MANAGEMENT PROXY CIRCULAR

GEORGE WESTON LIMITED
ANNUAL MEETING OF SHAREHOLDERS

MAY 10, 2016

THIS DOCUMENT CONTAINS:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
MANAGEMENT PROXY CIRCULAR

Weston
George Weston Limited

MANAGEMENT PROXY CIRCULAR

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Weston®
George Weston Limited

March 18, 2016

Dear Fellow Shareholder,

I am pleased to invite you to our Annual Meeting of Shareholders, which will be held on Tuesday, May 10, 2016, at 11:00 a.m. (Toronto 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. The Circular contains information on our corporate governance practices and our approach to executive compensation. At the meeting, shareholders will be voting on important matters. We hope that you take the time to review these meeting materials and that you exercise your vote. You may vote either in person at the meeting or by completing and sending in your proxy form. Please read the enclosed materials as they contain relevant information for voting on the business to be conducted at the meeting.

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

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

Yours very truly,

W. Galen Weston

W. Galen Weston
Executive Chairman

Notice of Annual Meeting of Shareholders

The 2016 Annual Meeting of Shareholders of George Weston Limited will be held on Tuesday, May 10, 2016, at 11:00 a.m. (Toronto 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, 2015, and the external auditor's report thereon;
2. to elect the directors;
3. to appoint the external auditor and to authorize the directors to fix the external auditor's remuneration; and
4. to transact such other business as may properly be brought before the Annual Meeting or the day of any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 14, 2016 will be entitled to vote at the Annual Meeting.

Notice and Access

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

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

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

Websites Where Circular is Posted

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

Non-Registered and Registered Shareholders

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

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

How to Obtain Paper Copies of the Circular

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

If you are a non-registered shareholder, a request may be made by going to www.proxyvote.com and entering the 16-digit control number located on your voting instruction form and following the instructions provided. Alternatively, you may submit a request by calling Broadridge Investor Communications Corporation ("Broadridge") at 1-877-907-7643. A request must be received by April 28, 2016 (i.e., at least seven business days in advance of the date and time specified in your voting instruction form as the voting deadline) if you would like to receive the Circular in advance of the voting deadline and meeting date.

If you hold a paper share certificate or certificates and your name appears directly on the share certificate(s), and, if you would like to receive the Circular: (i) in advance of the voting deadline and meeting date, then a request may be made by calling Computershare at 1-866-962-0498; or (ii) after the meeting date and within one year from the date the Circular was filed on SEDAR, then a request may be made by calling Computershare at 1-800-564-6253. A request must be received by April 28, 2016 (i.e., at least seven business days in advance of the date and time specified in your proxy form as the voting deadline) if you would like to receive the Circular in advance of the voting deadline and meeting date.

Voting

Non-registered shareholders should exercise their right to vote by completing, signing and returning a voting instruction form in accordance with the directions on the form. Voting instruction forms will be provided by Broadridge or your intermediary. Voting instruction forms may be returned as follows:

INTERNET:	www.proxyvote.com
TELEPHONE:	1-800-474-7493 (English) or 1-800-474-7501 (French)
FACSIMILE:	905-507-7793
MAIL:	Data Processing Centre, P.O. Box 2800, Stn. LCD Malton, Mississauga, Ontario L5T 2T7

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

Registered shareholders who are unable to be present at the meeting should exercise their right to vote by signing and returning the form of proxy, or voting via the internet, in accordance with the directions on the form. Computershare must receive completed proxies no later than 5:00 p.m. (Toronto time) on May 8, 2016 or, if the meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and statutory holidays) before the date of the adjourned or postponed meeting.

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

Dated at Toronto, Ontario, this 18th day of March, 2016.

BY ORDER OF THE BOARD OF DIRECTORS,

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

1 About the meeting

VOTING INFORMATION

ABOUT THIS CIRCULAR AND RELATED PROXY MATERIALS

We are providing you with this Management Proxy Circular (the "Circular") and other proxy materials in connection with the 2016 Annual Meeting of Shareholders (the "Meeting") of George Weston Limited (the "Corporation" or "Weston") to be held on Tuesday, May 10, 2016, at 11:00 a.m. (Toronto 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 14, 2016 and all dollar amounts used are in Canadian dollars.

NOTICE AND ACCESS

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

On or about March 25, 2016, the Corporation will send to shareholders the Notice of Meeting and the relevant voting document (a form of proxy or a voting instruction form). The Notice of Meeting contains basic information about the Meeting and the matters to be voted on, instructions on how to access the proxy materials, and explains how to obtain a paper copy of the Circular.

QUESTIONS AND ANSWERS ON THE VOTING PROCESS

Q: What items of business am I voting on?

A: You will be voting on:

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

Q: Am I entitled to vote?

A: You are entitled to vote if you were a holder of Common Shares as at the close of business on March 14, 2016, which is the record date of the Meeting. Each Common Share is entitled to one vote.

Q: How do I vote?

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

Q: Am I a registered shareholder?

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

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

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

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

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

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

1. **Voting at the Meeting**

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

2. **Voting by Proxy**

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

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

   You may authorize the management representatives named in the enclosed proxy form to vote your Common Shares, or **you may appoint another person or company to be your proxyholder**. The names already inserted on the form of proxy are W. Galen Weston, Executive Chairman, and Robert A. Balcom, Senior Vice President, General Counsel 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 must insert the other person's or company's name in the blank space provided. That person or company must be present at the Meeting to vote your Common Shares. If you do not insert a name in the blank space, the management representatives named above are appointed to act as your proxyholder. You may also use a different form of proxy than the one included with the materials sent to you.

   Please note that in order for your vote to be recorded, your proxy must be received by Computershare at 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1 or online by no later than 5:00 p.m. (Toronto time) on May 8, 2016, or two business days before reconvening any adjourned or postponed Meeting.

Q: How will my shares be voted?

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

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

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

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

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

1. **Through your intermediary**

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

2. **Attend the Meeting**

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

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

3. **Designate another person to be appointed as your proxyholder**

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

Q: Can I revoke my proxy or voting instruction?

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

- you may submit a new proxy to Computershare before 5:00 p.m. (Toronto time) on May 8, 2016, or two business days before reconvening any adjourned or postponed Meeting;
- you (or your attorney, if authorized in writing) may sign a written notice of revocation addressed to the Secretary of the Corporation and deposited at the registered office of Computershare at any time up to and including the last business day preceding the day of the Meeting or any reconvening of an adjourned or postponed Meeting, at which the proxy is to be used; or
- you (or your attorney, if authorized in writing) may sign a written notice of revocation and deliver it to the Chair of the Meeting on the day of the Meeting or the reconvening of an adjourned or postponed Meeting, at which the proxy is to be used.

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

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

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

GENERAL INFORMATION

Q: How many shares are entitled to be voted?

A: As of March 14, 2016, there were 127,919,219 Common Shares outstanding. Each Common Share is entitled to one vote on each matter to be voted upon at the Meeting.

Q: Who counts the vote?

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

Q: Who is soliciting my proxy?

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

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

Q: Can I access the annual disclosure documents electronically?

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

Q: Who do I contact if I have questions?

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

SHARE CAPITAL AND PRINCIPAL SHAREHOLDER

As of March 14, 2016, the record date for the Meeting, there were 127,919,219 Common Shares issued and outstanding. As of such date, Mr. W. Galen Weston beneficially owned, directly and indirectly through companies which he controls, including Wittington Investments, Limited ("Wittington"), a total of 80,773,740 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 annual audited consolidated financial statements at the Meeting and shareholders or their proxyholders will be given an opportunity to discuss the financial results with management.

2. ELECTION OF THE BOARD OF DIRECTORS

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

3. APPOINTMENT OF THE EXTERNAL AUDITOR

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

RECEIVING THE FINANCIAL STATEMENTS

The Corporation's annual audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2015 and the external auditor's report thereon will be placed before the shareholders at the Meeting. These documents are included in the Corporation's 2015 Annual Report. Copies of the 2015 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 2015 Annual Report in English or French is also available under the Corporation's SEDAR profile at www.sedar.com or on the Corporation's website at www.weston.ca.

ELECTION OF THE BOARD OF DIRECTORS

The Board has determined that 12 director nominees will be elected at the Meeting. Ten nominees are currently directors of the Corporation. All nominees have established their eligibility and willingness to serve on the Board for the next annual term. Management does not believe that any of the nominees will be unable to serve as a director, but if that should occur for any reason prior to the Meeting, the proxyholder may vote for another nominee at the proxyholder's discretion. At the Meeting, the nominees will be voted on individually, and in accordance with applicable Canadian securities legislation, the voting results for each nominee will be publicly disclosed. Each director will be elected to hold office until the next annual meeting of shareholders or until such office is earlier vacated.

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

Independence

8 of our 12 nominated directors are independent and none of these independent directors has ever served as an executive of the Corporation.

Skills

Each director has a wealth of experience in leadership and strategic planning and collectively they possess the skills and expertise that enable the Board to carry out its responsibilities. The skills matrix set out below is used to assess the Board's overall strengths and to assist in the Board's ongoing renewal process, which balances the need for experience and knowledge of the Corporation's business with the benefit of board renewal and diversity. Although the directors have a breadth of experience in many areas, the skills matrix lists 11 important qualifications determined by the Board and highlights five key skills for each director. This is not intended to be an exhaustive list of each director's skills:

Skills	Baillie	Binning	Marcoux	Marwah	Nixon	Prichard	Rahilly	Strauss	Stymiest	A. Weston	G. Weston	W. Weston
Executive Leadership/ Strategic Planning	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Retail/Consumer/Marketing								✓		✓	✓	✓
Financial Expertise	✓	✓		✓	✓	✓	✓		✓			
Supply Chain/Distribution			✓					✓			✓	
Accounting and Finance	✓	✓		✓	✓		✓		✓			
Risk Management	✓	✓	✓	✓	✓	✓		✓				
HR/Compensation	✓			✓		✓	✓		✓		✓	✓
Digitalization and Technology			✓		✓				✓	✓		
Real Estate										✓	✓	✓
US/International Consumer Market		✓						✓		✓		✓
Legal			✓			✓	✓					

Board Succession Planning and Nomination Process

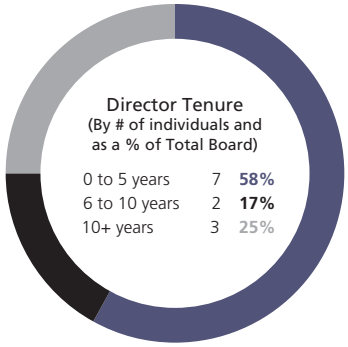
The Board regularly reviews potential vacancies on the Board. The Governance, Human Resources, Nominating and Compensation Committee (the "Governance Committee") assists the Board by maintaining a list of potential candidates and identifying individuals for the Board's consideration at the appropriate time. The Board has adopted a Board Tenure Policy stating that the Executive Chairman and the Governance Committee will undertake an assessment of a director's continued participation on the Board upon reaching the age of 75 or a change in principal occupation, whichever occurs first. The Board Tenure Policy does not apply to the Executive Chairman or any management directors.

In addition to its formal Board Tenure Policy, the Governance Committee:

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

In summary, each year, the Governance Committee undertakes a review of the composition of the Board, the performance of the individual directors and the mandate and composition of the Committees of the Board. Recommendations for changes, if any, are developed and subsequently discussed with the full Board and with the controlling shareholder. The Board is of the view that these processes have worked well and have resulted in governance that has been both effective and adaptive to the changing nature of the business and the markets in which the Corporation operates.

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



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

Majority Voting

The members of the Board are elected annually by the shareholders. In 2015, each director received votes in favour from at least 97% of the votes cast in conjunction with the Annual Meeting.

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

Board Interlock Policy

The Board established a board interlock policy with the aim of ensuring that interlocking director relationships will not adversely affect the relevant directors' independent judgment. The Board determined that an "interlock" occurs when more than two Board members are also fellow board members of another public company. The board interlock policy prohibits an interlock unless otherwise approved by the Governance Committee. The Governance Committee will review all interlocks and determine if the interlock adversely affects the ability of the relevant directors to exercise their independent judgment. The policy does not apply to the Executive Chairman of the Board or any management directors.

Director Profiles

The following is a summary of relevant biographical and compensation information of each director nominee including a description of their background and experience, year first elected or appointed as a director, age, meeting attendance, other boards on which they sit, and director fees received. The 2015 and 2014 equity holdings of each director nominee in the Corporation as of March 14, 2016 and March 16, 2015, respectively, consisting of Common Shares and Deferred Share Units ("DSUs") are also indicated. The persons designated in the accompanying form of proxy intend to vote **FOR** the nominees listed below:

A. Charles Baillie, O.C.

Toronto, Ontario, Canada

Age 76

Weston Board Details:
Director since 2003
Independent

Mr. Baillie, a corporate director, is the former Chair of Alberta Investment Management Corporation. Mr. Baillie is a retired Chairman and Chief Executive Officer of The 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., and holds an Honorary Doctorate from Queen's University and Trinity College, University of Toronto.

Mr. Baillie is Chancellor Emeritus of Queen's University, a former President and Chair of the Art Gallery of Ontario's Board of Trustees, President of Authors at Harbourfront, a director of The Royal Conservatory of Music 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	7/7	#	%	Year	Amount
Audit Committee	4/4	21/21	100%	2015	$200,350
Governance Committee	6/6			2014	$176,700
Finance Committee	4/4				

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	20,000	31,885	51,885	$5,814,233	$700,000	Yes
2014	20,000	29,470	49,470	$4,965,304		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
—	—	—	—
PAST PUBLIC BOARD MEMBERSHIPS (LAST 5 YEARS)[3]			
Canadian National Railway Company	2003 to 2015		
TELUS Corporation	2003 to 2015		

Paviter S. Binning

Toronto, Ontario, Canada

Age 55

Weston Board Details:
Director since 2012
Non-Independent

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

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

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

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
		#	%	Year	Amount
Board	7/7	7/7	100%	2015	Nil
				2014	Nil

EQUITY OWNERSHIP				
Year	Common Shares	EDSUs	Total Common Shares and EDSUs	The value of Mr. Binning's eligible holdings is $22,084,622[5]. Mr. Binning 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 45.
2015	53,234	29,526	82,760	
2014	33,476	28,949	62,425	

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
Loblaw Companies Limited	2014 to present	Galen G. Weston	Loblaw Companies Limited
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
Loblaw Companies Limited	2009 to 2010		

Isabelle Marcoux

Montreal, Quebec, Canada

Age 46

Weston Board Details:
Director since 2007
Independent

Ms. Marcoux is Chair of the Board of Transcontinental Inc., a major Canadian printing, publishing and flexible packaging company. Prior to joining Transcontinental Inc. in 1998, Ms. Marcoux practiced corporate and securities law at McCarthy Tétrault LLP.

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

In addition to her public board memberships listed below, Ms. Marcoux serves as a director of the Montreal Children's Hospital Foundation and is involved with numerous other non-profit organizations. In 2016, she will serve as Co-Chair of Centraide of Greater Montreal's campaign.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
		#	%	Year	Amount
Board	6/7	10/11	91%	2015	$190,000
Environmental, Health and Safety Committee (Chair)	4/4			2014	$141,000

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	—	18,644	18,644	$2,089,247	$700,000	Yes
2014	—	16,542	16,542	$1,660,321		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
Transcontinental Inc.	2005 to present	—	—
Rogers Communications Inc.	2008 to present		
Power Corporation of Canada	2010 to present		
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
—	—		

Sarabjit S. Marwah

Toronto, Ontario, Canada

Age 64

Weston Board Details:
Director since 2013
Independent

Mr. Marwah is a corporate director and the former Vice-Chairman and Chief Operating Officer of The Bank of Nova Scotia.

Mr. Marwah has an M.B.A. from the University of California, Los Angeles. He obtained an undergraduate degree in Economics (Honours) from the University of Calcutta and a Masters degree in Economics from the University of Delhi.

In addition to his public board memberships listed below, Mr. Marwah serves as a trustee of the Hospital for Sick Children and as a member of the board of directors of the Toronto International Film Festival. He was past Chair of the Humber River Regional Hospital and was a past member of the board of directors of the C.D. Howe Institute.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
Board	6/7	#	%	Year	Amount
Audit Committee	4/4	14/15	93%	2015	$194,650
Finance Committee (Chair)	4/4			2014	$145,480

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	3,500	4,710	8,210	$920,013	$700,000	Yes
2014	3,500	2,789	6,289	$631,227		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
Cineplex Inc.	2009 to present	—	—
TELUS Corporation	2015 to present		
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
—	—		

Gordon M. Nixon, C.M., O. Ont.

Toronto, Ontario, Canada

Age 59

Weston Board Details:
Director since 2014
Independent

Mr. Nixon will be nominated as Chair of BCE Inc. upon his re-election to the BCE Inc. board in April 2016. He is the former President and Chief Executive Officer of Royal Bank of Canada, a position he held from August 2001 to August 2014. Mr. Nixon first joined RBC Dominion Securities Inc. in 1979, where he held a number of operating positions, one of which was as Chief Executive Officer.

Mr. Nixon earned a Bachelor of Commerce (Honours) degree from Queen's University and holds Honorary Doctorates of Laws from Queen's University and Dalhousie University. He is a Member of the Order of Canada and the Order of Ontario.

In addition to his public board memberships listed below, Mr. Nixon sits on the Advisory Board of KingSett Canadian Real Estate Income Fund L.P., is Chairman of MaRS Discovery District and also chairs the Queen's University Capital Campaign. He is also a trustee of the Art Gallery of Ontario.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
Board	7/7	#	%	Year	Amount
Audit Committee	4/4	15/15	100%	2015	$197,500
Finance Committee	4/4			2014	$19,625

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	5,000	2,096	7,096	$795,178	$700,000	Yes
2014	5,000	195	5,195	$521,422		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
BCE Inc.	2014 to present	—	—
BlackRock, Inc.	2015 to present		
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
Royal Bank of Canada	2001 to 2014		

J. Robert S. Prichard, O.C., O. Ont.

Toronto, Ontario, Canada

Age 67

Weston Board Details:
Director since 2000
Independent
Lead Director

Mr. Prichard is the non-executive Chair of Torys LLP, Chair of the board of directors of Metrolinx, the regional transportation agency for the Greater Toronto and Hamilton Area, and Chairman of Bank of Montreal. He is a former President and CEO of Metrolinx. 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.

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 an Officer of the Order of Canada, a Member of the Order of Ontario and Fellow of the Royal Society of Canada.

He is a trustee of the Hospital for Sick Children.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
Board	7/7	#	%	Year	Amount
Environmental, Health and Safety Committee	1/1	18/18	100%	2015	$272,306
Governance Committee (Chair)	6/6			2014	$219,000
Pension Committee	4/4				

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	2,000	31,512	33,512	$3,755,355	$700,000	Yes
2014	2,000	28,432	30,432	$3,054,460		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
Bank of Montreal	2000 to present	—	—
Onex Corporation	1994 to present		
Barrick Gold Corporation	2015 to present		
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
—	—		

Thomas F. Rahilly

Toronto, Ontario, Canada

Age 72

Weston Board Details:
Director since 2007
Independent

Mr. Rahilly, a corporate director, is a former Vice Chairman of RBC Capital Markets, a division of the Royal Bank of Canada, a position he held from 1996 until his retirement at the end of 2006. Prior to his retirement, Mr. Rahilly was an investment banker for over 30 years.

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

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
Board	7/7	#	%	Year	Amount
Audit Committee	2/2	27/27	100%	2015	$215,350
Environmental, Health and Safety Committee	4/4			2014	$191,200
Finance Committee	4/4				
Governance Committee	6/6				
Pension Committee (Chair)	4/4				

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	—	24,326	24,326	$2,725,972	$700,000	Yes
2014	—	21,891	21,891	$2,197,200		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
—	—	—	—
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
—	—		

Christi Strauss

Minneapolis, Minnesota, United States

Age 54

Weston Board Details:
Nominee Director
Independent

Ms. Strauss, a corporate director, is the former President and Chief Executive Officer of Cereal Partners Worldwide, a General Mills joint venture with Nestlé, a position she held from 2006 to 2012. Ms. Strauss joined General Mills in 1986 where she held various executive positions including the President of General Mills Canada from 1996 to 2006.

Ms. Strauss obtained a Master of Business Administration from the Tuck School of Business at Dartmouth and a Bachelor of Arts in Economics from Dartmouth College.

Ms. Strauss is a past chair of Advertising Standards Canada and Canadian Food Information Council. She is a former board member of The Stratford Festival and Food and Consumer Products Canada.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
				Year	Amount
—	—	—	—	2015	—

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	—	—	—	—	$700,000	Yes[6]

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
—	—	—	—
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
—	—		

Barbara Stymiest, F.C.A., F.C.P.A

Toronto, Ontario, Canada

Age 59

Weston Board Details:
Director since 2011
Independent

Ms. Stymiest, a corporate director, is a former member of the Group Executive of Royal Bank of Canada responsible for the overall performance of the bank. Ms. Stymiest is a former Chief Executive Officer of TMX Group Inc., Executive Vice-President and Chief Financial Officer at BMO Capital Markets and Partner of Ernst & Young LLP.

Ms. Stymiest obtained her H.B.A. from the Richard Ivey School of Business, University of Western Ontario. She is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

In addition to her public board memberships listed below, Ms. Stymiest is a director of President's Choice Bank and serves as the Chair of the Canadian Institute for Advanced Research. She is also a trustee of the University Health Network and Chair of the Leadership Council for the Ivey Institute for Leadership.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
		#	%	Year	Amount
Board	7/7	19/19	100%	2015	$231,650
Audit Committee (Chair)	4/4			2014	$166,780
Governance Committee	4/4				
Pension Committee	4/4				

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	2,000	9,079	11,079	$1,241,513	$700,000	Yes
2014	2,000	7,389	9,389	$942,374		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
BlackBerry Limited[7]	2007 to present	—	—
Sun Life Financial Inc.	2012 to present		
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
—	—		

Alannah Weston

London, U.K.

Age 44

Weston Board Details:
Nominee Director
Non-Independent

Ms. Weston was named Deputy Chairman of Selfridges Group Limited in 2014. Prior to her role as Deputy Chairman, she was the Creative Director of Selfridges from 2004 to 2014.

Ms. Weston graduated from Oxford University with an M.A.

Ms. Weston is the chair of the Selfridges Group Foundation. She is also on the board of the Blue Marine Foundation and the Reta Lila Howard Foundation, based in the U.K. Ms. Weston is a director of Wittington Investments, Limited.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
				Year	Amount
—	—	—	—	2015	—

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	80,240	—	80,240	$8,991,694	$700,000	Yes

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
—	—	—	—
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
—	—		

Galen G. Weston

Toronto, Ontario, Canada

Age 43

Weston Board Details:
Director since 2016
Non-Independent

Mr. Weston is the Corporation's Deputy Chairman. He is also the Executive Chairman and President of Loblaw. He previously held several senior executive positions with Loblaw and its subsidiaries. Prior to joining Loblaw, he was an investment banking analyst for Salomon Brothers in the U.K.

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

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

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
				Year	Amount
—	—	—	—	2015	134,000[3]

EQUITY OWNERSHIP						
Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2]	Minimum Equity Ownership	In Progress or Meets Share Ownership Guidelines
2015	255,000	—	255,000	$28,575,300	$700,000	Yes

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
Choice Properties Real Estate Investment Trust	2013 to present	Paviter S. Binning	Loblaw Companies Limited
Loblaw Companies Limited	2006 to present		
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			

W. Galen Weston, O.C.

Toronto, Ontario, Canada

Age 75

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 in 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. He is also a Member of the Order of Canada.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received(1)	
Board	6/7	#	%	Year	Amount
		6/7	86%	2015	Nil
				2014	Nil

EQUITY OWNERSHIP

Mr. Weston is the controlling shareholder of the Corporation. For further information regarding his share ownership, please see page 4.

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks	
		Directors	Boards
—	—	—	—
PAST PUBLIC BOARD MEMBERSHIPS, (LAST 5 YEARS)			
Associated British Foods, plc	1964 to 2011		

(1) "Director Fees Received" includes compensation received as a director of the Corporation and its subsidiaries. Directors who are members of the Corporation's management do not receive any remuneration for their role as directors of the Corporation.
(2) "Total Market Value of Common Shares and DSUs" for non-management directors is calculated for 2015 based on the closing price of the Common Shares on the TSX on March 14, 2016, which was 112.06, and for 2014 based on the closing price of the Common Shares on the TSX on March 16, 2015, which was $100.37.
(3) Mr. Baillie was a director of Dana Corporation ("Dana") from 1998 to 2008. Dana 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 2007, Mr. Binning was appointed Chief Financial Officer of Nortel Networks Corporation. On January 14, 2009, Nortel filed for creditor protection under the Companies' Creditors Arrangement Act (the "CCAA") in Canada. As well, certain of Nortel's subsidiaries filed voluntary petitions in the United States under Chapter 11 of the U.S. Bankruptcy Code and in other jurisdictions under equivalent restructuring regimes.
(5) Mr. Binning holds Common Shares, executive deferred share units and in-the-money stock options in the Corporation and DSUs in Loblaw. The value of his holdings in the Corporation was $22,084,622 based on the March 14, 2016 closing price of the Common Shares on the TSX which was $112.06. Mr. Binning currently serves on the Loblaw Board and also served as a non-management director of Loblaw between 2009 and 2010. Mr. Binning held 3,032 Loblaw DSUs with a value of $215,272 as of March 14, 2016 based on the closing share price of $71.00 for common shares of Loblaw.
(6) If elected, Ms. Strauss will have five years to satisfy the Share Ownership Guidelines.
(7) As a director of BlackBerry Limited ("BlackBerry"), Ms. Stymiest was subject to a management cease trade order issued by the Ontario Securities Commission on November 7, 2006, as a result of BlackBerry not having filed its second quarter financial statements for fiscal 2007 before the statutory filing deadline. That order ceased to be in effect as of May 23, 2007 as a result of BlackBerry making all required filings pursuant to Ontario securities laws.
(8) Reflects compensation Mr. Weston received for his role as Chairman of Choice Properties Real Estate Investment Trust, a subsidiary of Loblaw Companies Limited.

Meeting Attendance

The following table provides a summary of each director's attendance at Board and committee meetings in 2015:

Name	Board (7 meetings)	Audit Committee (4 meetings)	Environmental, Health and Safety Committee (4 meetings)	Finance Committee (4 meetings)	Governance Committee (6 meetings)	Pension Committee (4 meetings)	Overall Attendance	
W. Galen Weston	6/7	—	—	—	—	—	6/7	86%
A. Charles Baillie	7/7	4/4	—	4/4	6/6	—	21/21	100%
Paviter S. Binning	7/7	—	—	—	—	—	7/7	100%
Darren Entwistle(1)	5/5	—	2/2	—	—	—	7/7	100%
Anthony R. Graham	7/7	—	—	—	6/6	4/4	17/17	100%
John S. Lacey	7/7	—	—	—	—	—	7/7	100%
Isabelle Marcoux	6/7	—	4/4	—	—	—	10/11	91%
Sarabjit S. Marwah	6/7	4/4	—	4/4	—	—	14/15	93%
Gordon M. Nixon	7/7	4/4	—	4/4	—	—	15/15	100%
J. Robert S. Prichard(2)	7/7	—	1/1	—	6/6	4/4	18/18	100%
Thomas F. Rahilly(3)	7/7	2/2	4/4	4/4	6/6	4/4	27/27	100%
Barbara Stymiest(4)	7/7	4/4	—	—	4/4	4/4	19/19	100%
Total	**96%**	**100%**	**100%**	**100%**	**100%**	**100%**		**98%**

(1) Mr. Entwistle stepped down from the Board on September 11, 2015.
(2) Mr. Prichard was appointed to the Environmental, Health and Safety Committee on September 15, 2015.
(3) Mr. Rahilly stepped down from the Audit Committee on May 12, 2015.
(4) Ms. Stymiest was appointed to the Governance Committee on May 12, 2015.

DIRECTOR COMPENSATION

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

Director Deferred Share Unit Plan

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

Director Share Ownership Guidelines

The Board believes that it is important that directors demonstrate their commitment to the Corporation through share ownership. In that regard, the Board has established Director Share Ownership Guidelines for non-management directors. Under these Guidelines, non-management directors are required to hold Common Shares or DSUs with a value of not less than four times the amount of the directors' annual retainer. Based on this multiple, the ownership requirement was $700,000 in 2015. For purposes of the Guidelines, securities are valued at their market value and directors are expected to meet the required level of share ownership within five years of initially being elected or appointed to the Board. Directors are required to take 100% of their board retainer and committee fees in DSUs until they meet the Director Share Ownership Guidelines after which they have the option to receive up to 50% of all fees in cash. All directors either meet the required level of share ownership or are in the process of accumulating securities as required under the Guidelines. Management directors are not subject to the Director Share Ownership Guidelines but instead must meet the Executive Share Ownership Guidelines described on pages 44 and 45.

Director Compensation Review

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

Top 26 TSX-Listed Corporations by 2014 Revenue

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

Following this comprehensive review, the Board, on the recommendation of the Governance Committee, approved the following changes to director compensation effective January 1, 2015:

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

No changes were made to the Lead Director retainer or to the fees paid for chairing the Audit, Governance or Environmental, Health and Safety Committees. Non-management directors continue to be required to hold Common Shares or DSUs with a value of not less than four times the amount of the directors' annual retainer. Based on this multiple of base retainer, the ownership requirement increased from $400,000 to $700,000 in 2015.

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

2015 Director Compensation Amounts

A summary of the 2015 director compensation amounts is set out below:

Type of Fee	Amount ($)
Annual Fees	
Total Board Retainer	175,000[(1)]
Chair and Committee Fees	
Lead Director retainer	50,000
Audit Committee Chair	30,000[(2)]
Governance Committee Chair	25,000[(2)]
Environmental, Health and Safety Committee Chair	15,000[(2)]
Finance Committee Chair	15,000[(2)]
Pension Committee Chair	15,000[(2)]
Member of board committee	7,500

(1) Directors are required to take 100% of their board retainer and committee fees in DSUs until they meet the Director Share Ownership Guidelines after which a director has the option to receive up to 50% of all fees in cash.
(2) Includes fees received as a committee member.

The details of Messrs. W. Galen Weston and Binning's executive compensation are set out in the Compensation Discussion and Analysis. Messrs. W. Galen Weston and Binning, as senior executives of the Corporation, do not receive any remuneration for their role as directors of the Corporation or any of its controlled entities. If elected, Messrs. W. Galen Weston and Binning will not receive any remuneration in 2016 for their role as directors of the Corporation. Mr. Galen G. Weston was appointed Deputy Chairman of the Corporation on March 2, 2016. In this role, he will receive an annual fee of $25,000.

2015 Director Compensation Table

The following table sets out the compensation elements and total compensation earned by each non-management director in 2015 and the manner in which the compensation was paid:

	Fees Breakdown						Allocation of Total Director Fees		
Name	**Board Retainer ($)[1]**	**Committee Chair Retainer ($)**	**Committee Member Retainer ($)**	**Total Director Fees Earned ($)**	**All Other Compensation ($)**	**Total Compensation ($)**	**Cash ($)**	**DSUs ($)[2]**	**Allocation of Fees between Cash and DSUs (%)**
A. Charles Baillie	175,000	5,700[3]	19,650	200,350	—	200,350	—	200,350	100% DSUs
Darren Entwistle[4]	119,875	—	5,138	125,013	—	125,013	—	125,013	100% DSUs
Anthony R. Graham	175,000	—	15,000	190,000	120,275[5]	310,275	—	190,000	100% DSUs
John S. Lacey	175,000	—	—	175,000	590,000[6]	765,000	—	175,000	100% DSUs
Isabelle Marcoux	175,000	15,000	—	190,000	—	190,000	—	190,000	100% DSUs
Sarabjit S. Marwah	175,000	9,300[7]	10,350	194,650	—	194,650	—	194,650	100% DSUs
Gordon M. Nixon	175,000	—	22,500[8]	197,500	—	197,500	—	197,500	100% DSUs
J. Robert S. Prichard	175,000	75,000	22,306[8][9]	272,306	—	272,306	—	272,306	100% DSUs
Thomas F. Rahilly	175,000	15,000	25,350[10]	215,350	—	215,350	—	215,350	100% DSUs
Barbara Stymiest	175,000	30,000	12,150[11]	217,150	14,500[12]	231,650	54,287	162,863	75% DSUs
Total ($)	**$1,694,875**	**$150,000**	**$132,444**	**$1,977,319**	**$724,775**	**$2,702,094**	**$54,287**	**$1,923,032**	

(1) In 2015, directors were required to take 100% of their board retainer and committee fees in DSUs until they met the Director Share Ownership Guidelines after which they can elect to receive up to 50% of their total fees in cash, with the balance required to be taken in DSUs.
(2) Amounts reflect the grant date fair value of DSUs based on the volume-weighted average trading price of the Common Shares on the TSX for the five trading days prior to the date of the grant in accordance with the DSU Plan. As well, additional DSUs are accumulated based on notional equivalents of dividends paid on Common Shares throughout the year. These notional equivalents of dividends are not included in the table.
(3) Includes the fees that Mr. Baillie received as Chair of the Finance Committee until May 12, 2015.
(4) Mr. Entwistle stepped down from the Board effective September 11, 2015.
(5) Mr. Graham also received $108,775 for his role as a director of Loblaw and $11,500 for his role as director of President's Choice Bank until he retired from both boards effective July 23 and July 21, 2015, respectively. The details of his director compensation for Loblaw are set forth in the Loblaw Management Proxy Circular, which is available at www.sedar.com.
(6) Mr. Lacey received a total of $400,000 in fees from the Corporation and Loblaw for providing advisory services. He also received compensation of $190,000 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) Includes fees that Mr. Marwah received as Chair of the Finance Committee effective May 12, 2015, prior to which Mr. Marwah was a member of the Finance Committee.
(8) Includes fees received for attendance at meetings of a Board committee.
(9) Includes fees that Mr. Prichard received as a member of the Environmental, Health and Safety Committee effective September 15, 2015.
(10) Includes fees that Mr. Rahilly received as a member of the Audit Committee until May 12, 2015.
(11) Includes fees that Ms. Stymiest received as a member of the Governance Committee effective May 12, 2015.
(12) Ms. Stymiest also received $14,500 for her role as a director of President's Choice Bank, a subsidiary of Loblaw.

Outstanding Share-Based Awards

The following table sets forth the value of all share-based awards granted to non-management directors that were outstanding as at January 4, 2016:

Name of Participant	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Market or Payout Value of Share-Based Awards That Have Not Vested ($)**	**Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)[1]**
A. Charles Baillie	—	—	3,357,172
Anthony R. Graham	—	—	3,041,091
John S. Lacey[2]	—	—	1,293,172
Isabelle Marcoux	—	—	1,963,027
Sarabjit S. Marwah	—	—	495,916
Gordon M. Nixon	—	—	213,739
J. Robert S. Prichard			3,306,211
Thomas F. Rahilly	—	—	2,561,285
Barbara Stymiest	—	—	955,928

(1) The value of the outstanding DSUs awarded to the directors is based on the closing price of the Common Shares on the TSX on January 4, 2016, which was $105.29, multiplied by the number of outstanding DSUs. The values also include additional DSUs which were accumulated based on notional equivalents of dividends paid on Common Shares.
(2) Mr. Lacey also holds 28,385 Loblaw DSUs. Based on the closing price of the Loblaw common shares on January 4, 2016 of $64.84, Mr. Lacey's DSUs were valued at $1,840,483.

APPOINTMENT OF THE EXTERNAL AUDITOR

Appointment of the External Auditor

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

Audit and Other Service Fees

The Audit Committee oversees the fees paid to KPMG LLP for audit and non-audit services. The following table sets forth the aggregate fees billed for professional services rendered by the independent external auditor, KPMG LLP, for the fiscal years 2015 and 2014, respectively:

	2015 $(000's)	2014 $(000's)
Audit fees[1]	7,447	7,521
Audit-related fees[2]	992	758
Tax-related fees[3]	79	262
All other fees[4]	215	79
Total Fees	8,733	8,620

(1) Audit fees include fees for services related to the audit of the Corporation's consolidated financial statements, including the audit of Loblaw's consolidated financial statements and the audits of SDM, Choice Properties and President's Choice Bank (each a subsidiary of Loblaw). Audit fees also include fees for services related to the review of quarterly reports and debt prospectuses of the Corporation, Loblaw, Eagle Credit Card Trust and Choice Properties in 2015, audit procedures performed relating to Loblaw's IT system conversion, the interpretation of accounting and financial reporting standards and auditor involvement with filings related to the acquisition of SDM in 2014.

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

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

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

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

AUDIT COMMITTEE

Barbara Stymiest (Chair)

A. Charles Baillie

Sarabjit S. Marwah

Gordon M. Nixon

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

The Audit Committee evaluates the qualifications, performance and independence of the external auditor and oversees procedures for the receipt, retention and follow-up of any complaints regarding the Corporation's accounting, internal controls and auditing matters. The Chair of the Audit Committee is involved in the selection process for the Lead Audit Partner. The Lead Audit Partner of KPMG LLP may not serve in this role for the Corporation for longer than seven consecutive years and the Audit Committee ensures that a regular rotation occurs as required under current auditing standards.

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

AUDIT COMMITTEE REPORT

Overview

Each year, we review our mandate to ensure our Committee's effectiveness in fulfilling its responsibilities in relation to the integrity of the Corporation's accounting and financial reporting; compliance with legal and regulatory requirements as they relate to the Corporation's financial statements; the qualifications, independence and performance of the Corporation's external auditor; ERM process; internal control over financial reporting and disclosure controls and procedures; the performance of the Corporation's internal audit function; and fulfillment of the additional duties set out in the mandate. We are satisfied that our Committee fulfilled its responsibilities in 2015.

Meetings

The Committee meets at least once every quarter. Activities reviewed are based on our mandate and work plan. At each meeting, the Committee has the opportunity to meet separately in-camera with the Chief Financial Officer, senior members of the Corporation's financial group, representatives of the internal audit services department and the external auditor. In addition, it holds an in-camera session without management present at each meeting. The Audit Committee met four times in 2015.

Financial Reporting

We reviewed and discussed with management the Corporation's annual and interim consolidated financial statements and management's discussion and analysis for the year ended December 31, 2015 and the interim quarters and the external auditor's reports thereon. We recommended to the Board that the Corporation's annual audited consolidated financial statements be approved and released on March 3, 2016.

Internal and External Auditor

Throughout the year, the Chair of the Audit Committee met periodically with the external auditor, representatives of the internal audit services department and senior members of the Corporation's financial reporting group. In 2015, our Committee reviewed and approved the annual audit plans of the internal audit services department and the external auditor and received regular reports from Internal Audit. In addition, we received reports on key audit issues at Loblaw and its subsidiaries.

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

Enterprise Risk Governance

The Audit Committee also reviewed and recommended to the Board for approval the ERM Policy, risk appetite statement, and outcomes of the risk management process.

The Board has tasked the Audit Committee with overseeing certain aspects of the Corporation's ERM process. At our meetings throughout the year, we received reports from management on the various risks facing the Corporation and how they are being managed. The type of risks the Corporation is exposed to include: strategic; financial; operational; regulatory; human capital; and reputational risk. Management periodically provides an update to the Committee on the status of the key risks based on significant changes from the prior update, anticipated impacts in future quarters, and significant changes in key risk indicators. Additionally, we reviewed certain projects undertaken by Weston Foods, a subsidiary of the Corporation, to assess its performance against the initial capital investment plans for those projects.

Legal and Regulatory

Our Committee has stayed abreast of a number of key industry issues, including privacy, cybersecurity and information security more generally. Throughout the year, we also reviewed various regulatory filings and received updates on compliance related matters. We regularly reviewed related party transactions and their compliance with applicable policies and procedures. We also discussed legal developments with the Chief Legal Officer and significant legal issues involving the Corporation.

Respectfully submitted,

Audit Committee
Barbara Stymiest (Chair)
A. Charles Baillie
Sarabjit S. Marwah
Gordon M. Nixon

For additional information regarding each member of the Audit Committee, please see pages 7 through 13. For additional information regarding the activities of the Audit Committee, see the Corporation's Statement of Corporate Governance Practices on pages 56 through 65.

CORPORATE GOVERNANCE

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

GOVERNANCE COMMITTEE

The Governance Committee is responsible for developing and implementing good governance principles and practices of the Corporation consistent with high standards of corporate governance. On an annual basis, the Governance Committee reviews existing Board policies, mandates and governance practices. The Governance Committee is also responsible for overseeing executive compensation, including the design and structure of the Corporation's incentive programs and the individual compensation of the named executive officers (the "NEOs") identified on page 27. The Governance Committee oversees talent management and succession planning for the Corporation's senior executive positions. As part of its mandate, the Governance Committee, together with the Executive Chairman, identifies and recommends candidates for nomination to the Board as directors and reviews the composition of the Board committees. The Governance Committee recommends to the Board for approval any changes to directors' compensation arrangements. It also monitors the orientation program for new directors and continuing education for all directors and oversees the process for assessing the performance of the Board, its committees and individual directors.

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

The members of the Governance Committee are Messrs. J. Robert S. Prichard (Chair), A. Charles Baillie, Thomas F. Rahilly, Anthony R. Graham and Ms. Barbara Stymiest. 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. Mr. Graham is not standing for re-election at the Annual Meeting.

Key Skills and Experiences

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

The chart below sets out the relevant experience of each member of the Governance Committee:

Name of Member	Experience in Governance and Executive Compensation
A. Charles Baillie	• Executive experience as former Chairman and Chief Executive Officer of Toronto-Dominion Bank • Public and private company board experience, including as Chairman of Alberta Investment Management Corporation and Chair of the NYSE listed TD Waterhouse Inc. • Former Chair of TELUS Corporation's Human Resources and Compensation Committee • Former Member of Canadian National Railway Company's Human Resources and Compensation Committee • Former member of Dana Corporation's Compensation Committee
Anthony R. Graham	• Executive experience as President of Selfridges Group Limited and President and Chief Executive Officer of Sumarria Inc. • Public company board experience as director of Power Corporation of Canada and Power Financial Corporation and former Vice Chairman and director of National Bank Financial and former director of Loblaw • Former Member of Loblaw's Governance, Employee Development, Nominating and Compensation Committee • Chairman of Power Corporation of Canada's Compensation and Governance Committees • Member of Power Financial Corporation's Governance and Nominating Committee
J. Robert S. Prichard	• Executive experience as former President and Chief Executive Officer of Torstar Corporation, former President and Chief Executive Officer of Metrolinx, and President Emeritus of the University of Toronto • Public company board experience as Chairman of Bank of Montreal and director of Onex Corporation and Barrick Gold Corporation and former director of Four Seasons Hotels Inc. • Former 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) and Barrick Gold Corporation's Compensation Committee • Former Lead Director and Chair of the Governance Committee at Four Seasons Hotels Inc.
Thomas F. Rahilly	• Executive experience as Vice Chairman of RBC Capital Markets, Richardson Greenshields Limited and Merrill Lynch Canada Inc. and prior public company board experience • Extensive compensation and leadership evaluation experience as a senior executive in investment banking
Barbara Stymiest	• Executive experience as former member of the Group Executive of Royal Bank of Canada, former Chief Executive Officer of TMX Group Inc., former Executive Vice-President and Chief Financial Officer of BMO Capital Markets • Member of Blackberry Limited's Compensation, Nomination and Governance Committee • Former Member of Sun Life Financial Inc.'s Management Resources Committee

Gender Diversity

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

The Corporation has developed and approved a written board diversity policy (the "Board Diversity Policy"). The Board Diversity Policy sets out guidelines for the Governance Committee to find the best qualified candidates for Board positions given the needs and circumstances of the Board. The Board Diversity Policy provides that, when identifying suitable candidates for appointment to the Board, the Committee must consider candidates on merit using objective criteria with due regard to the benefits of diversity and the needs of the Board and the Corporation. The Board Diversity Policy states that, among other qualities, a nominee's gender, age, ethnicity and geographic background may be considered in his or her assessment.

The Board Diversity Policy requires that the Governance Committee measure and report to the Board annually with respect to the Corporation's progress in identifying and considering diverse candidates for appointment to the Board. To measure the effectiveness of the Policy, the Committee reviews: (i) the number of women and candidates representing diverse ethnicities

considered or brought forward for board positions; and (ii) the skills, knowledge, experience and character of female candidates and candidates representing diverse ethnicities to ensure that these candidates are being fairly considered relative to other candidates.

The Board Diversity Policy does not include a target number or percentage of women on the board. The Governance Committee does not believe that targets are appropriate since gender diversity is only one of several characteristics considered during the board candidate selection process. Instead, the Committee believes that a method for reviewing directors on a variety of factors including diversity is more appropriate. The Committee's approach in circumstances where female candidates or candidates representing diverse ethnicities are not selected is to satisfy itself that there are justifiable reasons to support the selection.

Four of the twelve director nominees are women, representing 33% of the Board's composition. In addition, at Loblaw five of the thirteen director nominees are women, representing 38% of that Board's composition. There are currently no female executive officers at the Corporation. Three of 17 executive officer positions at Loblaw are female, representing 18% of Loblaw's executive officer positions. There is also a rich and deep pool of female talent holding high potential and vice-president level positions at the Corporation and its subsidiaries. The Corporation and its subsidiaries are committed to ensuring that they attract and retain the most highly qualified and experienced directors and executive officers and recognize that gender diversity is an important consideration in creating and maintaining an effective board and senior management team.

GOVERNANCE COMMITTEE REPORT TO SHAREHOLDERS

J. Robert S. Prichard (Chair)

A. Charles Baillie

Anthony R. Graham

Thomas F. Rahilly

Barbara Stymiest

2015 Highlights:

- ✓ Introduction of Board Diversity Policy
- ✓ Introduction of Majority Voting Policy
- ✓ Introduction of Director Tenure Policy
- ✓ Introduction of Board Interlock Policy
- ✓ Updated Executive Share Ownership Guidelines
- ✓ Continued focus on developing a comprehensive succession plan that aligns with the Corporation's strategic goals

Dear Shareholders:

On behalf of the Board, we are pleased to share with you our Committee's philosophy and approach to executive compensation and some of our significant accomplishments in 2015.

EXECUTIVE COMPENSATION PHILOSOPHY

The Corporation's compensation philosophy guides every aspect of the Corporation's strategy, programs, policies and decisions on executive compensation. We review and approve the Corporation's compensation philosophy and programs for executive officers. The Corporation's executive compensation philosophy is as follows:

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

Pay for performance is a cornerstone of the Corporation's compensation philosophy. Our compensation programs for all employees, including executives, are results oriented. We believe that a strong pay-for-performance focus should align compensation with the successful execution of business strategy, sustained long-term performance and shareholder interests. This objective is achieved through the design of our short, medium and long-term incentive plans ("STIP", "MTIP" and "LTIP" respectively).

Executive compensation should align with the long-term interests of shareholders. We believe our STIP, MTIP and LTIP programs accomplish this objective. The Corporation's STIP is a balanced program comprised of different performance measures that focus executives on the key drivers of the business and value creation over both the short and long term. The MTIP program was redesigned in 2015 to incent Weston Foods' executives on two equally weighted metrics: sales and return on capital.

The MTIP program rewards executives for improvements in these two performance measures (against targets) over a three-year performance period, similar to the prior MTIP program, which rewarded executives for improvements in certain factors that influenced enterprise value.

The LTIP balances the use of (i) stock options, which align an executive's interest with shareholders in share price appreciation; (ii) restricted share units ("RSUs"), which serve as a key component in retaining executives; and (iii) performance share units ("PSUs"), which focus executives on the delivery of key objectives set forth in the Corporation's strategic plan. The Corporation also expects executives to meet minimum share ownership guidelines that apply to executives at the senior vice president level and higher, to reinforce the alignment between executive compensation and long-term shareholder interests.

KEY PERFORMANCE HIGHLIGHTS IN 2015

The Board was pleased with the Corporation's financial performance in 2015, which was reflected in the NEO's incentive payouts:

- Weston Foods achieved its sales and earnings STIP targets and the Loblaw STIP paid out at 157.2% of target for its NEOs.
- The 2013 PSUs had a payout factor at 170.9% of target for the Loblaw NEOs and a payout factor at 113.9% of target for the Corporation's NEOs (excluding the individual performance component).

We are pleased with these results and have designed our 2016 compensation programs to be balanced and challenging with the aim of returning capital to shareholders while maximizing long-term value.

OVERSIGHT OVER TALENT MANAGEMENT, SUCCESSION PLANNING, BOARD LEADERSHIP AND GOVERNANCE PRACTICES

Executive Talent Management and Succession Planning

Our Committee is entrusted with the responsibility of overseeing the Corporation's approach to talent management and succession planning for senior executive roles. The succession planning process includes an annual review of each senior executive position and the performance of the incumbent. The Committee also receives reports on management development and the performance evaluation processes, which is designed to improve individual leadership and management skills, and updates on the talent management plans across the organization.

Board Composition and Succession

Our Committee is also responsible for oversight of the identification of individuals qualified to become Board members. We assess and evaluate the effectiveness of the Board and identify areas where the Board may benefit from directors with additional skills and experience and with diverse backgrounds. Our Committee appreciates the need to maintain a strong, vibrant and engaged Board that understands the Corporation's dynamic business needs and the retail industry generally. This year, we have once again included a skills matrix that our Committee used in managing director succession. This matrix was used to identify the skills, experience and expertise required on our Board following the retirement of certain directors.

Our Committee would like to thank Messrs. Anthony R. Graham, John S. Lacey and Darren Entwistle for their exemplary service to our Board. Mr. Graham served for 20 years, Mr. Lacey served for 7 years and Mr. Entwistle served for 4 years. We thank these directors for their outstanding contribution to our Board during their respective tenures.

In March 2016, the Board appointed Mr. Galen G. Weston as a director and non-executive Deputy Chairman of the Board. The Board also recommends the election of Alannah Weston and Christi Strauss as directors at the Annual Meeting.

Governance Practices

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

Our Committee implemented the following new governance policies and guidelines in 2015:

Introduction of a Board Diversity Policy	• We recognize that board diversity mitigates against the risk that a board will approach issues too narrowly or fail to adequately consider alternative ideas or options on issues affecting the organization. In light of the importance the Board places on diversity, in 2015, the Corporation developed and approved the written Board Diversity Policy, as detailed on page 21.
New Benefits Administration	• The Committee oversaw the implementation of a new benefit administrative provider for its employees.
Introduction of Majority Voting Policy	• Our Committee believes that each director should have the confidence and support of the shareholders of the Corporation. As a result, in 2016, our Committee approved the Majority Voting Policy, as detailed on page 6.
Introduction of Board Tenure Policy	• Our Committee believes that it is important for the Board to commit to ongoing renewal and improvement of its membership while balancing the need for experience and knowledge of the Corporation's business and affairs. As such, in 2015, the Board adopted the Board Tenure Policy, as detailed on page 6.
Introduction of Board Interlock Policy	• To ensure that the directors have sufficient time and energy to devote to their responsibilities to the Corporation and to limit the circumstances that could impact the independence of their thinking, our Committee adopted the Board Interlock Policy in 2015, as detailed on page 7.
Updated Executive Share Ownership Guidelines	• Our Committee approved a new holding requirement that requires an executive subject to the Executive Share Ownership Guidelines to retain 50% of any after-tax proceeds received on the payout of RSUs or PSUs or on the exercise of stock options into Common Shares until their ownership requirement has been met. Our Committee also approved a new requirement for a 12-month post-employment hold period (at 5x base salary) for the President after departure from the Company.

We are confident that we have strong and practical governance systems in place and well designed and administered executive compensation programs to appropriately incent and reward our executives for performance while not taking on unacceptable risk. At the same time, we are not complacent. Shareholders can be confident that we remain committed to ongoing evaluation of our practices and monitoring emerging best practices to deliver shareholder value.

Respectfully submitted,

Governance Committee
J. Robert S. Prichard (Chair)
A. Charles Baillie
Anthony R. Graham
Thomas F. Rahilly
Barbara Stymiest

For additional information regarding each member of the Governance Committee, please see pages 7 through 13. For additional information regarding the activities of the Governance Committee, see the Corporation's Statement of Corporate Governance Practices on pages 56 through 65.

3 Compensation Discussion and Analysis

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INTRODUCTION

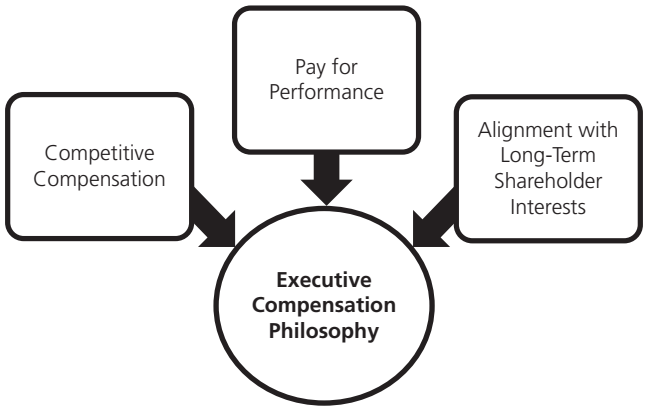
This Compensation Discussion and Analysis describes the compensation programs of the NEOs. For 2015, the NEOs were:

Name	Position
W. Galen Weston	Executive Chairman
Paviter S. Binning	President and Chief Executive Officer[1]
Richard Dufresne	Chief Financial Officer of the Corporation and Loblaw
Galen G. Weston	Executive Chairman and President of Loblaw
Grant Froese	Chief Operating Officer of Loblaw

(1) Mr. Binning was appointed to the position of Chief Executive Officer on March 2, 2016.

EXECUTIVE COMPENSATION PHILOSOPHY

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



1. Competitive Compensation

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

2. Pay for Performance

The Corporation structures its compensation programs to align executive compensation with the financial performance of the Corporation, including the performance of its Common Shares. A significant portion of executive compensation is in the form of at-risk pay, namely STIP and LTIP compensation. This creates a performance-based corporate culture that rewards individual and team-based contributions to the achievement of the Corporation's goals and increases in shareholder value. The at-risk components (the STIP and LTIP awards) for the NEOs in 2015 ranged from 62.8% to 84.7% of their total compensation.

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

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

Loblaw's Governance Committee approved an executive compensation philosophy that underlies the principles of its executive compensation programs, as further set out in the "Executive Compensation Philosophy" section of the Loblaw Management Proxy Circular, which is available at www.sedar.com.

EXECUTIVE COMPENSATION AND RISK MANAGEMENT

RISK MITIGATION PRACTICES

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

1. Incentive Plan Design

The Corporation's 2015 short, medium and long-term incentive plans had a variety of performance measures, including share price appreciation, earnings and sales performance and return on capital. Using multiple performance measures requires that the operating results of the Corporation and its operating businesses outperform in all key metrics in order for executives to achieve the maximum compensation award. This balanced approach reduces the risk of a disproportionate focus by executives on any single aspect of the business for the sole purpose of increasing their compensation.

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

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

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

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

2. Clawback Policy

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

3. Share Ownership Requirements

Senior executives, including the NEOs, are required to maintain a significant equity investment in the Corporation. The Corporation's Executive Share Ownership Guidelines are designed to align executives' interests with those of the Corporation's shareholders, and to mitigate the likelihood of undue risk taking. These Guidelines establish minimum share ownership levels for executives which, based on their position, are set at a multiple of base salary. The Guidelines apply to a broad group of senior management, as further discussed under Executive Share Ownership Guidelines on page 44.

In 2015, the Governance Committee approved an amendment to the Guidelines to increase the President and Chief Executive Officer's share ownership multiple from three-times to five-times base salary. The Governance Committee also approved a mandatory 12-month post-employment hold period (at 5x base salary) for the President and Chief Executive Officer which requires the President and Chief Executive Officer to maintain his or her required share ownership level for one year following the end of his or her employment.

The Governance Committee also approved a mandatory holding requirement that requires an executive subject to the Guidelines to retain 50% of any after-tax proceeds received on the payout of RSUs or PSUs or an exercise of stock options in Common Shares until such executive's ownership level has been met.

4. Trading and Hedging Restrictions

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

ROLE OF MANAGEMENT AND COMPENSATION CONSULTANTS

ROLE OF MANAGEMENT IN DETERMINING COMPENSATION AND EVALUATING PERFORMANCE

The Executive Chairman, the President and Chief Executive Officer, the Chief Talent Officer and the Chief Legal Officer participate in the compensation design process, evaluate the performance of key senior executives and make recommendations to the Governance Committee with respect to the compensation of the other NEOs and the specific business goals to be used as performance targets for the various incentive programs. The views of the Executive Chairman and the President and Chief Executive Officer are valued because of their on-going involvement with key senior executives. As a result, they are in the best position to effectively assess the performance of the other NEOs and how their efforts have contributed to the achievement of the Corporation's strategic objectives and operational targets.

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

COMPARATIVE MARKET DATA

Comparative market data is one factor used in setting the compensation of each NEO. Other factors include the scope of the role, individual performance, leadership ability, internal equity among executives and the operating results of the business or area for which the NEO has responsibility. From time to time, the Governance Committee uses benchmarking or comparisons of compensation programs from a peer group of companies to confirm that the Corporation's programs remain competitive.

ROLE OF MERIDIAN COMPENSATION PARTNERS

The Chair of the Governance Committee regularly engages with Meridian Compensation Partners ("Meridian") on various compensation matters and Meridian participates, as required, at Governance Committee meetings. In 2015, Meridian provided the Committee with an overview of executive compensation trends and governance issues, including an update on a number of key matters facing public companies.

Loblaw retained Meridian to conduct a comprehensive compensation analysis of Loblaw's senior executive team in 2015, furthering the analysis Meridian undertook in 2014 following Loblaw's acquisition of SDM. The results of Meridian's analysis were presented to the Corporation's and Loblaw's Governance Committees over a series of meetings. The Chair of the Governance Committee also regularly engaged with representatives of Meridian and the Chair of Loblaw's Governance Committee to ensure that any important compensation issues were brought forward to Committee meetings and to confirm that these issues received the appropriate level of attention.

The Governance Committee regularly evaluates whether to formally retain an independent compensation advisor to assist in compensation matters. As part of its annual assessment of governance practices, the Governance Committee determined that it did not require the services of an independent compensation advisor in 2015.

In 2015 and 2014, Meridian received $28,214 and $25,805, respectively, from the Corporation for advisory services to the Corporation.

The role of management and compensation consultants relating to the compensation practices of the Loblaw NEOs are further set out in the "Role of Management and Compensation Consultants" section of the Loblaw Management Proxy Circular, which is available at www.sedar.com.

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

COMPENSATION COMPARATOR GROUP

In 2014, Meridian developed a comparator group against which to benchmark Loblaw's executive compensation. Determining a comparator group to benchmark Loblaw NEO compensation was challenging in light of Loblaw's unique presence in the Canadian market as the largest company in Canada by revenue and number of employees, and one that is larger than any other Canadian retailer. Loblaw also has a limited number of direct retail peers in Canada and there are few large, Canadian companies outside of the financial services and resource based industries against which Loblaw may easily compare. For these reasons, benchmarking was only one piece of data considered by management and the Governance Committee in setting and reviewing executive compensation.

Loblaw's Governance Committee approved a blended comparator group comprised of three types of companies: (i) Canadian retail companies; (ii) US retail companies; and (iii) large (non-retail) Canadian companies. The Canadian retail companies are comprised of direct industry peers. The US retail companies reflect the broader retail talent market and are direct competitors for talent at the senior executive level. The large Canadian companies were selected to reflect how Canadian companies pay executives for their skill set and experience. Most of the comparators listed below are within one-third to three times Loblaw's revenue size. Revenue was selected as the criterion for members of each comparator group because it is generally a stronger and more predictive measure for compensation comparisons for a retail company than other criteria (e.g. assets or market capitalization). Based on revenue, Loblaw was positioned at the 71st percentile of this blended comparator group in 2014.

The group of comparator companies is set out below:

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

LOBLAW'S 2015 COMPENSATION ANALYSIS

In 2015, Meridian was engaged by Loblaw to review Loblaw NEOs' compensation arrangements to ensure competitiveness and internal equity. The key elements of compensation reviewed in this analysis included base salary, STIP and LTIP compensation, referred to as "total direct compensation". As part of this review, Meridian undertook a benchmarking analysis to provide an independent assessment of the competitiveness of Loblaw's executive compensation relative to the comparator group. The market values derived through this benchmarking analysis were used as a point of reference, and did not provide a definitive compensation level. For each Loblaw NEO, the Loblaw Governance Committee also considered the scope of the roles, internal equity, performance, tenure and the competitive market for talent when establishing compensation opportunities for executives.

In 2015, the Loblaw Governance Committee approved the use of the blended comparator group above, with the exception of Safeway Inc., which was excluded from the peer group because it was recently acquired. Based on revenue, Loblaw was positioned at the 70th percentile of this blended comparator group.

The comparator group was established to evaluate the Loblaw NEOs' total direct compensation against that of the comparator companies. The Loblaw Governance Committee determined that Loblaw's compensation positioning should continue to be targeted within a competitive range of the 50th percentile (median) for each Loblaw NEO's position. The Loblaw Governance Committee felt that this target would continue to provide an appropriate level of compensation while also ensuring competitiveness to enable Loblaw to attract and retain talent. Based on this review and the Committee's consideration of other qualitative factors, Loblaw's Governance Committee approved a number of changes to certain NEOs' compensation arrangements in 2015, as further set out in the section "Compensation Decisions regarding the Named Executive Officers" of the Loblaw Management Proxy Circular, which is available at www.sedar.com.

COMPONENTS OF COMPENSATION

The 2015 NEO compensation was comprised principally of base salary, short-term cash incentives (which executives may elect to receive in the form of Executive Deferred Share Units ("EDSUs")) and long-term incentives (RSUs, PSUs and stock options) as described in the table that follows. Benefits, pensions and perquisites comprise a relatively small part of an NEO's total annual compensation.

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

Components		Form	Period	Program Objectives and Details
Fixed Compensation	Base Salary	Cash	Annual	• Reflects the executive's level of responsibility and experience, market competitiveness, internal equity among executives and the executive's overall performance both individually and in relation to the executive's business unit or division.
Variable Compensation	Short-Term Incentive Plan (STIP)	Cash	Annual	• Incentive program is linked to the achievement of specific financial and/or operating performance targets in the fiscal year. • Each executive has a target annual bonus (% of base salary). • Actual payout is determined by the achievement of predetermined financial and/or operating performance objectives and the individual performance of each NEO. • Payouts range from zero to a maximum of 200% of an executive's target bonus.
		EDSUs (Elective)	Annual election; EDSUs held until cessation of employment	• Each executive can choose to receive all or a portion of the executive's STIP payout in the form of EDSUs, to a cumulative maximum of three times the executive's base salary. • Align executives' interests with those of shareholders and count towards the Executive Share Ownership Guidelines. • EDSUs are settled in Common Shares purchased on the open market no later than December 15th of the year following the year in which the executive's employment ceases for any reason.
	Long-Term Incentive Plan (LTIP)	RSUs	3 year vesting period	• Motivate and reward executives for increasing shareholder value. • RSU grants are generally made once per year. • Individual awards are differentiated based on role and expected future performance. • RSUs typically comprise one-third of the total value of annual LTIP grants to executives. • RSUs are settled in Common Shares purchased on the open market at the end of the applicable vesting period.
		PSUs	3 year performance period	• Motivate and reward executives for increasing shareholder value. • PSU grants are generally made once per year. • Individual awards are differentiated based on role and expected future performance. • PSUs typically comprise one-third of the total value of annual LTIP grants to executives. • PSU vesting is based on Loblaw's success in achieving revenue and return on capital targets and on the Weston Foods' MTIP results, and in certain cases, on individual performance. • PSUs are settled in Common Shares purchased on the open market at the end of the applicable performance period.
		Stock Options	5 year vesting period (20% per year); 7 year term	• Motivate and reward executives for increasing share price. • Stock option grants are generally made once per year. • Individual awards are differentiated based on role and expected future performance. • Stock options typically comprise one-third of the total value of annual LTIP grants to executives.
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	General		Post-employment	• The Corporation's and Loblaw's pension plans are designed to provide a reasonable level of retirement income to executives to reward them for their service. • In 2015, senior executives (other than Mr. Galen G. Weston) participated in either the executive defined benefit pension plan or the executive defined contribution pension plan and certain executives participate in a supplemental executive retirement plan.
	Executive Defined Benefit Pension Plan ("Executive DB Plan")			• Pension entitlements for an executive in the Corporation's or Loblaw's Executive DB Plan are based on length of service and eligible salary. • The total annual benefits payable under the Corporation's and Loblaw's Executive DB Plan are capped at $125,000 per year. • The Executive DB Plan was closed to new participants in 2006.
	Executive Defined Contribution Pension Plan ("Executive DC Plan")			• Since 2006, new executives participate on a non-contributory basis in the Corporation's or Loblaw's Executive DC Plan. • Contributions were set as a percentage of base salary (maximum of $250,000) and in 2015 were capped at $25,370 per year.
	Supplemental Executive Retirement Plan ("SERP")			• The SERP is an unfunded obligation of the Corporation and Loblaw • Senior executives of the Corporation and Loblaw whose pension benefits exceed the prescribed limits under the applicable tax legislation may participate in the SERP on a non-contributory basis if they comply with certain eligibility provisions.
Perquisites	Cash allowance/ reimbursement for professional services		Annual	• A limited number of personal benefits are provided, including a car or car allowance, an annual medical examination and a discretionary health care spending account and the ability to participate in the employee share ownership plan.

COMPONENTS OF EXECUTIVE COMPENSATION FOR 2015

BASE SALARY

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

In 2015, Loblaw's Governance Committee approved certain changes to the Loblaw NEOs' base salaries to reflect the increased scope of each executive's role, as set out in the section "2015 Compensation Decisions Regarding the Named Executive Officers" on page 46. The following table sets out the base salary for each NEO for 2015 and, if applicable, the percentage increase from 2014:

Name	2015 Base Salary ($)	Increase From 2014 (%)
W. Galen Weston	1,000,000	Nil
Paviter S. Binning	1,100,000	Nil
Richard Dufresne	650,000[(1)]	4
Galen G. Weston	1,100,000	10
Grant Froese	800,000[(2)]	14.3

(1) Mr. Dufresne's actual salary for 2015 was $635,417. The Corporation paid $63,542 of Mr. Dufresne's base salary in 2015 and Loblaw paid $571,875.
(2) Mr. Froese's actual salary for 2015 was $741,667.

SHORT-TERM INCENTIVE PLANS

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

The Governance Committee is responsible for approving 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 Governance Committee receives periodic reports on the performance of the STIP metrics, including performance against targets.

All participating executives have STIP award targets that are expressed as a percentage of their base salary, with such targets determined by the executive's position and level within the organization. Depending on actual performance relative to the performance targets, payouts for each performance target range from: (i) zero to a maximum of 180% of target for each component of the Weston Foods STIP; and (ii) zero to a maximum of 200% of target for each component of the Loblaw STIP. In 2015, the Weston Foods and Loblaw STIPs included a condition that payouts could not exceed 100% of target unless both the sales and earnings targets had been met.

The 2015 Loblaw STIP also included an individual performance factor in the form of a multiplier on STIP results to adjust payouts to between 90% and 110% of the targeted amount based on individual performance. The Loblaw Governance Committee, in assessing individual performance took into account the executive's role in the overall achievement of the Corporation's goals and the individual performance objectives and leadership qualities of the executive. Mr. Dufresne's STIP did not include a performance factor in the form of a multiplier on STIP results. His STIP award was designed with an individual component weighted at 30% of his overall STIP target. This design was determined by the Governance Committees of the Corporation and Loblaw to reflect his responsibilities at both organizations.

Under each STIP, awards are determined separately for each performance measure and then aggregated to determine the final amount. The STIP award payments are made in cash, although executives may elect to receive all or a portion of their STIP award in EDSUs, to a cumulative maximum of three times the executive's base salary.

The Governance Committee or, in the case of Messrs. Galen G. Weston and Froese, the Loblaw Governance Committee, determines the appropriate STIP performance measures and weightings for each NEO, based on their roles and responsibilities within the Corporation and Loblaw as well as the individual performance factors. The following table sets forth the applicable STIP programs and weightings that were used in determining the aggregate STIP awards for each NEO for 2015:

Name	Title	STIP Programs	Weighting (%)
W. Galen Weston	Executive Chairman of the Corporation	Individual Component	100
Paviter S. Binning	President and Chief Executive Officer of the Corporation and Weston Foods	Loblaw STIP Weston Foods STIP Individual component	47 23 30
Richard Dufresne	Chief Financial Officer of the Corporation and Loblaw	Loblaw STIP Weston Foods STIP Individual component	68 2 30
Galen G. Weston	Executive Chairman and President of Loblaw	Loblaw STIP	100
Grant Froese	Chief Operating Officer of Loblaw	Loblaw STIP	100

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

Name	Base Salary[(1)] ($)	STIP Target as Percentage of Base Salary (%)	Aggregate STIP Target ($)	Maximum Aggregate STIP ($)
W. Galen Weston	1,000,000	100	1,000,000	1,000,000
Paviter S. Binning	1,100,000	150	1,650,000	3,300,000
Richard Dufresne	650,000	100	635,417	1,270,834
Galen G. Weston	1,100,000	150	1,650,000	3,300,000
Grant Froese	800,000	100	741,667	1,483,334

(1) STIP awards were calculated using each NEOs actual base salary in 2015, as applicable.

WESTON FOODS STIP

Plan Design

The Weston Foods STIP is designed to incent Weston Foods executives to achieve the Weston Foods business plan and strategic objectives. At the beginning of each fiscal year, the Governance Committee establishes the Weston Foods 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 annual business plan, budget and strategic objectives. Following year-end, the Governance Committee reviews the financial results of Weston Foods against the performance targets and considers, in its judgment, whether any adjustments are required to account for unexpected events during the year.

For 2015, Weston Foods' STIP was based on the following two performance measures:

Weston Foods STIP – 2015 performance measures	
Weston Foods Earnings (50%)	Weston Foods Sales (50%)

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

Weston Foods Earnings Target

The Weston Foods earnings target for 2015 ($235 million) was designed to focus executives on delivering adjusted earnings before interest and income taxes ("Adjusted EBIT")*, based on the annual business plan of Weston Foods. The Governance Committee believes that Adjusted EBIT* represents one of the best indicators of overall business performance. The earnings calculation for the Weston Foods STIP is designed specifically for compensation purposes and differs from the segmented GAAP financial information publicly reported for Weston Foods by the Corporation.

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

The earnings component of the Weston Foods STIP for 2015 was designed so that:

- a positive or negative change of 1% in earnings performance relative to the target would have a corresponding 4% increase or decrease in the bonus awarded for the earnings component;
- no 2015 bonus would be awarded for the earnings component if the actual earnings of Weston Foods were 75% or less than target; and
- the maximum 2015 payout for the earnings component was 180% of target and would be met if the actual earnings of Weston Foods were equal to or greater than 120% of target.

Weston Foods Sales Target

The Weston Foods sales target for 2015 ($1,873 million) was designed to keep sales as a key focal point for executives in each of the Weston Foods business units across North America. The sales target for 2015 was based on the targeted growth in net sales as set forth in the annual business plan of Weston Foods.

The sales component of the Weston Foods STIP for 2015 was designed so that:

- a positive or negative change of 0.1% in sales growth relative to the target would have a corresponding 4% increase or decrease in the bonus awarded for the sales component;
- no 2015 bonus would be awarded for the sales component if the actual sales of Weston Foods were 2.5% or less than target; and
- the maximum 2015 payout for the sales component was 180% of target and would be met if the actual sales growth of Weston Foods exceeded target by 2% or greater.

The following chart summarizes the narrative descriptions of each performance measure set out above:

Metric	Weighting	Target	Shoulders	Range
Earnings	50%	**$235 M**	- 25% / + 20% - $58.75 M / + $47 M	Min = $ 176.25 M Max = $ 282 M
Sales	50%	**$1,872.7 M**	- 2.5% / + 2% - $46.825 M / + $37.46 M	Min = $ 1,826.175 M Max = $ 1,910.46 M

In 2015, the Weston Foods STIP included a condition that payouts for 2015 could not exceed 100% of target unless both the sales and earnings targets had been met.

2015 Weston Foods STIP Calculation

In February 2016, the Governance Committee reviewed Weston Foods' 2015 financial results and determined the Weston Foods 2015 STIP payout as follows:

Performance Objective	Weighting (%)	Target ($)	Actual ($)	Payout Factor (% of Target)
Earnings	50	$235 million	$235 million	100.0
Sales	50	$1,872.7 million	$1,873.4 million	101.5
Overall Weston Foods STIP payout				100.8

The Weston Foods' STIP represents approximately 23% and 2% of Messrs. Binning's and Dufresne's overall STIP targets, respectively. The following table sets forth the performance measures and weightings that were used in determining the Weston Foods component of the STIP awards for Messrs. Binning and Dufresne in 2015:

	2015 Weston Foods STIP Award ($)		
Name[(1)]	**Weston Foods Earnings ($)**	**Weston Foods Sales ($)**	**Total Weston STIP Award ($)**
Paviter S. Binning	192,500	195,580	388,080
Richard Dufresne	7,413	7,532	14,945

(1) 2015 STIP awards are calculated using each NEO's actual base salary in the year.

LOBLAW STIP

Plan Design

In 2015, the Loblaw STIP was designed so that Loblaw NEOs would be focused on key drivers of the combined Loblaw and SDM businesses. The Loblaw STIP, before giving effect to the individual performance factor, was designed with the following measures, weightings and targets to drive Loblaw's strategic goals for 2015:

Loblaw STIP – 2015 Performance Measures

Consolidated Earnings Target (35%)	Consolidated Sales Target (35%)	IT Implementation Target (15%)	Consolidated Synergies Target (15%)

A description of each performance measure is set forth below.

Consolidated Earnings Target

The consolidated earnings target for 2015 ($3,274 million) was designed to focus executives on delivering adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA")* (excluding synergies) pursuant to Loblaw's and SDM's combined annual and multi-year business plans.

The earnings component was designed so that:

- a positive or negative change of $16.4 million in earnings relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the earnings component;
- 100% of the bonus amount awarded for the earnings component would be paid if Loblaw's actual earnings were $3,274 million;
- no 2015 bonus amount would be awarded for the earnings component if Loblaw's actual earnings were less than $3,192 million, or 97.5% of the earnings target; and
- the maximum 2015 payout for the earnings component would be 200% of target for that component if Loblaw's actual earnings were equal to or greater than $3,438 million, or 105% of the earnings target (provided that the sales target had also been met).

Consolidated Sales Target

The sales target for 2015 ($43,211 million) was designed to focus executives on growth in consolidated revenues (excluding gas bar).

The sales component was designed so that:

- a positive or negative change of 0.15% in sales relative to the target would have a corresponding 10% increase (or decrease) in the bonus amount awarded for the sales component;
- 100% of the bonus amount awarded for the sales component would be paid if Loblaw's actual sales were $43,211 million;
- no 2015 bonus amount would be awarded for the sales component if Loblaw's actual sales were less than $42,887 million, or 99.25% of the sales target; and
- the maximum 2015 payout for the sales component would be 200% of target for that component if Loblaw's actual sales were equal to or greater than $43,859 million, or 101.5% of the sales target (provided that the earnings target had also been met).

IT Implementation Target

The IT implementation target for 2015 was focused on the successful implementation of the new SAP system in the stores yet to be converted at the start of 2015.

The IT implementation component was designed so that:

- every 30 stores below plan would have a corresponding 10% decrease in the bonus amount awarded for the IT implementation component;
- 100% of the bonus amount awarded for the IT implementation component would be paid if 440 stores had implemented the new IT system;
- no 2015 bonus amount would be awarded for the IT implementation component if fewer than 290 stores implemented the new IT system; and
- the maximum 2015 payout for the IT implementation would be 200% of target for that component if Loblaw's actual IT implementation achieved 583 stores (provided that the sales and earnings targets had been met).

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

Consolidated Synergies Target

The Loblaw/SDM synergies target for 2015 ($192 million of net synergies) was designed to focus executives on delivering significant savings through increased scale and operating efficiencies following Loblaw's acquisition of SDM.

The synergies component was designed so that:

- a positive change of $3.6 million or a negative change of $3.4 million in net synergies relative to the target would have a corresponding 10% increase or decrease in the bonus amount awarded for the synergies component;
- 100% of the bonus amount awarded for the synergies component would be paid if Loblaw's actual net synergies were $192 million;
- no 2015 bonus amount would be awarded for the synergies component if Loblaw's actual net synergies were less than target by $17 million (i.e. net synergies of less than $175 million); and
- the maximum 2015 payout for the synergies component would be 200% of target for that component if Loblaw's actual net synergies exceeded target by $36 million or more (i.e. net synergies of $228 million or more) (provided that the sales and earnings targets had also been met).

The following chart summarizes the narrative descriptions of each performance measure set out above:

Metric	Weighting	Target	Shoulders	Performance Range
Consolidated Earnings	35%	**$3,274 M**	- 2.5% / + 5.0% - $82 M / + $164 M	Min = $ 3,192 M Max = $ 3,438 M
Consolidated Sales	35%	**$43,211 M**	- 0.75% / + 1.5% - $324 M / + $648 M	Min = $ 42,887 M Max = $ 43,859 M
IT Implementation	15%	**440 Stores**	- 150 Stores /+143 Stores	Min = 290 Stores Max = 583 Stores
Consolidated Synergies	15%	**$192 M**	- $17 M / + $36 M	Min = $ 175 M Max = $ 228 M

In 2015, the Loblaw STIP included a condition that payouts for 2015 could not exceed 100% of target unless both the sales and earnings targets had been met. These conditions are designed to ensure that payout levels are reasonable and that there is appropriate sharing of value between management and shareholders.

2015 Loblaw STIP Calculation

In February 2016, the Governance Committee reviewed Loblaw's 2015 financial results and determined the Loblaw 2015 STIP payout as follows:

Performance Objective	Weighting (%)	Target	Actual	Payout Factor (% of Target)
Consolidated Earnings	35	$3,274 million	$3,306 million	119.5
Consolidated Sales	35	$43,211 million	$43,805 million	191.6
IT Implementation	15	440 stores	632 stores	200.0
Consolidated Synergies	15	$192 million	$242 million	200.0
Overall STIP Payout				168.9
Adjusted STIP Payout				157.2

Key Factors Influencing Results

Early in 2016, the Governance Committee reviewed the Corporation's 2015 financial results and determined the key factors contributing to each component's performance relative to target.

- The increase in consolidated earnings relative to target was driven by higher sales and margins driven by operating efficiencies.
- The increase in consolidated sales relative to target was driven by same-store sales growth, the impact of inflation and sales attributed to an increase in net square footage.
- The IT implementation target was exceeded as 632 franchise stores were converted to the new system during the year.
- The increase in consolidated synergies relative to target was driven by strong performance in exceeding synergy savings related to the SDM acquisition.

In determining the earnings component of the Loblaw STIP, the cost of accelerating the conversion of certain retail stores to new collective agreements (the "labour buy downs") was excluded as the STIP is designed to exclude certain unbudgeted, one-time gains or charges. In assessing the overall STIP results, however, Loblaw's Governance Committee, on the recommendation of management, concluded that the impact of the labour buy-downs should not be entirely excluded from the incentive plan results and reduced the STIP payout from 168.9% to 157.2% for senior executives including the NEOs.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for the NEOs of the Corporation for 2015:

Name[1]	Loblaw/SDM Earnings ($)	Loblaw/SDM Sales ($)	IT Implementation ($)	Loblaw/SDM Synergies ($)	Loblaw STIP Award (168.9%) ($)	Final Loblaw STIP Award (157.2%) ($)
Paviter S. Binning	321,860	516,670	231,000	231,000	1,300,530	1,210,440
Richard Dufresne[2]	179,725	288,507	128,990	128,990	726,212	675,906

(1) STIP awards are calculated using each NEO's actual base salary amount in 2015, as applicable.
(2) Mr. Dufresne's STIP award for 2015 was comprised of three components: 68% based on his Loblaw STIP; 2% based on his Weston STIP; and 30% based on individual performance.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for each Loblaw NEO for 2015:

Name[1]	Loblaw/SDM Earnings ($)	Loblaw/SDM Sales ($)	IT Implementation ($)	Loblaw/SDM Synergies ($)	Subtotal ($)	Individual Performance (%)	STIP Award (168.9%) ($)	Final STIP Award (157.2%) ($)
Galen G. Weston	689,700	1,107,150	495,000	495,000	2,786,850	107.5	2,995,864	2,788,335
Grant Froese	310,017	497,659	222,500	222,500	1,252,676	105	1,315,309	1,224,195

(1) STIP awards are calculated using each NEO's actual base salary amount in 2015, as applicable.

Individual STIP Components

The Governance Committee considered the overall performance of the Executive Chairman, the President and Chief Executive Officer and the Chief Financial Officer of the Corporation to determine the individual component of each NEO's STIP award.

W. Galen Weston, Executive Chairman

The individual performance component of the STIP amount awarded to the Executive Chairman for 2015 was determined by the Governance Committee based on both quantitative and qualitative factors relating to the Weston group of companies. The factors included the overall financial results and Mr. W. Galen Weston's overall leadership and development of strategy across the group. In evaluating Mr. W. Galen Weston's leadership, the Governance Committee assessed his role in developing the major strategic objectives in 2015 and in overseeing the senior executive team and their delivery on those objectives. Absent exceptional circumstances, the Executive Chairman's STIP target award is 100% of his salary and is capped at that amount. The Governance Committee judged the Executive Chairman's overall performance to be strong and warranted a STIP award of $1,000,000.

Paviter S. Binning, President and Chief Executive Officer

The individual performance component of the STIP amount awarded to the President and Chief Executive Officer was determined by the Governance Committee based on Mr. Binning's achievement of both quantitative and qualitative factors established in early 2015. The quantitative factors were based on the financial performance of both the Weston Foods and Loblaw businesses. The qualitative factors are the Governance Committee's assessment of Mr. Binning's leadership performance, including the strengthening of the leadership team at Weston Foods and his progress in delivering on the Corporation's major strategic objectives. The Governance Committee concluded that Mr. Binning demonstrated exceptional leadership in 2015. Mr. Binning's individual component is targeted at 30% of his STIP target of $1,650,000, which is $495,000. In light of the above considerations, the Governance Committee awarded Mr. Binning $742,500 for this component of his STIP award, representing 150% of target.

Richard Dufresne, Chief Financial Officer of the Corporation and Loblaw

The individual performance component of the STIP amount awarded to the Chief Financial Officer was determined by the Governance Committees of both the Corporation and Loblaw based on Mr. Dufresne's achievement of both quantitative and qualitative factors established in early 2015. The quantitative factors were based on the financial performance of the Loblaw business, including his progress in deleveraging Loblaw's balance sheet. The qualitative factors included the Governance Committee's assessment of Mr. Dufresne's leadership performance. Based on this assessment, the Governance Committees of the Corporation and Loblaw concluded that Mr. Dufresne demonstrated strong performance in 2015. Mr. Dufresne's individual component is targeted at 30% of his STIP target of $635,417, which is $190,625. In light of the above considerations, the Governance Committee awarded Mr. Dufresne $190,625 for this component of his STIP award, representing 100% of target.

Loblaw NEOs (other than Mr. Dufresne)

The 2015 STIP payments for Messrs. Galen G. Weston and Froese included an individual performance component in the form of a multiplier on the STIP results. The individual multiplier adjusts STIP payouts to between 90% and 110% of each NEO's payout amount. The Loblaw Governance Committee, in assessing individual performance, took into account quantitative factors including each executive's personal objectives and their role in the overall achievement of Loblaw's goals. The Loblaw Governance Committee also considered qualitative factors, such as the executive's leadership qualities. Based on these criteria, the Loblaw Governance Committee determined the following ratings for each NEO: Mr. Weston achieved an individual performance rating of 107.5%; and Mr. Froese achieved an individual performance rating of 105%.

TOTAL AGGREGATED STIP PAYMENTS IN 2015

Name	Weston Foods STIP Award ($)	Loblaw STIP Award ($)	Individual STIP Award ($)	Total 2015 STIP Award ($)
W. Galen Weston	—	—	1,000,000	1,000,000
Paviter S. Binning	388,080	1,210,440	742,500	2,341,020
Richard Dufresne	14,945	675,906	190,625	881,476[1]
Galen G. Weston	—	2,788,335	—[2]	2,788,335[3]
Grant Froese	—	1,224,195	—[2]	1,224,195[3]

(1) *Mr. Dufresne's total STIP award for 2015 was $881,476 of which Loblaw paid $793,328. Full details of Mr. Dufresne's compensation from Loblaw are set forth in the Loblaw Management Proxy Circular, which is available at www.sedar.com.*

(2) *The individual component for Messrs. Galen G. Weston and Froese serves as a performance multiplier on each executive's STIP award and not as a separate component of their STIP awards, as further described above.*

(3) *Full details of Messrs. Weston's and Froese's compensation from Loblaw are set forth in the Loblaw Management Proxy Circular, which is available at www.sedar.com.*

Executive Deferred Share Unit Plan

The Corporation's EDSU Plan enables an executive to receive up to 100% of his or her STIP payout in any year in EDSUs, subject to a cumulative cap of three times the executive's base salary. All EDSUs held by an executive will be paid out in Common Shares purchased on the open market by no later than December 15th of the year following the year in which the executive's employment ceases for any reason. An election to participate in the EDSU Plan in any year must be made before the beginning of that year and is irrevocable. The number of EDSUs granted in respect of any year will be determined by dividing the STIP payout that is subject to an EDSU Plan election by the value of a Common Share on the date the STIP bonus would otherwise be paid. For this purpose, and for purposes of determining the value of an executive's EDSUs upon redemption, the value of a Common Share is calculated by using the volume-weighted average of the trading price of the Common Shares on the TSX for the five trading days prior to that valuation date. Additional EDSUs are accumulated based on notional equivalents of dividends paid on Common Shares while an EDSU is outstanding. Loblaw has also adopted a similar EDSU Plan for its executives.

LONG-TERM INCENTIVE PLAN

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

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

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

In 2015, the Governance Committee approved LTIP awards to Messrs. W. Galen Weston, Binning and Dufresne as follows:

Name	Base Salary ($)[1]	Annual LTIP Grant as a Percentage of Base Salary (%)	Grant Date Fair Value ($)[2]	Type of LTIP Grant[3]
W. Galen Weston	1,000,000	100	1,000,040	Stock Options, RSUs and PSUs
Paviter S. Binning	1,100,000	400	4,400,069	Stock Options, RSUs and PSUs
Richard Dufresne	650,000	200	381,399[4]	Stock Options, RSUs and PSUs

(1) 2015 LTIP awards are calculated using each NEO's actual base salary in the year.
(2) The grant date fair value of a PSU award assumes vesting at 100% of target.
(3) Stock options, RSUs and PSUs each comprise one-third of the annual LTIP grant.
(4) Mr. Dufresne received an annual LTIP grant from the Corporation comprised of 9,665 stock options, 1,262 RSUs and 1,262 PSUs with a grant date fair value of $381,399. In addition to his annual LTIP grant from the Corporation, Mr. Dufresne received an annual LTIP grant from Loblaw, the details of which are set out below. The aggregate grant date fair value of Mr. Dufresne's annual LTIP grant from the Corporation and Loblaw is $1,271,051 which reflects 200% of his 2015 actual salary and the cost of his LTIP is apportioned between the Corporation (30%) and Loblaw (70%). In 2015, Mr. Dufresne received a special one-time grant of 9,308 Loblaw PSUs with a grant date fair value of $649,978 representing approximately 100% of his base salary at the time of the grant.

In 2015, the Loblaw Governance Committee approved the following Loblaw LTIP awards to Messrs. Galen G. Weston, Dufresne and Froese:

Name	Base Salary ($)	Annual LTIP Grant as a Percentage of Base Salary (%)	Grant Date Fair Value ($)	Type of LTIP Grant[1]
Galen G. Weston	1,100,000	400	4,400,027	Stock Options, RSUs and PSUs
Richard Dufresne	650,000	200	1,539,630[1]	Stock Options, RSUs and PSUs
Grant Froese	800,000	225	2,166,668[2]	Stock Options, RSUs and PSUs

(1) Mr. Dufresne received an annual LTIP grant from Loblaw, which was comprised of 30,345 Loblaw stock options, 4,664 Loblaw RSUs and 4,664 Loblaw PSUs, with an aggregate grant date fair value of $889,652. The aggregate grant date fair value of Mr. Dufresne's annual LTIP grant from the Corporation and Loblaw is $1,271,051 which reflects 200% of his 2015 actual salary and the cost of his LTIP is apportioned between the Corporation (30%) and Loblaw (70%). In 2015, Mr. Dufresne also received a special one-time Loblaw PSU grant of 9,308 Loblaw PSUs with a grant date fair value of $649,978 representing approximately 100% of his base salary at the time of the grant.
(2) Mr. Froese's annual LTIP grant from Loblaw was comprised of 52,779 Loblaw stock options, 8,146 Loblaw RSUs and 8,146 Loblaw PSUs, with an aggregate grant date fair value of $1,566,688, representing approximately 225% of his base salary. In 2015, Mr. Froese received a special one-time PSU grant of 8,592 Loblaw PSUs with a grant date fair value of $599,979 representing approximately 75% of his base salary. The full details of Mr. Froese's LTIP grants are set out in the section "2015 Compensation Decisions Regarding the Named Executive Officers" on pages 46 and 47.

The key features of the Corporation's stock option plan (the "Stock Option Plan"), RSU Plan and PSU Plan are described below. For a description of the key features of Loblaw's LTIP, please refer to the Loblaw Management Proxy Circular at www.sedar.com.

Stock Option Plan

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

As of March 14, 2016, options to purchase 1,733,453 Common Shares were outstanding. As of March 14, 2016, the Corporation had 3,772,215 Common Shares available for future option grants, which represents approximately 2.9% of the issued and outstanding Common Shares. The Stock Option Plan provides that Common Shares issuable pursuant to outstanding options that are cancelled, expired, forfeited or terminated for any reason without having been exercised will again be available for grant under the Stock Option Plan. Stock options are not transferable or assignable otherwise than by will or by laws of descent and distribution, and during the lifetime of an optionee will be exercisable only by him or her. Please see page 47 for details regarding the treatment of stock options upon the resignation, termination with or without cause, or retirement of a participant as well as the effect of a change of control of the Corporation.

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

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

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

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

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

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

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

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

In 2015, Messrs. W. Galen Weston, Binning and Dufresne received stock option grants from the Corporation as described in the table below:

Name	Options Granted (#)	Exercise Price ($)	Grant Date Fair Value ($)	Vesting Schedule	Term of Grant
W. Galen Weston	25,445	100.59	333,330	20% per year over 5 years	7 years
Paviter S. Binning	111,959	100.59	1,466,663	20% per year over 5 years	7 years
Richard Dufresne	9,542	100.59	125,000	20% per year over 5 years	7 years
	123	111.66	2,089(1)	20% per year over 5 years	7 years

(1) An additional grant of stock options was awarded to Mr. Dufresne to reflect his actual base salary amount in 2015.

In 2015, Messrs. Galen G. Weston, Dufresne and Froese received stock option grants from Loblaw as described in the table below:

Name	Options Granted (#)	Exercise Price ($)	Grant Date Fair Value ($)	Vesting Schedule	Term of Grant
Galen G. Weston	150,427	63.49	1,466,663	20% per year over 5 years	7 years
Richard Dufresne	29,915	63.49	291,671	20% per year over 5 years	7 years
	430	69.83	4,859(1)	20% per year over 5 years	7 years
Grant Froese	47,863	63.49	466,664	20% per year over 5 years	7 years
	4,916	69.83	55,551(1)	20% per year over 5 years	7 years

(1) An additional grant of stock options was awarded to Messrs. Dufresne and Froese to reflect each NEO's actual base salary in 2015.

Restricted Share Unit Plan

RSUs entitle an executive to receive the value of the RSU award in Common Shares purchased on the open market at the end of the applicable vesting period, which is usually three years in length. An executive receives the number of Common Shares equal to the number of RSUs granted, with the ultimate award value determined by the Common Share price at the end of the applicable vesting period. The RSU Plan 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 2015, Messrs. W. Galen Weston, Binning and Dufresne were awarded RSUs from the Corporation as follows:

Name	RSUs Granted	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
W. Galen Weston	3,314	100.59	333,355	March 12, 2018
Paviter S. Binning	14,581	100.59	1,466,703	March 12, 2018
Richard Dufresne	1,243	100.59	125,033	March 12, 2018
	19[(1)]	111.66	2,122	August 10, 2018

(1) An additional grant of RSUs was awarded to Mr. Dufresne to reflect his actual base salary in 2015.

In 2015, Messrs. Galen G. Weston, Dufresne and Froese were awarded RSUs from Loblaw as follows:

Name	RSUs Granted	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	23,101	63.49	1,466,682	March 5, 2018
Richard Dufresne	4,594	63.49	291,673	March 5, 2018
	70[(1)]	69.83	4,888	July 30, 2018
Grant Froese	7,350	63.49	466,652	March 5, 2018
	796[(1)]	69.83	55,585	July 30, 2018

(1) An additional grant of RSUs was awarded to Messrs. Dufresne and Froese to reflect each NEO's actual base salary in 2015.

Performance Share Unit Plan

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

The Corporation's PSU performance measures include Loblaw's PSU performance measures, Weston Foods' MTIP performance measures, and an individual component. For 2015, the Loblaw PSU performance measures were return on capital and market share. For 2015, MTIP awards were made to eligible executives at Weston Foods to reward executives for improvements in sales and return on capital (against targets) over a three-year performance period.

The PSU performance measures and weightings for Messrs. W. Galen Weston, Binning and Dufresne are set out below:

Performance Measure	Weighting (%)
Individual Component	33
Loblaw PSU Performance	45
Weston Foods MTIP Performance	22

Messrs. Galen G. Weston and Froese's PSUs are based 100% on Loblaw's PSU performance measures.

In 2015, the Governance Committee approved a new methodology for evaluating performance for vesting purposes. Although PSUs granted in 2015 and after will continue to vest at the end of the applicable three-year performance period, the number of PSUs that vest will be determined by averaging results against target in each year in the performance period. The results in each year will, in turn, be determined based upon the level of achievement of each of the performance conditions during that year. The overall number of PSUs that vest at the end of a performance period will range from 0% to 200% of the initial grant.

A threshold performance condition, with respect to each performance measure, must be met in order for any PSUs to vest with respect to that measure. The Corporation has set a targeted level of performance for each measure. If the target performance condition is achieved for each measure, the number of PSUs that vest will be equal to 100% of PSUs initially granted. The maximum performance condition with respect to each performance measure is the level of achievement that results in 200% of PSUs

vesting for that measure. If the maximum performance conditions are achieved for each measure during every year of the performance period, 200% of the initial number of PSUs granted will vest.

Any performance results between the threshold performance conditions and maximum performance conditions will result in the vesting of PSUs determined on a linear basis. The PSU Plan does not provide for the payment of any additional units in respect of dividends paid on Common Shares during the period when a PSU is outstanding.

The performance targets for the PSUs granted in 2015 relating to Weston Foods' MTIP performance and Loblaw's performance metrics relate to a three-year period ending in 2018 and were developed taking into account the Corporation's confidential business strategies, plans and initiatives and its expectations regarding financial and operational performance. These targets are intended to be challenging – neither impossible nor easy to achieve. These targets are forward-looking and their disclosure before the end of the performance period would seriously prejudice the Corporation's interests. The targets will be disclosed at the time of payout of the PSUs.

In 2015, the following NEOs were awarded PSUs from the Corporation for which the grant date fair value assumes vesting at 100% of target:

Name	PSUs Granted	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
W. Galen Weston	3,314	100.59	333,355	March 12, 2018
Paviter S. Binning	14,581	100.59	1,466,703	March 12, 2018
Richard Dufresne	1,243	100.59	125,033	March 12, 2018
	19(1)	111.66	2,122	August 10, 2018

(1) An additional grant of PSUs was awarded to Mr. Dufresne to reflect his actual base salary amount in 2015.

In 2015, Messrs. Galen G. Weston, Dufresne and Froese were awarded PSUs from Loblaw for which the grant date fair value assumes vesting at 100% of target:

Name	PSUs Granted	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	23,101	63.49	1,466,682	March 5, 2018
Richard Dufresne	4,594	63.49	291,673	March 5, 2018
	70(1)	69.83	4,888	July 30, 2018
	9,308(2)	69.83	649,978	December 15, 2018
Grant Froese	7,350	63.49	466,652	March 5, 2018
	796(1)	69.83	55,585	July 30, 2018
	8,592(2)	69.83	599,979	December 15, 2018

(1) An additional grant of PSUs was awarded to Messrs. Dufresne and Froese to reflect each NEO's actual base salary in 2015.
(2) In 2015, Messrs. Dufresne and Froese received a special one-time grant of PSUs which vest on December 15, 2018.

Performance of 2013 PSUs

In 2013, the Corporation's NEOs were awarded PSUs whose vesting was tied to achieving specific targets relating to Weston Foods' MTIP and Loblaw's return on capital and market share ("Market/Footage Share") over a three-year period. The return on capital measure is defined as Adjusted EBIT* divided by average total capital. The Market/Footage Share metric is based on Nielson's rolling 52 week dollar share as at week 52. At the time of grant, the performance targets relating to the 2013 measures, namely, Weston Foods' MTIP and Loblaw's return on capital and Market/Footage Share metrics, were forward-looking as they related to the three-year period ending in 2015 and were developed taking into account Weston Foods' and Loblaw's business strategies, plans and initiatives and their expectations regarding financial and operational performance. The targets were intended to be challenging – neither impossible nor easy to achieve.

In early 2016, the Governance Committee reviewed the performance of the 2013 PSU grants against target and determined the following results:

- the Weston Foods MTIP component did not meet the threshold performance target and no amount was paid out in respect of this component;
- the Market/Footage Share component achieved a performance result in respect of this component at 200% of target; and
- the return on capital component achieved a performance result in respect of this component at 173.4% of target.

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

The target and payout for each Loblaw component for PSUs awarded in 2013 and paid out in 2016 are set out below:

Measure[1]	Minimum (0%)	Target (100%)	Maximum (200%)	Actual Results ($)	Payout (%)
Market/Footage Share Performance ($)	1,052	1,052	1,063	1,065	200
Return on Capital (%)	9.8	10.62	11.4	11.19	173.4
Weston Foods MTIP					0
Overall Payout					124.5
Adjusted Payout					113.9

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

In determining the Adjusted EBIT* component of the 2013 PSUs, Loblaw's Governance Committee considered the impact of the labour buy-downs, as described in the Loblaw STIP section. In assessing the 2013 PSU payout, Loblaw's Governance Committee, on the recommendation of management, concluded that the impact of the labour buy-downs should not be entirely excluded from the incentive plan results and reduced the payout factor from 186.7% to 170.9% for Messrs. Galen G. Weston and Froese. The Corporation's Governance Committee approved this approach and in factoring in the impact of the Weston Foods MTIP results, reduced the payout factor from 124.5% to 113.9% for the Corporation's NEOs.

2013 Individual Component PSU Performance Results

Paviter S. Binning, President and Chief Executive Officer

The individual component of Mr. Binning's 2013 PSUs was evaluated by the Governance Committee based on Mr. Binning's achievement of certain leadership and strategic objectives that were established and delivered upon over the three-year period, including his exceptional contribution to the creation of Choice Properties and Loblaw's acquisition of SDM, his role in leading Weston Foods as its interim President while concurrently building and implementing a succession plan for the executive teams at Weston Foods and the Corporation; and his critical role in creating shareholder value over the past three years through various initiatives. Mr. Binning's individual component is targeted at 33% of his 2013 PSU target, which was 6,028 PSUs. In light of these considerations, the Governance Committee awarded Mr. Binning 9,042 PSUs for this component of his 2013 PSU award, representing 150% of target for this individual component of his PSU award.

Richard Dufresne, Chief Financial Officer of the Corporation and Loblaw

The individual component of Mr. Dufresne's 2013 PSUs was evaluated by the Governance Committee based on his achievement of certain strategic objectives that were established and delivered upon over the three year period, including his role in the achievement of Loblaw's deleveraging activities and his critical role in creating shareholder value over the past three years through various initiatives. Mr. Dufresne's individual component is targeted at 33% of his 2013 PSU target, which was 1,688 PSUs. In light of these considerations, the Governance Committee awarded Mr. Dufresne 1,688 PSUs for this component of his 2013 PSU award, representing 100% of target for this individual component of his PSU award.

2013 PSU Payout Summary

In 2016, the Governance Committee determined that the 2013 grant of the Corporation's PSUs paid out at 113.9% of target (excluding the individual component for Messrs. Binning and Dufresne). The 2013 grant of Loblaw PSUs, paid out at 170.9% of target for Messrs. Galen G. Weston and Froese (which excludes the Weston Foods MTIP component). The number of PSUs that vested pursuant to these performance results is set out in the table below:

		Vesting of 2013 PSU Award (#)					
Name	2013 PSUs Granted (#)	Loblaw Return on Capital Component (#)	Loblaw Market/Footage Share Component (#)	Weston Foods MTIP component (#)	Individual Component (#)	Total number of PSUs Vested (#)	Payout Amount[1] ($)
W. Galen Weston	4,521	2,574	2,575	0	—	5,149	578,181
Paviter S. Binning	18,084	6,866	6,866	0	9,042	22,774	2,557,292
Richard Dufresne	5,064	1,923	1,923	0	1,687	5,533	621,301
Galen G. Weston	20,543	17,554	17,554	—	—	35,108	2,425,963
Grant Froese	13,786	11,780	11,780	—	—	23,560	1,627,996

(1) The value of the Corporation's PSU payout was based on the transactional market price of the Common Shares on the TSX on March 14, 2016, which was $112.29, multiplied by the number of PSUs vested. The value of the Loblaw PSU payout was based on the transactional market price of the Common Shares on the TSX on February 29, 2016, which was $69.10, multiplied by the number of PSUs vested.

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

Long-Term Incentive Plan Clawback

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

Securities Authorized for Issuance under Equity Compensation Plans as of December 31, 2015

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

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Securityholders			
• Stock Option Plan	1,532,828	$78.42	3,951,514
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total	**1,532,828**	**$78.42**	**3,951,514**

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. 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 (the "Executive DB Plan") or executive defined contribution registered pension plan (the "Executive DC Plan"). All new executives join the Executive DC Plan of the Corporation or of 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"). Mr. Dufresne participates in the Corporation's Executive DC Plan.

The details of these retirement and pension arrangements are set out in the section "Pension Plan and Long Service Executive Arrangements" on pages 54 and 55.

EXECUTIVE BENEFIT PLANS

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

PERQUISITES

NEOs receive a limited number of perquisites. For the Corporation's and Loblaw's NEOs, these include a car or car allowance, an annual medical examination, a discretionary health care spending account and the ability to participate in the employee share ownership purchase plan.

EXECUTIVE SHARE OWNERSHIP GUIDELINES

The Corporation maintains Executive Share Ownership Guidelines to further align the interests of senior executives with those of the Corporation's shareholders. The Guidelines establish minimum share ownership levels for executives which, based on their executive level, are set at a multiple of their base salary.

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

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

President and Chief Executive Officer	5x base salary
Chief Financial Officer	2x base salary
Executive Vice Presidents	2x base salary
Senior Vice Presidents	0.5x base salary

Executives are expected to attain the required ownership level within five years of their appointment, but as a result of the elimination of RSUs and PSUs from the list of eligible holdings, effective January 1, 2013, all executives have five years from that date, or the date of their appointment, if later, to meet the required ownership levels. SDM executives have five years from the close of the SDM acquisition to attain the required ownership levels. In 2015, the Governance Committee approved an amendment to the Guidelines to increase the President and Chief Executive Officer's share ownership multiple from three-times to five-times base salary. In addition, the Governance Committee approved a mandatory hold period requiring the President and Chief Executive Officer to maintain his or her share ownership level for one year following the end of his or her employment.

The Governance Committee also approved a holding requirement that requires any executive subject to the Guidelines to retain a minimum of 50% of his or her after-tax proceeds received on the payout of RSUs or PSUs or an exercise of stock options in Common Shares until such executive's ownership level has been attained.

The dollar values of each NEO's eligible equity-based holdings, based on the market value as at March 14, 2016 of $112.06, are set forth in the following table:

	Value of Equity-Based Holdings			Ownership Requirement	
Name	**Common Shares ($)**	**Vested In-the-Money Stock Options ($)**	**Total ($)**	**($)**	**Multiple of Salary**
Paviter S. Binning	5,965,402	12,595,264	22,084,622[1]	5,500,000	5
Richard Dufresne	1,187,612	2,747,300	4,016,105[2]	1,300,000	2
Galen G. Weston[3]	—	—	48,006,880[3]	5,500,000	5
Grant Froese	—	—	9,890,417[3]	1,600,000	2

(1) Mr. Binning holds 29,526 EDSUs with a value of $3,308,684 based on the closing share price of the Common Shares on the TSX on March 14, 2016 which was $112.06. In addition to his current appointment on the Loblaw Board, Mr. Binning also served as a non-management director of Loblaw between 2009 and 2010 and pursuant to the Guidelines, his Loblaw DSU holdings count towards his minimum equity ownership in the Corporation. Mr. Binning held 3,032 Loblaw DSUs with a value of $215,272 as of March 14, 2016, based on the closing share price of $71.00 for common shares of Loblaw.

(2) Mr. Dufresne is also subject to Loblaw's Executive Share Ownership Guidelines. His Loblaw equity-based holdings are included in the table based on their value on March 14, 2016 at $71.00, being the price on the TSX of a Loblaw common share on that date.

(3) Messrs. Galen G. Weston and Froese are subject to Loblaw's Executive Share Ownership Guidelines. Their Loblaw equity-based holdings are set forth in the table based on their value on March 14, 2016 at $71.00, being the price on the TSX of a Loblaw common share on that date.

For a description of Loblaw's Executive Share Ownership Guidelines in respect of Messrs. Galen G. Weston, Dufresne and Froese, please refer to the Loblaw Management Proxy Circular available at www.sedar.com.

2015 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

The following outlines the rationale underlying the compensation decisions for each of the Corporation's NEOs for 2015.

As discussed in the section "Loblaw's 2015 Compensation Analysis" on page 30, in 2015, Meridian was retained by Loblaw to provide a compensation analysis of Loblaw's most senior executive officers. The Governance Committee reviewed the market reference data prepared by Meridian and management's recommendations for Loblaw's NEO compensation. The Loblaw Governance Committee also considered the need for internal equity and the retention of key individuals. Based on this review, the Loblaw Governance Committee approved changes to the Loblaw's NEOs' compensation (other than Mr. Weston) in July 2015. The Loblaw Governance Committee also approved each Loblaw NEO's 2015 STIP award in February 2016 as further described below.

W. Galen Weston, Executive Chairman

In 2015, Mr. W. Galen Weston received an LTIP grant with a target value of 100% of his base salary of $1,000,000, comprised of stock options, RSUs and PSUs. The Governance Committee set Mr. W. Galen Weston's STIP target for 2015 at 100% of his base salary, unchanged from 2014. As discussed in the section "Individual STIP Components", the Governance Committee awarded Mr. W. Galen Weston a STIP award of $1,000,000. The Governance Committee did not make any other changes to Mr. W. Galen Weston's compensation arrangements in 2015.

Paviter S. Binning, President and Chief Executive Officer

Mr. Binning's base salary was $1,100,000 in 2015 and his employment agreement provides for a STIP target payout of 150% of his base salary, with a maximum payout set at 200% of target. As discussed in the section "Individual STIP Component", the Governance Committee awarded Mr. Binning $742,000 for the 30% individual performance component of his STIP award, representing 150% of target. The Governance Committee may exercise its judgment to set Mr. Binning's annual LTIP award in an amount ranging between 250% and 450% of Mr. Binning's base salary. In 2015, the Committee judged that 400% was the appropriate LTIP grant level for Mr. Binning in recognition of the key strategic role Mr. Binning holds at the Corporation and its subsidiaries and in recognition of the key role he has taken on at Weston Foods as its interim President. Mr. Binning's annual LTIP value was comprised of 1/3 stock options, 1/3 RSUs, and 1/3 PSUs, with an aggregate grant date fair value in 2015 of $4,400,069.

Richard Dufresne, Chief Financial Officer of the Corporation and Loblaw

In February 2015, Mr. Dufresne's base salary increased from $600,000 to $625,000. The cost of Mr. Dufresne's base salary and STIP amounts are split between the Corporation (10%) and Loblaw (90%) and his annual target LTIP grant, which remains at 200% of his base salary, is split between the Corporation (30%) and Loblaw (70%). Mr. Dufresne's annual Loblaw LTIP grant for 2015 had an aggregate grant date fair value of approximately $875,017, comprised of 29,915 Loblaw stock options, 4,594 Loblaw RSUs and 4,594 Loblaw PSUs. Mr. Dufresne's annual LTIP grant from the Corporation for 2015 had an aggregate grant date fair value of approximately $375,066, comprised of 9,542 stock options, 1,243 RSUs and 1,243 PSUs.

Effective July 2015, the Corporation's and Loblaw's Governance Committees approved certain amendments to Mr. Dufresne's compensation arrangements to recognize increases in the scope of his role. Mr. Dufresne's base salary increased from $625,000 to $650,000 and he received an additional LTIP grant (with a grant date fair value of $6,333 from the Corporation and $14,635 from Loblaw) to reflect the increase to his base salary amount. Mr. Dufresne was also awarded a one-time grant of Loblaw PSUs with a grant date fair value of $649,978, representing 100% of his base salary as part of a program of special one-time grants of PSUs to increase the focus of certain NEOs on key operating targets over the three-year period. These special PSUs have a vesting date of December 15, 2018. In addition, as discussed in the section "Individual STIP Components" the Governance Committees of both the Corporation and Loblaw awarded Mr. Dufresne $190,625 for the 30% individual performance component of his STIP award at 100% of target.

Galen G. Weston, Executive Chairman and President of Loblaw

Mr. Galen G. Weston became President of Loblaw on July 16, 2014 and the Loblaw Governance Committee approved certain amendments to his compensation arrangements effective January 1, 2015. Mr. Galen G. Weston's base salary increased from $1,000,000 to $1,100,000 and his STIP target increased from 100% to 150% of base salary to reflect his expanded role and responsibilities. As discussed in the section "Individual STIP Components" of the Loblaw Circular available at www.sedar.com, the Loblaw Governance Committee awarded Mr. Galen G. Weston a rating of 107.5%, which acts as a multiplier on STIP results. Mr. Galen G. Weston's annual LTIP target also increased from 250% to 400% of base salary. Mr. Galen G. Weston's annual LTIP award in 2015 had an aggregate grant date fair value of $4,400,027, comprised of 150,427 stock options, 23,101 RSUs and 23,101 PSUs. The Loblaw Governance Committee did not make any other changes to Mr. Galen G. Weston's compensation arrangements in 2015.

Grant Froese, Chief Operating Officer of Loblaw

In February 2015, the Loblaw Governance Committee approved an annual LTIP grant for Mr. Froese with a grant date fair value of $1,399,968, comprised of 47,863 stock options, 7,350 RSUs and 7,350 PSUs set at approximately 200% of base salary. In July 2015, the Loblaw Governance Committee approved certain amendments to Mr. Froese's compensation arrangements to ensure that his positioned compensation was competitive relative to market and commensurate with the scope of his role. Mr. Froese's base salary increased from $700,000 to $800,000 and his annual LTIP target also increased from 200% to 225% of base salary. Mr. Froese received an additional grant (with a grant date fair value of $166,721) to reflect the increase to his base salary amount and LTIP target. Mr. Froese was also awarded a special one-time grant of PSUs with a grant date fair value of $599,979, representing 75% of his base salary with a vesting date of December 15, 2018. In addition, as discussed in the section "Individual STIP Components" of the Loblaw Circular available at www.sedar.com, the Loblaw Governance Committee awarded Mr. Froese an individual performance rating of 105% for his STIP award.

TERMINATION AND CHANGE OF CONTROL BENEFITS

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

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

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

W. Galen Weston, Executive Chairman

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

Paviter S. Binning, President and Chief Executive Officer

If Mr. Binning's employment is terminated without cause, he will be entitled to receive: (a) his salary for up to 18 months, (b) his 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 will be subject to certain non-competition and confidentiality undertakings.

Richard Dufresne, Chief Financial Officer

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

Galen G. Weston, Executive Chairman and President of Loblaw

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

Grant Froese, Chief Operating Officer of Loblaw

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

POTENTIAL AMOUNTS PAID ON TERMINATION

The following table sets forth the estimated incremental payments or benefits that the NEOs would have received upon termination of employment on December 31, 2015 for the various reasons described below.

		Amounts Due on Termination							
		Contractual Severance				Long-Term Incentive Plans			
Name	**Event**	**Salary ($)[1]**	**Annual Bonus ($)[1]**	**Benefits ($)**	**Other ($)**	**Stock Options ($)[2]**	**RSUs ($)[3]**	**PSUs ($)[3]**	**Total ($)**
W. Galen Weston Executive Chairman	Termination with cause	—	—	—	—	—	—	—	—
	Termination without cause	—	—	—	—	—	—	—	—
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Paviter S. Binning President and Chief Executive Officer	Termination with cause	—	—	—	—	—	—	—	—
	Termination without cause	1,650,000	2,475,000[4]	—	—	—	—	—	4,125,000
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Richard Dufresne Chief Financial Officer of the Corporation and Loblaw	Termination with cause	—	—	—	—	—	—	—	—
	Termination without cause	650,000	650,000[4]	—	—	—	—	—	1,300,000
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Galen G. Weston Executive Chairman and President of Loblaw	Termination with cause	—	—	—	—	—	—	—	—
	Termination without cause	—	—	—	—	—	—	—	—
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Grant Froese Chief Operating Officer of Loblaw	Termination with cause	—	—	—	—	—	—	—	—
	Termination without cause	1,600,000	1,600,000[4]	—	—	—	—	—	3,200,000
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—

(1) The Salary and Annual Bonus figures reflect contractual entitlements and may be paid by salary continuance, subject to mitigation obligations.
(2) The NEOs are entitled to exercise vested options following termination without cause in accordance with the Stock Option Plan.
(3) RSUs and PSUs are paid out on a prorated basis where the NEO retires or is terminated without cause in accordance with the RSU Plan and PSU Plan, respectively.
(4) Annual bonus is valued at target level.

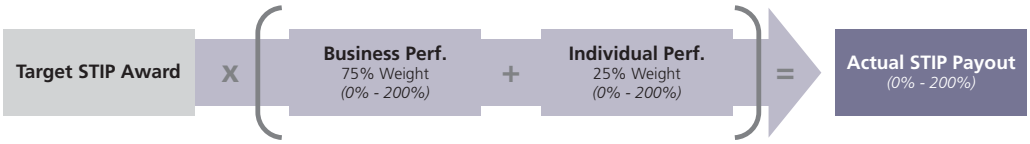
COMPENSATION DECISIONS FOR 2016

2016 SHORT-TERM INCENTIVE PLAN

The Loblaw Governance Committee has approved performance measures and weightings for the 2016 STIP:

<table>
<tr><td rowspan="4">Business Objectives
75%</td><td>Loblaw Consolidated Earnings Performance
(26.25%)</td></tr>
<tr><td>Loblaw Consolidated Sales Performance
(26.25%)</td></tr>
<tr><td>Loblaw Consolidated Synergies
(7.5%)</td></tr>
<tr><td>Loblaw Consolidated Operating Leverage
(15%)</td></tr>
<tr><td colspan="2">Individual Objectives 25%</td></tr>
</table>

For 2016, the Loblaw Governance Committee replaced the multiplicative approach (in which an individual performance multiplier was used to adjust the business performance factor up or down a defined range of 90% to 110%) with an additive design in which a STIP payout will be based 75% on business results and 25% on individual performance.



2016 LONG-TERM INCENTIVE PLAN AMENDMENTS

The Governance Committees of both the Corporation and Loblaw approved certain changes to the respective long-term incentive plans of the Corporation and Loblaw. These changes extend the vesting and/or exercise periods of LTIP grants upon certain triggering events, as further set out below:

Triggering Event	Original Plan	Amended Plan
Retirement	For executives who retire, the value of outstanding RSUs and PSUs are paid out on a prorated basis and option holders have 90 days from their notice of retirement to exercise vested options.	For executives who retire at age 55 or over with 10 or more years of service, LTIP will continue to vest until the end of the term of grant and pay out in the normal course. Options remain exercisable until expiry of their term.
Death and Disability	For executives who die, the value of outstanding RSUs and PSUs are paid out on a prorated basis and their estate has 180 days from the date of death to exercise vested options. The Plans are silent on disability.	For executives who die or become disabled, their RSUs and PSUs will continue to vest until the end of the term of the grant and pay out in the normal course. All vested and unvested stock options will immediately vest and executives (or their estates) will have 2 years from the date of death or disability (or, if earlier, expiry of the term) to exercise vested options.
Termination Without Cause	For executives who are terminated without cause, option holders have 30 days from the date of termination to exercise vested options.	For executives who are terminated without cause, option holders will have 90 days from the date of termination (or, if earlier, expiry of the term) to exercise vested options.

2016 LONG-TERM INCENTIVE PLAN GRANTS

In March 2016, the Governance Committee approved LTIP awards to the Corporation's NEOs as set out below. These annual LTIP grants were comprised of equal grants (by grant value) of stock options, RSUs and PSUs and were awarded on March 10, 2016.

Name	Grant Date Fair Value ($)[1]	Stock Options (#)[2]	RSUs (#)	PSUs (#)
W. Galen Weston	1,000,005	18,285	2,977	2,977
Paviter S. Binning	4,674,910	85,482	13,917	13,917
Richard Dufresne	389,992	7,131	1,161	1,161

(1) These amounts reflect the grant date fair value of the options, RSUs and PSUs. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The grant date fair value of the RSUs and PSUs is calculated in the following manner: RSU or PSU Value = Number of RSUs or PSUs Granted x the greater of the volume-weighted average share price for the one or five trading days preceding the grant date, which was $111.97 as of March 10, 2016. The grant date fair value of a PSU award assumes vesting at 100% of target.

(2) The exercise price of the stock options is $111.97 for the Corporation.

In February 2016, the Loblaw Governance Committee approved LTIP awards to Messrs. Galen G. Weston, Dufresne and Froese as set out below. These annual LTIP grants were comprised of equal grants (by grant value) of stock options, RSUs and PSUs and were awarded on March 3, 2016.

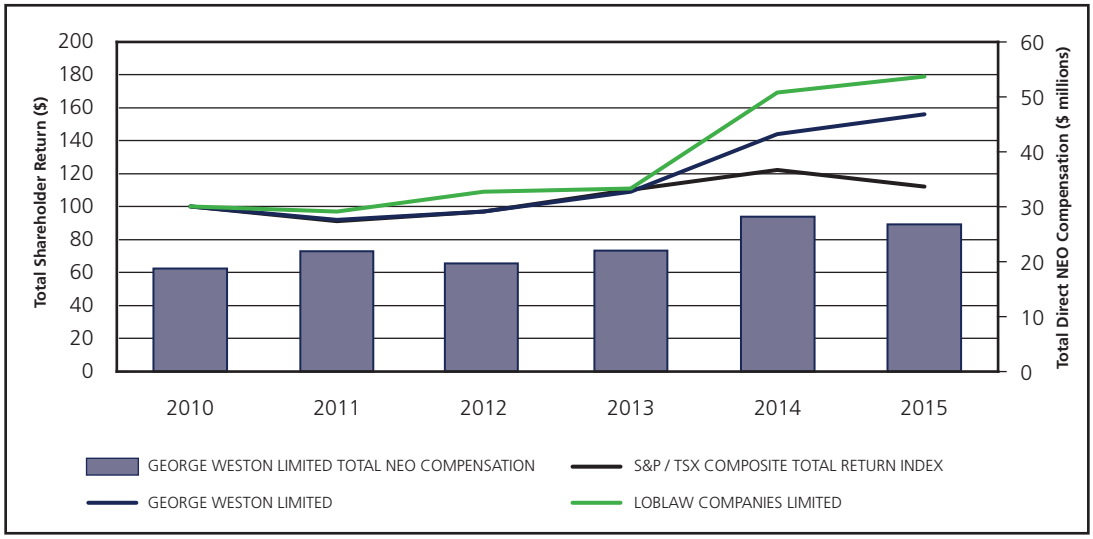
Name	Grant Date Fair Value ($)[1]	Stock Options (#)[2]	RSUs (#)	PSUs (#)
Galen G. Weston	4,400,000	127,758	21,275	21,275
Richard Dufresne	910,008	26,423	4,400	4,400
Grant Froese	1,799,972	52,265	8,703	8,703

(1) These amounts reflect the grant date fair value of the options, RSUs and PSUs. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The grant date fair value of the RSUs and PSUs is calculated in the following manner: RSU or PSU Value = Number of RSUs or PSUs Granted x the greater of the volume-weighted average share price for the one or five trading days preceding the grant date, which was $68.94 as of March 3, 2016 for Loblaw. The grant date fair value of a PSU award assumes vesting at 100% of target.

(2) The exercise price of the stock options is $68.94 for Loblaw.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return on $100 invested in Common Shares and Loblaw common shares on December 31, 2010, with the cumulative annual total return of the S&P/TSX Composite Total Return Index over the same period (assuming all dividends were reinvested). The graph also shows the Corporation's total direct NEO compensation (which includes base salary, STIP and LTIP) over the same period.



Five-Year Cumulative Total Shareholder Return on $100 Investment

	2010	2011	2012	2013	2014	2015
S&P / TSX COMPOSITE TOTAL RETURN INDEX	$ 100	$ 91	$ 97	$ 110	$ 122	$ 112
GEORGE WESTON LIMITED	$ 100	$ 92	$ 97	$ 109	$ 144	$ 156
LOBLAW COMPANIES LIMITED	$ 100	$ 97	$ 109	$ 111	$ 169	$ 179

Total Direct NEO Compensation

	2010	2011	2012	2013	2014	2015
TOTAL DIRECT NEO COMPENSATION ($ millions)	$18.7	$21.9	$19.6	$22.0	$28.1	$26.7

For the five-year period ended December 31, 2015, the Corporation's and Loblaw's total shareholder return, as shown above, out-performed the S&P/TSX Composite Total Return Index. During the period, the total cumulative shareholder return for $100 invested in Common Shares was $156 as compared to $112 for the S&P/TSX Composite Index. The Corporation's and Loblaw's total shareholder return was positively affected by key strategic initiatives, including the creation of Choice Properties and Loblaw's acquisition of SDM.

Both the Corporation's total shareholder return and total compensation for the Corporation's NEOs have increased over the five fiscal years ended December 31, 2015. However, there have been year-over-year fluctuations in the reported total compensation primarily as a result of one-time payments for incoming and departing NEOs and the resulting changes in the constitution of the NEO group. Over this period, the mix of NEO compensation has also changed such that equity-based incentives (LTIP awards) account for approximately 43% of all NEO compensation in 2015 (from approximately 36% in 2011).

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

A substantial portion of NEO pay at the Corporation and Loblaw is at-risk. In addition to the LTIP awards, the STIP awards are made based on the successful performance of key financial objectives that are tied to the business plan. These at-risk components (the STIP and LTIP awards) for the NEOs in 2015 ranged from 62.8% to 84.7% of their total compensation.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during fiscal years 2015, 2014 and 2013, as applicable:

Name and Principal Position	Year	Salary ($)	Share-Based Awards ($)[1]	Option-Based Awards ($)[2]	Non-Equity Incentive Plan Compensation: Annual Incentive Plans ($)	Non-Equity Incentive Plan Compensation: Long-Term Incentive Plans ($)	Pension Value ($)	All Other Compensation ($)[3]	Total Compensation ($)
W. Galen Weston	2015	1,000,000	666,710	333,330	1,000,000	—	—	186,249	3,186,289
Executive Chairman	2014	1,000,000	1,000,080	499,998	1,000,000	—	—	168,961	3,669,039
	2013	1,000,000	666,666	333,337	1,000,000	—	—	478,491	3,478,494
Paviter S. Binning	2015	1,100,000	2,933,406	1,466,663	2,341,020	—	38,000	84,425	7,963,514
President and Chief	2014	1,075,000	3,300,066	1,650,000	1,666,841	—	38,000	648,378	8,378,285
Executive Officer	2013	1,000,000	2,666,666	1,333,337	1,901,700	—	38,000	945,965	7,885,668
Richard Dufresne	2015	635,417[4]	1,497,410[5]	423,619[5]	881,476[6]	—	38,000	68,667	3,544,589[7]
Chief Financial Officer	2014	600,417[4]	1,914,003[5]	506,944[5]	655,054[6]	—	35,000	50,462	3,761,880[7]
of the Corporation and Loblaw	2013	551,250	746,738	373,329	698,875		33,000	50,026	2,453,218
Galen G. Weston	2015	1,100,000	2,933,364	1,466,663	2,788,335	—	—[8]	196,835[9]	8,485,197
Executive Chairman	2014	1,000,000	1,666,650	833,333	1,342,099	—	—[8]	181,673[9]	5,023,755
and President of Loblaw	2013	1,000,000	1,666,448	833,460	1,092,613	—	—[8]	129,351[9]	4,721,872
Grant Froese	2015	741,667	1,644,453	522,215	1,224,195	—	44,000	65,668	4,242,198
Chief Operating	2014	641,667	2,055,580	427,780	861,180	—	36,000	205,013	4,227,220
Officer of Loblaw	2013	521,710	908,625	349,576	570,027	—	38,000	63,834	2,451,772

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

(2) *These amounts reflect the grant date fair value of the options when granted. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The Corporation has chosen to use Black-Scholes-Merton model as the methodology for calculating the grant date fair value of the options granted as this methodology is commonly used by issuers. To determine the grant date fair value of options granted using the Black-Scholes-Merton model, an expected life of 7 years is used, which is based on the contractual term of the options. The other assumptions used in the model are based on relevant market data on the day of the valuation. The Corporation also uses the Black-Scholes-Merton model for accounting purposes. However, the accounting value ascribed at the grant date for the stock options is based on an expected life that reflects historical exercise patterns, as opposed to the contractual term of the option which is used for compensation reporting purposes (see Notes 2 and 29 to the Corporation's annual audited consolidated financial statements for the year ended December 31, 2015, for the other assumptions and estimates used for this calculation). As a result, when using the Black-Scholes-Merton value method, there is a difference between the grant date fair value per option for compensation reporting purposes, and the accounting value per option as follows: For Messrs. Weston and Binning's 2015 grants, the accounting value per option is higher by $1.12, (Messrs. Weston and Binning's 2014 and 2013 grants are higher by $1.25 and $2.83 per option, respectively); for Mr. Dufresne's 2015 grants on March 12, 2015 and August 10, 2015, the accounting value per option is higher by $1.12 and lower by $0.92, respectively (2014 and 2013 grants are higher by $1.25 and $2.83 respectively per option); for Mr. Dufresne's Loblaw 2015 grants on March 5, 2015 and July 30, 2015, the accounting value per option is lower by $1.07 and $0.86 respectively (2014 Loblaw grant is lower by $0.44 per option); for Mr. Galen G. Weston's 2015 Loblaw grant, the accounting value is lower by $1.07 per option (2014 and 2013 grants are lower by $2.46 and $0.60 respectively; for Mr. Froese's 2015 grants on March 5, 2015 and July 30, 2015, the accounting value is lower by $1.07 and $0.86 respectively (2014 grants on March 28, 2014 and September 16, 2014 are lower by $2.46 and $0.44 respectively, per option, 2013 grants are lower by $0.60 per option).*

(3) *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 and pension entitlements (Mr. W. Galen Weston was required to receive his registered pension plan entitlement beginning at age 71 which amounted to $93,023 in 2013, 2014 and 2015). Payments were made in 2014 and 2013 to employees that held in-the-money options, including Mr. W. Galen Weston ($285,933 in 2013) and Mr. Binning ($590,083 in 2014 and $892,629 in 2013), 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.*

(4) *In July 2014, Mr. Dufresne was appointed Chief Financial Officer of Loblaw. As a result of this appointment, effective August 1, 2014, Mr. Dufresne received a base salary increase to $625,000, which was apportioned between Loblaw (90%) and the Corporation (10%) following such date. In 2014, Mr. Dufresne's actual base salary amount was $600,417 of which Loblaw paid $234,375. In 2015, Mr. Dufresne's actual base salary amount was $635,417 of which Loblaw paid $571,875.*

(5) *The cost of Mr. Dufresne's annual LTIP grants is apportioned between Loblaw (70%) and the Corporation (30%). Mr. Dufresne's LTIP grant from the Corporation in 2015 was comprised of 9,665 stock options, 1,262 RSUs and 1,262 PSUs, with an aggregate grant date value of $381,399. Mr. Dufresne annual LTIP grant from Loblaw in 2015 was comprised of 30,345 Loblaw stock options, 4,664 Loblaw RSUs and 4,664 Loblaw PSUs, with an aggregate grant date value of $889,652. Mr. Dufresne also received a special one-time PSU grant from Loblaw of 9,308 PSUs with a grant date fair value of $649,978.*

In 2014, Mr. Dufresne's annual LTIP grant from the Corporation was 250% of his base salary amount of $600,000 at the time of grant, and was comprised of 37,425 stock options, 6,104 RSUs and 6,104 PSUs. Mr. Dufresne also received an annual LTIP grant from Loblaw following his appointment to the position of Chief Financial Officer, which was comprised of 687 Loblaw stock options, 125 Loblaw RSUs and 125 Loblaw PSUs, with an aggregate grant date fair value of $20,874, to reflect an increase to his base salary to $625,000. In 2014, Mr. Dufresne also received a special one-time Loblaw Synergy PSU Grant of 16,155 Loblaw PSUs with a grant date fair value of $899,995.

(6) *Mr. Dufresne's 2014 STIP payment was $655,054, the cost of which, as of August 1, 2014, was apportioned between Loblaw (90%) and the Corporation (10%). In 2014, Loblaw paid $245,645 towards Mr. Dufresne's STIP payment. The cost of Mr. Dufresne's 2015 STIP payment was apportioned between Loblaw (90%) and the Corporation (10%). In 2015, Loblaw paid $793,328 towards Mr. Dufresne's STIP payment.*

(7) *The cost of Mr. Dufresne's total compensation amount was apportioned between the Corporation and Loblaw, as described in footnotes 4, 5 and 6. In 2014 and 2015, Loblaw paid $512,068 and $2,904,833, respectively, of Mr. Dufresne's total compensation amount.*

(8) *Mr. Galen G. Weston does not participate in any retirement plans and does not have any other retirement or pension arrangements.*

(9) *In 2013, 2014 and 2015, Mr. Galen G. Weston received $91,500, $144,000 and $134,000, respectively, in compensation for his role as Chairman of Choice Properties.*

INCENTIVE PLAN AWARDS

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

The following table sets forth the number and value of all unexercised option-based and share-based awards granted to NEOs outstanding as at December 31, 2015 for the Corporation and as at January 2, 2016 for Loblaw:

	Option-Based Awards				Share-Based Awards		
Name	**Number of Securities Underlying Unexercised Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Value of Unexercised In-The-Money Options ($)[1]**	**Number of Shares or Units of Shares That Have Not Vested (#)**	**Market or Payout Value of Share-Based Awards That Have Not Vested ($)[2]**	**Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)**
W. Galen Weston Executive Chairman	80,257	62.96	March 8, 2019	3,529,703	27,878	2,981,273	—
	28,106	73.73	March 7, 2020	933,400			
	37,425	81.92	March 28, 2021	936,374			
	25,445	100.59	March 12, 2022	161,576			
Paviter S. Binning President and Chief Executive officer	128,774	81.05	August 16, 2017	3,333,959	138,056	11,294,361	3,343,216[3]
	30,634	68.41	March 10, 2018	1,180,328			
	93,633	62.96	March 8, 2019	4,117,979			
	112,423	73.73	March 7, 2020	3,733,568			
	123,503	81.92	March 28, 2021	3,090,045			
	111,959	100.59	March 12, 2022	710,940			
Richard Dufresne Chief Financial Officer of the Corporation and Loblaw	60,390	63.05	March 26, 2019	2,650,517	24,860	2,658,528	—
	31,478	73.73	March 7, 2020	1,045,384			
	37,425	81.92	March 28, 2021	936,374			
	9,542	100.59	March 12, 2022	60,592			
	123	111.66	August 10, 2022	0			
	687[4]	55.71	September 16, 2021	6,616	35,041[4]	2,289,579	—
	29,915[4]	63.49	March 5, 2022	55,343			
	430[4]	69.83	July 30, 2022	0			
Galen G. Weston Executive Chairman and President of Loblaw	146,914[4]	36.35	March 11, 2017	4,259,037	122,368[4]	7,995,525	—
	187,034[4]	39.27	March 3, 2018	4,875,976			
	415,428[4]	34.93	March 1, 2019	12,633,165			
	106,991[4]	40.56	February 28, 2020	2,651,237			
	82,590[4]	47.51	March 28, 2021	1,472,580			
	150,427[4]	63.49	March 5, 2022	278,290			
Grant Froese Chief Operating Officer of Loblaw	32,501[4]	36.35	March 11, 2017	942,204	*90,380*[4]	5,905,429	—
	41,563[4]	39.27	March 3, 2018	1,083,547			
	142,353[4]	34.93	March 1, 2019	4,328,955			
	44,875[4]	40.56	February 28, 2020	1,112,003			
	39,643[4]	47.51	March 28, 2021	706,835			
	2,748[4]	55.71	September 16, 2021	26,463			
	47,863[4]	63.49	March 5, 2022	88,547			
	4,916[4]	69.83	July 30, 2022	0			

(1) The value of outstanding vested and unvested option-based awards is calculated based on the closing price for the Common Shares on the TSX of Weston on December 31, 2015, which was $106.94 or the Loblaw common shares on December 31, 2015, which was $65.34, as applicable.

(2) The value of RSUs and PSUs held by the NEOs is calculated based on the closing price of the Common Shares on the TSX on December 31, 2015, which was $106.94 or the Loblaw common shares on December 31, 2015, which was $65.34, in each case multiplied by the number of RSUs or PSUs held, as applicable. The value of an RSU or PSU award assumes vesting at 100% of target.

(3) Mr. Binning held 29,410 EDSUs as at December 31, 2015 as he elected to convert his 2013 and 2014 STIP bonuses into EDSUs. Mr. Binning also held 3,032 Loblaw DSUs as at December 31, 2015. The value of Mr. Binning's EDSUs are based on the closing price of the Common Shares on the TSX on December 31, 2015, which was $106.94. The value of Mr. Binning's Loblaws DSUs are based on the closing price of the Loblaw common shares on the TSX on December 31, 2015 which was $65.34.

(4) Stock Options, RSUs and PSUs 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 2015, as well as the value of non-equity incentive plan compensation that the NEOs earned during fiscal 2015. The dollar value of the option-based and share-based awards is calculated using the number of units vested/earned multiplied by the closing price of the Common Shares on the TSX on the applicable vesting date.

Name	Option-Based Awards – Value Vested During The Year ($)	Share-Based Awards – Value Vested During The Year ($)	Non-Equity Incentive Plan Compensation – Value Earned During The Year[1] ($)
W. Galen Weston Executive Chairman	893,159	—	1,000,000
Paviter S. Binning President and Chief Executive officer	2,800,353	3,301,474	2,341,020
Richard Dufresne Chief Financial Officer of the Corporation and Loblaw	769,571	1,300,502	881,476[2]
Galen G. Weston Executive Chairman and President of Loblaw	4,722,056	—	2,788,335
Grant Froese Chief Operating Officer of Loblaw	1,505,573	887,986	1,224,195

(1) Payments made in accordance with the Corporation's STIP and Loblaw's STIP, as applicable.
(2) Mr. Dufresne's total STIP award for 2015 was $881,476, of which Loblaw paid $793,328.

PENSION PLAN AND LONG SERVICE EXECUTIVE ARRANGEMENTS

The Corporation's and Loblaw's retirement programs are designed to facilitate the retirement of executives who have served over the long term. The NEOs, other than Mr. Galen G. Weston who does not participate in any pension plan, participate in the same retirement programs as other executives and receive no additional enhancements in determining their pension benefits. The NEOs (other than Mr. Galen G. Weston) participate in either of the Corporation's or Loblaw's Executive DB Plan or the Corporation's Executive DC Plan. Mr. W. Galen Weston is a member of the Corporation's Executive DB Plan, Messrs. Binning and Dufresne are members of the Corporation's Executive DC Plan and Mr. Froese is a member of Loblaw's Executive DB Plan. All newly hired or newly appointed executives join the Corporation's Executive DC Plan.

EXECUTIVE DEFINED BENEFIT PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

For those executives who participated in the Executive DB Plan of the Corporation or Loblaw and who retired in 2015, annual pension benefits were capped at $2,818.89 per year of service. In addition, the Corporation or Loblaw provides SERP allowances to executives who participate in the Executive DB Plan of the Corporation or Loblaw, including Mr. W. Galen Weston and Mr. Froese. The SERP is an unfunded obligation of the Corporation and executives who participate in this plan must comply with certain eligibility provisions in order to receive payment, most notably, executives are not eligible to receive SERP payments while employed by a competitor of the Corporation or Loblaw.

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

The cost of the estimated future Executive DB Plan benefits and SERP benefits for each NEO participating in the Corporation's or Loblaw's Executive DB Plan is calculated each year by the Corporation's independent actuaries, based on the same method and assumptions used to determine year-end pension plan obligations as disclosed in Notes 2 and 28 to the 2015 consolidated financial statements. Certain accrued obligations in respect of the Corporation's 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 only NEO who participates in the Corporation's Executive DB Plan:

Name	Number of Years Credited Service (#)	Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($)[2]	Compensatory Change ($)	Non-Compensatory Change ($)	Closing Present Value of Defined Benefit Obligation ($)[3]
		At Year End	At Age 65				
W. Galen Weston[1] Executive Chairman	39	469,300	469,300	6,268,000	0	(184,000)	6,084,000

(1) Mr. Weston is required to receive his registered pension plan entitlement beginning at age 71 which amounted to $93,023 in 2015. He is not currently receiving his SERP entitlement.
(2) Discount rate is 4.00%.
(3) Discount rate is 4.00%.

The following table sets forth details regarding the only NEO who participates in Loblaw's Executive DB Plan:

Name	Number of Years Credited Service (#)	Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($)[1]	Compensatory Change ($)	Non-Compensatory Change ($)	Closing Present Value of Defined Benefit Obligation ($)[2]
		At Year End	At Age 65				
Grant Froese	37	125,000	125,000	1,593,000	44,000	76,000	1,713,000

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

EXECUTIVE DEFINED CONTRIBUTION PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Certain senior executives of the Corporation participate on a non-contributory basis in the Corporation's Executive DC Plan. During 2015, contributions were set as a percentage of base salary (maximum of $250,000) and were capped at $25,370 per year, as set forth in the following table:

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

The Corporation has entered into retirement agreements with certain executives who participate in the Corporation's Executive DC Plan to provide SERP benefits to those executives with allocations for contributions in excess of the annual $25,370 registered plan limit. As noted above, the SERP is an unfunded obligation of the Corporation and executives who participate in this plan must comply with certain eligibility provisions in order to receive payment, most notably, executives are not eligible to receive SERP payments while employed by a competitor of the Corporation or Loblaw.

The following table sets forth details regarding Messrs. Binning and Dufresne who participated in the Corporation's Executive DC Plan and SERP during 2015:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)
Paviter S. Binning President and Chief Executive Officer	205,000	38,000	254,000
Richard Dufresne Chief Financial Officer of the Corporation and Loblaw	107,000	38,000	151,000

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As of March 14, 2016, none of the current or former executive officers or directors of the Corporation or any of its subsidiaries were indebted to the Corporation or any of its subsidiaries (other than "routine indebtedness" under applicable Canadian securities laws). The following table sets forth certain indebtedness (other than "routine indebtedness" under applicable Canadian securities laws) of the current and former employees of the Corporation and any of its subsidiaries as of March 14, 2016.

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

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

OVERVIEW

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

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

Board Responsibilities and Duties

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

Strategic Oversight

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

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

In overseeing the strategic planning of the Corporation, the Board has a high level of engagement with management. In addition to a multi-day meeting dedicated to strategic planning, the Board regularly receives updates from management on the Corporation's achievements against its strategic plans. At each meeting, the Board monitors the Corporation's performance against both short-term and long-term strategic plans and annual operating objectives.

Oversight of Management

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

Enterprise Risk Management

The Board has oversight responsibility for risk management activities associated with the Corporation's business. In order to identify and address any material risks, the Board undertakes an annual assessment of the Corporation's ERM structure. The annual ERM assessment is carried out through interviews, surveys, and facilitated workshops between management and the Board or Loblaw's board. Risks are identified and then assessed and evaluated based on the Corporation's vulnerability to the risk and the potential impact that the underlying risks would have on the Corporation's ability to execute its strategies and achieve its objectives. To assist with the ERM process, the Corporation has adopted a risk appetite statement that takes into consideration important aspects of the Corporation's businesses, values, and brands. The risk appetite framework articulates key aspects of the Corporation's business, values and brands and provides directional guidance on risk taking. The type of risks the Corporation is exposed to includes: strategic; financial; operational; regulatory; human capital; and reputational risk. Management provides periodic updates to the applicable committee(s) of the Board or Loblaw's board on the status of the key

risks including any anticipated impacts in future quarters and significant changes in key risk indicators. In addition, long-term (three to five year) risk levels are assessed to assist in risk mitigation planning activities. Accountability for oversight of each risk is allocated by the Board or Loblaw's board either to the full Boards or to committees of the Board.

Internal Controls and Financial Reporting

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

Talent Management and Succession Planning

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

Governance Matters

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

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

Board Leadership

Mr. Weston is the Executive Chairman and Mr. Galen G. Weston is the Deputy Chairman. The Board has also appointed an independent director, Mr. J. Robert S. Prichard, to serve as Lead Director. The Board maintains a position description for the Executive Chairman that is reviewed annually and approved by the Governance Committee and the Board and also maintains a position description for the Lead Director. The following is a description of the roles of the Executive Chairman and Lead Director:

Executive Chairman
W. Galen Weston

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

Independent Lead Director
J. Robert S. Prichard

- Provides leadership to the Board and particularly to the independent directors
- Ensures that the Board operates independently of management and that directors have an independent leadership contact
- Chairs meetings of the independent directors following each Board meeting and on other occasions, as required or desirable
- 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

In March 2016, the Board appointed Galen G. Weston as director and Deputy Chairman of the Board. In his role as Deputy Chairman, Mr. Weston assists and works closely with the Executive Chairman in fulfilling the Board leadership role.

Director Independence

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

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

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

The following director nominees were determined to be independent: A. Charles Baillie, Isabelle Marcoux, Sarabjit S. Marwah, Gordon M. Nixon, J. Robert S. Prichard, Thomas F. Rahilly, Christi Strauss and Barbara Stymiest. The following director nominees were determined not to be independent because they have a material relationship with the Corporation or its affiliated entities, as described below:

- W. Galen Weston, who is the Executive Chairman of the Corporation;
- Paviter S. Binning, who is the President and Chief Executive Officer of the Corporation;
- Galen G. Weston, who is Deputy Chairman of the Corporation, Executive Chairman and President of Loblaw and a relative of Mr. W. Galen Weston, the Corporation's principal shareholder; and
- Alannah Weston, who is Deputy Chairman of Selfridges Group Limited and a relative to Mr. W. Galen Weston, the Corporation's principal shareholder.

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Corporation. The Chair of the Board and of each committee meet separately with the Board or committee members after each meeting without management's presence. The independent directors typically meet separately following each Board meeting and may meet without the non-independent directors or management's presence on other occasions as required or desirable. There was one separately scheduled meeting of the independent directors in 2015. 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 2015, can be found on pages 7 through 13 of this Circular.

The Board is confident that the current leadership structure ensures the appropriate level of oversight, independence and responsibility is applied to Board decisions. The Board is of the view that having a Lead Director who is independent ensures that any potential conflicts of interest between the Corporation and the controlling shareholder are addressed. The role of an independent Lead Director is needed to ensure that the interests of the Corporation and of the minority shareholders and other relevant stakeholders are protected.

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

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

Board Committees

The Board has four standing committees:

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

The Board determined that its Finance Committee would be disbanded at the end of 2015, having substantially achieved its mandate with respect to de-leveraging and achieving the Corporation's desired capital structure.

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; and ensuring that the committee meets as frequently as is necessary and ensuring, with the assistance of management that all proper materials and information are before the committee in connection with matters to be discussed at each meeting of the committee.

Committee Membership

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

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

One member of the Governance Committee, Mr. Graham, is an executive officer of Wittington, the principal shareholder of the Corporation, and he is not 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 determined that it was appropriate for Mr. Graham to be a member of the Governance Committee. The other members of the Governance Committee were independent. The Board believes that the presence of a majority of independent directors on the Governance Committee and the alignment of interests described above ensures that objective compensation and nominating processes are in the interests of all shareholders.

Committees Responsibilities

Each committee has a formal mandate and a position description for its Chair established by the Board. Each committee reviews its mandate and the position description annually to ensure they reflect best practices and address applicable regulatory 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.

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

1. Audit Committee

The Audit Committee reviews with management and the external auditor the Corporation's annual and interim consolidated financial statements, Management's Discussion and Analysis, Annual Information Form and other matters relating to the Corporation's financial disclosure. The Audit Committee also assesses and evaluates the integrity of the Corporation's internal control over financial reporting and information systems. Although the Board oversees the Corporation's ERM Program, it delegates the oversight of certain risks to the Audit Committee. The Audit Committee reviews the design and structure of the Company's ERM program and monitors and assesses its effectiveness. The Committee reviews and recommends to the Board for approval the Corporation's ERM policy and risk appetite statement. The Audit Committee is responsible for:

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

- reviewing and monitoring the Corporation's policies relating to ethics and conflicts of interest of officers and employees;
- overseeing procedures for the receipt, retention and follow-up of complaints regarding the Corporation's accounting, internal controls and auditing matters and the confidential anonymous submission by employees of concerns regarding such matters;
- reviewing and approving internal audit's annual plan and receiving regular reports thereon;
- reviewing regular reports by management relating to the implementation of the Corporation's information technology systems;
- reviewing and approving the audit fees paid to the external auditor and pre-approval of non-audit related fees to the external auditor; and
- reviewing and approving any material related party transactions.

The Audit Committee, whose members are Barbara Stymiest (Chair), A. Charles Baillie, Sarabjit S. Marwah and Gordon M. Nixon, had four meetings in 2015. Further information relating to the Audit Committee's accomplishments in 2015 is set out in the "Audit Committee Report" on pages 18 and 19.

2. Governance Committee

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

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

The Governance Committee, whose members are J. Robert S. Prichard (Chair), A. Charles Baillie, Anthony R. Graham, Thomas F. Rahilly and Barbara Stymiest, had six meetings in 2015. Further information relating to the Governance Committee's accomplishments in 2015 is set out in the "Governance Committee Report to Shareholders" on pages 23 through 25.

3. Pension Committee

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

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

In 2015, the Pension Committee focused on a number of de-risking activities involving the Corporation's pension plans. The Pension Committee, whose members are Thomas F. Rahilly (Chair), Anthony R. Graham, J. Robert S. Prichard and Barbara Stymiest, had four meetings in 2015.

4. Environmental, Health and Safety Committee

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

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

The EH&S Committee, whose members are Isabelle Marcoux (Chair), J. Robert S. Prichard and Thomas F. Rahilly, had four meetings in 2015.

5. Finance Committee

The Finance Committee was responsible for assisting the Board in monitoring and reviewing the financial structure of the Corporation and the investment and financial risk programs of the Corporation and those companies over which it has significant control (collectively, the "Group"). The Finance Committee's responsibilities included:

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

In 2015, the Finance Committee received a number of reports on the deleveraging activities and having substantially fulfilled its mandate, the Committee was disbanded at the end of 2015.

The Finance Committee, whose members were Sarabjit S. Marwah (Chair), A. Charles Baillie, Gordon M. Nixon and Thomas F. Rahilly, had four meetings in 2015.

Orientation and Continuing Education

The Governance Committee is responsible for the orientation and education of new directors about the business of the Corporation and co-ordinates an in-depth orientation session. The session typically includes an overview of the Corporation's history and operations, a review of industry conditions and an introduction to the Corporation's senior management team. New directors are provided with materials describing the Corporation's operations, the structure and role of the Board and its committees, the Board's mandate, compliance requirements for directors, corporate policies, as well as agendas and minutes for recent Board and committee meetings. New directors are provided with additional historical financial information and opportunities to visit the Corporation's facilities and stores. One-on-one meetings may be arranged with the heads of each of the Corporation's principal business groups for a new director to learn about the various functions and activities of the Corporation. On an ongoing basis, as part of regular Board meetings, directors are given presentations on various aspects of the Corporation's operations.

In 2015, Board members participated in an annual two-day off-site meeting with management. At this session, each operating division presented a review of its activities and its outlook and strategies. The members reviewed the strategic plans for Weston Foods, Loblaw and Choice Properties.

In addition, one off-site Board meeting was held in 2015 to familiarize the directors with the manufacturing facilities of the U.S. Weston Foods business and the U.S. market, with a focus on the grocery and pharmacy spaces. This meeting involved presentations

by, and discussions with, senior executives responsible for different aspects of the business of the Corporation, as well as local senior management. As part of the off-site Board meeting, the directors toured facilities in Brownsburg, Lebanon, and Indiana, various retail and pharmacy stores and a pharmacy distribution centre.

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

Assessment of the Board and its Committees

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

Following the 2015 assessment, the members of the Board made recommendations for improvements in certain areas and recommended relevant topics for future Board meetings. Each year, the Governance Committee reviews committee composition, recommends committee chairs and takes recommendations to the Board for approval.

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

Nomination of Directors

The Governance Committee is responsible for the process of identifying prospective director nominees. The Governance Committee reviews the relevant experience, skills and competencies of nominees for election to the Board. It also recommends the appointment of directors to the various committees.

The Governance Committee meets on an annual basis, or when required, to assess the appropriate size of the Board and whether any vacancies are expected due to retirement in accordance with the Board Tenure Policy or otherwise. As part of this assessment, the Governance Committee reviews the skills matrix of current Board members to determine criteria and qualifications to be considered when recruiting new director nominees. In the event that vacancies are anticipated or otherwise arise, the Governance Committee considers candidates for Board membership. The members of the Board are canvassed with respect to potential candidates and each candidate is evaluated with respect to his or her experience and expertise, with particular attention paid to those areas of expertise that could best complement the current Board. As part of this evaluation process, in accordance with the Board Diversity Policy, the Board is mindful of diversity considerations in terms of gender, experiences and perspectives, and recognizes the benefits of promoting diverse candidates to its Board. The Governance Committee also assesses any concerns relating to potential conflicts, independence, interlocking board memberships, 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 Governance Committee then presents its list of potential candidates and recommendations to the Board. A continuous list of potential candidates is kept with the records of the Governance Committee.

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

In September 2015, Mr. Darren Entwistle stepped down from the Board. In early 2016, the Board approved the appointment of Mr. Galen G. Weston to the Board to fill the vacancy left by Mr. Entwistle.

At the Annual Meeting of the Shareholders, Mr. Lacey and Mr. Graham will be stepping down from the Board. The Board identified two new female director nominees who have the requisite skills, experience and qualifications to become Board members. Ms. Christi Strauss and Ms. Alannah Weston will be standing for election to the Board at the Annual Meeting of the Shareholders on May 10, 2016.

CORPORATE GOVERNANCE MATTERS

Ethical Business Conduct

The Corporation's Code of Conduct (the "Code") reflects the Corporation's long-standing commitment to high standards of ethical conduct and business practices. The Board annually reviews the Code to ensure it is current and reflects best practices in the area of ethical business conduct and includes a strong "tone from the top" message. In 2015, the Corporation conducted a review of the

Code to ensure it continued to match the industry's best practices. The Code addresses, among other things, conflicts of interest, several compliance issues including compliance with laws, rules and regulations, confidentiality and fair dealing with the Corporation's shareholders, customers and suppliers and reporting of illegal or unethical behavior. All directors, officers and employees of the Corporation are required to comply with the Code and must acknowledge their commitment to abide by the Code on a periodic basis. The Audit Committee receives periodic reports on any compliance issues. In 2015, all material violations of the Code were brought to the attention of the Audit Committee and resolved to its satisfaction. The Code is available on the Corporation's website at www.weston.ca.

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

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

The Corporation encourages the reporting of violations and potential violations of the Code and has established an Integrity Action Line (or "whistleblower" line) which is a toll-free number that any employee or director may use to report conduct that he or she feels violates the Code or otherwise constitutes fraud or unethical conduct. A fraud reporting protocol has also been implemented to ensure that fraud is reported to senior management in a timely manner. In addition, the Audit Committee has endorsed procedures for the anonymous receipt, retention and handling of complaints regarding accounting, internal controls and auditing matters. Reports are received periodically by the Audit Committee regarding any concerns reported through any of these procedures. These procedures are available at www.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.

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

Disclosure Policy

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

Disclosure Committee

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

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

OTHER INFORMATION

DIRECTOR AND OFFICER LIABILITY INSURANCE

The Corporation maintains insurance for the benefit of its directors and officers, and the directors and officers of its subsidiaries, in respect of the performance by them of their duties. This insurance policy is shared with Loblaw. The Corporation's annual insurance premium in 2015 was $597,160 half of which was paid by Loblaw. The insurance limit is $160 million per year on an aggregate basis or per occurrence basis. There is no deductible in the case of directors and officers and a deductible of up to $1 million for the Corporation.

NORMAL COURSE ISSUER BID

The Corporation has a Normal Course Issuer Bid (the "Issuer Bid") on the TSX which allows for the purchase and cancellation of up to 6,395,929 Common Shares at market prices. A copy of the Corporation's Notice of Intention filed with the TSX can be found at www.sedar.com. The current Issuer Bid expires on May 19, 2016. The Corporation intends to refile the Issuer Bid.

NON-GAAP FINANCIAL MEASURES

Certain financial measures discussed in this Circular, such as Adjusted EBITDA and Adjusted EBIT, are non-GAAP financial measures. For reconciliations to the most comparable GAAP measure, please see section 19, "Non-GAAP Financial Measures", included in the MD&A of the Corporation's 2015 Annual Report.

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

ADDITIONAL INFORMATION

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

Copies of the Corporation's latest Annual Information Form, the Corporation's 2015 Annual Report and this Circular can be obtained upon request from the Senior Vice President, Investor Relations, Business Intelligence and Communications of the Corporation, at 22 St. Clair Avenue East, Suite 800, Toronto, Ontario, M4T 2S5.

Financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year.

Additional information about or relating to the Corporation can also be found at www.weston.ca and www.sedar.com or by dialing in for regularly scheduled conference calls. Additional information regarding Loblaw can be found at www.loblaw.ca and www.sedar.com.

SHAREHOLDER PROPOSALS

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

The *Canada Business Corporations Act* permits eligible shareholders of the Corporation to submit shareholder proposals for consideration at the Annual Meeting of Shareholders. The final date for submission of proposals by shareholders to the Corporation for inclusion in the Management Proxy Circular in connection with the 2017 Annual Meeting of Shareholders is December 27, 2016.

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
22 St. Clair Avenue East, Suite 2001
Toronto, Ontario M4T 2S7

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

BOARD APPROVAL

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

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

Dated in Toronto, Ontario
March 18, 2016

SCHEDULE A
GEORGE WESTON LIMITED

Mandate of the Board of Directors

1. ROLE

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

2. RESPONSIBILITIES

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

(a) Define Shareholder Expectations and Monitor Corporate Performance

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

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

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

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

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

- Delegate to the Executive Chairman and the President and Chief Executive Officer the authority to manage and supervise the business of the Corporation and to make 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

- Oversee the Corporation's enterprise risk management program, including its design and structure and assessment of its effectiveness.

- Approve management's approach to enterprise risk management and its mitigation practices, including the identification, assessment and mitigation of the principal risks, through the receipt of periodic reports from the Committee Chairs or management, as appropriate.
- Delegate, as appropriate, the oversight of the enterprise risk management design and structure and assessment of its effectiveness to the Audit Committee and the oversight of the principal risks to the appropriate Committee.

(f) Approve Related Party Transactions

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

(g) Oversee Effective External Communications

- Satisfy itself that there is effective communication between the Board and the Corporation's shareholders, other stakeholders and the public.

  At least annually, with the assistance of the Audit Committee, review and approve any material changes to the Corporation's disclosure policy.

(h) Monitor Corporate Governance

- Develop, and monitor compliance with, a set of corporate governance principles and guidelines.
- Appoint a lead director who is independent to provide leadership to the Board and the independent directors, including presiding over meetings or sessions of the non-management directors and consulting with the Executive Chairman on any matters arising out of such sessions.
- Ensure that independent directors hold regular meetings without the attendance of management or non-independent directors.
- On the recommendation of the Governance, Human Resource, Nominating and Compensation Committee, approve the appointment of directors or recommend the election of director nominees to the Board at the annual general meeting of shareholders.
- Review the Board's mandate on an annual basis and make appropriate revisions.
- Develop, adopt and regularly review position descriptions for the Executive Chairman, the President and Chief Executive Officer, the Lead Director and the chair of each committee of the Board.
- Assess the effectiveness and performance of the Board and its committees as well as their individual members.
- Oversee significant compensation decisions for the directors and for senior executive management.

(i) Monitor Corporate Social Responsibility, Integrity and Ethics

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

3. COMPOSITION

The Board shall be comprised of a majority of independent directors. For this purpose, a director is independent if he or she would be Independent within the meaning of the applicable Canadian securities laws, as the same may be amended from time to time.

4. COMMITTEES

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

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

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

5. ORIENTATION AND CONTINUING EDUCATION

With the Governance, 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 Share Ownership Policy

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