Loblaw Companies Limited

MANAGEMENT PROXY CIRCULAR

LOBLAW COMPANIES LIMITED
ANNUAL MEETING OF SHAREHOLDERS
MAY 4, 2017

THIS DOCUMENT CONTAINS:

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

MANAGEMENT PROXY CIRCULAR

Loblaw Companies Limited

MANAGEMENT PROXY CIRCULAR

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Loblaw Companies Limited

March 27, 2017

Dear Fellow Shareholder,

On behalf of the Board and management, we are pleased to invite you to our Annual Meeting of Shareholders, which will be held on Thursday, May 4, 2017, at 11:00 a.m. (Toronto time) at the Mattamy Athletic Centre, 50 Carlton Street, Toronto, Ontario, Canada. If you are attending the meeting in person, please visit our Loblaws store at Maple Leaf Gardens* located next to the Mattamy Athletic Centre.

The Notice of Annual Meeting of Shareholders and related materials are enclosed.

This Management Proxy Circular describes the business to be conducted at the meeting. The Circular contains information on our corporate governance practices and our approach to executive compensation. At the meeting, shareholders will be voting on important matters. We hope that you take the time to review these meeting materials and that you exercise your vote. You may vote either in person at the meeting or by completing and sending in your proxy form. Please read the enclosed materials as they contain relevant information for voting on the business to be conducted at the meeting.

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

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

Yours very truly,

Galen G. Weston
Chairman and Chief Executive Officer

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Loblaw
Companies
Limited

Notice of Annual Meeting of Shareholders

The 2017 Annual Meeting of Shareholders of Loblaw Companies Limited will be held on Thursday, May 4, 2017, at 11:00 a.m. (Toronto time) at the Mattamy Athletic Centre, 50 Carlton Street, Toronto, Ontario, Canada, for the following purposes:

1. to receive the consolidated financial statements for the financial year ended December 31, 2016, and the auditor's report thereon;
2. to elect the directors (see "Election of the Board of Directors" in the Management Proxy Circular for additional details);
3. to appoint the auditor and to authorize the directors to fix the auditor's remuneration (see "Appointment of the Auditor" in the Management Proxy Circular for additional details); and
4. to transact such other business as may properly be brought before the Annual Meeting or any adjournment or postponement thereof.

Only shareholders of record at the close of business on March 14, 2017 will be entitled to vote at the Annual Meeting.

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

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.

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

Dated at Toronto, Ontario, this 27th day of March, 2017.

BY ORDER OF THE BOARD OF DIRECTORS,

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

1 About the Meeting

VOTING INFORMATION

ABOUT THIS CIRCULAR AND RELATED PROXY MATERIALS

We are providing you with this Management Proxy Circular (the "Circular") and other proxy materials in connection with the 2017 Annual Meeting of Shareholders (the "Meeting") of Loblaw Companies Limited (the "Corporation") to be held on Thursday, May 4, 2017, at 11:00 a.m. (Toronto time) at the Mattamy Athletic Centre, 50 Carlton Street, Toronto, Ontario, Canada.

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

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

Unless otherwise indicated, the information contained in this Circular is given as of March 14, 2017 and all dollar amounts used are in Canadian dollars.

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 auditor and authorization of the directors to fix the 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, 2017, 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 through which you own your Common Shares.

The Corporation distributes copies of the proxy-related materials in connection with the Meeting to intermediaries so that they may distribute the materials to the non-registered shareholders. Intermediaries often forward the materials to non-registered shareholders through a service company (such as Broadridge Investor Communications Corporation). The Corporation pays for an intermediary to deliver the proxy-related materials to all non-registered shareholders.

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

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

1. **Voting at the Meeting**

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

2. **Voting by Proxy**

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

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

You may authorize the management representatives named in the enclosed proxy form to vote your Common Shares, or **you may appoint another person or company to be your proxyholder.** The names already inserted on the form of proxy are Galen G. Weston, Chairman and Chief Executive Officer, and Gordon A. M. Currie, Executive Vice President, Chief Legal Officer & Secretary of the Corporation. Unless you choose another person or company to be your proxyholder, you are giving these persons the authority to vote your Common Shares at the Meeting.

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

Please note that in order for your vote to be recorded, your proxy must be received by Computershare at 100 University Avenue, 8^{th} Floor, Toronto, Ontario, M5J 2Y1 or online by no later than 5:00 p.m. (Toronto time) on May 2, 2017, 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 auditor of the Corporation and the authorization of the directors to fix the 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.

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 2, 2017, or two business days before any adjourned or postponed Meeting is reconvened;
- you (or your attorney, if authorized in writing) may sign a written notice of revocation addressed to the Secretary of the Corporation and deposited at the registered office of Computershare at any time up to and including the last business day preceding the day of the Meeting or any reconvening of an adjourned or postponed Meeting, at which the proxy is to be used; or
- you (or your attorney, if authorized in writing) may sign a written notice of revocation and deliver it to the Chair of the Meeting on the day of the Meeting or the reconvening of an adjourned or postponed Meeting, at which the proxy is to be used.

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

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

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

GENERAL INFORMATION

Q: How many shares are entitled to be voted?

A: As of March 14, 2017, there were 400,901,510 Common Shares outstanding. Each Common Share is entitled to one vote on each matter to be voted upon at the Meeting.

Q: Who counts the vote?

A: Votes cast in advance by way of proxy and, for any matter for which a vote is taken at the Meeting by ballot, the votes cast regarding such matter, will be counted by representatives of Computershare who will be appointed as scrutineers at the Meeting.

Q: Who is soliciting my proxy?

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

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

Q: Can I access the annual disclosure documents electronically?

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

Q: Who do I contact if I have questions?

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

SHARE CAPITAL AND PRINCIPAL SHAREHOLDER

As of March 14, 2017, the record date for the Meeting, there were 400,901,510 Common Shares issued and outstanding. George Weston Limited ("Weston") beneficially owned, directly and indirectly, a total of 187,815,136 Common Shares, representing approximately 47% of the then outstanding Common Shares. Weston is controlled by Mr. W. Galen Weston. As of March 14, 2017, Mr. W. Galen Weston also beneficially owned 5,096,189 Common Shares, representing approximately 1.27% of the outstanding Common Shares. To the knowledge of the Corporation, no other person beneficially owns, directly or indirectly, or exercises control or direction over, 10% or more of the outstanding Common Shares.

BUSINESS TO BE TRANSACTED AT THE MEETING

The following business will be transacted at the Meeting:

1. **RECEIVE THE FINANCIAL STATEMENTS**
   - Management will present the annual audited consolidated financial statements at the Meeting and shareholders or their proxyholders will be given an opportunity to discuss the financial results with management.
2. **ELECTION OF THE BOARD OF DIRECTORS**
   - 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 AUDITOR**
   - The Board, on the advice of its Audit Committee, recommends the re-appointment of KPMG LLP as the Corporation's auditor. Shareholders or their proxyholders will vote on the re-appointment of the auditor and the authorization of the Board to fix the auditor's remuneration.

RECEIVE THE FINANCIAL STATEMENTS

The Corporation's audited consolidated financial statements and management's discussion and analysis for the year ended December 31, 2016 together with the auditor's report thereon will be placed before the shareholders at the Meeting. These documents are included in the Corporation's 2016 Annual Report. Copies of the 2016 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 2016 Annual Report in English or French is also available under the Corporation's SEDAR profile at www.sedar.com or on the Corporation's website at www.loblaw.ca.

ELECTION OF THE BOARD OF DIRECTORS

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

The director nominee profiles, starting on page 8, tell you about each director's experience and other important information to consider, including how much equity they own in the Corporation and any other public company boards they sit on. Our director nominees have been selected based on their sound leadership and professional reputation and their collective ability to address the broad range of issues the Board considers when overseeing the Corporation's business and affairs. As a group, the director nominees complement each other in respect of their respective skills and experiences and diversity of perspectives.

Independence

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

Skills

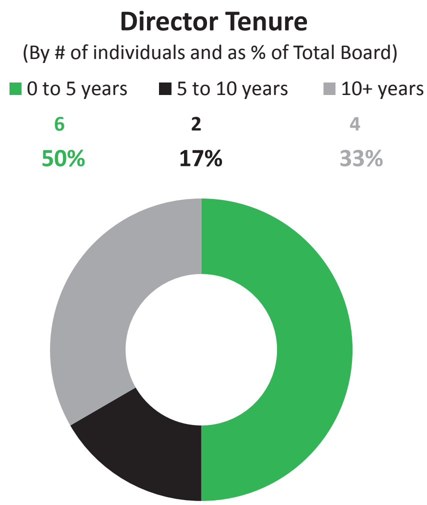
Each director has a wealth of experience in leadership, governance and strategic planning and collectively they possess the skills and expertise that enable the Board to carry out its responsibilities. The skills matrix set out below is used to assess the Board's overall strengths and to assist in the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

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

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

Tenure and Gender Diversity

The Board has a diversity policy and a tenure policy. The tenure policy provides that the Chairman and the Governance, Employee Development, Nominating and Compensation Committee (the "Governance Committee") will undertake an assessment of a director's continued participation on the Board upon reaching the age of 75 or a change in principal occupation, whichever occurs first. The average tenure of the director nominees is 6 years. The following diagram shows director tenure broken down by the applicable time periods set out below:



The Board believes that these tenure statistics, and the high calibre of the director nominee, Mr. Scott B. Bonham, who is standing for election for the first time, and those directors who joined the Board in the past several years, demonstrate that the Board's renewal process is working effectively.

The board diversity policy has a target that women and men each comprise at least 30% of the Board's directors. This year, 42% of the director nominees are female. Further details on the Board's tenure policy and diversity policy can be found at pages 22 and 23 of this Circular.

Majority Voting

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

Voting Results from the 2016 Annual Meeting of Shareholders

In 2016, each director who stood for election at the Annual Meeting of Shareholders received votes in favour from at least 97% of the votes cast. Below are the voting results for the election of directors at the Corporation's Annual Meeting of Shareholders held on May 5, 2016:

Name of Nominee	Votes For		Votes Withheld	
Stephen E. Bachand(1)	350,915,572	99.58%	1,481,508	0.42%
Paul M. Beeston	351,855,840	99.85%	541,240	0.15%
Paviter S. Binning(1)	349,619,868	99.21%	2,777,212	0.79%
Warren Bryant	352,341,909	99.98%	55,171	0.02%
Christie J.B. Clark	352,159,848	99.93%	237,232	0.07%
M. Marianne Harris	352,348,341	99.99%	48,739	0.01%
Claudia Kotchka	352,341,005	99.98%	56,075	0.02%
John S. Lacey	351,931,727	99.87%	465,353	0.13%
Nancy H.O. Lockhart	350,736,000	99.53%	1,661,080	0.47%
Thomas C. O'Neill	348,074,262	98.77%	4,322,818	1.23%
Beth Pritchard	352,329,737	99.98%	67,343	0.02%
Sarah Raiss	350,976,867	99.60%	1,420,213	0.40%
Galen G. Weston	344,777,185	97.84%	7,619,895	2.16%

(1) Messrs. Bachand and Binning are not standing for re-election at the Annual Meeting on May 4, 2017.

Board Interlock Policy

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

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 2016 and 2015 equity holdings of each director nominee in the Corporation as of March 14, 2017 and March 14, 2016, 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:

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

Age 71

Loblaw Board Details:
Director since 2005
Independent

Mr. Beeston, a corporate director, is the former President and Chief Executive Officer of the Toronto Blue Jays Baseball Team. He is also a former President and Chief Executive Officer of Major League Baseball.

Mr. Beeston graduated from the University of Western Ontario with a B.A., received an Honorary LL.D. from the University of Western Ontario and an Honorary Doctor of Social Sciences from Niagara University. He is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

Mr. Beeston is a director of President's Choice Bank (a subsidiary of the Corporation). In addition to his public board membership listed below, he is a member of the Executive Committee of the National Baseball Hall of Fame in Cooperstown, New York. Mr. Beeston is the former Chairman of the Centre for Addiction and Mental Health. Mr. Beeston is also a former director of Newport Partners Income Fund.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
		#	%	Year	Amount
Board	8/8	13/13	100%	2016	$238,500
Audit Committee	5/5			2015	$182,500

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 Satisfies Share Ownership Guidelines
2016	7,900	42,368	50,268	$3,544,899	$700,000	Yes
2015	7,900	39,165	47,065	$3,341,615		

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

Scott B. Bonham
Atherton, California, United States

Age 55

Loblaw Board Details:
Director since 2016
Independent

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

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

In addition to the public board memberships below, Mr. Bonham is a board member of the C100 Association, an association that connects Canadian entrepreneurs and companies with its Silicon Valley network, and the DenmarkBridge.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
		#	%	Year	Amount
Board	2/2	3/3	100%	2016	$47,450
Audit Committee	1/1			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 Satisfies Share Ownership Guidelines
2016	—	672	672	$47,389	$700,000	Yes[3]
2015	—	—	—	—		

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

Warren Bryant
Bellevue, Washington,
United States

Age 71

Loblaw Board Details:
Director since 2013
Independent

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

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

In addition to his public board memberships listed below, Mr. Bryant is a member of the Executive Advisory Committee for the Portland State University Food Industry Leadership Center. Mr. Bryant is a former Chairman of the Board of Directors and was a member of the Board Executive Committee for the National Association of Chain Drug Stores (NACDS). Mr. Bryant is a former member of the Board of Directors for the California Governor's Council on Physical Fitness and Sports. Mr. Bryant is also a former director of Longs Drug Stores.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
Board	8/8	#	%	Year	Amount
Audit Committee	5/5	16/16	100%	2016	$209,050
Environmental, Health and Safety Committee	3/3			2015	$197,500
Governance Committee	—				

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	Total Market Value of Common Shares and DSUs[2][4]	Minimum Equity Ownership	In Progress or Satisfies Share Ownership Guidelines
2016	—	11,704	11,704	$1,675,502	$700,000	Yes
2015	—	8,572	8,572	$1,447,157		

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

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

Age 63

Loblaw Board Details:
Director since 2011
Independent

Mr. Clark, a corporate director, is a former Chief Executive Officer and senior partner of PricewaterhouseCoopers LLP from 2005 to 2011. Prior to being elected as Chief Executive Officer, Mr. Clark was a National Managing Partner and a member of the firm's Executive Committee from 2001 to 2005.

Mr. Clark graduated from Queen's University with a B.Comm. and the University of Toronto with an M.B.A. He is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant.

In addition to his public board memberships listed below, Mr. Clark is a member of the Board of the Canadian Olympic Committee and a member of the Advisory Council of The Stephen J.R. Smith School of Business at Queen's University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
Board	8/8	#	%	Year	Amount
Audit Committee (Chair)	5/5	16/16	100%	2016	$331,763
Pension Committee	3/3			2015	$328,500

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 Satisfies Share Ownership Guidelines
2016	18,078	1,508	19,586	$1,381,205	$700,000	Yes
2015	18,078	—	18,078	$1,283,538		

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

M. Marianne Harris
Toronto, Ontario, Canada

Age 59

Loblaw Board Details:
Director since 2016
Independent

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

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

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

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received(1)	
		#	%	Year	Amount
Board	4/4	6/6	100%	2016	$115,888
Audit Committee	2/2			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 Satisfies Share Ownership Guidelines
2016	2,337	1,690	4,027	$283,984	$700,000	Yes(5)
2015	2,330	—	2,330	$165,430		

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

Claudia Kotchka
Cincinnati, Ohio,
United States

Age 65

Loblaw Board Details:
Director since 2016
Independent

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

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

Ms. Kotchka serves on the board of the American Red Cross, Greater Miami and the Keys. Ms. Kotchka is a former Trustee of the Cooper Hewitt Smithsonian Design Museum. Ms. Kotchka is also a regular guest lecturer on innovation at Stanford University and has also been named an IDEO Fellow.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received(1)	
		#	%	Year	Amount
Board	4/4	5/5	100%	2016	$115,888
Environmental, Health and Safety Committee	1/1			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 Satisfies Share Ownership Guidelines
2016	—	1,690	1,690	$119,179	$700,000	Yes(5)
2015	—	—	—	—		

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

John S. Lacey
Toronto, Ontario, Canada

Age 73

Loblaw Board Details:
Director since 2007
Non-Independent

Mr. Lacey is the Lead Director of the Board of Brookfield Business Partners L.P. He also provides advisory services to the Corporation and Weston. Mr. Lacey is a former Chairman of Alderwoods Group, Inc., an organization operating funeral homes in North America and former President and Chief Executive Officer of the Oshawa Group (now part of Sobeys Inc.).

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

In addition to his public board memberships listed below, Mr. Lacey is also Chairman of Doncaster Consolidated Ltd.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received(1)	
		#	%	Year	Amount
Board	8/8				
Pension Committee (Chair)	4/4	12/12	100%	2016	$190,000
				2015	$190,000

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 Satisfies Share Ownership Guidelines
2016	16,145	31,536	47,681	$3,362,464	$700,000	Yes
2015	16,145	28,385	44,530	$3,161,630		

CURRENT PUBLIC BOARD MEMBERSHIPS		Public Board Interlocks: Directors	Public Board Interlocks: Boards
Brookfield Business Partners L.P.	2015 to present	—	—
TELUS Corporation	2000 to present		
PAST PUBLIC BOARD MEMBERSHIPS (LAST FIVE YEARS)			
Ainsworth Lumber Co. Ltd.	2008 to 2015		
George Weston Limited	2009 to 2016		

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

Age 62

Loblaw Board Details:
Director since 2005
Independent

Ms. Lockhart, a corporate director, is the former Chief Administrative Officer of Frum Development Group and a former Vice President of Shoppers Drug Mart Corporation.

In addition to her public board memberships below, Ms. Lockhart is a director of the Centre for Addiction and Mental Health Foundation, Loran Scholars Foundation, The Royal Conservatory of Music and a member of the Sotheby's Canada Advisory Board. Ms. Lockhart is also Chair of the Crow's Theatre Company. She is a former Chair of the Ontario Science Centre, former President of the Canadian Club of Toronto and a former Chair of the Canadian Film Centre. Ms. Lockhart is also a former director of the Canada Deposit Insurance Corporation.

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

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received(1)	
		#	%	Year	Amount
Board	8/8				
Environmental, Health and Safety Committee (Chair)	3/3	15/15	100%	2016	$197,500
Governance Committee	4/4			2015	$197,500

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 Satisfies Share Ownership Guidelines
2016	750	44,450	45,200	$3,187,504	$700,000	Yes
2015	750	41,004	41,754	$2,964,534		

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

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

Age 72

Loblaw Board Details:
Lead Director
Director since 2003
Independent

Mr. O'Neill, a corporate director, is Chairman of The Bank of Nova Scotia. He is also the retired Chairman of BCE Inc. and PricewaterhouseCoopers Consulting. Mr. O'Neill was previously Chief Executive Officer, and prior to that, Chief Operating Officer of PricewaterhouseCoopers LLP.

Mr. O'Neill graduated from Queen's University with a B.Comm. and is a Fellow Chartered Accountant and a Fellow Chartered Professional Accountant. Mr. O'Neill received an Honorary LL.D. from Queen's University and is a Fellow of the Institute of Corporate Directors. Mr. O'Neill also received the ICAO Award of Outstanding Merit, the highest honour from CPA Ontario.

In addition to his public company board memberships listed below, Mr. O'Neill also serves as Chair of St. Michael's Hospital, is a member of the Advisory Board of The Stephen J.R. Smith School of Business at Queen's University and is a former Vice-Chair of the Board of Trustees of Queen's University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
Board	8/8	#	%	Year	Amount
Governance Committee (Chair)	4/4	12/12	100%	2016	$271,500
				2015	$277,500

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 Satisfies Share Ownership Guidelines
2016	3,703	36,075	39,778	$2,805,145	$700,000	Yes
2015	3,703	31,702	35,405	$2,513,755		

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

Beth Pritchard
New Albany, Ohio,
United States

Age 70

Loblaw Board Details:
Director since 2014
Independent

Ms. Pritchard is a Principal and Strategic Advisor for Sunrise Beauty Studio, LLC. Ms. Pritchard formerly served as the North American Advisor to M.H. Alshaya Co., a diverse franchisee group based in the Middle East. Prior to that, Ms. Pritchard was the President and Chief Executive Officer and Vice Chairman of Dean & DeLuca, Inc., President and Chief Executive Officer of Bath & Body Works and Chief Executive Officer of Victoria's Secret Beauty.

Ms. Pritchard has a B.A., International Relations from the University of Wisconsin-Milwaukee and an M.B.A. from Marquette University.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received[1]	
Board	8/8	#	%	Year	Amount
Environmental, Health and Safety Committee	2/3	10/11	91%	2016	$182,500
				2015	$182,500

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 Satisfies Share Ownership Guidelines
2016	—	12,179	12,179	$858,863	$700,000	Yes
2015	—	9,416	9,416	$668,536		

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

Sarah Raiss
Calgary, Alberta, Canada

Age 59

Loblaw Board Details:
Director since 2014
Independent

Ms. Raiss, a corporate director, formerly held senior positions at TransCanada Corporation, including Executive Vice President of Corporate Services.

Ms. Raiss has a B.S. in Applied Math and an M.B.A. from the University of Michigan. She also has an Institute of Corporate Directors' ICD.D certification.

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

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received(1)	
Board	8/8	#	%	Year	Amount
Governance Committee	4/4	15/15	100%	2016	$187,263
Pension Committee	3/3			2015	$182,500

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 Satisfies Share Ownership Guidelines
2016	907	25,173	26,080	$1,839,162	$700,000	Yes
2015	907	22,154	23,061	$1,637,331		

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

Galen G. Weston
Toronto, Ontario, Canada

Age 44

Loblaw Board Details:
Director since 2006
Non-Independent

Mr. Weston is Chairman and Chief Executive Officer of the Corporation and George Weston Limited. He is the former Executive Chairman and President of the Corporation. He previously held several senior executive positions with the Corporation and its subsidiaries. Prior to joining the Corporation, he was an investment banking analyst for Salomon Brothers in the U.K.

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

Mr. Weston is Chairman and a trustee of the Corporation's subsidiary, Choice Properties Real Estate Investment Trust, Chairman and director of President's Choice Bank and a director of Wittington Investments, Limited. Mr. Weston has announced his intention not to stand for re-election as a trustee of Choice Properties Real Estate Investment Trust at its upcoming annual meeting.

BOARD/COMMITTEE MEMBERSHIP	Attendance	Attendance Total		Director Fees Received(1)	
Board	8/8	#	%	Year	Amount
		8/8	100%	2016	$138,000(6)
				2015	$134,000(6)

EQUITY OWNERSHIP Year	Common Shares	DSUs	Total Common Shares and DSUs	
2016	315,860	—	315,860	The value of Mr. Weston's current eligible holdings is $51,712,299. Mr. Weston satisfies the Executive Share Ownership Guidelines. For details relating to his equity-based share ownership as an executive, please see the table on page 45.
2015	290,000	—	290,000	

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

(1) "Director Fees Received" includes compensation received as a director of the Corporation and its subsidiaries. Directors who are members of management do not receive any remuneration for their role as directors of the Corporation. Mr. Weston did not receive any remuneration for his role as a director of the Corporation, but he did receive $138,000 as the Chairman of Choice Properties REIT, a subsidiary of the Corporation.
(2) "Total Market Value of Common Shares and DSUs" for non-management directors is calculated for 2016 based on the closing price of the Common Shares on the TSX on March 14, 2017, which was $70.52, and for 2015 based on the closing price of the Common Shares on the TSX on March 14, 2016, which was $71.00.
(3) Mr. Bonham joined the Board in 2016 and has five years to satisfy the Director Share Ownership Guidelines.
(4) Mr. Bryant served as a director of Weston between 2010 and 2013. Pursuant to the Director Share Ownership Guidelines, Mr. Bryant's Weston holdings count towards his minimum equity ownership in the Corporation. Mr. Bryant held 7,483 Weston DSUs in 2015 with a value of $838,545 based on the March 14, 2016 Weston common share price of $112.06 and 7,600 Weston DSUs in 2016 with a value of $850,136 based on the March 14, 2017 Weston common share price of $111.86.
(5) Mses. Harris and Kotchka will each have four years to satisfy the Director Share Ownership Guidelines.
(6) Reflects compensation Mr. Weston received for his role as Chairman of Choice Properties REIT, a subsidiary of the Corporation.

Meeting Attendance

The following table provides a summary of each director's attendance at Board and committee meetings in 2016:

Name	Board (8 meetings)	Audit Committee (5 meetings)	Environmental, Health and Safety Committee (3 meetings)	Governance Committee (4 meetings)	Pension Committee (4 meetings)	Overall Attendance (#)	Overall Attendance (%)
Stephen E. Bachand(1)	6/6	—	—	3/3	—	9/9	100%
Paul M. Beeston	8/8	5/5	—	—	—	13/13	100%
Paviter S. Binning	8/8	—	—	—	—	8/8	100%
Scott B. Bonham(2)	2/2	1/1	—	—	—	3/3	100%
Warren Bryant(3)	8/8	5/5	3/3	—	—	16/16	100%
Christie J.B. Clark(4)	8/8	5/5	—	—	3/3	16/16	100%
M. Marianne Harris(5)	4/4	2/2	—	—	—	6/6	100%
Holger Kluge(6)	4/4	3/3	—	—	1/1	8/8	100%
Claudia Kotchka(7)	4/4	—	1/1	—	—	5/5	100%
John S. Lacey	8/8	—	—	—	4/4	12/12	100%
Nancy H.O. Lockhart	8/8	—	3/3	4/4	—	15/15	100%
Thomas C. O'Neill	8/8	—	—	4/4	—	12/12	100%
Beth Pritchard	8/8	—	2/3	—	—	10/11	91%
Sarah Raiss(4)	8/8	—	—	4/4	3/3	15/15	100%
Galen G. Weston	8/8	—	—	—	—	8/8	100%
Total	**100%**	**100%**	**90%**	**100%**	**100%**		**99%**

(1) Mr. Bachand retired from the Board on August 15, 2016.
(2) Mr. Bonham was appointed to the Board on October 4, 2016.
(3) Mr. Bryant was appointed to the Governance Committee on November 15, 2016.
(4) Mr. Clark and Ms. Raiss were appointed to the Pension Committee on May 5, 2016.
(5) Ms. Harris was elected to the Board on May 5, 2016.
(6) Mr. Kluge retired from the Board on May 4, 2016.
(7) Ms. Kotchka was elected to the Board on May 5, 2016.

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 satisfy the Director Share Ownership Guidelines, after which a director has the option to receive up to 50% of all fees in cash, with the balance required to be taken in DSUs. Directors who are employees of the Corporation receive no additional compensation for services as a director.

Director Deferred Share Unit Plan

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

Director Share Ownership Guidelines

The 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 2016. 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 satisfy 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. For the status of each director nominee under the Director Share Ownership Guidelines, see their profiles on pages 8 to 13 of the Circular. Management directors are not subject to the Director Share Ownership Guidelines but instead must satisfy the Executive Share Ownership Guidelines described on page 45.

Director Compensation Review

The Board, through the Governance Committee, is responsible for reviewing and approving any changes to the directors' compensation arrangements.

Following a comprehensive review of director compensation in 2014, the Board, on the recommendation of the Governance Committee, approved the following changes to director compensation effective January 1, 2015:

- the annual base retainer of $175,000;
- the elimination of meeting fees;
- committee membership fees of $7,500;
- Pension Committee Chair of $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 was increased to $700,000 in 2015.

The changes to director compensation effective January 1, 2015 were designed to position director pay slightly below the median of the comparator group previously disclosed in last year's management proxy circular. 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 solely by the number of meetings attended, but rather by the director's contribution both in meetings and otherwise. The increase in the annual base retainer was to offset the elimination of meeting fees.

The Governance Committee reviewed the compensation paid to directors in 2016 and determined that no changes were required.

2016 Director Compensation Amounts

A summary of the 2016 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)
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 satisfy the Director Share Ownership Guidelines after which a director has the option to receive up to 50% of all fees in cash with the balance required to be taken in DSUs.
(2) Includes fees received as a committee member.

Mr. Weston did not receive any remuneration for his role as a director of the Corporation, but he did receive $138,000 for his role as the Chairman of the board of trustees of Choice Properties REIT, a subsidiary of the Corporation. The details of Mr. Weston's executive compensation are set out in the Compensation Discussion and Analysis. If elected, Mr. Weston will not receive any remuneration in 2017 for his role as director of the Corporation.

Mr. Binning is the former President and CEO of Weston and as such did not receive any remuneration for his role as a director of the Corporation or President's Choice Bank. The details of Mr. Binning's executive compensation are set out in the Weston Management Proxy Circular available at www.sedar.com.

2016 Director Compensation Table

The following table sets out the compensation elements and total compensation earned by each non-management director in 2016 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 (%)
Stephen E. Bachand(3)	110,250	-	4,725	114,975	-	114,975	-	114,975	100% DSUs
Paul M. Beeston	175,000	-	7,500	182,500	56,000 (4)	238,500	-	182,500	100% DSUs
Scott B. Bonham(5)	45,500	-	1,950 (6)	47,450	-	47,450	-	47,450	100% DSUs
Warren Bryant	175,000	-	34,050 (7) (8)	209,050	-	209,050	-	209,050	100% DSUs
Christie J.B. Clark	175,000	30,000	4,763 (9)	209,763	122,000 (10)	331,763	104,882	104,881	50% DSUs
M. Marianne Harris(11)	111,125	-	4,763	115,888	-	115,888	-	115,888	100% DSUs
Holger Kluge(11)	63,875	-	5,475	69,350	-	69,350	-	69,350	100% DSUs
Claudia Kotchka(11)	111,125	-	4,763	115,888	-	115,888	-	115,888	100% DSUs
John S. Lacey	175,000	15,000	-	190,000	200,000 (12)	390,000	-	190,000	100% DSUs
Nancy H.O. Lockhart	175,000	15,000	7,500	197,500	-	197,500	-	197,500	100% DSUs
Thomas C. O'Neill	175,000	96,500 (8)	-	271,500	-	271,500	-	271,500	100% DSUs
Beth Pritchard	175,000	-	7,500	182,500	-	182,500	-	182,500	100% DSUs
Sarah Raiss	175,000	-	12,263 (9)	187,263	-	187,263	-	187,263	100% DSUs
Total ($)	**1,841,875**	**156,500**	**95,252**	**2,093,627**	**378,000**	**2,471,627**	**104,882**	**1,988,745**	

(1) In 2016, directors were required to take 100% of their board retainer and committee fees in DSUs until they satisfied the Director Share Ownership Guidelines, after which they could elect to receive up to 50% of their total fees in cash, with the balance required to be taken in DSUs.
(2) In accordance with the DSU Plan, amounts reflect the grant date fair value of DSUs based on the volume-weighted average trading price of the Common Shares on the TSX for the five trading days prior to the date of the grant. As well, additional DSUs are accumulated based on notional equivalents of dividends paid on Common Shares throughout the year. These notional equivalents of dividends are not included in the table.
(3) Mr. Bachand retired from the Board effective August 15, 2016.
(4) Includes the fees that Mr. Beeston received for his role as a director and Chair (as applicable) of the Audit, Risk, Conduct Review and Governance Committees of President's Choice Bank, a subsidiary of the Corporation.
(5) Mr. Bonham was appointed to the Board effective October 4, 2016.
(6) Includes fees that Mr. Bonham received as a member of the Audit Committee effective October 4, 2016.
(7) Includes fees that Mr. Bryant received as a member of the Governance Committee effective November 15, 2016.
(8) Includes fees received for attendance at other meetings of a Board committee.
(9) Includes fees that Mr. Clark and Ms. Raiss received as members of the Pension Committee effective May 5, 2016.

(10) Includes the fees that Mr. Clark received for his role as a trustee of Choice Properties REIT, a subsidiary of the Corporation.
(11) Mses. Harris and Kotchka were elected to the Board effective May 5, 2016 and Mr. Kluge retired from the Board effective May 4, 2016.
(12) Mr. Lacey received $200,000 in fees from the Corporation for providing advisory services.

Outstanding Share-Based Awards

The following table sets forth the value of all share-based awards granted by the Corporation to non-management directors that were outstanding as at January 3, 2017:

ABOUT THE MEETING

Name of Participant	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested ($)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)[1]
Paul M. Beeston	—	—	2,999,231
Scott B. Bonham	—	—	47,571
Warren Bryant[2]	—	—	828,526
Christie J.B. Clark[3]	—	—	106,751
M. Marianne Harris	—	—	119,635
Holger Kluge[4]	—	—	1,668,662
Claudia Kotchka	—	—	119,635
John S. Lacey	—	—	2,232,433
Nancy H.O. Lockhart	—	—	3,146,616
Thomas C. O'Neill	—	—	2,553,749
Beth Pritchard	—	—	862,151
Sarah Raiss	—	—	1,781,997

(1) The value of the outstanding DSUs held by the directors is based on the closing price of the Common Shares on the TSX on January 3, 2017, which was $70.79, multiplied by the number of outstanding DSUs. The values also include additional DSUs which were accumulated based on notional equivalents of dividends paid on Common Shares.
(2) Mr. Bryant also holds 7,600 Weston DSUs. Based on the closing price of Weston common shares on the TSX on January 3, 2017 of $113.60, these DSUs had a value of $863,360.
(3) Mr. Clark also holds 4,656 Choice Properties REIT deferred units. Based on the closing price of Choice Properties REIT trust units on the TSX on January 3, 2017 of $13.31, these Choice Properties REIT deferred units had a value of $61,971.
(4) Mr. Kluge retired from the Board on May 4, 2016.

APPOINTMENT OF THE AUDITOR

Appointment of the Auditor

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

Audit and Other Service Fees

The Audit Committee oversees the fees paid to the independent auditor, KPMG LLP, for audit and non-audit services. The following table sets forth the aggregate fees billed for professional services rendered by KPMG LLP, for the fiscal years 2016 and 2015, respectively:

	2016 $(000's)	2015 $(000's)
Audit fees(1)	5,640	6,006
Audit-related fees(2)	1,520	710
Tax-related fees(3)	98	79
All other fees(4)	229	85
Total Fees	$7,487	$6,880

(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 Choice Properties REIT and President's Choice Bank (each a subsidiary of Loblaw). Audit fees also include fees for services related to the review of quarterly reports, auditor involvement with securities filings, audit procedures performed relating to Loblaw's IT system conversion, and the interpretation of accounting and financial reporting standards.

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

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

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

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

AUDIT COMMITTEE





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

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

Each year, the Audit Committee reviews and evaluates the qualifications, performance and independence of the auditor and recommends the auditor to the Board for appointment by the shareholders. The Chair of the Audit Committee is involved in the selection process for the Lead Audit Partner. 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

2016 Highlights:

- ✓ Oversaw the creation of a policy regarding the use and presentation of non-GAAP financial measures in the Corporation's public disclosure of its financial results
- ✓ Oversaw the creation of a management Cyber-Security Committee and received periodic reports from the Committee on the Corporation's preparedness and risk mitigation strategies
- ✓ Supervised the Corporation's Enterprise Risk Assessment and Enterprise Risk Management programs and reviewed key risks facing the Corporation and how those risks are being managed

Overview

The Audit Committee meets at least once every quarter. Activities reviewed are based on our mandate and work plan. At each meeting, the Audit Committee typically meets separately *in-camera* with the Chief Financial Officer, representatives of the internal audit group and the external auditor. In addition, it holds an *in-camera* session without management present at each meeting. The Audit Committee met five times in 2016.

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

The Audit Committee approved its mandate in 2016 and it is available at www.loblaw.ca. We are satisfied that the Audit Committee fulfilled its responsibilities in 2016.

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, 2016 and the interim quarters. We also reviewed the auditor's reports thereon and heard directly from the auditor on key risk areas. This review is to provide reasonable assurance that the Corporation's financial reporting is completed and fairly presented in all material respects, and that the accounting principles used to prepare its financial statements are appropriate, in particular where judgments, estimates, and risks are involved. This review is also to ensure that adequate disclosure of material issues has been provided. The Audit Committee also carefully assessed the use of non-GAAP financial measures and their presentation within the financial documents. Based on the considerations above, we recommended to the Board that the Corporation's annual audited consolidated financial statements be approved and released on February 23, 2017.

Internal and External Auditor

Throughout the year, the Chair of the Audit Committee met regularly with the external auditor, representatives of the internal audit group and senior members of the Corporation's financial reporting group. In 2016, the Committee reviewed and approved the annual audit plan of the internal audit group and the external auditor and received regular reports from internal audit. In addition, we received reports on key audit issues at the Corporation from the external auditor.

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 the shareholders the appointment of KPMG LLP as auditor of the Corporation.

Enterprise Risk Management

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

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 types of risks the Corporation is exposed to include: strategic; financial; operational; regulatory; human capital; and reputational risks. Management periodically provides an update to the Audit Committee on the status of the key risks, anticipated impacts in future quarters, and significant changes in key risk indicators.

The Audit Committee also received regular reports from management's Cyber-Security Committee, mandated to oversee systems, policies, controls and procedures related to mitigating cyber-security risks. In addition, we received reports on shrink, inventory management and loss prevention.

Legal and Regulatory

The Audit Committee has stayed abreast of a number of key industry issues, including privacy, cyber-security and information security. Throughout 2016, we also reviewed updates on compliance matters relating to financial reporting and updates on material legislative and regulatory developments, material litigation, regulatory filings, and material transactions with related parties.

Respectfully submitted,

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

For additional information regarding each member of the Audit Committee, please see pages 8 through 13. For additional information regarding the activities of the Audit Committee, see the Corporation's Statement of Corporate Governance Practices on pages 57 through 63.

2 Governance

CORPORATE GOVERNANCE

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

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

The Governance Committee assists the Board with overseeing the design of the Corporation’s executive compensation programs, including its incentive programs and the individual compensation of the named executive officers (the “NEOs”) identified on page 28. The Governance Committee is also responsible for overseeing talent management and succession planning for the Corporation’s senior executive positions.

In addition, the Governance Committee’s responsibilities include overseeing the Corporation’s regulatory compliance function, monitoring the orientation program for new directors and continuing education for all directors, and overseeing the process for assessing the performance of the Board, its committees and individual directors.

The members of the Governance Committee are Thomas C. O’Neill (Chair), Warren Bryant, Nancy H.O. Lockhart and Sarah Raiss. All current members of the Governance Committee are independent directors.

For additional information regarding the activities of the Governance Committee, see the Corporation's Statement of Corporate Governance Practices on pages 57 through 63.

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, in most cases, served as directors of other publicly traded companies. The chart below sets out the relevant experience of each member of the Governance Committee:

Name of Member	Experience in Governance and Executive Compensation
Warren Bryant	• Executive experience as former Chairman, President and Chief Executive Officer of Longs Drug Stores • Executive experience at Kroger Co. • Former Chair of the Governance Committee of Office Depot (then Office Max) • Member of Dollar General Corporation's Compensation Committee
Nancy H.O. Lockhart	• Executive experience as former Chief Administrative Officer of Frum Development Group and former Vice President of Shoppers Drug Mart Corporation • Former member of Retirement Residences Real Estate Investment Trust's Governance and Compensation Committee • Experience in human resource management, executive compensation and business leadership, including obtaining the Institute of Corporate Directors' ICD.D certification from the Rotman Directors Education Program • Chair of Atrium Mortgage Investment Corporation Nominating and Governance Committee • Member of Barrick Gold Corporation's Corporate Governance and Nominating Committee • Member of Gluskin Sheff & Associates Inc.'s Compensation, Nominating and Governance Committee
Thomas C. O'Neill	• Executive experience as former Chief Executive Officer and Chief Operating Officer of PricewaterhouseCoopers LLP and former Chairman of PricewaterhouseCoopers Consulting • Member of Adecco S.A.'s Nomination and Compensation Committee and Corporate Governance Committee • Member of The Bank of Nova Scotia's Human Resources Committee and its Corporate Governance and Pension Committee • Former member of Nexen Inc.'s Compensation Committee
Sarah Raiss	• Executive experience at TransCanada Corporation • Chair of the Compensation Committee and Member of the Nominating and Corporate Governance Committee of Commercial Metals Company • Member of the Governance and Human Resources Committee of Vermilion Energy Inc. • Member of the Compensation Committee, Ritchie Bros. Auctioneers (Canada) Ltd. • Former Chair and former member of the Governance and Nominations Committee of the Alberta Electric System Operator • Former Chair of the Corporate Governance and Human Resources Committee of Canadian Oil Sands Limited • Former member of the Human Resources and Compensation Committee of Shoppers Drug Mart Corporation • Former Chair of the Human Resource Committee and former member of the Governance and Nominating Committee at Business Development Bank of Canada

Board Succession Planning and Nomination Process

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

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

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

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

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

The Corporation is committed to an inclusive and diverse workplace. Three of 15 executive officer positions at the Corporation are women, representing 20% of the Corporation's executive officer positions, including Sarah R. Davis, the Corporation's President and Jocyanne Bourdeau, President of the Discount division. 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.

The Corporation is committed to being an organization with exceptional workplace diversity and inclusiveness programs and was recognized once again in 2016 as one of Canada's best diversity employers. The Corporation places great importance on creating a diverse workplace and has established a number of talent initiatives to support this objective, including mentoring and recruiting practices based on inclusion strategies and principles and maintaining an active Diversity and Inclusion Council. These programs were established to ensure that the Corporation's rich and diverse talent pool is supported and provided opportunities to grow careers to the highest levels within the organization.

GOVERNANCE COMMITTEE REPORT TO SHAREHOLDERS

Thomas C. O'Neill (Chair)

Warren Bryant

Nancy H.O. Lockhart

Sarah Raiss

2016 Highlights:

- ✓ Appointment of Sarah R. Davis as President of the Corporation
- ✓ Oversight of the Board succession plan
- ✓ Oversight of the creation of a Management Compliance Committee

Dear Shareholders:

On behalf of the Board, we are pleased to share with you some of our significant accomplishments in the past year:

Executive Talent Management and Succession Planning

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

In January 2017, the Corporation announced the appointment of Sarah R. Davis as President of the Corporation. Ms. Davis previously served as Chief Financial Officer and, most recently, Chief Administrative Officer of the Corporation.

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

Board Composition and Succession

The Governance Committee's focus is to maintain a strong, vibrant and engaged Board that understands the Corporation's businesses and the retail industry generally. One of the key areas of responsibility for the Governance Committee is succession planning for the Board. We assess and evaluate the effectiveness of the Board and identify areas where the Board may benefit from new directors with additional skills, experience and diverse backgrounds. The Board adopted a board diversity policy in 2015 and enhanced it in 2017 by adopting a 30% target that each gender will comprise at least 30% of the Board's directors. This year, we have again included in this Circular a skills matrix that the Governance Committee used as a tool in managing Board succession. This matrix was used to identify the skills, experience and expertise required on the Board.

We are very pleased that Scott B. Bonham was appointed to the Board in October 2016. Mr. Bonham brings strong experience in technology and finance to the Board.

We note as well that the list of director nominees for the upcoming Annual Meeting includes five women out of twelve director nominees, representing 42% of the Board's composition, and reflecting the Board's commitment to diversity.

The Governance Committee would like to thank Messrs. Bachand and Binning for their exemplary service to the Board. Mr. Bachand retired from the Board in 2016 after serving for seven years and we are grateful for his outstanding contributions to the Board during his tenure. Mr. Binning stepped down from the Board in January 2017, after serving for three years. Mr. Binning played a pivotal role in shaping the Corporation's strategic direction. On behalf of the Board, the Governance Committee would like to acknowledge each director for his dedicated service and contribution to the Corporation.

KEY PERFORMANCE HIGHLIGHTS IN 2016

The Board was pleased with the Corporation's financial performance in 2016, which was reflected in the NEOs' incentive payouts:

- The Corporation's STIP paid out at 100% of target for the applicable NEOs (excluding the individual performance components).
- The 2014 PSUs had a payout factor at 100% of target for the NEOs.

We have designed our 2017 compensation programs to be balanced and challenging with the aim of returning capital to shareholders while maximizing long-term value.

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 strive for executive compensation programs that are competitive with market and industry practices to enable the Corporation to attract, motivate and retain executives with the talent and experience to ensure that the Corporation meets its strategic and operational objectives.

Pay for performance is a cornerstone of the Corporation's compensation philosophy. The 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 and long-term incentive plans ("STIP" and "LTIP" respectively). In particular, we believe that the granting of performance share units ("PSUs") to all executives provides a strong link between pay and performance.

Executive compensation should align with the long-term interests of shareholders. We believe our STIP and LTIP programs accomplish this objective. The STIP is a balanced program comprised of different performance measures that focus executives on the key drivers of the business and value creation over both the short and long-term. The LTIP balances the use of (i) stock options, which align an executive's interest with shareholders in share price appreciation; (ii) restricted share units ("RSUs"), which serve as a key component in retaining executives; and (iii) PSUs, which focus executives on the delivery of key objectives set forth in the Corporation's strategic plan. The Corporation also expects executives to meet minimum share ownership guidelines that apply to executives at the senior vice president level and higher to reinforce the alignment between executive compensation and long-term shareholder interests.

Executive compensation programs should have flexibility to be tailored to business objectives. We believe that the Corporation's executive compensation programs should be flexible and adaptive to enterprise and divisional needs. For 2016, the Governance Committee approved enterprise consolidated performance measures under the STIP program to focus executives on driving performance across the Loblaw and SDM businesses.

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

Governance Practices

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

In 2016, the Governance Committee oversaw the creation of a Management Compliance Committee to enhance the Corporation's ability to manage regulatory compliance risks. The Corporation changed its approach to compliance by creating a Management Compliance Committee in the face of increasing complexity in our businesses and an evolving regulatory environment. The Management Compliance Committee is comprised of members of senior management who monitor key compliance matters at the Corporation. The Governance Committee, with oversight from the Board, receives regular reports from the Management Compliance Committees on compliance matters facing our businesses.

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

We work hard to have strong and practical governance systems in place. 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
Thomas C. O'Neill (Chair)
Warren Bryant
Nancy H.O. Lockhart
Sarah Raiss

For additional information regarding each member of the Governance Committee, please see pages 8 through 13. For additional information regarding the activities of the Governance Committee, see the Corporation's Statement of Corporate Governance Practices on pages 57 through 63.

3 Compensation Discussion and Analysis

TABLE OF CONTENTS

INTRODUCTION

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

For 2016, the NEOs were:

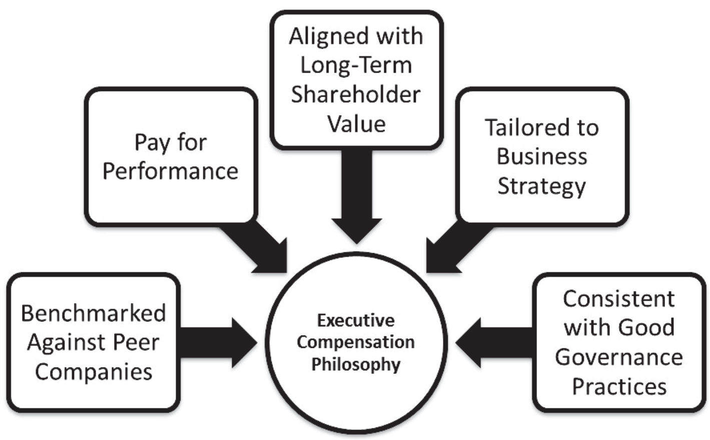
Name	Position
Galen G. Weston	Chairman and Chief Executive Officer (former Executive Chairman and President)
Sarah R. Davis	President (former Chief Administrative Officer)
Richard Dufresne	Chief Financial Officer
Michael Motz	President, SDM
Grant Froese	Chief Operating Officer

In January 2017, Ms. Davis was promoted to the position of President and Mr. Weston continued as Chairman and Chief Executive Officer.

After a distinguished 38-year career, Mr. Froese decided to retire from the Corporation effective April 14, 2017.

EXECUTIVE COMPENSATION PHILOSOPHY

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



1. **Benchmarked Against Peer Companies**

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

2. **Pay for Performance**

The Corporation structures its compensation programs to align executive compensation with the financial performance of the Corporation and the performance of its Common Shares. A significant portion of executive compensation is in the form of at-risk pay, namely STIP and LTIP compensation. This creates a performance-based corporate culture that rewards individual and team-based contributions to the achievement of the Corporation's goals and increases in shareholder value. The at-risk components (the STIP and LTIP awards) for the NEOs in 2016 ranged from 70.4% to 83.0% of their total compensation.

3. **Aligned with Long-Term Shareholder Value**

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

4. **Tailored to Business Strategy**

The Corporation believes that its executive compensation programs should be flexible in how the philosophy is applied to adapt to company and divisional needs. Incorporating appropriate flexibility into the design of the Corporation's incentive plans, such as in the design of performance measures in the STIP program, will drive alignment at enterprise and divisional levels to key business objectives.

5. **Consistent with Good Governance Practices**

The Corporation structures its executive compensation programs to reward senior executives for the execution of business strategies without taking unnecessary risk. In 2016, the Corporation's STIP and LTIP programs were comprised of multiple performance measures to reduce the risk of executives putting a disproportionate focus on a single performance measure. The Corporation's executive compensation programs demonstrate a commitment to sound business conduct, accountability and responsible decision-making.

EXECUTIVE COMPENSATION AND RISK MANAGEMENT

RISK MITIGATION PRACTICES

In designing its compensation programs, the Corporation strives to achieve an appropriate balance of risk and reward in relation to its overall business strategy. The Committee 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 restrictions and hedging prohibitions.

1. Incentive Plan Design

The Corporation's 2016 short and long-term incentive plans had a variety of performance measures, including share price appreciation, earnings, sales performance**,** achievement of synergies relating to the acquisition of SDM and return on capital. Using multiple performance measures requires that the operating results of the Corporation and its operating businesses outperform in all key metrics in order for executives to achieve the maximum compensation award. This balanced approach is intended to reduce the risk of a disproportionate focus by executives on any single aspect of the business for the sole purpose of increasing their compensation.

Short-term incentives are designed to focus executives on the key drivers of the operating businesses and on value creation over both the short and long-term and, as such, minimize the likelihood of inappropriate or excessive risk-taking. The Corporation's STIP has a maximum payout level that limits the amount that an executive can be paid.

As part of its annual review process, the Governance Committee reviews stress testing of the STIP design which illustrates the payouts under various performance scenarios. The stress testing on performance scenarios is intended to ensure that the performance shoulders (i.e. threshold to target to maximum) are set appropriately, such that minimum or maximum levels of performance are not too easy or too difficult to achieve.

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

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

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

2. **Clawback Policy**

The Corporation has a clawback policy for STIP and LTIP payments for senior executives, including the NEOs. Under the policy, the Corporation can require an executive to repay STIP and LTIP payouts if: (i) the executive engages in misconduct that results in the need for the correction or restatement of financial results; (ii) the executive receives an award calculated on the achievement of those financial results; and (iii) the award received would have been lower had the financial results been properly reported. The clawback policy also provides that 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 are set at a multiple of an executive's base salary.

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

Senior executives, including NEOs, are subject to a mandatory holding requirement that requires an executive subject to the Guidelines to retain 50% of any after-tax proceeds received on the payout of RSUs or PSUs or an exercise of stock options in Common Shares until such executive's ownership level has been met. The Guidelines apply to a broad group of senior management, as further discussed under Executive Share Ownership Guidelines on page 45.

4. **Trading Restrictions and Hedging Prohibitions**

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

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

The Corporation has regularly scheduled quarterly closed trading windows which includes the period during each fiscal quarter when the Corporation's financial results are being compiled but not released to the public. Directors and executive officers must not trade in the companies' securities outside prescribed trading windows. Employees and executives are also prohibited from exercising options outside of the Corporation's prescribed open trading windows.

ROLE OF MANAGEMENT AND COMPENSATION CONSULTANTS

ROLE OF MANAGEMENT IN THE COMPENSATION AND EVALUATION PROCESS

In 2016, the Chairman and Chief Executive Officer participated in the compensation design process, evaluated the performance of key senior executives and made recommendations to the Governance Committee with respect to the compensation of the other NEOs and the specific business goals to be used as performance targets for the various incentive programs. The views of the Chairman and Chief Executive Officer are valued because of his on-going involvement with key senior executives. As a result, he is in the best position to effectively assess the performance of the NEOs, other than himself, 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 Executive Vice President, Human Resources and Labour Relations assists the Chairman and Chief Executive Officer in developing and presenting to the Governance Committee management's recommendations and supporting material regarding the design of the incentive plans and the compensation of the other senior executives.

COMPARATIVE MARKET DATA

Comparative market data is one factor used in setting the compensation of each NEO. Other factors include the scope of the role, individual performance, leadership ability, internal equity among executives and the operating results of the business or area for which the NEO has responsibility. From time to time, the Governance Committee uses benchmarking or comparisons of compensation programs from a peer group of companies to confirm that the Corporation's programs remain competitive. See the discussion below under the heading "Compensation Comparator Group" for a detailed description of the comparator group. When performing compensation reviews, the Governance Committee has determined that its compensation positioning should be targeted within a competitive range of the 50th percentile (median) of the Corporation's comparator group based on target total direct compensation, which is comprised of base salary, short-term and long-term compensation targeted amounts.

ROLE OF MERIDIAN COMPENSATION PARTNERS

In 2015, the Corporation retained Meridian Compensation Partners ("Meridian") to conduct a comprehensive compensation analysis of the Corporation's senior executive team. The results of Meridian's analysis were presented to the Governance Committee over a series of meetings. The Chair of the Governance Committee also regularly engaged with representatives of Meridian to ensure that any important compensation issues were brought forward to Committee meetings and to confirm that these issues received the appropriate level of attention. When required, Meridian participates at Governance Committee meetings. The 2015 analysis was relied upon in 2016 and was supplemented by additional input from Meridian.

Although Meridian is not an independent compensation advisor, the Lead Director regularly engaged with Meridian and shared Meridian's advice with the Governance Committee. In 2016 and 2015, Meridian received $73,769 and $101,213, respectively, from the Corporation for advisory services to the Corporation.

The Governance Committee regularly evaluates whether to formally retain an independent compensation advisor to assist in compensation matters. As part of its annual assessment of governance practices, the Governance Committee determined that it did not require the services of an independent compensation advisor in 2016 or 2015.

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

COMPENSATION COMPARATOR GROUP

In 2016, Meridian reviewed the comparator group against which to benchmark the Corporation's executive compensation and confirmed that it remained size and industry appropriate. Determining a comparator group to benchmark NEO compensation is challenging in light of the Corporation'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. The Corporation 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 the Corporation may easily compare. For these reasons, benchmarking was only one piece of data considered by management and the Governance Committee in setting and reviewing executive compensation.

The Committee approved a blended comparator group comprised of three types of companies: (i) Canadian retail companies; (ii) US retail companies; and (iii) large (non-retail) Canadian companies. The 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 the Corporation'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). The Corporation was positioned at the 93rd percentile based on revenue and at the 48th percentile based on market capitalization of this blended comparator group in 2016.

The group of comparator companies is set out below:

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

EXECUTIVE COMPENSATION

2016 COMPENSATION ANALYSIS

The Governance Committee reviews the compensation of certain senior executives, including the NEOs, outside of the annual inflation adjustment cycle, on a bi-annual basis. In 2016, Meridian was engaged to review certain of the NEO's compensation which had previously been adjusted in 2015 and to consider any adjustments for 2017.

Meridian reviewed Mr. Weston's total direct compensation against the comparator group it developed to benchmark the Corporation's executive compensation. Meridian also considered the CEO compensation at the largest 30 of the S&P/TSX 60 companies, using revenue as the primary screen and market capitalization as an additional reference. The review was undertaken to ensure that Mr. Weston's 2016 compensation continued to be positioned at around the 50^{th} percentile of the market, in light of his strong performance since assuming the role of President in mid-2014.

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

COMPONENTS OF COMPENSATION

The 2016 NEO compensation was comprised principally of base salary, short-term cash incentives (which executives may elect to receive in the form of Executive Deferred Share Units ("EDSUs")) and long-term incentives (RSUs, PSUs and stock options) as described in the table that follows. Benefits, pensions and perquisites comprise a relatively small part of an NEO's total annual compensation.

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

Components		Form	Period	Program Objectives and Details
Fixed Compensation	Base Salary	Cash	Annual	• Reflects the executive's level of responsibility and experience, market competitiveness, internal equity among executives and the executive's overall performance 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. • Serve as a key component in retaining executives. • 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 the Corporation's success in achieving revenue and return on capital targets. • PSUs are settled in Common Shares purchased on the open market at the end of the applicable performance period.
		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	Executive DB Plan SDM Pension Plan		Post-employment	• The Corporation's and SDM's pension plans are designed to provide a reasonable level of retirement income to executives to reward them for their service. • Pension entitlements for an executive in the Corporation's Executive DB Plan and SDM Pension Plan are based on length of service and eligible salary. The total annual benefits payable under the Corporation's Executive DB Plan are capped at $125,000 per year. The SDM Pension Plan is uncapped. • The Executive DB was closed to new participants in 2006. The SDM Pension Plan was closed in 2014.
	Executive DC Plan			• Since 2006, new executives participate on a non-contributory basis in the Corporation's Executive DC Plan. • Contributions were set as a percentage of base salary (maximum of $250,000) and in 2016 were capped at $26,010 per year.
	SERP			• The SERP is an unfunded obligation of the Corporation. • Senior executives of the Corporation whose pension benefits exceed the prescribed limits under the applicable tax legislation may participate in the SERP on a non-contributory basis if they comply with certain eligibility provisions.
Perquisites	Cash allowance/ reimbursement for professional services		Annual	• A limited number of personal benefits are provided, including a car or car allowance, an annual medical examination and a discretionary health care spending account and the ability to participate in the employee share ownership plan.

COMPONENTS OF EXECUTIVE COMPENSATION FOR 2016

BASE SALARY

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

The following table sets out the base salary for each NEO for 2016. There were no base salary increases in 2016, as indicated in the chart below:

Name	2016 Base Salary ($)	Increase From 2015 (%)
Galen G. Weston	1,100,000	Nil
Richard Dufresne(1)	650,000	Nil
Sarah R. Davis	650,000	Nil
Michael Motz	800,000	Nil
Grant Froese	800,000	Nil

(1) Mr. Dufresne's salary for 2016 was $650,000. Weston paid $65,000 of Mr. Dufresne's base salary in 2016 and the Corporation paid $585,000.

SHORT-TERM INCENTIVE PLAN

All NEOs participate in the Loblaw STIP. In 2016, the STIP was designed so that NEOs would be focused on key drivers of the Loblaw and SDM businesses. The STIP program is designed to incent executives, including the NEOs, to meet certain annual business and financial objectives. Each fiscal year, the performance of the executives is measured by the achievement of specific financial goals, which may vary from year to year. The Governance Committee believes that the STIP program is balanced as it is comprised of different performance measures that are designed to focus executives on the key drivers of the operating businesses and value creation over both the short and long-term and, therefore, reduce the risk of inappropriate or excessive risk-taking behaviour by executives.

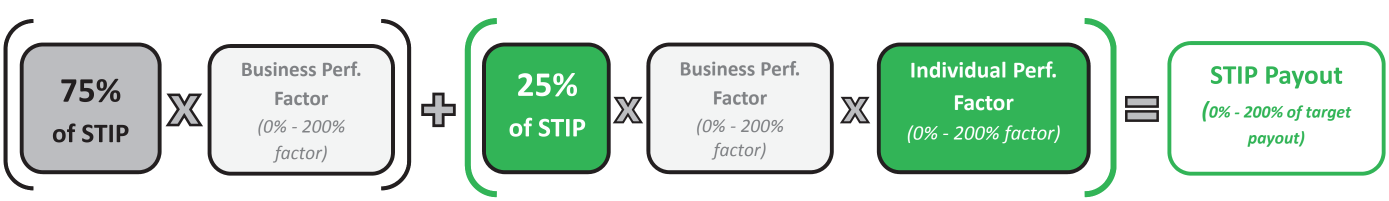
The Governance Committee is responsible for approving the plan design and awards made by the Corporation pursuant to the STIP. The Governance Committee receives periodic reports on the performance of the STIP metrics, including performance against targets.

All participating executives have STIP award targets that are expressed as a percentage of their base salary, with such targets determined by the executive's position and level within the organization. Depending on actual performance relative to the performance targets, payouts for each performance target range from zero to a maximum of 200% of target for each component of the STIP. In 2016, the STIP included a condition that the business performance payouts could not exceed 100% of target unless both the sales and earnings targets had been met.

The 2016 STIP also included an individual performance component weighted at 25% of each NEO's overall STIP target. The 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 overall STIP design was determined by the Governance Committees of the Corporation and Weston to reflect his responsibilities at both organizations, and includes an individual performance component weighted at 30% of his overall STIP target.

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

STIP awards are determined using the following formula:



Plan Design

The STIP is designed to incent the Corporation's executives to achieve the Corporation's overall business plan and strategic objectives. At the beginning of each fiscal year, the Governance Committee establishes the STIP design, including specific business performance measures, weightings and targets, and presents it to the Board for approval. In determining the performance measures, weightings, targets and payout ranges for each fiscal year, the Governance Committee takes into account the key components of the Corporation's annual business plan, budget and strategic objectives. Following year-end, the Governance Committee reviews the financial results of the Corporation against the performance targets and considers, in its judgment, whether any adjustments are required to account for unexpected events during the year.

As part of its annual review process, the Governance Committee reviews stress testing of the STIP design which illustrates the payouts under various performance scenarios. The stress testing on performance scenarios is intended to ensure that the performance shoulders (i.e. threshold to minimum to maximum) are set appropriately, such that minimum or maximum levels of performance are not too easy or too difficult to achieve.

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

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

Name	Base Salary ($)[(1)]	STIP Target as Percentage of Base Salary (%)	Aggregate STIP Target ($)	Maximum Aggregate STIP ($)
Galen G. Weston	1,100,000	150	1,650,000	3,300,000
Richard Dufresne	650,000	100	650,000	1,300,000
Sarah R. Davis	650,000	100	650,000	1,300,000
Michael Motz	800,000	100	800,000	1,600,000
Grant Froese	800,000	100	800,000	1,600,000

(1) 2016 STIP awards are calculated using each NEO's actual base salary in the year.

2016 STIP Performance Measures

In 2016, the STIP was designed so that NEOs would be focused on key drivers of the Loblaw and SDM businesses. The STIP was designed with the following four business performance measures, weightings and targets to drive the Corporation's strategic goals in 2016:

Loblaw STIP - 2016 Business Performance Measures

Consolidated Sales Target (35%)	Consolidated Earnings Target (35%)	Consolidated Operating Leverage Target (20%)	Consolidated Synergies Target (10%)

A description of each performance measure is set forth below:

Consolidated Sales Target

The consolidated sales target for 2016 ($44,715 million) was designed to focus executives on growth in consolidated revenues (excluding gas bar and the consolidation of franchises).

Consolidated Earnings Target

The consolidated earnings target for 2016 ($3,416 million) was designed to focus executives on delivering adjusted earnings before interest, income taxes, depreciation and amortization ("Adjusted EBITDA"*) (excluding synergies and the consolidation of franchises) pursuant to Loblaw's and SDM's combined annual and multi-year business plans.

Consolidated Operating Leverage Target

The consolidated operating leverage target for 2016 (19.24% SG&A rate) is based on achieving an improvement in the Corporation's retail selling, general and administrative expenses (SG&A) (excluding depreciation, gas bar, the consolidation of franchises and synergies) amount as a percentage of sales.

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

Consolidated Synergies Target

The consolidated synergies target for 2016 ($310 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 following charts summarize each performance measure's target, performance ranges and payout percentages:

Consolidated Sales

		Threshold		Target		Maximum
Performance Range	Less than $44,380 million	$44,380 million	Each additional 0.15% ($67 million)	$44,715 million	Each additional 0.15% ($67 million)	$45,386 million or more
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

Consolidated Earnings

		Threshold		Target		Maximum
Performance Range	Less than $3,331 million	$3,331 million	Each additional 0.5% ($17 million)	$3,416 million	Each additional 0.5% ($17 million)	$3,587 million or more
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

Consolidated Operating Leverage

		Threshold		Target		Maximum
Performance Range	Higher than 19.29%	19.29%	Each 1.0 basis point improvement	19.24%	Each 0.5 basis point improvement	19.19% or lower
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

Consolidated Synergies

		Threshold		Target		Maximum
Performance Range	Less than $290 million	$290 million	Each additional $4 million	$310 million	Each additional $4 million	$350 million or more
Payout Factor (% of Target)	0%	50%	+10%	100%	+10%	200%

In 2016, the Corporation's STIP included a condition that the business performance factor for 2016 could not exceed 100% of target unless both the consolidated sales and consolidated earnings targets had been met.

2016 Loblaw STIP Calculation

In February 2017, the Governance Committee reviewed Loblaw's 2016 financial results and determined the Loblaw 2016 STIP payout as follows:

Performance Objective	Weighting (%)	Target	Actual	Payout Factor (% of Target)
Consolidated Sales	35	$44,715 million	$44,631 million	87.5
Consolidated Earnings	35	$3,416 million	$3,441 million	114.6
Consolidated Operating Leverage	20	19.24% SG&A Rate	19.16%	200.0
Consolidated Synergies	10	$310 million	$386 million	200.0
Overall STIP Payout				130.7
Adjusted STIP Payout				100.0

In 2016, the consolidated sales performance measure missed target by $84 million and, as a result, the STIP awards of the NEOs were capped at 100% of target in accordance with the STIP plan design.

Key Factors Influencing Results

Early in 2017, the Governance Committee reviewed the Corporation's 2016 financial results and determined the key factors contributing to each component's performance relative to target. These factors included:

- The decrease in consolidated sales relative to target was largely driven by the impact of deflation.
- The increase in consolidated earnings relative to target was driven by higher margins and operating efficiencies.
- The improvement in consolidated operating leverage relative to target was driven by lower store support costs and lower retail store costs.
- The increase in consolidated synergies relative to target was driven by strong performance in synergy savings related to the SDM acquisition.

Individual STIP Components

Galen G. Weston, Chairman and Chief Executive Officer

The 2016 STIP award for Mr. Weston, which reflected Mr. Weston's role as Executive Chairman and President during the year, included an individual performance component weighted at 25% of his overall STIP target. The Governance Committee, in assessing individual performance, took into account quantitative factors including Mr. Weston's performance in achieving the Corporation's strategic objectives and his role in the overall achievement of the Corporation's 2016 financial plan. The Governance Committee also considered qualitative factors, such as Mr. Weston's leadership qualities in the execution of the Corporation's succession plan and in driving the organization's culture plan objectives. Based on these criteria, the Committee determined that Mr. Weston achieved an individual performance rating of 150%.

Richard Dufresne, Chief Financial Officer

The 2016 STIP award for Mr. Dufresne, which reflected Mr. Dufresne's role as Chief Financial Officer of both the Corporation and Weston during the year, included an individual performance component weighted at 30% of his overall STIP target. The individual performance component of the 2016 STIP amount awarded to Mr. Dufresne was determined by the Governance Committees of both the Corporation and Weston based on Mr. Dufresne's achievement of both quantitative and qualitative factors established in early 2016. The quantitative factors were based on the financial performance of the Corporation's business, including his progress in deleveraging the Corporation's balance sheet, the execution of the Corporation's financial plan and the achievement of the Corporation's synergies target. The qualitative factors included the Governance Committees' assessment of Mr. Dufresne's leadership performance. Based on these criteria, the Governance Committees of the Corporation and Weston determined that Mr. Dufresne achieved an individual performance rating of 100%.

Sarah R. Davis, President

The 2016 STIP award for Ms. Davis, which reflected Ms. Davis' role as Chief Administrative Officer during the year, included an individual performance component weighted at 25% of her overall STIP target. The Governance Committee, in assessing individual performance, took into account quantitative factors including Ms. Davis' role in delivering business efficiencies and executing cost reduction initiatives. The Governance Committee also considered qualitative factors, such as Ms. Davis' leadership qualities and her role in implementing the Corporation's culture plans, including at the Corporation's distribution centres. Based on these criteria, the Committee determined that Ms. Davis achieved an individual performance rating of 115%.

Michael Motz, President, SDM

The 2016 STIP award for Mr. Motz, which reflected Mr. Motz' role as President, SDM during the year, included an individual performance component weighted at 25% of his overall STIP target. The Governance Committee, in assessing individual performance, took into account quantitative factors including Mr. Motz' role in the overall achievement of SDM's operating objectives and in delivering on the Corporation's healthcare strategy objectives. In addition, the Governance Committee considered Mr. Motz' enterprise wide responsibilities relating to marketing and loyalty across the organizations. The Governance Committee also considered qualitative factors, such as Mr. Motz' leadership qualities and his role in implementing the Corporation's culture plans. Based on these criteria, the Committee determined that Mr. Motz achieved an individual performance rating of 180%.

Grant Froese, Chief Operating Officer

The 2016 STIP award for Mr. Froese, which reflected Mr. Froese' role as Chief Operating Officer during the year, included an individual performance component weighted at 25% of his overall STIP target. The Governance Committee, in assessing individual performance, took into account quantitative factors including Mr. Froese' role in the overall achievement of the Corporation's operating objectives and in the execution of the Corporation's business plan. The Governance Committee also considered qualitative factors, such as Mr. Froese' leadership qualities and his role in implementing the Corporation's culture plans, including at the store level. Based on these criteria, the Committee determined that Mr. Froese achieved an individual performance rating of 100%.

The following table sets forth the performance measures and weightings that were used in determining the STIP awards for each Loblaw NEO for 2016:

	2016 Loblaw STIP Award (1)							
Name	Consolidated Sales ($)	Consolidated Earnings ($)	Consolidated Operating Leverage ($)	Consolidated Synergies ($)	STIP (Business Performance at 130.7%) ($)	STIP (Business Performance reduced to 100%) ($)	Individual Performance ($)	Final Loblaw STIP Award ($)
Richard Dufresne(2)	139,195	182,409	181,955	90,977	594,536	454,885	—	454,885
Galen G. Weston	378,675	496,238	495,000	247,500	1,617,413	1,237,500	618,750	1,856,250
Sarah R. Davis	149,175	195,488	195,000	97,500	637,163	487,500	186,875	674,375
Michael Motz	183,600	240,600	240,000	120,000	784,200	600,000	360,000	960,000
Grant Froese	183,600	240,600	240,000	120,000	784,200	600,000	200,000	800,000

(1) STIP awards are calculated using each NEO's actual base salary amount in 2016, as applicable.

(2) Mr. Dufresne's target STIP award for 2016 was comprised of three components: 68% based on his Loblaw STIP, 2% based on his Weston STIP, and 30% based on his individual performance. Mr. Dufresne's total STIP award for 2016 was $664,674 of which the Corporation paid $598,207. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Executive Deferred Share Unit Plan

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

LONG-TERM INCENTIVE PLAN

The Corporation's equity-based LTIP is designed to retain and incent executives by allowing them to participate in increased shareholder value. Under the LTIP, the Corporation awards executives long-term incentives in the form of stock options, RSUs and PSUs, the values of which are directly linked to the market value of the Common Shares. Executives eligible for LTIP grants generally receive them on an annual basis.

Annual LTIP grants for NEOs are comprised of 1/3 stock options, 1/3 RSUs and 1/3 PSUs. The 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 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 2016, the Governance Committee approved LTIP awards to the NEOs as follows:

Name	Base Salary ($)(1)	Annual LTIP Grant as a Percentage of Base Salary (%)	Grant Date Fair Value ($)(2)	Type of LTIP Grant(3)
Galen G. Weston	1,100,000	400	4,400,060	Stock Options, RSUs and PSUs
Richard Dufresne	650,000	200	910,008 (4)	Stock Options, RSUs and PSUs
Sarah R. Davis	650,000	200	1,300,050	Stock Options, RSUs and PSUs
Michael Motz	800,000	200	1,599,978	Stock Options, RSUs and PSUs
Grant Froese	800,000	225	1,799,972	Stock Options, RSUs and PSUs

(1) LTIP awards are calculated using each NEO's actual base salary in 2016.

(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 comprised of 26,423 stock options, 4,400 RSUs and 4,400 PSUs, with an aggregate grant date fair value of $910,008. The full details of Mr. Dufresne's LTIP grant are set out in the section "2016 Compensation Decisions Regarding the Named Executive Officers" on page 46. In addition to his annual LTIP grant from the Corporation, Mr. Dufresne received an annual LTIP grant from Weston with a grant date fair value of $389,992. The full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.*

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

Stock Option Plan

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

As of March 14, 2017, options to purchase 8,618,489 Common Shares were outstanding, which represents approximately 2.2% of the issued and outstanding Common Shares. As of March 14, 2017, the Corporation had 9,618,610 Common Shares available for future option grants, which represents approximately 2.4% 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 within any 12 month period, or issuable to insiders at any time, under the Stock Option Plan and any other security based compensation arrangement of the Corporation, may not exceed 5% of the total number of issued and outstanding Common Shares during such period of time, 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 2016, the Stock Option Plan was amended to extend the period of time provided to employees who have been terminated without cause to exercise their vested, in-the-money stock options. Prior to this amendment, employees were provided 30 days from the notice of termination to exercise vested options. This period of time has been increased to 90 days from the notice of termination.

The Stock Option Plan was also amended to extend the vesting of stock options for executives who retire at age 55 or over with 10 or more years of service. Prior to this amendment, executives had 90 days from their notice of retirement to exercise vested options. Following the amendment, retiring executives who meet the age and service conditions will be entitled to continued vesting of their stock options in the normal course until the end of the term of the grant.

The Stock Option Plan was also amended so that upon an employee's death or disability, all vested and unvested stock options immediately vest and executives (or their estates) will have 2 years from the date of death or disability or the date of expiry of the option (whichever is earlier) to exercise their vested stock options. Prior to this amendment, the Stock Option Plan provided that upon death, an executive's estate had 180 days from the date of death to exercise vested options. The Stock Option Plan did not have any provisions relating to disability.

These amendments did not require shareholder approval in accordance with the Stock Option Plan's amendment provisions.

In 2016, the NEOs received stock option grants from the Corporation as described in the table below:

Name	Options Granted (#)	Exercise Price ($)	Grant Date Fair Value ($)	Vesting Schedule	Term of Grant
Galen G. Weston	127,758	68.94	1,466,662	20% per year over 5 years	7 years
Richard Dufresne(1)	26,423	68.94	303,336	20% per year over 5 years	7 years
Sarah R. Davis	37,747	68.94	433,336	20% per year over 5 years	7 years
Michael Motz	46,458	68.94	533,338	20% per year over 5 years	7 years
Grant Froese	52,265	68.94	600,002	20% per year over 5 years	7 years

(1) Mr. Dufresne also received a grant of stock options from Weston in 2016 with a grant date fair value of $129,998. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Restricted Share Unit Plan

RSUs entitle an executive to receive the value of the RSU award in Common Shares purchased on the open market at the end of the applicable vesting period, which is usually three years in length. An executive receives the number of Common Shares equal to the number of RSUs granted, with the ultimate award value determined by the Common Share price at the end of the applicable vesting period. In 2016, the RSU Plan did not provide for the award of any additional units in respect of dividends paid on Common Shares for the period when an RSU was outstanding. However, the RSU Plan was amended effective 2017 to provide that dividend equivalents in the form of additional RSUs that are equal in value to dividends paid on Common Shares are credited to the participant's account on each dividend payment date based on the number of RSUs in the account as of the dividend record date. The additional RSUs will be subject to the same vesting conditions applicable to the related RSUs. This amendment will only apply to RSUs granted in 2017 and thereafter.

In 2016, the NEOs were awarded RSUs from the Corporation as follows:

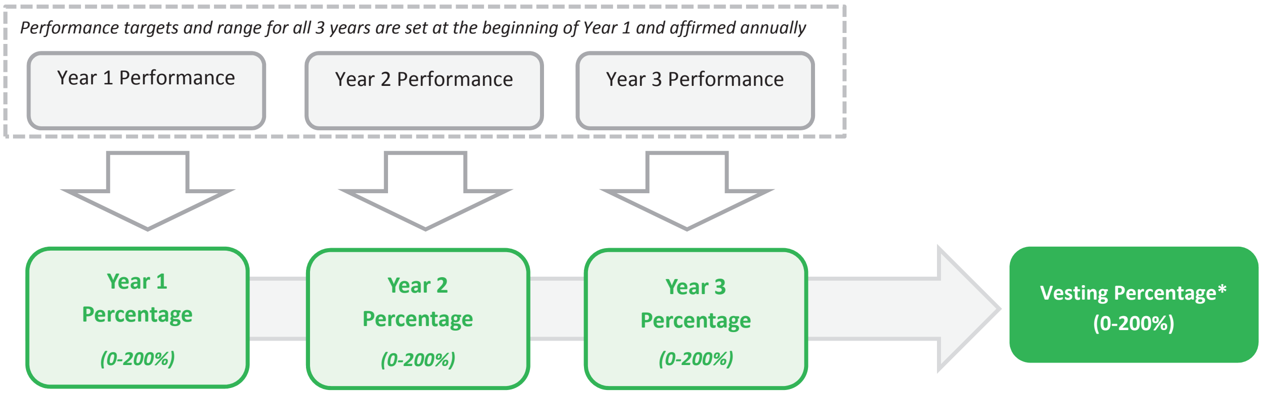
Name	RSUs Granted (#)	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	21,275	68.94	1,466,699	March 3, 2019
Richard Dufresne(1)	4,400	68.94	303,336	March 3, 2019
Sarah R. Davis	6,286	68.94	433,357	March 3, 2019
Michael Motz	7,736	68.94	533,320	March 3, 2019
Grant Froese	8,703	68.94	599,985	March 3, 2019

(1) Mr. Dufresne also received grants of RSUs from Weston in 2016 with a grant date fair value of $129,997. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Performance Share Unit Plan

PSUs represent a form of at-risk long-term compensation that serves to motivate the recipient to deliver on objectives set forth in the Corporation's strategic plan. PSUs serve to focus executives on selected key drivers of corporate performance and reduce the number of stock options granted and potential shareholder dilution. PSUs also serve as a pay-for-performance incentive to reward executives for the achievement of prescribed corporate goals and share price appreciation. Like RSUs, PSUs also entitle an executive to receive the value of a PSU award in Common Shares purchased on the open market at the end of the applicable performance period, also typically three years in length. However, the number of PSUs that vest during such period depends on the achievement of certain performance measures. For 2016, the Corporation's PSU performance measures were return on capital and market share.

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 as illustrated below:



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

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

Any performance results between the threshold performance conditions and maximum performance conditions will result in the vesting of PSUs determined on a linear basis. In 2016, the PSU Plan did not provide for the award of any additional units in respect of dividends paid on Common Shares for the period when a PSU was outstanding. However, the PSU Plan was amended effective 2017 to provide that dividend equivalents in the form of additional PSUs that are equal in value to dividends paid on Common Shares are credited to the participant's account on each dividend payment date based on the number of PSUs in the account as of the dividend record date. The additional PSUs will be subject to the same vesting conditions applicable to the related PSUs. This amendment will only apply to PSUs granted in 2017 and thereafter.

The performance targets for the PSUs granted in 2016 relate to a three-year period ending in 2019 and were developed taking into account the Corporation's confidential business strategies, plans and initiatives and its expectations regarding financial and operational performance. These targets are intended to be challenging – neither impossible nor easy to achieve. These measures have been stress-tested to ensure they were appropriately challenging in 2016 taking into consideration historical trends and budget growth expectations in the Corporation's financial plan. 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 2016, the following NEOs were awarded PSUs from the Corporation for which the grant date fair value assumes vesting at 100% of target:

Name	PSUs Granted (#)	Grant Value Per Unit ($)	Grant Date Fair Value ($)	Vesting Date
Galen G. Weston	21,275	68.94	1,466,699	March 3, 2019
Richard Dufresne(1)	4,400	68.94	303,336	March 3, 2019
Sarah R. Davis	6,286	68.94	433,357	March 3, 2019
Michael Motz	7,736	68.94	533,320	March 3, 2019
Grant Froese	8,703	68.94	599,985	March 3, 2019

(1) Mr. Dufresne also received grants of PSUs from Weston in 2016 with a grant date fair value of $129,997. Full details of Mr. Dufresne's compensation from Weston are set forth in the Weston Management Proxy Circular, which is available at www.sedar.com.

Performance of 2014 PSUs

In 2014, the Corporation's NEOs were awarded PSUs whose vesting was tied to achieving specific return on capital and market share ("Market/ Footage Share") targets over a three-year period. The return on capital measure is defined as adjusted earnings before interest and income taxes ("Adjusted EBIT"*) divided by average total capital. The Market/Footage Share metric is based on Nielsen's rolling 52 week dollar share as at week 52. At the time of grant, the performance targets relating to the 2014 return on capital and Market/Footage Share metrics were forward-looking as they related to the three-year period ending in 2016 and were developed taking into account the Corporation's business strategies, plans and initiatives and its expectations regarding financial and operational performance. The targets were intended to be challenging – neither impossible nor easy to achieve.

In early 2017, the Governance Committee reviewed the performance of the 2014 PSU grants against target and determined the following results:

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

The target and payout for each component for PSUs awarded in 2014 and paid out in 2017 are set out below:

Measure	Business Performance Weighting (%)	Minimum (0%)	Target (100%)	Maximum (200%)	Actual Results	Payout (%)(1)
Loblaw Market/Footage Share ($)	50	—	—	—	—	0
Loblaw Return on Capital (%)	50	11.1	11.95	12.7	13.13	200
Overall Payout						100.0

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

2014 PSU Payout Summary

In 2017, the Governance Committee determined that the 2014 grant of PSUs paid out at 100% of target. The number of PSUs that vested pursuant to these performance results is set out in the table below:

		Vesting of 2014 PSU Award			
Name	2014 PSUs Granted (#)	Return on Capital Component (#)	Market/Footage Share Component (#)	Total number of PSUs Vested (#)	Estimated Payout Amount(1) ($)
Galen G. Weston	17,540	17,540	0	17,540	1,236,921
Richard Dufresne(2)	125 (3)	125	0	125	8,815
Sarah R. Davis	8,069	8,069	0	8,069	569,026
Grant Froese	8,419	8,419	0	8,419	593,708
	499 (3)	499	0	499	35,190
Michael Motz	5,651	5,651	0	5,651	398,509

(1) The estimated value of the PSU payout is based on the closing price of the Common Shares on the TSX on March 14, 2017, which was $70.52. The actual value of the PSU payouts will be based on the market price of Common Shares on or about March 28, 2017, the vest date of the PSUs.

(2) Mr. Dufresne also received a grant of Weston PSUs in 2014 which will pay out in 2017. For details of Mr. Dufresne's 2014 Weston PSU grant, please refer to the Weston Management Proxy Circular available at www.sedar.com.

(3) Messrs. Dufresne's and Froese' PSU payout of 125 and 499 PSUs, respectively, will be based on the market price of the Common Shares on the TSX on September 16, 2017 which is the vesting date.

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

2014 Synergy Award PSU Grants

Following the closing of the SDM acquisition, all NEOs except for Mr. Weston were awarded a one-time special grant of PSUs called "Synergy Award PSUs". The purpose of this award was to retain key executives during this important period and to incent them to deliver on the anticipated synergies of the SDM transaction. Vesting of the Synergy Award PSUs is conditional on the achievement of realized annual profit and loss synergies resulting from the transaction of at least $300 million, net of related costs (the "Performance Goal"). If the Performance Goal is met or exceeded by the third anniversary of the closing date, the Synergy Award PSUs will vest. If the $300 million synergy target is exceeded, additional PSUs (up to a maximum of 67% of the original grant number) will vest. The additional Synergy Award PSUs will vest on a linear basis based on the amount that the actual synergies exceed target up to the maximum performance target of $500 million. If the Performance Goal is not achieved by the third anniversary of the closing date, all of the Synergy Award PSUs will be cancelled with no payment.

Timing of the payouts of Synergy Award PSU grants differs slightly between Loblaw and SDM executives. For SDM executives, if the Performance Goal is met on or before the third anniversary of the Synergy Award PSU grant, that number of PSUs equal to such SDM NEO's initial grant value will vest and be paid out in the year in which the Performance Goal was achieved. Any additional Synergy Award PSUs, to the extent the Performance Goal is exceeded on or before March 28, 2017 (the third anniversary of the closing date of the SDM acquisition), up to a maximum of 67% of the initial grant will vest and be paid out to SDM NEOs after the third anniversary of the grant. In contrast, Loblaw NEOs will be paid out their vested Synergy Award PSU grants (initial grant and any over-achievement amount) only after the third anniversary of the closing of the SDM acquisition which is March 28, 2017.

The Performance Goal was achieved in 2016 and as such, in February 2016, Mr. Motz received a payment equal to 100% of his initial grant as set out in the table below:

	Vesting of 2014 Synergy Award PSUs		
Name	**2014 Synergy Award PSUs Granted (#)**	**Total number of PSUs Vested (#)**	**Payout Amount[(1)] ($)**
Michael Motz	43,570	43,570	3,010,799

(1) The value of the Synergy Award PSU payout is based on the transactional market price of the Common Shares on the TSX on February 29, 2016, which was $69.10258, multiplied by the number of PSUs vested.

Long-Term Incentive Plan Clawback

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

Securities Authorized for Issuance under Equity Compensation Plans as of December 31, 2016.

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

Plan Category	**Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)**	**Weighted Average Exercise Price of Outstanding Options, Warrants and Rights (b)**	**Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)**
Equity Compensation Plans Approved by Securityholders			
• Stock Option Plan[(1)]	7,322,358	$48.93	11,056,981
Equity Compensation Plans Not Approved by Securityholders	N/A	N/A	N/A
Total	**7,322,358**	**$48.93**	**11,056,981**

(1) Under the former SDM stock option plan, there are 76,576 stock options outstanding with no stock options available for future option grants. Upon exercise, Common Shares will be issued. These SDM stock options have been reflected in the above table.

RETIREMENT AND PENSION ARRANGEMENTS

The Corporation’s retirement and pension arrangements are designed to provide a reasonable level of retirement income to executives. Senior executives of the Corporation, other than Messrs. Weston, Motz and Dufresne, participate in either the Corporation’s executive defined benefit registered pension plan (the "Executive DB Plan") or executive defined contribution registered pension plan (the "Executive DC Plan"). All new Loblaw executives join the Executive DC Plan. Certain senior management of SDM, including Mr. Motz, are provided retirement arrangements through participation in the Pension Plan for Executives of Shoppers Drug Mart Inc., a registered defined benefit pension plan, and the Shoppers Drug Mart Inc. Supplementary Pension Plan, an unregistered defined benefit pension plan (collectively, the "SDM Pension Plan") (closed in 2014). Mr. Dufresne participates in Weston’s executive defined contribution plan.

In addition, senior executives of the Corporation whose pensionable earnings exceed prescribed levels participate in a non-contributory supplemental executive retirement plan (the "SERP").

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

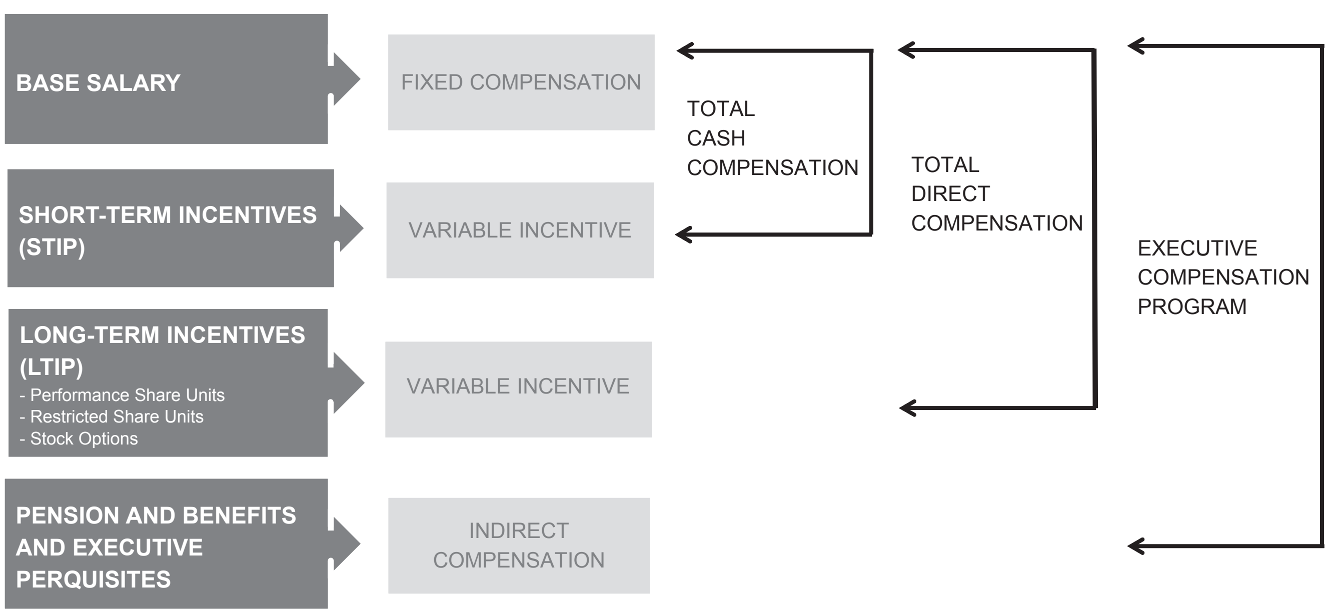
The Corporation provides the NEOs with designated health, dental, disability and insurance coverage through executive benefit plans paid for by the Corporation.

PERQUISITES

NEOs receive a limited number of perquisites. For 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. SDM’s NEOs’ perquisites include reimbursement of annual health club membership dues, an allowance for personal financial and tax planning advice, an annual medical examination and a car allowance.

SUMMARY OF THE COMPONENTS OF COMPENSATION

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



EXECUTIVE SHARE OWNERSHIP GUIDELINES

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

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

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

Chief Executive Officer	5x base salary
President	3x base salary
COO/CFO	2x base salary
Executive Vice Presidents/Divisional Presidents	2x base salary
Senior Vice Presidents	0.5x base salary

Executives are expected to attain the required ownership level within five years of their appointment, but as a result of the elimination of RSUs and PSUs from the list of eligible holdings, effective January 1, 2013, all executives have five years from that date, or the date of their appointment, if later, to satisfy the required ownership levels. SDM executives have five years from the close of the SDM acquisition to attain the required ownership levels. The Chief Executive Officer and the President of the Corporation are subject to a post-employment hold period which requires him or her to maintain his or her share ownership level for one year following the end of his or her employment.

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

The dollar values of each NEO's eligible equity-based holdings, based on the market value as at March 14, 2017 of $70.52, are set forth in the following table:

	Value of Equity-Based Holdings			Ownership Requirement	
Name	**Common Shares ($)**	**Vested In-the-Money Stock Options ($)**	**Total ($)**	**($)**	**Multiple of Salary**
Galen G. Weston	22,274,447	29,437,852	51,712,299	5,500,000	5
Richard Dufresne(1)	1,296,506	3,906,190	5,202,696	1,300,000	2
Sarah R. Davis(2)	609,716	5,066,650	5,676,366	2,700,000	3
Michael Motz	3,028,622	2,285,290	5,313,912	1,600,000	2
Grant Froese	2,294,650	9,084,285	11,378,935	1,600,000	2

(1) Mr. Dufresne is also subject to Weston's Executive Share Ownership Guidelines. His Weston equity-based holdings are set forth in the table based on their value on March 14, 2017 at $111.86, being the price on the TSX of a Weston common share on that date.

(2) Ms. Davis' ownership requirement reflects the increase in her base salary effective January 2017. Please refer to the "Compensation Decisions for 2017" section of this Circular.

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

2016 COMPENSATION DECISIONS REGARDING THE NAMED EXECUTIVE OFFICERS

The following outlines the rationale underlying the compensation decisions for each of the Corporation's NEOs for 2016.

Galen G. Weston, Chairman and Chief Executive Officer

Mr. Weston's compensation arrangements were set effective January 1, 2015 and did not change in 2016 during which time he was also the President of the Corporation. Mr. Weston's base salary was $1,100,000 and his STIP target was 150% of base salary. Mr. Weston's annual LTIP was 400% of base salary for 2016. Mr. Weston's annual LTIP award had an aggregate grant date fair value of $4,400,060, comprised of 127,758 stock options, 21,275 RSUs and 21,275 PSUs. As discussed in the section "Loblaw STIP—Individual STIP Components" the Governance Committee awarded Mr. Weston an individual performance rating of 150% on his STIP. The Governance Committee did not make any other changes to Mr. Weston's compensation arrangements in 2016.

Richard Dufresne, Chief Financial Officer

Mr. Dufresne's compensation arrangements were set in 2015 and did not change in 2016. Mr. Dufresne's base salary was $650,000. The cost of Mr. Dufresne's base salary and STIP amounts are split between the Corporation (90%) and Weston (10%) and his annual target LTIP grant, which remains at 200% of his base salary, is split between the Corporation (70%) and Weston (30%). Mr. Dufresne's annual Loblaw LTIP grant for 2016 had an aggregate grant date fair value of approximately $910,008, comprised of 26,423 stock options, 4,400 RSUs and 4,400 PSUs. Mr. Dufresne's annual Weston LTIP grant for 2016 had an aggregate grant date fair value of approximately $389,992, comprised of 7,131 Weston stock options, 1,161 Weston RSUs and 1,161 Weston PSUs. In addition, as discussed in the section "Loblaw STIP—Individual STIP Components" the Governance Committees of both the Corporation and Weston awarded Mr. Dufresne an individual performance component of his STIP award at 100% of target.

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

Sarah R. Davis, President

Ms. Davis' compensation arrangements were set in 2015 and did not change in 2016 during which time she was Chief Administrative Officer of the Corporation. Ms. Davis' base salary was $650,000 and her STIP target was 100% of base salary. Ms. Davis' annual LTIP target was 200% of base salary. For 2016, Ms. Davis' annual LTIP award had an aggregate grant date fair value $1,300,050 comprised of 37,747 stock options, 6,286 RSUs and 6,286 PSUs. In addition, as discussed in the section "Loblaw STIP—Individual STIP Components" the Governance Committee awarded Ms. Davis an individual performance rating of 115% for her 2016 STIP award.

Ms. Davis was appointed President of the Corporation effective January 18, 2017. See "Compensation Decisions for 2017" on page 49 for a description of her 2017 compensation arrangements.

Michael Motz, President, SDM

Mr. Motz' compensation arrangements were set in 2015 and did not change in 2016. Mr. Motz' base salary was $800,000 and his STIP target was 100% of base salary. Mr. Motz' annual LTIP target was 200% of base salary. For 2016, Mr. Motz' annual LTIP award had an aggregate grant date value of $1,599,978 comprised of 46,458 stock options, 7,736 RSUs and 7,736 PSUs. In addition, as discussed in the section "Loblaw STIP—Individual STIP Component" the Governance Committee awarded Mr. Motz an individual performance rating of 180% for his 2016 STIP award.

Grant Froese, Chief Operating Officer

Mr. Froese' compensation arrangements were set in 2015 and did not change in 2016. Mr. Froese' base salary was $800,000 and his STIP target was 100% of base salary. Mr. Froese' annual LTIP target was set at 225% of base salary. For 2016, Mr. Froese' annual LTIP award had an aggregate grant date value of $1,799,972 comprised of 52,265 stock options, 8,703 RSUs and 8,703 PSUs. In addition, as discussed in the section "Loblaw STIP—Individual STIP Components" the Governance Committee awarded Mr. Froese an individual performance rating of 100% for his 2016 STIP award.

TERMINATION AND CHANGE OF CONTROL BENEFITS

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

	Separation Event(1)					Change of Control
Type of Compensation	**Resignation**	**Termination without Cause**	**Termination with Cause**	**Retirement after age 55 with at least 10 years of service (the "Conditions")**	**Retirement that does not meet the Conditions**	
Short-Term Incentive Plan	No payment	Bonus for the applicable year is prorated to the termination date	No payment	Bonus for the applicable year is prorated to the retirement date	Bonus for the applicable year is prorated to the retirement date	Governance Committee discretion to grant or adjust bonus
Stock Option Plan	Options forfeited at time of notice of resignation	90 days from notice of termination to exercise vested options	All outstanding options forfeited at time of notice of termination	Options will continue to vest and pay out in the normal course	90 days from notice of retirement to exercise vested options	Board discretion to accelerate vesting of options
Restricted Share Unit Plan	Units forfeited at time of notice of resignation	Value of units paid out on a prorated basis provided termination date is more than 12 months after the grant date	All outstanding units forfeited at time of notice of termination	RSUs will continue to vest and pay out in the normal course	Value of outstanding units paid out on a prorated basis	Governance Committee discretion to adjust grant
Performance Share Unit Plan	Units forfeited at time of notice of resignation	Value of units paid out on a prorated basis (at target level) provided termination date is more than 12 months after the grant date	All outstanding units forfeited at time of notice of termination	PSUs will continue to vest and pay out in the normal course	Value of outstanding units paid out on a prorated basis	Governance Committee discretion to adjust grant
Executive Deferred Share Unit Plan	NEO has until December 15th of the year following resignation to redeem	NEO has until December 15th of the year following termination to redeem	NEO has until December 15th of the year following termination to redeem	NEO has until December 15th of the year following retirement to redeem	NEO has until December 15th of the year following retirement to redeem	Governance Committee to ensure substantially similar award following a change of control event

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

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

Galen G. Weston, Chairman and Chief Executive Officer

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

Richard Dufresne, Chief Financial Officer

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

Sarah R. Davis, President

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

Michael Motz, President, SDM

If Mr. Motz' employment is terminated without cause or he resigns for "good reason", he would be entitled to receive: (a) his salary for up to 24 months, (b) his STIP bonus for up to 24 months, (c) annual car allowance with a value of $11,843, (d) credit of an additional 24 months of service under the SDM Pension Plan with a value of approximately $492,000, (e) extended health and dental care benefits for an additional 24 months with a value of $30,250, and (f) applicable incentive and share-based payments as provided for under the terms of the LTIP. For purposes of the foregoing, a resignation for "good reason" means resignation following a reduction in salary, a substantial reduction in duties and responsibilities or a significant relocation of primary workplace. Upon termination or resignation of Mr. Motz' employment (however occasioned), he would be subject to certain non-competition and confidentiality undertakings.

Grant Froese, Chief Operating Officer

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

POTENTIAL AMOUNTS PAID ON TERMINATION

The following table sets forth the estimated incremental payments or benefits that the NEOs would have received upon termination of employment on December 31, 2016 for the various reasons described below:

		Amounts Due on Termination							
			Contractual Severance			Long-Term Incentive Plans			
Name	**Event**	**Salary ($)(1)**	**Annual Bonus ($)(1)**	**Benefits ($)**	**Other ($)**	**Stock Options ($)(2)**	**RSUs ($)(3)**	**PSUs ($)(3)**	**Total ($)**
Galen G. Weston	Termination with cause	—	—	—	—	—	—	—	—
Chairman	Termination without cause	—	—	—	—	—	—	—	—
and Chief Executive	Resignation	—	—	—	—	—	—	—	—
Officer	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Richard Dufresne	Termination with cause	—	—	—	—	—	—	—	—
Chief Financial	Termination without cause	650,000	650,000(4)	—	—	—	—	—	1,300,000
Officer	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Sarah R. Davis	Termination with cause	—	—	—	—	—	—	—	—
President	Termination without cause	650,000	650,000(4)	—	—	—	—	—	1,300,000
	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Michael Motz	Termination with cause	—	—	—	—	—	—	—	—
President, SDM	Termination without cause/Resignation for Good Reason	1,600,000	1,600,000(4)	492,000(5)	42,093(6)	—	—	—	3,734,093
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—
Grant Froese	Termination with cause	—	—	—	—	—	—	—	—
Chief Operating	Termination without cause	1,600,000	1,600,000(4)	—	—	—	—	—	3,200,000
Officer	Resignation	—	—	—	—	—	—	—	—
	Retirement	—	—	—	—	—	—	—	—
	Change of Control	—	—	—	—	—	—	—	—

(1) The Salary and Annual Bonus figures reflect contractual entitlements and may be paid by salary continuance, subject to mitigation obligations.
(2) The NEOs are entitled to exercise vested options following termination without cause in accordance with the Stock Option Plan. NEOs are entitled to continued vesting and payout of stock options in the normal course if they retire at age 55 with 10 years of service.
(3) RSUs and PSUs are paid out on a prorated basis where the NEO retires or is terminated without cause in accordance with the RSU Plan and PSU Plan, respectively. NEOs are entitled to continued vesting and payout of RSUs and PSUs if they retire at age 55 with 10 years of service.
(4) Annual bonus is valued at target level.
(5) Mr. Motz' credit of 24 months of service under the SDM pension plan has a value of approximately $492,000.
(6) Includes annual car allowance and 24 months of extended health and dental care benefits.

COMPENSATION DECISIONS FOR 2017

INTRODUCTION

Ms. Davis was appointed President of the Corporation effective January 18, 2017. To recognize her increased responsibilities as President, the Governance Committee increased Ms. Davis' base salary from $650,000 to $900,000. Ms. Davis' STIP target increased from 100% of base salary to 125% and her LTIP target increased from 200% of base salary to 300%.

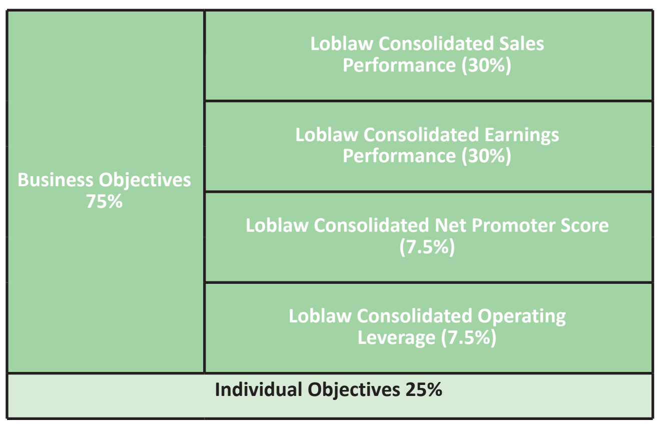
Mr. Weston was appointed Chief Executive Officer of the Corporation effective January 18, 2017. The Boards of both the Corporation and Weston reviewed Mr. Weston's compensation as Chief Executive Officer of both entities for 2017. The Boards determined that Mr. Weston's base salary as Chief Executive Officer of both organizations would be increased by $80,000. This increase to Mr. Weston's compensation was intended to off-set the loss of his $400,000 fee as Chairman of Weston. Consistent with Weston's policies, when Mr. Weston was appointed Chief Executive Officer in January 2017, he forfeited his Chairman fee as management directors do not receive compensation for sitting on the Corporation's or its controlled entities' boards. In light of Mr. Weston's increased responsibilities as CEO of both the Corporation and Weston, the increase to his base salary was intended to keep his total compensation amount consistent with prior years. The Boards also determined that the total cost of Mr. Weston's compensation arrangements would be shared equally between the Corporation and Weston to reflect this equal time allocation between the organizations.

After a distinguished 38-year career, Mr. Froese decided to retire from the Corporation effective April 14, 2017.

2017 SHORT-TERM INCENTIVE PLAN

The Governance Committee has approved performance measures and weightings for the 2017 STIP:

Loblaw STIP



In 2017, the Governance Committee also removed the payout cap that is triggered when both the revenue and earnings targets are not achieved.

2017 LONG-TERM INCENTIVE PLAN AMENDMENTS

The RSU Plan and PSU Plan were amended effective 2017 to provide that dividend equivalents in the form of additional RSUs or PSUs, as applicable, that are equal in value to dividends paid on Common Shares are credited to the participant's account on each dividend payment date based on the number of RSUs or PSUs, as applicable, in the account as of the dividend record date. The dividend equivalents vest only at the same time and to the same extent as the underlying RSUs and PSUs vest. This amendment was approved by the Governance Committee to ensure that the RSU and PSU Plans remained competitive with other issuers' plans.

2017 LONG-TERM INCENTIVE PLAN GRANTS

In February 2017, 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 2, 2017. As noted, in 2017, Mr. Weston's compensation arrangements are shared equally between the Corporation and Weston.

Name	Grant Date Fair Value ($)(1)	Stock Options (#)(2)	RSUs (#)	PSUs (#)
Galen G. Weston	2,360,000	78,510	11,217	11,217
Richard Dufresne	910,000	30,273	4,325	4,325
Sarah R. Davis	2,700,000	89,820	12,833	12,833
Michael Motz(3)	1,600,000	53,227	7,605	7,605
	1,600,016	—	22,815	—

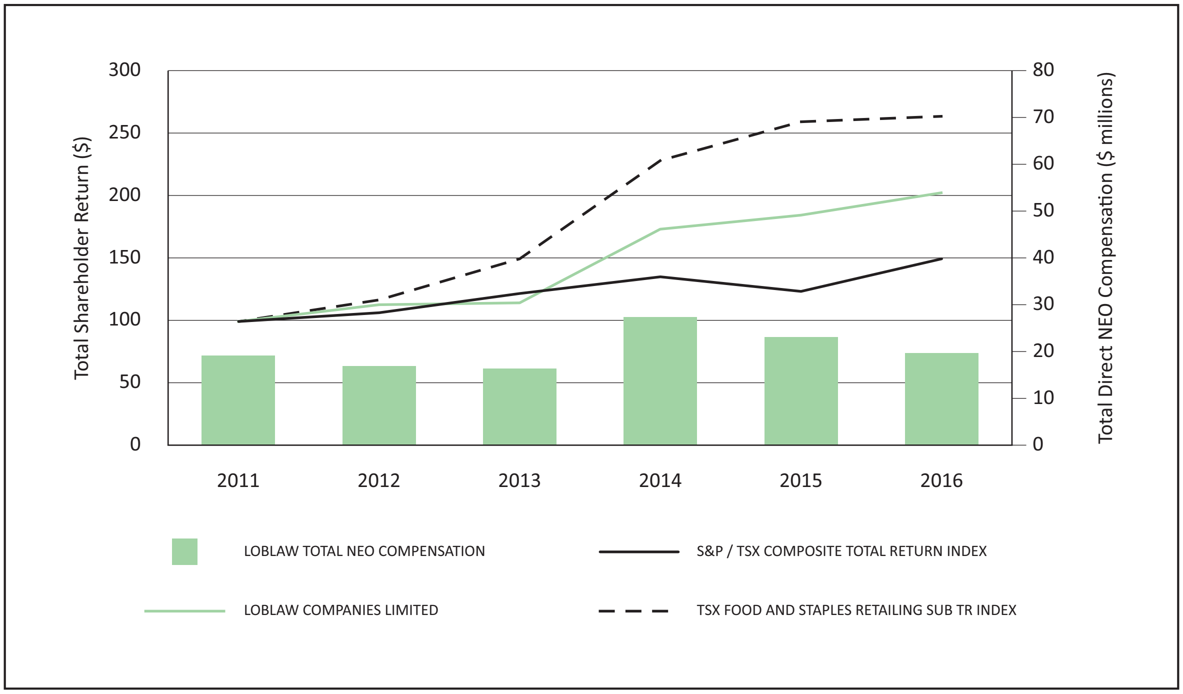
(1) These amounts reflect the grant date fair value of the options, RSUs and PSUs. The grant date fair value of stock options is calculated in the following manner: Stock Option Value = Number of Stock Options Granted x Black-Scholes-Merton Value. The grant date fair value of the RSUs and PSUs is calculated 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 $70.13 as of March 2, 2017. The grant date fair value of a PSU award assumes vesting at 100% of target.

(2) The exercise price of the stock options is $70.13.

(3) Mr. Motz also received a special one-time RSU award comprised of 22,815 RSUs with a grant date fair value of $1,600,016.

PERFORMANCE GRAPH

The graph below compares the cumulative total shareholder return on $100 invested in Common Shares on December 31, 2011, 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

	2011	2012	2013	2014	2015	2016
S&P / TSX COMPOSITE TOTAL RETURN INDEX	$ 100	$ 106	$ 121	$ 135	$ 123	$ 149
LOBLAW COMPANIES LIMITED	$ 100	$ 112	$ 114	$ 173	$ 184	$ 202
TSX FOOD AND STAPLES RETAILING SUB TR INDEX	$ 100	$ 116	$ 149	$ 228	$ 259	$ 263

Total Direct NEO Compensation

	2011	2012	2013	2014	2015	2016
TOTAL DIRECT NEO COMPENSATION ($ millions)	$ 19.1	$ 16.6	$ 16.3	$ 27.3	$ 22.9	$ 19.4

For the five-year period ended December 31, 2016, the Corporation's total shareholder return, as shown above, out-performed the S&P/TSX Composite Total Return Index. During the period, the total cumulative shareholder return for $100 invested in Common Shares was $202 as compared to $149 for the S&P/TSX Composite Total Return Index. The Corporation's total shareholder return was positively affected by key strategic initiatives, including the creation of Choice Properties REIT and the Corporation's acquisition of SDM.

Both the Corporation's total shareholder return and total compensation for the Corporation's NEOs have increased over the five fiscal years ended December 31, 2016. 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 52% of all NEO compensation in 2016.

The Summary Compensation Table's disclosed 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 is at-risk. In addition to the LTIP awards, the Corporation's STIP awards are made based on the successful performance of key financial objectives that are tied to the business plan. These at-risk components (the STIP and LTIP awards) for the Loblaw NEOs in 2016 ranged from 70.4% to 83.0% of their total compensation.

SUMMARY COMPENSATION TABLE

The following table sets forth the compensation earned by the NEOs during fiscal years 2016, 2015 and 2014, 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 ($)[3]	Total Compensation ($)
Galen G. Weston	2016	1,100,000	2,933,398	1,466,662	1,856,250	—	—[4]	184,846 [5]	7,541,156
Chairman and Chief Executive Officer	2015	1,100,000	2,933,364	1,466,663	2,788,335	—	—[4]	196,835 [5]	8,485,197
	2014	1,000,000	1,666,650	833,333	1,342,099	—	—[4]	181,673 [5]	5,023,755
Richard Dufresne	2016	650,000 [6]	866,666 [7]	433,334 [7]	664,674 [8]	—	38,000	56,221	2,708,895 [9]
Chief Financial Officer	2015	635,417 [6]	1,497,410 [7]	423,619 [7]	881,476 [8]	—	38,000	68,667	3,544,589 [9]
	2014	600,417 [6]	1,914,003 [7]	506,944 [7]	655,054 [8]	—	35,000	50,462	3,761,880 [9]
Sarah R. Davis	2016	650,000	866,714	433,336	674,375	—	38,000	58,208	2,720,633
President	2015	606,250	1,458,302	404,168	1,024,502	—	38,000	68,190	3,599,412
	2014	561,938	1,916,743	383,329	754,176	—	38,000	52,867	3,707,053
Michael Motz	2016	800,000	1,066,640	533,338	960,000	—	249,000	28,963	3,637,941
President, SDM	2015	742,510	1,357,639	378,822	1,023,516	—	283,000	21,434	3,806,921
	2014	713,818 [10]	2,606,969	268,465	601,040	—	167,000	790,088 [11]	5,147,380
Grant Froese	2016	800,000	1,199,970	600,002	800,000	—	—	45,508	3,445,480
Chief Operating Officer	2015	741,667	1,644,453	522,215	1,224,195	—	44,000	65,668	4,242,198
	2014	641,667	2,055,580	427,780	861,180	—	36,000	205,013 [12]	4,227,220

(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. 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 27 to the Corporation's annual audited consolidated financial statements for the year ended December 31, 2016, for the other assumptions and estimates used for this calculation). As a result, when using the Black-Scholes-Merton value method, there is a difference between the grant date fair value per option for compensation reporting purposes, and the accounting value per option as follows: For Mr. Weston's 2016 grant, the accounting value per option is lower by $1.29, (2015 and 2014 grants are lower by $1.07 and $2.46 respectively); for Mr. Dufresne's 2016 grant, the accounting value per option is lower by $1.29, (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 grant is lower by $0.44); for Mr. Froese' 2016 grant, the accounting value per option is lower by $1.29 (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); for Ms. Davis' and Mr. Motz' 2016 grant, the accounting value per option is lower by $1.29. (Ms. Davis and Mr. Motz' 2015 grants on March 5, 2015 and July 30, 2015, the accounting value per option is lower by $1.07 and $0.86, respectively) (Ms. Davis and Mr. Motz' 2014 grants are lower by $2.46).

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

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

(5) In 2014, 2015 and 2016, Mr. Weston received $144,000 , $134,000 and $138,000, respectively, in compensation for his role as Chairman of Choice Properties REIT.

(6) In July 2014, Mr. Dufresne was appointed Chief Financial Officer. As a result of this appointment, effective August 1, 2014, Mr. Dufresne received a base salary increase to $625,000 which was apportioned between the Corporation (90%) and Weston (10%) following such date. In 2014, Mr. Dufresne's actual base salary amount was $600,417 of which the Corporation paid $234,375. In 2015, Mr. Dufresne's actual base salary amount was $635,417 of which the Corporation paid $571,875. In 2016, the Corporation paid $585,000 of Mr. Dufresne's salary.

(7) The cost of Mr. Dufresne's annual LTIP grants is apportioned between the Corporation (70%) and Weston (30%). Mr. Dufresne's annual LTIP grant from Weston in 2016 had an aggregate grant date value of $389,992. Mr. Dufresne's annual LTIP grant from the Corporation in 2016 had an aggregate grant date value of $910,008.
Mr. Dufresne's annual LTIP grant from Weston in 2015 had an aggregate grant date value of $381,399. Mr. Dufresne's annual LTIP grant from the Corporation in 2015 had an aggregate grant date value of $889,652. In 2015, Mr. Dufresne also received a special one time PSU Grant from the Corporation of 9,308 PSUs with a grant date fair value of $649,978.
In 2014, Mr. Dufresne's annual LTIP grant from Weston was 250% of his base salary amount of $600,000 at the time of grant. Mr. Dufresne also received an annual LTIP grant from the Corporation following his appointment to the position of Chief Financial Officer, 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 Synergy PSU Grant from the Corporation of 16,155 PSUs with a grant date fair value of $899,995.

(8) The cost of Mr. Dufresne's STIP payment is apportioned between the Corporation (90%) and Weston (10%). In 2014, 2015 and 2016, the Corporation paid $245,645, $793,328 and $598,207, respectively, toward Mr. Dufresne's STIP payment.

(9) The cost of Mr. Dufresne's total compensation amount was apportioned between the Corporation and Weston, as described in footnotes 6, 7, and 8. In 2014 , 2015 and 2016, the Corporation paid $512,068 , $2,904,833 and $2,178,006, respectively, of Mr. Dufresne's total compensation amount.

(10) Mr. Motz' actual 2014 base salary amounts were slightly higher than their bi-annual amounts as a result of a bi-weekly payroll process at SDM which compensated them on a 53-week retail calendar, as compared to the Corporation's monthly payroll process.

(11) In 2014, Mr. Motz received a payment in the amount of $756,889 representing the accelerated vesting of options related to the SDM acquisition.
(12) In 2014, Mr. Froese received $141,200 as a one-time payment to buy-out certain of his contractual entitlements granted to him as part of his relocation from Alberta.

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, 2016:

	Option-Based Awards				Share-Based Awards		
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price ($)	Option Expiration Date	Value of Unexercised In The Money Options ($)(1)	Number of Shares or Units of Shares That Have Not Vested (#)	Market or Payout Value of Share-Based Awards That Have Not Vested ($)(2)	Market or Payout Value of Vested Share-Based Awards Not Paid Out or Distributed ($)
Galen G. Weston	146,914	36.35	March 11, 2017	5,067,064	123,832	8,772,259	—
Chairman and Chief Executive Officer	187,034	39.27	March 3, 2018	5,904,663			
	415,428	34.93	March 1, 2019	14,918,019			
	106,991	40.56	February 28, 2020	3,239,687			
	82,590	47.51	March 28, 2021	1,926,825			
	150,427	63.49	March 5, 2022	1,105,638			
	127,758	68.94	March 3, 2023	242,740			
Richard Dufresne	687	55.71	September 16, 2021	10,394	43,841	3,105,696	—
Chief Financial Officer	29,915	63.49	March 5, 2022	219,875			
	430	69.83	July 30, 2022	434			
	26,423	68.94	March 3, 2023	50,204			
Sarah R. Davis	8,312	39.27	March 3, 2018	262,410	74,896	5,305,633	—
President	99,189	34.93	March 1, 2019	3,561,877			
	33,558	40.56	February 28, 2020	1,016,136			
	37,991	47.51	March 28, 2021	886,330			
	39,316	63.49	March 5, 2022	288,973			
	1,844	69.83	July 30, 2022	1,862			
	37,747	68.94	March 3, 2023	71,719			
Michael Motz	30,018	32.47	February 19, 2020	1,151,791	76,175	5,396,237	—
President, SDM	31,558	45.02	February 18, 2021	814,828			
	26,607	47.51	March 28, 2021	620,741			
	27,535	63.49	March 5, 2022	202,382			
	9,766	69.83	July 30, 2022	9,864			
	46,458	68.94	March 3, 2023	88,270			
Grant Froese	32,501	36.35	March 11, 2017	1,120,959	85,384	6,048,603	—
Chief Operating Officer	41,563	39.27	March 3, 2018	1,312,144			
	142,353	34.93	March 1, 2019	5,111,896			
	44,875	40.56	February 28, 2020	1,358,815			
	39,643	47.51	March 28, 2021	924,871			
	2,748	55.71	September 16, 2021	41,577			
	47,863	63.49	March 5, 2022	351,793			
	4,916	69.83	July 30, 2022	4,965			
	52,265	68.94	March 3, 2023	99,304			

(1) The value of outstanding vested and unvested option-based awards is calculated based on the closing price for the Common Shares on the TSX on December 30, 2016, which was $70.84.
(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 30, 2016, which was $70.84, multiplied by the number of RSUs or PSUs held, as applicable. The value of a PSU award assumes vesting at 100% of target.

INCENTIVE PLAN AWARDS – VALUE VESTED OR EARNED DURING THE YEAR

The following table sets forth the value of option-based and share-based awards of the NEOs that vested during fiscal 2016, as well as the value of non-equity incentive plan compensation that the NEOs earned during fiscal 2016. The dollar value of the option- based and share-based awards is calculated using the number of units vested/earned multiplied by the closing price of the Common Shares on the TSX on the applicable vesting date.

Name	Option-Based Awards — Value Vested During The Year ($)	Share-Based Awards — Value Vested During The Year ($)	Non-Equity Incentive Plan Compensation — Value Earned During The Year(1) ($)
Galen G. Weston			
Chairman and Chief Executive Officer	5,300,048	3,845,628	1,856,250
Richard Dufresne			
Chief Financial Officer	39,831	—	664,674 (2)
Sarah R. Davis			
President	1,595,078	1,206,116	674,375
Michael Motz			
President, SDM	181,540	3,010,799 (3)	960,000
Grant Froese			
Chief Operating Officer	1,790,204	2,223,445	800,000

(1) Payments made in accordance with the Corporation's STIP.
(2) Mr. Dufresne's total STIP award for 2016 was $664,674 of which the Corporation paid $598,207.
(3) Mr. Motz' initial grant of 43,570 Synergy Award PSUs vested in 2016 at a value of $3,010,799.

PENSION PLAN AND LONG SERVICE EXECUTIVE ARRANGEMENTS

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

EXECUTIVE DEFINED BENEFIT PENSION PLAN AND SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

For those executives who participated in the Executive DB Plan and who retired in 2016, annual pension benefits were capped at $2,890 per year of service. In addition, the Corporation provides SERP payments to executives who participate in the Executive DB Plan, including 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.

Pension entitlements for an executive in the 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. For senior executives, the total annual combined benefits payable under the 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 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 26 to the 2016 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 NEO who participates in the Corporation's Executive DB Plan:

Name	Number of Years Credited Service (#)	Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($)(1)	Compensatory Change ($)	Non-Compensatory Change ($)	Closing Present Value of Defined Benefit Obligation ($)(2)
		At Year End	At Age 65				
Grant Froese	38	125,000	125,000	1,713,000	0	102,000	1,815,000

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

SDM PENSION PLAN

The SDM Pension Plan provides monthly pension benefit equal to 2% of the average of the highest consecutive 36-months base salary (excluding incentive awards) times years of credited service, limited to 70% of the average 12-month base salary (excluding incentive awards) immediately prior to retirement. The following table sets forth details regarding Mr. Motz, who participates in the SDM Pension Plan:

Name	Number of Years Credited Service (#)	Annual Benefits Payable ($)		Opening Present Value of Defined Benefit Obligation ($)(1)	Compensatory Change ($)	Non-Compensatory Change ($)	Closing Present Value of Defined Benefit Obligation ($)(2)
		At Year End	At Age 65				
Michael Motz	13	201,000	388,000	2,683,000	249,000	93,000	3,025,000

(1) Discount rate is 4.25% for the Executive Registered Plan and 4.00% for the Supplementary Plan.
(2) Discount rate is 4.00% for the Executive Registered Plan and 4.00% for the Supplementary Plan.

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 2016, contributions were set as a percentage of base salary (maximum of $250,000) and were capped at $26,010 per year, as set forth in the following table:

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

The Corporation or Weston have entered into retirement agreements with certain executives who participate in the Corporation's or Weston's Executive DC Plan to provide SERP benefits to those executives with allocations for contributions in excess of the annual $26,010 registered plan limit. As noted above, the SERP is an unfunded obligation of the Corporation or Weston and executives who participate in this plan must comply with certain eligibility provisions in order to receive payment, most notably, executives are not eligible to receive SERP payments while employed by a competitor of the Corporation.

The following table sets forth details regarding Ms. Davis who participated in the Corporation's Executive DC Plan and SERP during 2016:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)
Sarah R. Davis	384,000	38,000	448,000

The following table sets forth details regarding Mr. Dufresne who participated in Weston's Executive DC Plan during 2016:

Name	Accumulated Value at Start of Year ($)	Compensatory ($)	Accumulated Value at Year End ($)
Richard Dufresne	151,000	38,000	199,000

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND EMPLOYEES

As of March 14, 2017, none of the current or former executive officers or directors of the Corporation or any of its subsidiaries was indebted to the Corporation or any of its subsidiaries (other than "routine indebtedness" under applicable Canadian securities laws). The following table sets forth certain indebtedness (other than "routine indebtedness" under applicable Canadian securities laws) of the current and former employees of the Corporation and any of its subsidiaries as of March 14, 2017.

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

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Corporation's Board and management are dedicated to strong corporate governance practices designed to maintain high standards of oversight, accountability, integrity and ethics while promoting long-term growth and which comply with the Canadian Securities Administrators' Corporate Governance Guidelines (the "Governance Guidelines"). The Governance Committee regularly reviews the Corporation's corporate governance practices to ensure they reflect evolving best practices in a rapidly changing environment.

The Corporation's website, www.loblaw.ca, 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 ERM activities associated with the Corporation's businesses. In order to identify and address any material risks, the Board undertakes an annual assessment of the Corporation's ERM structure. The annual ERM assessment is carried out through interviews, surveys, and facilitated workshops between management and the Board. Risks are identified and then assessed and evaluated based on the Corporation's vulnerability to the risk and the potential impact that the underlying risks would have on the Corporation's ability to execute its strategies and achieve its objectives. To assist with the ERM process, the Corporation has adopted a risk appetite statement that takes into consideration important aspects of the Corporation's businesses, values, and brands. The risk appetite framework articulates key aspects of the Corporation's business, values and brands and provides directional guidance on risk taking. The types of risks the Corporation is exposed to include: strategic; financial; operational; regulatory; human capital; and reputational risks. Management provides periodic updates to the applicable committee(s) of the Board on the status of the key risks including any anticipated impacts in future quarters and significant changes in key risk indicators. In addition, long-term (three to five year) risk levels are assessed to assist in risk mitigation planning activities. Accountability for oversight of each risk is allocated by the Board either to the full Board or to committees of the Board.

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 Weston, Wittington and Choice Properties REIT and reviews and approves any material related party transactions.

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

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

Board Leadership Structure

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

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

Chairman and
Chief Executive Officer
Galen G. Weston

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

Independent Lead Director
Thomas C. O'Neill

- Provides leadership to the Board and particularly to the independent directors
- Ensures that the Board operates independently of management and that directors have an independent leadership contact
- Chairs meetings when the Chairman is absent or meetings of the independent directors following each Board meeting and on other occasions, as required or desirable
- Regularly meets with the Chair and serves as liaison between the Chair and the independent directors
- Works with the Chairman on appropriate agenda items
- Oversees the Board's self-assessment and evaluation of its leadership structure
- Meets periodically with the other independent directors to obtain insight as to areas where the Board and its committees can operate more effectively and to ensure that the Board is able to discharge its responsibilities independent of management

Director Independence

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

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

When assessing materiality, the Governance Committee considers all relevant factors and circumstances including, 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 10 of the 12 director nominees are independent. The Governance Committee reviews its findings with the Board.

The following director nominees were determined to be independent: Paul M. Beeston, Scott B. Bonham, Warren Bryant, Christie J.B. Clark, M. Marianne Harris, Claudia Kotchka, Nancy H.O. Lockhart, Thomas C. O'Neill, Beth Pritchard, and Sarah Raiss. 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:

- Galen G. Weston, who is the Chairman and Chief Executive Officer of the Corporation and a relative of Mr. W. Galen Weston, Weston's controlling shareholder; and
- John S. Lacey, who provides advisory services to the Corporation and to Weston.

The Corporation has taken steps to ensure that adequate structures and processes are in place to permit the Board to function independently of management of the Corporation. The Chair of the Board and of each committee meet separately with the Board or committee members after each meeting without 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 2016. 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 2016, can be found on pages 8 through 13 of this Circular.

Lead Director

The Board is confident that the current leadership structure ensures the appropriate level of oversight, independence and responsibility is applied to Board decisions. The Board is of the view that having a Lead Director who is independent ensures that any potential conflicts of interest between the Corporation and the controlling shareholder are addressed. The Chairman of the Governance Committee serves as the Lead Director. The Lead Director's role is to ensure that the interests of the Corporation and of the minority shareholders and other relevant stakeholders are protected and that the Board is following good governance processes and prioritizing the right matters. More specifically, the Lead Director has the following responsibilities:

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

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:

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

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

Position Descriptions for the Chair of each Committee

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

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. In 2016, several changes were made to the composition of certain committees. 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 Governance Committee, Audit Committee and EH&S Committee are comprised solely of independent directors. The Pension Committee is comprised solely of non-management directors.

Committees Responsibilities

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

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

1. ***Audit Committee***

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

- recommending the appointment of the auditor;
- reviewing and approving the annual audit plan for the auditor;
- reviewing the independence of the auditor;
- considering and evaluating with management the adequacy and effectiveness of internal control over financial reporting and financial disclosure controls and reviewing any proposed corrective actions;
- reviewing and monitoring the Corporation's policies relating to ethics and conflicts of interest of officers and employees;
- overseeing procedures for the receipt, retention and follow-up of complaints regarding the Corporation's accounting, internal controls and auditing matters and the confidential anonymous submission by employees of concerns regarding such matters;
- reviewing and approving internal audit's annual plan and receiving regular reports thereon;
- reviewing regular reports by management relating to the implementation of the Corporation's information technology systems;
- reviewing regular reports from management's Cyber-Security Committee on systems, policies and procedures related to the mitigation of cyber-security risks;
- reviewing and approving the audit fees paid to the auditor and pre-approval of non-audit related fees to the auditor;
- assessing the performance of the Corporation's internal audit function; and
- reviewing and approving any material related party transactions.

The Audit Committee, whose members are Christie J.B. Clark (Chair), Paul M. Beeston, Scott B. Bonham, Warren Bryant and M. Marianne Harris, had five meetings in 2016. Further information relating to the Audit Committee's accomplishments in 2016 is set out in the "Audit Committee Report" on pages 19 and 20.

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;
- overseeing the Corporation's approach to compliance matters and receiving reports from the Management Compliance Committee;
- assisting the Board in discharging its responsibilities relating to compensation and succession planning processes for the Corporation's senior executives; and
- reviewing and determining the design of the compensation of directors and executive officers.

The Governance Committee, whose members are Thomas C. O'Neill (Chair), Warren Bryant, Nancy H.O. Lockhart and Sarah Raiss, had four meetings in 2016. Further information relating to the Governance Committee's accomplishments in 2016 is set out in the "Governance Committee Report to Shareholders" on pages 24 through 26.

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

In 2016, the Pension Committee approved annuitizations for certain of the Corporation's pension plans as part of the Corporation's objective to minimize financial risk associated with defined benefit pension plans. The Pension Committee, whose members are John S. Lacey (Chair), Christie J.B. Clark and Sarah Raiss, had four meetings in 2016.

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 Nancy H.O. Lockhart (Chair), Warren Bryant, Claudia Kotchka and Beth Pritchard, had three meetings in 2016.

Orientation and Continuing Education

The Governance Committee is responsible for the orientation and continuing education of new directors about the business of the Corporation and co-ordinates an in-depth orientation session. New directors receive an in-depth orientation to the Corporation's executive leaders, business strategy, financial information and governance processes. The orientation sessions are attended by the Chairman and Chief Executive Officer and other senior executives and leaders of the key operating divisions. In addition, new directors are provided with a reference manual in advance of the orientation session describing the Corporation's operations, strategy and business plan, the structure and role of the Board and its committees, the Board's mandate, compliance requirements for directors, corporate policies, as well as agendas and minutes for recent Board and committee meetings. New directors are provided with additional historical financial information and opportunities to visit the Corporation's facilities and stores. One-on-one meetings are typically 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 2016, 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 also received presentations from management on the SDM business, President's Choice Bank business, Joe Fresh business, Discount division, Market division and Emerging division. New directors also received a full-day orientation session on the Corporation's businesses led by the senior management team. The members also reviewed the Corporation's strategic plan.

In addition, at least one off-site Board meeting is held each year to familiarize directors with regional operations. These meetings involve presentations by, and discussions with, senior executives responsible for different aspects of the business of the Corporation. As part of this meeting, the directors visited a number of Loblaw, SDM and competitor stores in the Greater Toronto Area in 2016.

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 survey 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 an assessment of Board and Committee Chairs. The survey results are reviewed by the Governance Committee and then presented to the full Board by the Lead Director.

Following the 2016 assessment, the members of the Board made recommendations for improvements in certain areas, including board succession, 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 Chairman and Chief Executive Officer, the President 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 director 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 the Board. In 2017, the Governance Committee approved targets that women and men each comprise at least 30% of the Board's directors. The Governance Committee also assesses any concerns relating to potential conflicts, independence, interlocking board memberships, or time commitment that the candidate may present. The Chairman, the Chair of the Governance Committee, as well as other members of the Governance Committee meet with the potential candidates to determine their interest, availability and suitability. The Governance Committee then presents its list of potential candidates and recommendations to the Board. A continuous list of potential candidates is kept with the records of the Governance Committee.

Before being put forward as a director nominee, candidates meet the Chair of the Governance Committee, the Chairman and other Board members to discuss the Board’s expectations in regards to contribution and commitment obligations.

In August 2016, Mr. Stephen Bachand retired from the Board. The Board identified Mr. Scott B. Bonham, who has the requisite skills, experience and qualifications to be a Board member, as a suitable successor. Mr. Bonham was appointed to the Board on October 4, 2016 and stands for election at this year's Annual Meeting of Shareholders.

CORPORATE GOVERNANCE MATTERS

Ethical Business Conduct

The Corporation’s Code of Conduct (the “Code”) reflects the Corporation’s commitment to high standards of ethical conduct and business practices. The Board annually reviews the Code to ensure it is current and reflects best practices in ethical business conduct and integrity and includes a strong “tone from the top” message. The Code addresses, among other things, conflicts of interest, 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 compliance. The Governance Committee also receives periodic reports from management discussing various policies and procedures that support this important area. Material issues under the Code are brought to the attention of the Audit Committee and, if appropriate, to the Board. The Code is available on the Corporation's website at www.loblaw.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 or enhancement, and if so, such revisions are reviewed with the Board.

The Code also deals with conflicts of interest. Should an 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 their manager or the Human Resources Department 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.loblaw.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 a Vendor Code of Conduct that sets out the Corporation's expectations of its vendor community with respect to ethical conduct and social responsibilities. The Vendor Code of Conduct deals with such matters as labour practices, environmental practices, and compliance with applicable laws.

Disclosure Policy

The Corporation 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 its 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.loblaw.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 Weston. The Corporation's annual insurance premium in 2016 was $621,158 half of which was paid by Weston. The insurance limit is $160 million per year on an aggregate basis or per occurrence basis. There is no deductible in the case of directors and officers and a deductible of up to $1 million for the Corporation.

NORMAL COURSE ISSUER BID

The Corporation has a Normal Course Issuer Bid (the "Issuer Bid") on the TSX which allows for the purchase and cancellation of up to 21,401,867 Common Shares at market prices. A copy of the Corporation's Notice of Intention filed with the TSX can be obtained by the shareholders, without charge, by contacting the Corporation. The current Issuer Bid expires on April 27, 2017. 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 more information on the Corporation's use of non-GAAP financial measures, please see section 17, "Non-GAAP Financial Measures", included in the MD&A of the Corporation's 2016 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 2016 Annual Report and this Circular can be obtained upon request from the Vice President, Investor Relations of the Corporation at 1 President's Choice Circle, Brampton, Ontario L6Y 5S5.

Financial information is provided in the Corporation's audited consolidated financial statements and management's discussion and analysis for its most recently completed financial year. Additional information about or relating to the Corporation can also be found at www.loblaw.ca and www.sedar.com or by dialing in for regularly scheduled conference calls. Additional information regarding Weston and Choice Properties REIT can be found at www.weston.ca, www.choicereit.ca and www.sedar.com.

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 2018 Annual Meeting of Shareholders is December 27, 2017.

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

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

BOARD APPROVAL

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

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

Dated in Toronto, Ontario

March 27, 2017

SCHEDULE A
LOBLAW COMPANIES LIMITED

Mandate of the Board of Directors

1. ROLE

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

2. RESPONSIBILITIES

To ensure that it fulfills its role, the Board, or any Committee so delegated by the Board, will oversee the following:

(a) **Strategic Goals, Corporate Performance, Performance Objectives and Operational Policies**

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

- Determine, from time to time, the appropriate criteria against which to evaluate performance, and set corporate strategic goals and objectives within this context.
- Evaluate performance against both corporate strategic goals and objectives.
- Approve long-term strategies.
- Review and approve management's strategic and operational plans so that they are consistent with long-term goals.
- Approve strategic and operational policies within which management will operate.
- Approve significant acquisitions, sales of assets or shares, and material financing arrangements.
- Review and approve the Corporation's dividend policy and approve the payment of dividends.
- Approve targets and budgets against which to measure corporate and executive performance.

(b) **Finance and Capital Matters**

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

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

- Satisfy itself of the appropriateness of all executive and colleague compensation matters and that a portion of executive compensation is linked appropriately to corporate performance.
- Satisfy itself that a process is in place with respect to the appointment, development, evaluation and succession of senior management.

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

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

(e) **Financial Disclosure**

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

(f) **Enterprise Risk Management Program**

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

(g) **Related Party Transactions**

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

(h) **External Communications**

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

(i) **Corporate Governance**

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

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

- Oversee actions taken by management to ensure that senior executives maintain a culture of integrity throughout the Corporation.
- Adopt a written code of conduct which is applicable to employees, officers and directors of the Corporation, and oversee compliance with the code.
- Receive and review periodic reports on policies and practices related to corporate social responsibility.

3. COMPOSITION

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

4. COMMITTEES

The Board 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, Employee Development, Nominating and Compensation Committee (comprised of a majority of independent directors);
- the Environmental, Health and Safety Committee (no more than one member of the Committee shall be a management director); and
- the Pension Committee (a majority of whom shall be non-management directors).

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

5. ORIENTATION AND CONTINUING EDUCATION

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

6. EQUITY OWNERSHIP BY DIRECTORS

The Board shall oversee directors' compliance with the Corporation's Share Ownership Policy.

7. RETENTION OF EXPERTS

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

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