ($)	Closing present value of deferred benefit obligation ($)(2)
		At Year End	At Age 65				
W. Galen Weston Executive Chairman	39	500,000	500,000(3)	6,162,000	0	235,000	6,397,000
Ralph A. Robinson President, Weston Foods	35	442,000	442,000(4)	6,320,000	0	421,000	6,741,000

(1) Discount rate is 5%.

(2) Discount rate is 4.25%.

(3) Mr. Weston is to receive a pension of $500,000 per year upon his retirement.

(4) On August 1, 2008, Mr. Robinson commenced receipt of annual pension benefits of $325,000. Following his retirement, Mr. Robinson receives his full annual pension of $442,000.

Executive Defined Contribution Pension Plan and Supplemental Executive Retirement Plan

Certain senior executives of the Corporation participate on a non-contributory basis in the Corporation's executive defined contribution plan. During 2011, contributions were set as a percentage of base salary (maximum of $250,000) and were capped at $22,970 per year, as set forth in the following table:

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

The Corporation entered into retirement agreements with certain executives who participate in the executive defined contribution plan to provide SERP benefits to those executives with allocations for contributions in excess of the annual $22,970 registered plan limit.

The following table sets forth details regarding Mr. Binning who participated in the Corporation's executive defined contribution plan and SERP during 2011:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)
Paviter S. Binning President	15,000	38,000	51,000

The following table sets forth details regarding Mr. Trius who participated in Loblaw's executive defined contribution plan during 2011:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)
Vicente Trius President of Loblaw	0	16,000	16,000

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As at March 15, 2012, 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.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

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

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

Board Responsibilities and Duties

The Board, directly and through its Committees, supervises and oversees 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 attached as Schedule A of this Circular. The Board reviews the Corporation's direction, assigns responsibility to management for achievement of that direction, develops and approves major policy decisions, delegates to management the authority and responsibility in day-to-day affairs and reviews management's performance and effectiveness. The Board's expectations of management are communicated to management directly and through Committees of the Board.

The Board approves the Corporation's goals, 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. The members also attend an all-day strategy session with respect to the Loblaw business. At these sessions, each operating division presents a review of its activities and its outlook and strategies for the long-term. Through the Audit Committee, the Board oversees the Corporation's risk management framework and assesses and evaluates the integrity of the Corporation's internal controls over financial reporting and information systems. As part of its risk management oversight, the Board receives reports on management's approach to risk management. Through the Governance Committee, the Board oversees succession planning and compensation for senior management and members of the Board. Individual directors may, with the approval of the Lead Director, retain an outside advisor at the expense of the Corporation.

The Board reviews and approves:

- 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;
- investments outside of the ordinary course of business; and
- management's approach to enterprise risk management.

These matters are in addition to those matters that are required by law or corporate policy to receive Board consideration and approval. The Board regularly receives reports on the operating results of the Corporation, as well as reports on certain non-operational matters, including insurance, pensions, corporate governance, health and safety, legal and treasury matters. The Board also closely monitors any potential conflicts of interest between the Corporation and its affiliates, including Loblaw.

Board Leadership

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

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

The Board has also appointed an independent director, 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. The Lead Director chairs meetings of the independent directors following each Board meeting and on other occasions as required or desirable. The Board maintains a position description for the Lead Director. The Lead Director meets periodically with the other independent directors to obtain insight as to areas where the Board and its Committees can operate more effectively and to ensure that the Board is able to discharge its responsibilities independent of management.

Director Independence

The mandate of the Board of Directors provides that the Board shall be comprised of a majority of independent directors. The independence of each director is assessed by the Governance Committee with reference to the Governance Guidelines and the requirements set by the Canadian Securities Administrators in National Instrument 52-110 – Audit Committees. In determining independence, the Governance Committee determines whether directors have any material relationship with the Corporation or its affiliates that could reasonably be expected to interfere with the exercise of the director's independent judgment. This determination is conducted through a due diligence process that includes the following:

- directors' responses to a detailed annual questionnaire;
- biographical reviews;
- internal records and documents on relationships between directors and entities affiliated with directors and the Corporation and its subsidiaries; and
- discussions with individual directors as may be required.

When assessing materiality, the Governance Committee considers all relevant factors and circumstances including, without limitation, transactions between the Corporation and the director directly, immediate family members of the director, or organizations with which the director is affiliated, and the frequency and dollar amounts associated with any such transactions. The Governance Committee has reviewed each existing and proposed director's factual circumstances and relationships with the Corporation to determine whether he or she is independent within the meaning of the Governance Guidelines. The Governance Committee determined that 8 of the 12 nominees are independent.

The following director nominees were determined to be independent: A. Charles Baillie, Warren Bryant, Peter B. M. Eby, Darren Entwistle, Isabelle Marcoux, J. Robert S. Prichard, Thomas F. Rahilly and Barbara Stymiest. The following director nominees were determined not independent because they have a material relationship with the Corporation or its affiliates as described below:

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

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Corporation. The Chair of the Board and of each Committee meet separately with the Board or Committee members after each meeting without management present. The independent directors typically meet separately following each Board meeting and on other occasions as required or desirable without the non-independent directors or management present. There were no separate meetings of the independent directors in 2011. Additional information relating to the directors standing for election, including other public company boards on which they serve as well as their attendance record for all Board and Committee meetings during fiscal 2011, can be found on pages 7 through 14 of this Circular.

The Board has determined that the current leadership structure, in which the offices of the Executive Chairman and the chief executive officer are held by one person and an independent director acts as Lead Director, ensures the appropriate level of oversight, independence and responsibility is applied to board decisions. The Chairman of the Governance Committee serves as the Lead Director. The Lead Director facilitates communication with the board and presides over sessions where the independent directors meet without the non-independent directors, or where sessions when the Executive Chairman is not present. The Lead Director, and each of the other directors, communicate regularly with the Executive Chairman regarding appropriate agenda topics and other board related matters.

The Board is of the view that having an Executive Chair that is the controlling shareholder and a Lead Director that is independent works well in addressing any potential conflicts of interest between the Corporation and the controlling shareholder. The role of an independent Lead Director is needed to ensure that the interests of the Corporation and of the minority shareholders and other relevant stakeholders are protected.

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

Board Committees

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

The Audit Committee is comprised solely of independent directors. All other committees (other than the Executive and Pension Committees) are comprised solely of non-management directors, in each case with a majority of members being independent directors. At least once a year, the Governance Committee reviews committee composition and committee chairs and tables its recommendations to the Board for approval. The Board believes that the composition of its committees (other than the Executive Committee) allows them to operate independently from management such that shareholders' interests are protected. All committees (other than the Executive Committee) may engage outside advisors or consultants as necessary and have the authority to approve fees for any such engagements.

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

Position Descriptions for the Chair of each Committee

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

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

Governance, Human Resource, Nominating and Compensation Committee

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

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

The Governance Committee, whose members are A. Charles Baillie, Peter B.M. Eby (Chair), Anthony R. Graham and J. Robert S. Prichard had seven meetings in 2011.

Audit Committee

The Audit Committee oversees the Corporation's risk management framework and assesses and evaluates the integrity of the Corporation's internal control over financial reporting and information systems. As part of its risk management oversight, the Board receives reports on management's approach to risk management. The Audit Committee is responsible for:

- recommending the appointment of the external auditors;
- reviewing the planning and execution of the audit by the external auditors;

- reviewing the independence of the external auditors;
- considering and evaluating with management the adequacy and effectiveness of internal control over financial reporting and financial disclosure controls and reviewing any proposed corrective actions;
- reviewing and monitoring the Corporation’s policies relating to ethics and conflicts of 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 internal audit services of the Corporation;
- reviewing the integrity of the data generated by the Corporation’s information technology systems;
- reviewing and approving the audit fees paid to the external auditors and pre-approval of non-audit related fees to the external auditors;
- discussing and reviewing with management and the external auditors the Corporation’s annual and interim consolidated financial statements, Management’s Discussion and Analysis and Annual Information Form and other matters relating to the Corporation’s financial disclosure; and
- reviewing with management the principal risks of the Corporation’s business and the systems and processes implemented to manage these risks.

The Audit Committee, whose members are A. Charles Baillie (Chair), Warren Bryant, Peter B.M. Eby, Darren Entwistle, Thomas F. Rahilly and Barbara Stymiest, had five meetings in 2011.

Pension Committee

The Pension Committee assists the Board in overseeing the administration and governance of the Corporation’s pension plans and other post/retirement arrangements, in order to meet applicable legal and fiduciary obligations. Additionally, the Pension Committee is responsible for:

- reviewing the performance of the Corporation’s and its subsidiaries’ pension plans and pension funds;
- reviewing and recommending managers for the funds’ portfolios;
- reviewing the performance of pension fund managers;
- reviewing and approving the assumptions used, the funded status and amendments to the Corporation’s and its subsidiaries’ pension plans;
- reviewing the management and administration of the Corporation’s pension plans, capital accumulation plans, and retiree health and welfare plans;
- reviewing and setting the investment objectives and risk management practices of the Corporation and the approval of Statement of Investment Policies and Procedures; and
- managing the retention and oversight of all third parties retained for the Corporation’s pensions plans, including the trustee, actuaries and investment managers.

The Pension Committee, whose members are Anthony R. Graham (Chair), J. Robert S. Prichard, Thomas F. Rahilly and Barbara Stymiest, had six meetings in 2011.

Environmental, Health and Safety Committee

The Environmental, Health and Safety Committee ("EH&S Committee") is responsible for reviewing and monitoring the Corporation's policies, procedures, practices and compliance in the areas of environmental affairs, food safety and workplace health and safety. The EH&S Committee receives periodic reports on risks and risk management activities in these areas.

The EH&S Committee, whose members are Warren Bryant (Chair), Anne L. Fraser, Anthony R. Graham, Isabelle Marcoux and Thomas F. Rahilly, had four meetings in 2011.

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 the Board pursuant to applicable law. The Executive Committee acts only when it is not practicable for the full Board to meet.

Ethical Business Conduct

The Corporation's Code of Business Conduct (the "Code") reflects the Corporation's long-standing commitment to high standards of ethical conduct and business practices. The Code is reviewed annually to ensure it is current and reflects best practices in the area of ethical business conduct. All directors, officers and employees of the Corporation are required to comply with the Code and must acknowledge their commitment to abide by the Code on a periodic basis. The Audit Committee receives periodic reports on any compliance issues. In 2011, there were no material violations of the Code. The Code is available on the Corporation's website at www.weston.ca.

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

The Code also deals with conflicts of interest. Should a director, officer or employee have a conflict of interest with respect to any matter, that individual is required to bring the conflict to the attention of the Ethics and Conduct Committee and, if a director has a conflict with respect to any matter, he or she may not participate in any discussion 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 encourages the reporting of violations and potential violations of the Code and has established an Ethics Response Line (or "whistleblower" 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 controls and auditing matters. Reports are received periodically by the Audit Committee regarding any concerns reported through any of these procedures. These procedures are available at www.weston.ca. The Senior Vice President, Legal reports regularly to the Audit Committee regarding complaints received through the whistleblower procedures so that the Audit Committee can ensure that any complaints are handled appropriately.

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

Orientation and Continuing Education

The Governance Committee is responsible for the orientation and education of new directors about the business of the Corporation and co-ordinates an in-depth orientation session. The session typically includes an overview of the Corporation's history and operations, a review of industry conditions and an introduction to the Corporation's senior management team. New directors are provided with 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. New directors are provided with additional historical financial information, opportunities to visit the Corporation's facilities and stores and opportunities for one-on-one meetings and discussions with the executive leadership team and other directors. The goal of the orientation session held in 2011 was to ensure that new directors fully understand the nature and operation of the Corporation's businesses. One-on-one meetings may be arranged with the heads of each of the Corporation's principal business groups for a new director to learn about the various functions and activities of the Corporation. On an ongoing basis, as part of regular Board meetings, directors are given presentations on various aspects of the Corporation's operations.

All Board members participate in an annual all-day session with management to discuss and review the Corporation's strategic plans and opportunities. At that session, each operating division presents a review of its activities and its outlook and strategies for the long-term. In addition, at least one off-site board meeting is held each year to familiarize directors with regional operations. Such meetings include visits to the Corporation's manufacturing facilities and meetings with local senior management. Members of the Board also participate periodically in senior management meetings and Loblaw strategy meetings. These meetings involve presentations by, and discussions with, senior executives responsible for different aspects of the business of the Corporation. The Governance Committee also receives periodic reports on regulatory developments and matters of general interest in the area of corporate governance and executive compensation. Directors are canvassed on governance topics or issues on which management is asked to provide input from time to time.

Assessment of the Board and its Committees

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

Following the 2011 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 composition of board committees. Each year, the Governance Committee reviews committee composition, recommends committee chairs and takes recommendations to the Board for approval.

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

Nomination of Directors

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

The Governance Committee meets on an annual basis, or when required, to assess the appropriate size of the Board and whether any vacancies are expected due to retirement or otherwise. As part of this assessment, the Governance Committee reviews the skill set of current board members to determine skills and experience to be considered when recruiting new director nominees. In the event that vacancies are anticipated or otherwise arise, the Governance Committee considers candidates for Board membership. The members of the Board are canvassed with respect to potential candidates and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could best complement the current Board. The Governance Committee also assesses any concerns relating to potential conflicts, independence or time commitment that the candidate may present. The Executive Chairman, the Chair of the Governance Committee, as well as other members of the Governance Committee meet with the potential candidates to determine their interest, availability and suitability. The Committee then presents its list of potential candidates and recommendations to the Board. A continuous list of potential candidates is kept with the records of the Governance Committee. In 2011, Mr. Entwistle and Ms. Stymiest were identified as candidates with skills and experience that would be beneficial to the Board and the Corporation.

Composition of the Governance Committee

One member of the Governance Committee, Mr. Graham, is an executive officer of Wittington, the principal shareholder of the Corporation, and he is not considered independent under the Governance Guidelines. Because of Wittington's significant stake in the Corporation, and the alignment of its interests with those of minority shareholders of the Corporation, namely, the creation of value and long-term growth, the Board has determined that it is appropriate for Mr. Graham to be a member of the Governance Committee. The remainder of the members of the Governance Committee are independent directors. The Board believes that the presence of a majority of independent directors on the Governance Committee and the alignment of interests described above ensures that objective compensation and nominating processes are in the interests of all shareholders.

CORPORATE GOVERNANCE MATTERS

Disclosure Policy

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

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

OTHER INFORMATION

DIRECTOR AND OFFICER LIABILITY INSURANCE

The Corporation maintains insurance for the benefit of its directors and officers, and the directors and officers of its subsidiaries, in respect of the performance by them of their duties. The Corporation's annual insurance premium in 2011 was $631,340 (shared with Loblaw). The insurance limit is $100 million per year on an aggregate basis or per occurrence basis. There is no deductible in the case of directors and officers and a deductible of up to a maximum of $1 million for the Corporation.

NORMAL COURSE ISSUER BID

The Corporation has a Normal Course Issuer Bid (the "Issuer Bid") on the TSX which allows for the purchase and cancellation of up to 6,454,276 Common Shares at market prices. A copy of the Corporation's Notice of Intention filed with the TSX can be found at www.sedar.com. The current Normal Course Issuer Bid expires on May 10, 2012. The Corporation intends to renew the Issuer Bid.

ADDITIONAL INFORMATION

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

Additional copies of the Corporation's latest Annual Information Form, the Corporation's 2011 Annual Report and this Circular can be obtained upon request from the Senior Vice President, Financial Control 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.

Financial information is provided in the Corporation's audited consolidated financial statements and MD&A for its most recently completed financial year.

SHAREHOLDER PROPOSALS

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

The Canada Business Corporations Act permits eligible shareholders of the Corporation to submit shareholder proposals for consideration at the Annual Meeting of Shareholders. The final date for submission of proposals by shareholders to the Corporation for inclusion in the Management Proxy Circular in connection with the 2013 Annual Meeting of Shareholders is December 26, 2012.

CONTACTING THE BOARD OF DIRECTORS

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

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

BOARD APPROVAL

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

Robert A. Balcom

Senior Vice President, General Counsel – Canada and Secretary

Dated in Toronto, Ontario
March 26, 2012

SCHEDULE A MANDATE OF THE BOARD OF DIRECTORS

1. ROLE

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

2. RESPONSIBILITIES

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

(a) Define Shareholder Expectations and Monitor Corporate Performance

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

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

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

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

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

- Delegate to the Executive Chairman and the 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 Financial Disclosure

- Oversee the Corporation's financial reporting and disclosure obligations in accordance with applicable law.
- Approve the Corporation's financial statements, management's discussion and analysis and related releases.
- Oversee the Corporation's compliance with applicable audit, accounting and reporting requirements, including in the areas of internal control over financial reporting and disclosure controls and procedures.

(e) Monitor Enterprise Risk Management Program

- Approve management's approach to enterprise risk management, including the identification and assessment of the principal risks and oversee the management of those risks.
- Satisfy itself as to the effective oversight of risk management by the appropriate Committee or the Board through the receipt of periodic reports from the Chair of the Audit Committee.

(f) Oversee Effective External Communications

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

(g) Monitor Corporate Governance

- Develop, and monitor compliance with, a set of corporate governance principles and guidelines.
- Appoint a Lead Director who is independent to provide leadership to the Board and the independent directors, including presiding over meetings or sessions of the non-management directors and consulting with the Executive Chairman on any matters arising out of such sessions.
- Ensure that independent directors hold regular meetings without the attendance of management or non-independent directors.
- Review the Board's mandate on an annual basis and make appropriate revisions.
- Develop, adopt and regularly review position descriptions for the Executive Chairman, the President, 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.

(h) Monitor Corporate Social Responsibility, Integrity and Ethics

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

3. COMPOSITION

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

4. COMMITTEES

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

- the Audit Committee (comprised entirely of independent directors);
- the Governance, Human Resource, Nominating and Compensation Committee (comprised of a majority of independent directors);
- the Environmental, Health and Safety Committee;
- the Pension Committee; and
- the Executive Committee.

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

5. ORIENTATION AND CONTINUING EDUCATION

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

6. EQUITY OWNERSHIP BY DIRECTORS

The Board shall oversee directors' compliance with the Corporation's equity ownership guidelines.