

LOBLAW COMPANIES LIMITED

Management Proxy Circular

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SECTION 1

Voting Information

About this Document and Related Proxy Materials

We are providing this Management Proxy Circular (the “Circular”) and proxy materials to you in connection with the Annual Meeting of Shareholders (the “Meeting”) of Loblaw Companies Limited (the “Corporation”) to be held on Wednesday, May 4, 2005, at 11:00 a.m. (local time), in Constitution Hall, Room 105 of the Metro Toronto Convention Centre, 255 Front Street West, Toronto, Ontario, M5V 2W6, or any adjournment thereof.

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

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

Unless otherwise indicated, all amounts in this Circular are in Canadian dollars and information is current as of March 8, 2005.

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

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

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

Who can vote?

Holders of common shares of the Corporation (“Common Shares”) as at the close of business on March 22, 2005 are entitled to vote. Each Common Share is entitled to one vote. On March 8, 2005, the Corporation had 274,280,914 Common Shares issued and outstanding.

How do I vote?

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

SECTION 1

Voting Information (continued)

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

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

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

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

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

Please remember that your proxy or voting instructions must be received by 5:00 p.m. local time on May 2, 2005 or before any adjournment of the Meeting thereof at which the proxy is to be used.

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

There are two ways that you can vote your shares:

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

SECTION 1

Voting Information (continued)

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

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

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

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

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

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

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

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

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

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

- By completing and signing a proxy form with a later date than the proxy form you previously returned, and delivering it to Computershare;
- By delivering a written statement signed by you or your attorney authorized in writing:
 - at the offices of Computershare at any time before the close of business on May 2, 2005 or, if the Meeting is adjourned before 5:00 p.m. EST on the second last business day before any adjournment thereof; or
 - in person to the Secretary of the Meeting before the Meeting starts; or
- In any other manner permitted by law.

How many votes are required for approval?

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

SECTION 1

Voting Information (continued)

Who is soliciting my proxy?

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

Is my vote confidential?

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

Controlling Shareholder

Mr. W. Galen Weston beneficially owns directly and indirectly through companies which he controls, including George Weston Limited (the Corporation's parent corporation), Weston Food Distribution Inc. and Weston Holdings Limited, a total of 173,316,835 Common Shares representing 63.18% of the outstanding voting shares of the Corporation. Mr. W. Galen Weston beneficially owns directly and indirectly through Wittington Investments, Limited and affiliated companies, 80,684,148 common shares representing 62.53% of the outstanding voting shares of George Weston Limited.

SECTION 2

Business of the Meeting

Financial Statements and Auditor's Report

The consolidated financial statements of the Corporation for the financial year ended January 1, 2005 and the auditor's report thereon are included in the 2004 Annual Report which has been mailed to shareholders with this Circular.

Election of Directors

On March 8, 2005 the board of directors of the Corporation (the "Board"), in accordance with the Corporation's by-laws, determined that the number of directors to be elected at the Meeting will be 13. It is proposed that the persons named below be nominated for election as directors of the Corporation. All are currently directors of the Corporation except for Mr. Paul Beeston and Ms. Nancy Lockhart and all nominees have established their eligibility and willingness to serve as directors. Management does not believe that any of the nominees will be unable to serve as director, but if that should occur for any reason prior to the Meeting, **the persons named in the enclosed form of proxy may vote for another nominee at their discretion.** Each director will hold office until the next annual meeting or until the director resigns or a successor is elected or appointed.

The following pages set out the names of proposed nominees for election as directors, together with their age, municipality and place of residence, year first elected or appointed as a director (if applicable), principal occupation, other principal directorships and Committee memberships. Also indicated for each person proposed as a director is the number of Common Shares beneficially owned by him or her over which he or she exercises control or direction and the number of other securities of the Corporation and George Weston Limited held by him or her on March 8, 2005.



Paul Beeston, O.C., F.C.A., 59
Toronto, Ontario

Mr. Beeston (Corporate Director) is the former President and Chief Executive Officer of Major League Baseball and formerly President of the Toronto Blue Jays Baseball Team. He graduated from the University of Western Ontario with a B.A. Mr. Beeston is a chartered accountant.

Loblaw Companies Board Details:

- Independent Director Nominee

SECTION 2

Business of the Meeting (continued)



Camilla Dalglish, 67
Toronto, Ontario

Common Shares: 800
Deferred Share Units: 3,979
Securities of George Weston Limited:
310,560⁽ⁱ⁾, 20,000⁽ⁱⁱ⁾, 40,000⁽ⁱⁱⁱ⁾

Mrs. Dalglish (Corporate Director) is a Director of The W. Garfield Weston Foundation and of The Nature Conservancy of Canada.

Mrs. Dalglish is a past President of The Civic Garden Centre and a former Member of the Board of Directors of the Royal Botanical Gardens. She graduated from McGill University with a B.A.

Loblaw Companies Board Details:

- Director since 1991
- Non-Independent Director, related to Mr. W. Galen Weston
- Member: Environmental, Health and Safety Committee
- Meets share ownership guidelines



Robert J. Dart, F.C.A., 66
Toronto, Ontario

Common Shares: 5,000
Securities of George Weston Limited:
28,000⁽ⁱ⁾, 2,000⁽ⁱⁱ⁾, 4,000⁽ⁱⁱⁱ⁾

Mr. Dart is Vice Chairman of Wittington Investments, Limited (an affiliate of the Corporation and investment company) and was formerly President of Wittington Investments, Limited.

He is a former senior tax partner of Price Waterhouse Canada. He graduated from the University of Toronto with a B.Comm. Mr. Dart is a chartered accountant.

Mr. Dart is also a Director of George Weston Limited, Holt, Renfrew & Co., Limited and Brown Thomas Group Limited.

Loblaw Companies Board Details:

- Director since 1994
- Non-Independent Director, Executive Officer of Wittington Investments, Limited
- Member: Pension and Benefits Committee
- Meets share ownership guidelines



Anthony S. Fell, O.C., 66
Toronto, Ontario

Common Shares: 20,000
Deferred Share Units: 2,810

Mr. Fell is Chairman of RBC Capital Markets Inc. (investment and financial company) and was previously Chairman and Chief Executive Officer of RBC Dominion Securities and Deputy Chairman of Royal Bank of Canada.

Mr. Fell is Chairman of Munich Reinsurance Group of Companies, a Director of BCE Inc. and CAE Inc., and is Chair of the Board of Trustees of University Health Network.

Loblaw Companies Board Details:

- Director since 2001
- Independent Director
- Member: Governance, Employee Development, Nominating and Compensation Committee (Chair) and Pension and Benefits Committee
- Meets share ownership guidelines

SECTION 2

Business of the Meeting (continued)



Anthony R. Graham, 48
Toronto, Ontario

Common Shares: 10,000
Deferred Share Units: 2,810
Securities of George Weston Limited:
10,000⁽ⁱⁱ⁾, 1,653^(iv)

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

Mr. Graham is also Chairman and a Director of both Graymont Limited and President's Choice Bank. He is also a Director of George Weston Limited, Brown Thomas Group Limited, Holt, Renfrew & Co., Limited, Power Corporation of Canada, Power Financial Corporation, Provigo Inc., and Selfridges & Co. Ltd.

Loblaw Companies Board Details:

- Director since 1999
- Non-Independent Director, Executive Officer of Wittington Investments, Limited
- Member: Executive Committee; Governance, Employee Development, Nominating and Compensation Committee and the Pension and Benefits Committee
- Meets share ownership guidelines



John A. Lederer, 49
Toronto, Ontario

Common Shares: 75,000

Mr. Lederer is President of the Corporation and was formerly Executive Vice President of the Corporation.

Mr. Lederer is a Director of the Food Marketing Institute and founder of the President's Choice Children's Charity.

He graduated from York University with a B.A.

Loblaw Companies Board Details:

- Director since 2002
- Non-Independent Director, President of the Corporation
- Member: Executive Committee
- Meets share ownership guidelines



Nancy Lockhart, 50
Toronto, Ontario

Securities of George Weston Limited:
1,860⁽ⁱ⁾

Ms. Lockhart is the Chief Administrative Officer of Frum Development Group (property development and management company) and was formerly a Vice President of Shoppers Drug Mart Corporation.

Ms. Lockhart is Chair of the Board of Trustees and of the Agents for Change Campaign, Ontario Science Centre, past President of the Canadian Club and a Governor of the Council for Canadian Unity.

Loblaw Companies Board Details:

- Independent Director Nominee

SECTION 2

Business of the Meeting (continued)



Pierre Michaud, C.M., 61
Montreal, Quebec

Common Shares: 49,866

Mr. Michaud is a Director and Chairman of Provigo Inc. (a subsidiary of the Corporation). Mr. Michaud is also Vice-Chairman of Laurentian Bank of Canada.

Mr. Michaud is a Director of Old Port of Montreal Corporation Inc., Bombardier Recreational Products Inc., Gaz Metro Inc. and a member of the Advisory Board of Mont-Tremblant.

Loblaw Companies Board Details:

- Director since 1999
- Non-Independent Director, Executive Officer of a subsidiary of the Corporation
- Member: Environmental, Health and Safety Committee
- Meets share ownership guidelines



Thomas C. O'Neill, F.C.A., 59
Toronto, Ontario

Common Shares: 2,000

Deferred Share Units: 970

Securities of George Weston Limited:
500⁽ⁱ⁾

Mr. O'Neill (Corporate Director) is the retired Chairman of PricewaterhouseCoopers Consulting. He previously was Chief Executive Officer, and prior to that, he had been Chief Operating Officer of PricewaterhouseCoopers LLP global organization. Mr. O'Neill is a chartered accountant.

Mr. O'Neill is a past member of the Advisory Council of Queen's University School of Business and is currently Vice-Chair of the Board of Governors of Queen's University. Mr. O'Neill is a Director of Nexen Inc., St. Michael's Hospital, BCE Inc., Ontario Teachers Pension Plan, Dofasco Inc. and Adecco S.A. He graduated from Queen's University with a B.Comm.

Loblaw Companies Board Details:

- Director since 2003
- Independent Director
- Member: Audit Committee
- Meets share ownership guidelines



G. Joseph Reddington, 63
Sedona, Arizona

Common Shares: 3,000

Deferred Share Units: 4,009

Mr. Reddington (Corporate Director) is the retired Chairman, Chief Executive Officer and Director of Breuners Home Furnishings Corporation. He is the former Chairman and Chief Executive Officer of The Signature Group and a former President and Chief Executive Officer of Sears Canada.

Mr. Reddington is a Director of Ansett Worldwide. He graduated from the University of Iowa with a B.A. and a J.D.

Loblaw Companies Board Details:

- Director since 1994
- Independent Director
- Member: Governance, Employee Development, Nominating and Compensation Committee
- Meets share ownership guidelines

SECTION 2

Business of the Meeting (continued)



T. Iain Ronald, F.C.A., 72
Toronto, Ontario

Common Shares: 6,000
Deferred Share Units: 3,521

Mr. Ronald (Corporate Director) is Chairman of Transalta Power Ltd., Transalta Cogeneration Ltd. and BFI Canada Income Fund and was formerly Vice Chairman of Canadian Imperial Bank of Commerce.

Mr. Ronald is a Director of Holt, Renfrew & Co., Limited, President's Choice Bank (a subsidiary of the Corporation), Leon's Furniture Limited, Strongco Inc. and Allied Properties Real Estate Investment Trust.

Mr. Ronald graduated from Harvard Business School with an M.B.A and from the University of Glasgow with a B.L. Mr. Ronald is a chartered accountant.

Loblaw Companies Board Details:

- Director since 1992
- Independent Director
- Member: Audit Committee (Chair) and Pension and Benefits Committee (Chair)
- Meets share ownership guidelines



W. Galen Weston, O.C., 64
Toronto, Ontario

Common Shares: 173,316,835
Securities of George Weston Limited:
80,684,148⁽ⁱ⁾

Mr. Weston is Chairman of the Corporation and is Chairman and President of George Weston Limited.

Mr. Weston is also Chairman of Holt, Renfrew & Co., Limited, Brown Thomas Group Limited and Selfridges & Co. Ltd. He is President of The W. Garfield Weston Foundation. Mr. Weston is also a Director of Associated British Foods plc and is a Member of the Advisory Board of Columbia University.

He received a B.A. and has been awarded an Honorary Doctor of Laws Degree from the University of Western Ontario.

Loblaw Companies Board Details:

- Director since 1972
- Non-Independent Director, Chairman of the Corporation and President of George Weston Limited
- Member: Executive Committee (Chair)
- Meets share ownership guidelines

SECTION 2

Business of the Meeting (continued)



Joseph H. Wright, 62
Toronto, Ontario

Common Shares: 7,086
Deferred Share Units: 5,068

Mr. Wright is a Managing Partner of Barnagain Capital (investment company) and was formerly President and Chief Executive Officer of Swiss Bank Corporation (Canada).

Mr. Wright is Chairman and Trustee of O & Y Real Estate Investment Trust, and a Director of President's Choice Bank, CallNet Enterprises Inc. and Hip Interactive. He is also a Trustee of Chartwell Seniors Housing Real Estate Investment Trust and BFI Canada Income Fund.

He graduated from Princeton University with a B.A. magna cum laude.

Loblaw Companies Board Details:

- Director since 1996
- Independent Director
- Member: Audit Committee; Governance, Employee Development, Nominating and Compensation Committee and the Pension and Benefits Committee
- Meets share ownership guidelines

- (i) Common Shares of George Weston Limited
- (ii) Preferred Shares Series I of George Weston Limited
- (iii) Preferred Shares Series II of George Weston Limited
- (iv) Deferred Share Units of George Weston Limited

SECTION 2

Business of the Meeting (continued)

Appointment of Auditor

The directors propose that the firm of KPMG LLP be appointed as the auditor of the Corporation for the 2005 fiscal year. As part of the Corporation's corporate governance practices, the Board has acted to ensure a policy is in place limiting the auditor from providing consulting services unrelated to the audit unless such non-audit services provided by the auditor are pre-approved by the Audit Committee.

The aggregate fees of KPMG LLP for professional services rendered for the audit of the Corporation's financial statements and other services for the fiscal years 2004 and 2003 are as follows:

	2004 \$(000's)	2003 \$(000's)
Audit fees ⁽¹⁾	1,403	1,195
Audit-related fees ⁽²⁾	565	400
Tax consultant fees ⁽³⁾	65	327
All other fees ⁽⁴⁾	34	455
Total fees	2,067	2,377

- (1) Audit fees include fees for services related to the audit of the Corporation's consolidated financial statements.
- (2) Audit-related fees include assurance and related services that are performed by the Corporation's auditors. These services include accounting consultations in connection with the review of quarterly reports to shareholders, pension plans, comfort letters and the interpretation of accounting and financial reporting standards.
- (3) Tax consultant fees include fees for assistance with tax planning, including commodity tax issues.
- (4) Other fees include fees for risk management services, labour relations, internal control documentation, legislative and/or regulatory compliance services.

Shareholder Proposals

The *Canada Business Corporations Act* permits certain eligible shareholders of the Corporation to submit shareholder proposals to the Corporation, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders to be held in 2006 is December 21, 2005.

SECTION 3

Board of Directors Compensation, Attendance and Share Ownership

Directors' Compensation

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

Annual retainers paid quarterly and attendance fees were paid to other members of the Board on the following basis during fiscal 2004:

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

(1) including committee chairs

Through the Governance, Employee Development, Nominating and Compensation Committee (the "Governance Committee"), the Board assesses the adequacy and form of compensation paid to directors. A meeting of independent directors is held to review these issues along with other governance issues raised by directors. Periodically, the Governance Committee benchmarks directors' compensation against compensation paid by major Canadian public companies in order to ensure that their compensation reflects their responsibilities involved in being a director of the Corporation.

Deferred Share Units

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

In fiscal 2004, 8 directors elected to take all or a portion thereof of their annual retainer and meeting fees in DSUs. As at January 1, 2005 the amount owing in respect of DSUs currently outstanding to Board members was \$2,223,714.

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

SECTION 3

Board of Directors Compensation, Attendance and Share Ownership (continued)

The following table reflects compensation earned by non-management directors in respect of fiscal 2004^(a):

Name	Board Retainer	Committee Chair Retainer	Committee Member Retainer	Board Attendance Fees	Committee Attendance Fees	Other Meeting Attendance Fees	Total Fees Received
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
John Cassaday	50,000	3,000	9,000	12,000	16,000	—	90,000
Camilla H. Dalglish	50,000		4,000	12,000	4,000	2,000	72,000
Anthony S. Fell	50,000	3,000	8,000	14,000	18,000	2,000	95,000
Anne L. Fraser	50,000		4,000	14,000	6,000	2,000	76,000
Pierre Michaud ^(b)	50,000		4,000	14,000	6,000	2,000	76,000
Thomas C. O'Neill	50,000		5,000	14,000	8,000	2,000	79,000
G. Joseph Reddington	50,000		4,000	14,000	6,000	2,000	76,000
T. Iain Ronald ^(c)	50,000	13,000	9,000	14,000	20,000	2,000	108,000
Joseph H. Wright ^(c)	50,000		13,000	14,000	26,000	—	103,000
Total:	450,000	19,000	60,000	122,000	110,000	14,000	775,000

Notes:

- (a) Directors are reimbursed for transportation and other expenses incurred for attendance at Board and Committee meetings.
- (b) During 2004, Mr. Michaud received \$120,000 in consulting fees for services provided to Provigo Inc.
- (c) During 2004, Messrs. Wright and Ronald each received \$20,000 in additional director fees from President's Choice Bank.

SECTION 3

Board of Directors Compensation, Attendance and Share Ownership (continued)

Summary of Attendance

The following table provides a summary of attendance for each Board and Committee member during fiscal 2004.

Directors	Board Meetings Attended	Audit Committee Meetings Attended	Environmental, Health and Safety Committee Meetings Attended	Governance, Employee Development, Compensation and Nominating Committee Meetings Attended	Pension and Benefits Committee Meetings Attended
John Cassaday	6 of 7	5 of 6	3 of 3		
Camilla H. Dalglish	6 of 7		2 of 3		
Robert J. Dart	4 of 7				*2 of 4
Anthony S. Fell	7 of 7	**3 of 6		3 of 3	**3 of 4
Anne L. Fraser	7 of 7		3 of 3		
Anthony R. Graham	7 of 7			3 of 3	4 of 4
John A. Lederer	7 of 7				
Pierre Michaud	7 of 7		3 of 3		
Thomas C. O'Neill	7 of 7	4 of 6			
G. Joseph Reddington	7 of 7			3 of 3	
T. Iain Ronald	7 of 7	6 of 6			4 of 4
W. Galen Weston	7 of 7				
Joseph H. Wright	7 of 7	6 of 6		3 of 3	4 of 4

* Mr. Dart was appointed to the Pension and Benefits Committee on May 5, 2004. He attended 2 of 3 Committee meetings following his appointment.

** Mr. Fell was appointed to the Pension and Benefits Committee on May 5, 2004 and resigned from the Audit Committee on May 5, 2004. He attended all Committee meetings following his appointment.

SECTION 4

Executive Compensation

Report on Executive Compensation

The responsibilities of the Governance Committee are summarized under “Statement of Corporate Governance Practices” on page 25. Among other matters, the Governance Committee is responsible for reviewing and approving overall compensation policies and reviewing, approving and recommending compensation for senior employees of the Corporation and its operating divisions and forms of compensation, including for those Named Executive Officers listed in the Summary Compensation Table on page 21.

As of March 8, 2005, the members of the Governance Committee were Anthony S. Fell (Chairman), Anthony R. Graham, G. Joseph Reddington and Joseph H. Wright. All members of the Governance Committee are independent except for Mr. Graham who is an executive officer of Wittington Investments, Limited the parent company of the controlling beneficial shareholder.

Compensation Philosophy

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

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

Comparator Group

On a regular basis, the Governance Committee retains external compensation consultants to analyze total compensation paid by the Corporation and the form of such compensation to ensure that it is competitive with that paid by companies in the comparator group described below and is effective in achieving the objectives established by the Corporation.

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

Components of Total Compensation

The aggregate compensation of senior employees of the Corporation, including the Named Executive Officers, consists of four components: base salary, annual bonus incentives, long-term equity-based incentives and retirement arrangements. The Corporation aims to ensure that each senior employee’s compensation consists of base salary, annual bonus incentives and long-term equity-based incentives with greater emphasis on the variable components of compensation.

SECTION 4

Executive Compensation (continued)

Base Salary

The Governance Committee reviews base salaries for senior employees, including the Named Executive Officers, every 3 years (other than the base salary of the Chairman and the President which are reviewed annually). Base salaries are set with reference to the criteria and competitive benchmarks reviewed by third party consultants and approved by the Governance Committee. The Corporation's compensation philosophy with respect to base salaries is to maintain levels at approximately the market median (50th percentile) and to place more upside opportunities on the discretionary performance-related incentives of annual bonus and long-term equity-based incentives. Accordingly, although base salaries are reviewed on a regular multi-year basis, they are relatively de-emphasized.

Annual Bonus Incentive

Senior employees of the Corporation, including the Named Executive Officers except for Mr. W. Galen Weston, participate in an annual cash bonus plan based on economic value added ("EVA") principles which measure the economic value generated by the assets employed by the Corporation. Using this measure for purposes of calculating payments under the bonus plan allows the Governance Committee to:

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

EVA reflects the operating performance of the Corporation while taking into account the cost of capital employed to generate operating income. Cost of capital is the economic cost of all capital employed in the Corporation's business and includes working capital, cost of debt (including off-balance sheet items such as types of leases) and cost of equity. Revenue enhancements and cost reduction programs requiring no additional capital investment increase return on capital employed and increase EVA. Capital reductions where existing assets are earning less than the cost of capital and investing additional capital for growth where the return exceeds the cost of capital generate positive EVA results.

As a result of the annual bonus plan, a significant portion (not to exceed 50%) of each senior employee's annual total short term compensation is linked to EVA generated by the Corporation's business. The application of EVA in the annual bonus plan more closely aligns the bonus component of the senior employees' compensation with long-term shareholder objectives of producing sustainable long-term returns above the cost of capital. By measuring the economic value added, EVA integrates the combined productivity of all factors of production which focuses both on operating income generation and the efficient management of assets.

The EVA bonus earned in any year is paid out in cash over a 3-year period, with one-third being paid in each year commencing with the year immediately after the bonus is earned. As a result of the payout mechanism, subsequent years' EVA bonuses earned can either increase or decrease the amount of the net payment received by the senior employees and therefore ensures that long-term performance is not sacrificed by decisions to enhance profitability for the short term.

SECTION 4

Executive Compensation (continued)

Equity-Based Incentives

For fiscal 2005, the Governance Committee approved a change in the mix of executive compensation for the Corporation's senior employees. The change reduces the use of stock options by approximately one-third and introduces a new long-term equity-based incentive in the form of restricted share units ("RSUs"). The change applies to the long term incentive units granted to senior employees on January 20, 2005.

Stock Option Plan

Senior employees participate in the Corporation's stock option plan ("Option Plan"). Allocations under the Option Plan are intended to provide strong incentives for superior long-term future performance consistent with shareholders' objectives. The Option Plan links compensation to shareholders' interests because the value of the awards is directly related to the Corporation's future stock price.

The Option Plan has two objectives:

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

Options granted pursuant to the Option Plan do not vest immediately but vest over a period of five years at 20% per year.

The Corporation maintains the total number of Common Shares reserved for issuance under the Option Plan at 5% or less of the total number of issued and outstanding Common Shares of the Corporation. In addition, in most cases on exercise of options recipients receive cash representing the share appreciation value, not shares. This avoids the dilutive effect of increasing the number of Common Shares issued in respect of the Option Plan.

Under the Option Plan, individuals can elect to receive Common Shares or the share appreciation value in accordance with the terms of the Option Plan. Options are awarded as part of total compensation without reference to outstanding option grants held by a particular employee although total unvested option entitlements are reviewed at the time of option grants to ensure that the Corporation is within its target of no more than 5% of outstanding Common Shares being subject to options at any time. The Governance Committee examines stock options granted by companies in the comparator group described above to ensure that such option grants to the Corporation's senior employees are competitive. To hold stock options, an individual must be an officer or employee of the Corporation, a subsidiary or an affiliate of the Corporation.

Options are granted to senior employees based upon a multiple of base salary reflecting their position, length of service and responsibility. For the fiscal year commencing January 1, 2005 at the subsidiary operating level, the multiple ranges from 10 times salary at the most senior levels to 1 times salary. Options are not granted every year and are reviewed by the Governance Committee as part of its regular review of compensation, generally on a 3-year cycle.

The maximum number of Common Shares issuable under the Option Plan at any time without first obtaining shareholder approval cannot exceed 20,405,991. Stock option grants of the Corporation as at March 8, 2005 had total unexercised options outstanding of 5,820,477 Common Shares or 2.1% of issued and outstanding Common Shares.

SECTION 4

Executive Compensation (continued)

On June 7, 2004, options on 15,000 Common Shares were granted at the market price of \$62.14 to one employee of the Corporation. On November 15, 2004, options on 30,000 Common Shares were granted at the market price of \$67.11 to one employee of the Corporation.

Subsequent to year end, 2,152,252 options were granted to 231 employees at a market price of \$69.63.

Restricted Share Unit Plan

The Governance Committee approved a Restricted Share Unit Plan (“RSU Plan”) for 2005 for certain senior employees of the Corporation to ensure compensation to senior employees remains competitive and to foster retention. On January 20, 2005, the Corporation, pursuant to the RSU Plan, granted 376,645 Restricted Share Units (RSUs) to 231 employees of the Corporation. The RSUs give the holders no rights to Common Shares, but entitle the holder under certain conditions to a cash payment during the third calendar year following the date of their award. This payment will be the equivalent of the average closing price of a Common Share on the TSX preceding the date which is the end of the performance period for the RSUs times the number of RSUs held by the employee. Each RSU will be paid out no later than December 30th of that year.

Share Ownership Guidelines

To encourage stock ownership by senior employees of the Corporation and its operating divisions, effective January 1, 2003, the Corporation adopted share ownership guidelines to be achieved over a 5-year period. Certain senior executives are required to hold a minimum level of ownership of Common Shares of the Corporation and/or common shares of George Weston Limited set as a percentage of base salary. Requirements are generally at the following aggregate levels: President — 5 times base salary, other Named Executive Officers — 3 times base salary and all other direct reports to the President — 2 times base salary.

The beneficial share ownership of each Named Executive Officer, other than for the significant shareholder, and the dollar value of such share ownerships based on the closing price on the TSX on March 8, 2005 are listed below:

Name	Number of Shares		Share Value (\$)	
	Loblaw	Weston	Loblaw	Weston
John A. Lederer	75,000	—	5,418,750	—
David K. Bragg	6,272	—	453,152	—
David R. Jeffs	30,600	—	2,210,850	—
Richard P. Mavrinac	8,149	3,798	588,765	410,753

Retirement Plans

Senior employees participate in the Corporation’s Designated Executive Pension Plan. In addition, senior employees of the Corporation, including the Named Executive Officers, are entitled to a Supplementary Employee Retirement Plan. Information on these plans can be found under “Pension Plan and Long Service Executive Arrangements” on page 23.

SECTION 4

Executive Compensation (continued)

Employment and Retirement Arrangements

Mr. Lederer was appointed President of the Corporation on January 1, 2001 and entered into an employment arrangement with the Corporation which was amended on January 1, 2004. In accordance with his contract, Mr. Lederer's base salary was reviewed at that time by the Governance Committee. As a result of that review, his salary was increased to \$1.35 million annually for a 3 year period. His bonus was increased to a target of 75% of salary based on EVA, not to exceed 100% of base salary and up to an additional maximum of \$250,000 per annum at the discretion of the Governance Committee based upon, among other things, personal performance in achieving the Corporation's approved strategies. Upon ceasing to be employed by the Corporation, Mr. Lederer may be entitled to a payment of a maximum of \$10 million, subject to certain non-competition covenants.

Mr. Mavrincac entered into a 5-year employment contract with the Corporation and its parent, effective January 1, 2003 which fixed his base salary at that time at \$500,000 to be split between the Corporation and George Weston Limited for 2 years and entitles him to a targeted annual bonus of 75% based on EVA not to exceed 100% of base salary. Upon ceasing to be employed by the Corporation, Mr. Mavrincac may be entitled to a maximum aggregate termination payment of up to \$5 million, subject to certain non-competition covenants.

The Chairman's and the President's Compensation

The Chairman's and the President's compensation are considered and determined by the Governance Committee with the assistance of comparator information provided by third party consultants. Neither the Chairman nor the President participate in the Governance Committee's or the Board's decisions relating to their compensation.

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

The aggregate compensation of each of the Chairman and the President consists of three components: base salary, annual bonus incentive, and long-term equity-based incentives. The portion of Mr. Weston's salary and bonus paid by George Weston Limited is reviewed and considered by the Governance Committee in determining his overall compensation from the Corporation.

Mr. Weston's salary and bonus were reviewed by the Governance Committee for 2004. Mr. Weston's base salary was \$800,000 in 2004. He received a bonus of \$500,000 based on the Corporation's performance and achievement of the strategic and operating plans approved by the Board.

The Governance Committee also reviewed Mr. Lederer's compensation as President of the Corporation. Mr. Lederer's base salary was \$1,350,000 in 2004. He received an annual bonus award of \$997,900 for 2004, based on the factors described above. Effective January 1, 2004 and in accordance with his contract, Mr. Lederer's compensation and employment arrangements were reviewed and are set out under Employment and Retirement Arrangements above.

SECTION 4

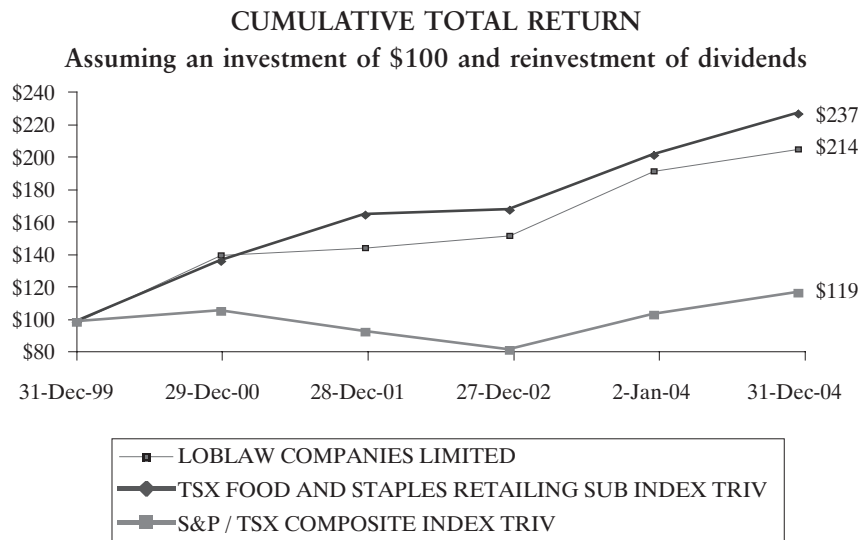
Executive Compensation (continued)

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

Anthony S. Fell (Chairman), Anthony R. Graham, G. Joseph Reddington and Joseph H. Wright.

Performance Graph

The graph below compares the cumulative total shareholder return on \$100 invested in Common Shares on December 31, 1999 with the cumulative total return of the S&P/TSX Composite and the Food Stores Index over the same period.



	31-Dec-99	29-Dec-00	28-Dec-01	27-Dec-02	2-Jan-04	31-Dec-04
S&P / TSX COMPOSITE INDEX TRIV	\$100	\$107	\$94	\$82	\$105	\$119
TSX FOOD AND STAPLES RETAILING SUB INDEX TRIV	\$100	\$140	\$170	\$174	\$210	\$237
LOBLAW COMPANIES LIMITED	\$100	\$144	\$149	\$157	\$199	\$214

	31-Dec-99	29-Dec-00	28-Dec-01	27-Dec-02	2-Jan-04	31-Dec-04
S&P / TSX COMPOSITE INDEX TRIV	17,977.46	19,309.36	16,852.24	14,739.86	18,905.25	21,444.89
TSX FOOD AND STAPLES RETAILING SUB INDEX TRIV	713.99	1,000.32	1,216.60	1,241.73	1,496.27	1,689.55

SECTION 4

Executive Compensation (continued)

Summary Compensation Table

The following table sets forth compensation received by the Chairman, the President and the officer performing the function of the Chief Financial Officer and the two most highly compensated policy making executive officers of the Corporation (collectively the “Named Executive Officers”) for services rendered in all capacities to the Corporation for the years 2004, 2003 and 2002.

Name and Principal Position	Year	Annual Compensation		Long-Term Compensation		
		Salary (\$)	Bonus (\$)	Awards	Payouts	
				Securities Under Options/SARs Granted (#) ⁽¹⁾	LTIP Payouts (\$)	All Other Compensation (\$)
W. Galen Weston ⁽²⁾ Chairman of the Corporation	2004	800,000	500,000	–	–	–
	2003	800,000	500,000	149,254	–	–
	2002	800,000	500,000	–	–	–
John A. Lederer President of the Corporation	2004	1,350,000	997,900	–	–	–
	2003	1,200,000	851,750	149,254	–	–
	2002	1,200,000	781,500	–	–	–
David K. Bragg President of Loblaw Properties Limited	2004	400,000	294,595	–	–	–
	2003	375,000	277,624	41,978	–	–
	2002	330,000	242,499	–	–	–
David R. Jeffs President of Westfair Foods Ltd.	2004	750,000	546,367	–	–	–
	2003	700,000	509,966	52,239	–	–
	2002	600,000	393,999	–	–	–
Richard P. Mavrincac ⁽²⁾ Executive Vice President of the Corporation	2004	250,000	169,863	–	–	–
	2003	250,000	142,458	46,642	–	–
	2002	137,500	116,875	–	–	–

(1) Common Shares of the Corporation

(2) Messrs. Weston and Mavrincac also received compensation from George Weston Limited during the relevant periods, which is not reflected in this table.

Option/SAR Grants During the Most Recently Completed Financial Year (2004)

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

SECTION 4

Executive Compensation (continued)

No Grants were issued to Named Executive Officers during the year 2004

Subsequent to year end, stock options were granted to Named Executive Officers on January 20, 2005 as follows.

Name of Participant	Number of Shares	Option Price \$	Expiry Date
W. Galen Weston	114,893	69.63	January 20, 2012
John A. Lederer	145,411	69.63	January 20, 2012
David K. Bragg	33,702	69.63	January 20, 2012
David R. Jeffs	76,595	69.63	January 20, 2012
Richard P. Mavrinc	28,723	69.63	January 20, 2012

Subsequent to year-end, the Corporation adopted an RSU Plan, details of which are provided on page 18. RSUs were granted to Named Executive Officers on January 20, 2005 as follows.

Name of Participant	Number of Restricted Share Units Granted	Latest Payment Date
W. Galen Weston	20,106	December 30, 2008
John A. Lederer	25,447	December 30, 2008
David K. Bragg	5,898	December 30, 2008
David R. Jeffs	13,404	December 30, 2008
Richard P. Mavrinc	5,027	December 30, 2008

The following table sets forth, where applicable, options exercised during 2004 and unexercised options at January 1, 2005 for each of the Named Executive Officers:

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

Name	Securities/ SARs Acquired on Exercise # ⁽¹⁾	Aggregate Value Realized \$ ⁽¹⁾⁽²⁾	Unexercised Options at Financial Year End		Date Option/ SAR Granted	Value of Unexercised in the Money Options/SARs at Financial Year End \$	
			Exercisable/Unexercisable	#		Exercisable/Unexercisable	\$
W. Galen Weston			75,000	37,500	Jan. 11/00	3,001,500	1,500,750
			24,744	16,496	Jan. 08/01	581,978	387,985
			29,851	119,403	Jan. 15/03	549,855	2,199,403
John A. Lederer	70,064	3,201,224	-	-	Jan. 30/98*	-	-
			14,045	-	Jan. 13/99	511,578	-
			150,000	37,500	Jan. 11/00	6,003,000	1,500,750
			98,970	65,980	Jan. 08/01	2,327,774	1,551,849
			29,851	119,403	Jan. 15/03	549,855	2,199,403

SECTION 4

Executive Compensation (continued)

Name	Securities/ SARs Acquired on Exercise # ⁽¹⁾	Aggregate Value Realized \$ ⁽¹⁾⁽²⁾	Unexercised Options at Financial Year End		Date Option/ SAR Granted	Value of Unexercised in the Money Options/SARs at Financial Year End \$	
			Exercisable/Unexercisable	#		Exercisable/Unexercisable	\$
David K. Bragg	4,212	105,683	–	–	Jan. 13/99	–	–
	13,130	442,323	13,130	13,130	Jan. 11/00	525,462	525,462
			8,396	33,582	Jan. 15/03	154,654	618,580
David R. Jeffs	15,000	675,900	–	–	Jan. 30/98*	–	–
	7,020	238,399	–	–	Jan. 13/99	–	–
			78,760	19,690	Jan. 11/00	3,151,975	787,993
			60,000	40,000	Oct. 19/01	1,378,200	918,800
			10,448	41,791	Jan. 15/03	192,452	769,790
Richard P. Mavrincac	1,404	49,589	–	–	Jan. 13/99	–	–
	7,520	292,678	–	7,520	Jan. 11/00	–	300,950
	9,328	161,560	–	37,314	Jan. 15/03	–	687,323

(1) Common Shares of the Corporation

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

* Plan expired January 30, 2005

Subsequent to year-end Messrs. Lederer, Bragg and Jeffs exercised options for 41,200, 26,260 and 98,450 Common Shares respectively under the Option Plan. In addition, Messrs. Lederer and Jeffs acquired 25,000 and 15,000 Common Shares respectively.

Equity Compensation Plans as at January 1, 2005

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights \$	Number of securities remaining available for future issuance under equity compensation plans
Stock Option Plan	4,365,958	45.04	3,817,239

Indebtedness of Directors, Executive Officers and Employees

As at March 8, 2005, there was no indebtedness (other than “routine indebtedness” under applicable Canadian securities laws) to the Corporation or any of its subsidiaries of any directors, executive officers, or employees or former directors, executive officers, or employees of the Corporation or any of its subsidiaries.

Pension Plan and Long Service Executive Arrangements

Senior employees of the Corporation, including the Named Executive Officers, participate on a non-contributory basis, in the Corporation’s Designated Executive Pension Plan. The annual pension payable under the

SECTION 4

Executive Compensation (continued)

Corporation's Pension Plan are capped at \$2,000 per year of service. The amount of pension expected at various salary rates and years of service are set out in the following table.

Pension Plan Table

Annual Base Salary \$ (000's)	Years of Service				
	15	20	25	30	35
75	22,500	30,000	37,500	45,000	52,500
100	30,000	40,000	50,000	60,000	70,000
125 and above	30,000	40,000	50,000	60,000	70,000

The Corporation has entered into individual retirement agreements to provide non-registered, unfunded supplemental retirement allowances ("SERP") to certain senior employees, including the Named Executive Officers.

Messrs. Weston, Lederer, Bragg, Jeffs and Mavrinac have 32.0, 27.3, 21.8, 26.6 and 22.6 years of service, respectively. Under the terms of the existing retirement agreements, and based on fiscal 2004 compensation, estimated annual pension benefits payable at normal retirement age are as follows: \$500,000, \$500,000, \$200,000, \$300,000 and \$250,000 respectively.

The cost of the estimated future SERP benefits for each of the Named Executive Officers is calculated each year by the Corporation's independent actuaries, based on the same method and assumptions used to determine year-end pension plan obligations as disclosed in Note 11 of the 2004 consolidated financial statements of the Corporation.

Name	Accrued obligation at January 1, 2005 \$	Fiscal 2004 pension expense related to service and compensation \$
W. Galen Weston ⁽¹⁾	3,146,408	334,800
John A. Lederer	3,692,600	355,300
David.K. Bragg	1,312,700	130,600
David J. Jeffs	1,395,000	139,000
Richard P. Mavrinac ⁽²⁾	1,489,300	146,200

(1) Mr. Weston participates in the executive pension plan of George Weston Limited. For purposes of this calculation only, Mr. Weston is presumed to receive a pension of \$500,000 per annum at age 70.

(2) A portion of the accrued obligation and pension expense for Mr. Mavrinac is allocated to George Weston Limited.

SECTION 5

Corporate Governance

Statement of Corporate Governance Practices

The Corporation's Board and management believe that sound corporate governance practices will contribute to the effective management of the Corporation and its achievement of strategic and operational plans, goals and objectives. The Corporation seeks to attain high standards of corporate governance and believes that it has adopted "best practices" in developing its approach to corporate governance.

The Corporation's approach to corporate governance meets the Guidelines for Corporate Governance adopted by the TSX (the "TSX Guidelines"). A report with specific reference to each of the TSX Guidelines is attached as Schedule A. In addition, the Governance Committee has been reviewing its approach to corporate governance in light of proposed National Policy 58-201 — Corporate Governance Guidelines and proposed National Instrument 58-101, Disclosure of Corporate Governance Practices (the "Proposals"). The Board believes its practices are substantially in compliance with the Proposals. Once the Proposals are adopted in final form, the Governance Committee will review its corporate governance practices and consider any changes necessary to maintain the Corporation's high standards of corporate governance.

Additional information about the Corporation's system of governance can be found on pages 18 and 19 of its Annual Report. The Corporation's website www.loblaw.com sets out additional governance information, including the Code of Business Conduct, the Mandates of the Board and its Committees, together with this Statement of Corporate Governance Practices and the report attached as Schedule "A".

Director Independence

The Governance Committee has reviewed each proposed director's factual circumstances and relationships with the Corporation to determine whether he or she is related or unrelated within the meaning of the TSX Guidelines and independent within the meaning of the Proposals. The Governance Committee has concluded that the following directors standing for re-election are independent: Anthony S. Fell, Thomas C. O'Neill, G. Joseph Reddington, T. Iain Ronald and Joseph H. Wright. The Governance Committee has determined that the following proposed nominees standing for election for the first time are independent: Mr. Paul Beeston and Ms. Nancy Lockhart. Accordingly, if all the nominees proposed for election at the Meeting are elected, a majority of the Board would be comprised of directors who are independent. The Governance Committee believes this reflects the interest of all shareholders.

The Corporation is controlled by W. Galen Weston, who owns or controls approximately 63% of the total outstanding Common Shares of the Corporation and is a "significant shareholder" within the meaning of the TSX Guidelines. Mr. Weston has a significant common interest with other shareholders with respect to value creation, the well being of the Corporation, and the performance of its publicly listed securities. In addition, Messrs. Dart and Graham are executive officers of Wittington Investments, Limited and Mrs. Dalglish is a relative of Mr. Weston and they are therefore not considered independent. Mr. Michaud is the Chairman of Provigo Inc., a subsidiary of the Corporation and Mr. Lederer is the President of the Corporation and they are therefore not considered independent.

For purposes of the TSX Guidelines, all of the directors who have been determined by the Board to be independent would also qualify as "unrelated".

SECTION 5

Corporate Governance (continued)

Board Responsibilities and Duties

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

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

At each Board meeting the Board meets without management present to ensure that the Board is able to discharge its responsibilities independently of management. In addition, the lead director chairs regular sessions attended by the independent directors. Individual directors may, with the approval of the Chairman of the Governance Committee who is the lead director, retain an outside advisor at the expense of the Corporation.

The Governance Committee has implemented and reviews from time to time, a process to annually assess the performance and effectiveness of the Board and Committees. This process may include questionnaires completed by each of the directors addressing issues such as supervision of senior management, strategic planning, risk management, financial reporting, disclosure and governance issues.

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

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

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

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

The Chairman directs the operations of the Board. He is responsible for establishing the agenda for meetings and ensuring that the Board has sufficient resources and information to make decisions in the best interests of all shareholders. The lead director chairs meetings of the independent directors, consults with the Chairman of the Board on the effectiveness of Committees, ensures that independent directors have adequate opportunity to

SECTION 5**Corporate Governance (continued)**

discuss issues without management present, ensures that the Board's agenda will enable it to successfully carry out its duties and acts in other circumstances where required or appropriate.

Code of Business Conduct

The Corporation's Code of Business Conduct (the "Code"), its written code of business conduct and ethics, sets out the Corporation's long-standing commitment of requiring adherence to high standards of ethical conduct and business practices. All directors, officers and employees of the Corporation are required to comply with the Code. The Code is available on the Corporation's website under "Privacy/Legal". The Audit Committee receives regular compliance reports with respect to the Code.

Disclosure Controls and Procedures

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

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

Board Committees

There are 5 Committees of the Board: Audit; Governance, Employee Development, Nominating and Compensation; Pension and Benefits; Environmental, Health and Safety and Executive.

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

Each Committee has a formal mandate established by the Board, which is reviewed annually. Copies of the Committees' mandates are available on the Corporation's website.

Every year, the Governance Committee undertakes a review process to assess the performance of the Board and its Committees and each Board member evaluates the Board's and each Committee's performance. The resulting data is presented to and reviewed by the Governance Committee. The Governance Committee also reviews the

SECTION 5

Corporate Governance (continued)

experience and performance of nominees proposed for election to the Board and the appointment of directors to Committees.

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

Audit Committee

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

- recommending the appointment of the external auditor;
- reviewing the arrangements for and scope of the audit by the external auditor;
- reviewing the independence of the external auditor;
- considering and evaluating with management the adequacy and effectiveness of the internal controls over financial reporting and financial disclosure controls and reviewing any proposed corrective actions;
- reviewing and monitoring the Corporation's policies relating to ethics and conflicts of interests;
- overseeing procedures for the receipt, retention and follow up of complaints regarding the Corporation's accounting, internal controls and auditing matters and the confidential anonymous submission by employees of concerns regarding such matters;
- reviewing and monitoring the internal audit function of the Corporation;
- reviewing the integrity of the Corporation's management and information systems;
- reviewing and approving the audit fees paid to the external auditor and pre-approval of non-audit related fees to the external auditor;
- discussing and reviewing with management and the external auditor the Corporation's annual and interim consolidated financial statements, key reporting matters and Management's Discussion and Analysis and Annual Information Form;
- reviewing disclosure containing financial information based on the Corporation's financial statements; and
- identifying and reviewing the principle risks of the Corporation's business and the systems implemented to manage these risks.

Governance, Employee Development, Nominating and Compensation Committee

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

SECTION 5

Corporate Governance (continued)

succession planning for the Corporation's senior employees. The Governance Committee's specific responsibilities include:

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

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

Pension and Benefits Committee

The Pension and Benefits Committee is responsible for:

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

Environmental, Health and Safety Committee

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

Executive Committee

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

SECTION 6

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, as a group, in respect of the performance by them of the duties of their positions. The Corporation believes that coverage limits and deductibles are in line with those maintained by other corporations similar to the Corporation. The Corporation's annual insurance premium is \$550,524. The insurance limit is \$100 million per annum on an aggregate basis or per occurrence basis. There is no deductible in the case of directors and officers and up to a maximum of \$1 million deductible for the Corporation.

Additional Information

Additional copies of the Corporation's latest annual information form (together with the documents or pertinent pages of documents incorporated by reference), the Corporation's consolidated financial statements for 2004 together with the report of the auditor on those statements along with the MD&A and any financial statements for periods after 2004 and this Circular can be obtained upon request from the Senior Vice President, Investor Relations and Public Affairs of the Corporation at 22 St. Clair Avenue East, Suite 1800, Toronto, Ontario M4T 2S8. Additional information about or relating to the Corporation can also be found at www.loblaw.com and www.sedar.com or through dialing in for regularly scheduled conference calls. Additional information with regard to George Weston Limited can be found at www.weston.ca and www.sedar.com.

Contacting the Board of Directors

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

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

Directors' Approval

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



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

Dated in Toronto, Canada March 8, 2005

SCHEDULE A

Corporate Governance Practices — (TSX Guidelines)

Extensive regulatory changes have come into effect and further changes have been proposed with respect to governance matters. The Corporation has revised its governance practices as these regulatory changes have come into effect and will continue to monitor the proposed changes and consider amendments to its governance practices as appropriate.

The Corporation's governance practices are consistent with the TSX Guidelines and the Proposals. A comparison of the Corporation's governance practices with the TSX Guidelines is set out below.

Throughout this schedule, references to documents and information available on the Corporation's website can be found at www.loblaw.com.

 Summary of TSX Guidelines

1. The board should explicitly assume responsibility for stewardship of the corporation and specifically for:

 Corporation's Governance Practices

The Board of Directors (the "Board") either directly or through Board Committees is responsible for management or supervision of management of the Corporation's business and affairs with the objective of enhancing long-term shareholder value. The roles and responsibilities of the Board and each of its Committees are set out in formal written mandates, the full text of which can be found on the Corporation's website. These mandates are reviewed annually to ensure they reflect best practices as well as any applicable regulatory requirements. A report on the activities of each Committee is included on page 28 and 29 of this Management Proxy Circular.

The Board's mandate defines its role and responsibilities. The Board makes major policy decisions, delegates to management the authority and responsibility for day-to-day affairs and reviews management's performance and effectiveness.

The Corporation's comprehensive Code of Business Conduct provides a framework for all directors, officers and employees on the conduct and ethical decision making integral to their work. The Code of Business Conduct is available on the Corporation's website.

SCHEDULE A

Corporate Governance Practices — (TSX Guidelines) (continued)

Summary of TSX Guidelines

Corporation's Governance Practices

(a) adoption of a strategic planning process;

The Board reviews and approves annually the Corporation's strategic plans and receives regular updates at Board meetings. In addition to addressing key initiatives these plans include details of opportunities, risks, competitive position, financial projections and other key performance indicators for each of the principal business groups of the Corporation. In addition to regular updates, an annual day-long strategy meeting is held with senior management to discuss and review strategic plans enabling the Directors to gain a fuller appreciation of planning priorities and the progress being made in relation to the strategic plan throughout the year. Directors have an opportunity to give constructive feedback on strategic plans to management.

(b) identification of the principal risks of the corporation's business and ensuring implementation of appropriate systems to manage those risks;

The Board, through its Audit Committee, reviews the principal risks of the Corporation's businesses and ensures that risk management systems are implemented and are effectively managed. The Audit Committee reviews risk management policies and processes with internal and external auditors. The Audit Committee reviews reports from the internal audit group and reviews internal controls and risk management policies and processes.

(c) succession planning, including appointing, training and monitoring senior management;

The Governance, Employee Development, Nominating and Compensation Committee (the "Governance Committee") reviews succession planning for senior management and makes recommendations to the Board. The Governance Committee on behalf of the Board, and when necessary with the Board, reviews succession plans for senior management.

(d) communications policy; and

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

SCHEDULE A

Corporate Governance Practices — (TSX Guidelines) (continued)

Summary of TSX Guidelines	Corporation's Governance Practices
(e) integrity of internal control and management information systems.	<ul style="list-style-type: none"> • An investor relations group is responsible for maintaining communications with the investing public in accordance with policies and procedures and legal disclosure requirements; • The Chairman, President, the Executive Vice President and other senior executives meet periodically with financial analysts and institutional investors; • Investor relations' staff are available to shareholders by telephone and fax and through the investor relations web site at www.loblaw.com; and
2. a majority of directors should be "unrelated"	<p>The Audit Committee requires management to implement and maintain appropriate systems of internal control and information systems. The internal audit group reports at least quarterly to the Audit Committee on the quality of the internal control processes. The Audit Committee meets regularly with the internal auditor and the external auditor and management to assess the adequacy and effectiveness of these systems.</p> <p>Based on information provided by the directors as to their individual circumstances 7 of the 13 proposed directors are unrelated pursuant to the TSX Guidelines. The Corporation is controlled by W. Galen Weston who beneficially owns approximately 63% of the total outstanding Common Shares of the Corporation and is a "significant shareholder" within the meaning of the TSX Guidelines. Mr. Weston has a significant common interest with other shareholders with respect to value creation, the well being of the Corporation and the performance of its publicly listed securities. The 7 nominee directors who are unrelated do not have interests in or relationships with either the Corporation or the significant shareholder. The Board believes its composition fairly reflects the investment in the Corporation by shareholders other than the significant shareholder.</p>

SCHEDULE A

Corporate Governance Practices — (TSX Guidelines) (continued)

Summary of TSX Guidelines

3. The board has the responsibility for applying the definition of “unrelated” and independent director to each individual director and for disclosing annually the analysis of the application of the principles supporting this definition and whether the Board has a majority of unrelated directors. Under the TSX Guidelines, an “unrelated director” is a director who is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interests of the corporation other than interests or relationships arising from shareholdings.

4. The board should appoint a committee of directors composed exclusively of non-management directors, a majority of whom are unrelated directors, with responsibility for proposing new nominees to the board and for assessing directors on an ongoing basis.

5. The board should implement a process to be carried out by an appropriate committee, for assessing the effectiveness of the board, its committees and the contribution of individual directors.

Corporation’s Governance Practices

Of the 6 related directors:

- Mr. Weston is a related director because he is Chairman of the Corporation;
- Messrs. Dart and Graham are related directors because they are executive officers of Wittington Investments, Limited the company through which Mr. Weston holds a controlling ownership interest in the Corporation’s parent;
- Mrs. Dalglish is a related director because she is a relative of Mr. Weston;
- Mr. Lederer is a related director because he is President of the Corporation; and
- Mr. Michaud is a related director because of his management position with a subsidiary of the Corporation.

The Governance Committee, composed exclusively of non-management directors all of whom are unrelated and independent except Mr. Graham, is responsible for identifying and recommending to the Board suitable director candidates. The Governance Committee determines what competencies, skills and personal qualities it should seek in new Board members and periodically retains outside consultants to conduct searches for appropriate nominees. The responsibilities of the Governance Committee are summarized under the heading “Statement of Corporate Governance Practices” in this Management Proxy Circular.

Each year, the Governance Committee undertakes a review process to assess the performance and effectiveness of the Board and its Committees. The process covers the operation of the Board and its Committees, the adequacy of information provided to directors, Board structure, agenda planning for Board meetings, effectiveness of the Chairman in managing Board meetings, effectiveness of the Lead Director, and any other issues a director may wish to discuss.

Each year the Governance Committee assesses the performance of the Chairman and the President and reviews the results with the Board.

SCHEDULE A

Corporate Governance Practices — (TSX Guidelines) (continued)

Summary of TSX Guidelines

6. The board should establish an orientation and education program for new directors.

7. The board should examine its size and undertake, where appropriate, a program to establish a board size which facilitates effective decision-making.

8. The board should review the adequacy and form of compensation of directors in light of the risks and responsibilities involved in being a director.

9. Committees of the board should generally be composed of non-management directors, a majority of whom are unrelated.

Corporation's Governance Practices

The Governance Committee is responsible for the orientation and education of new directors about the business of the Corporation. New directors are provided with a Directors' handbook containing details of the Corporation's operations, the structure of the Board and its Committees, the Board's Mandate, compliance requirements for directors, corporate policies, as well as agendas and minutes for recent Board and Committee meetings. One-on-one meetings can be arranged with the heads of each of the Corporation's principal business groups for a new director to learn about the various functions and activities of the Corporation. On an ongoing basis, as part of regular Board meetings, directors are given presentations on various aspects of the Corporation's operations.

At the Annual Meeting on May 4, 2005, 13 directors will stand for election for a one-year period. The matter of Board size is considered formally on an ongoing basis by the Governance Committee. The Board is of the view that its current membership has the necessary breadth and diversity of experience and is of an appropriate size to provide for effective decision-making and staffing of Committees and to address succession planning requirements.

The Governance Committee annually reviews directors' compensation to ensure it is competitive and consistent with the responsibilities and risks involved in being an effective director. Details of directors' compensation are disclosed on page 12.

The Board continues to require a director to hold the equivalent of \$250,000 in either Common Shares or Deferred Share Units and until such time as this threshold is achieved, directors are required to take all or part of their remuneration in the form of Deferred Share Units. Current shareholdings of directors are shown as part of Election of Directors on pages 5 through 10.

Each Committee, except the Executive Committee, is composed solely of non-management directors, a majority of whom are unrelated and independent.

SCHEDULE A

Corporate Governance Practices — (TSX Guidelines) (continued)

Summary of TSX Guidelines

10. The board should assume responsibility for, or assign to a committee of directors, responsibility for developing the corporation's approach to corporate governance matters.

11. The board, together with the CEO, should develop position descriptions for the board and for the CEO including the definition of the limits to management's responsibilities.

The board should approve or develop the corporate objectives for which the CEO is responsible.

12. The board should implement structures and procedures so that it can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities or (ii) adopt alternate means such as assigning this responsibility to a committee of the board or to a director, sometimes referred to as the "lead director". Appropriate procedures may involve the board meeting on a regular basis without management present and may involve assigning responsibility for administering the board's relationship to management to a committee of the board.

Corporation's Governance Practices

The Governance Committee monitors best practices for governance and annually reviews the Corporation's governance practices to ensure that the Corporation continues to exemplify high standards of corporate governance. The Governance Committee recently completed a review of all Committee mandates to ensure that they meet all applicable regulatory requirements as well as best practices. The full text of the revised mandates can be found on the Corporation's website.

The Governance Committee is also responsible for the Corporation's disclosure with respect to the TSX Guidelines.

The Board's Mandate defines the role and responsibility of the Board and sets out those matters requiring Board approval and those of which the Board must be advised following action by management.

Following an annual review by the Governance Committee, the Board considers any amendments to its Mandate. The position descriptions of the Chairman and the President are the responsibility of the Governance Committee.

The Governance Committee, reviews and approves corporate objectives that the President is responsible for meeting each year consistent with the Corporation's strategic objectives. The Governance Committee also conducts the annual assessment of the Chief Executive Officer's performance in relation to those objectives and reports the results of the assessment to the Board.

The Board has adopted the practice of having a lead director and appointed the Chair of the Governance Committee to this role. The lead director provides leadership to the Board. He ensures that the Board operates independently of management and that directors have an independent leadership contact. As part of his responsibilities, the lead director meets annually with non-management directors to obtain insight as to areas where the Board and its Committees could be operating more effectively.

Periodically at Board meetings a session is held at which only non-management directors are present. It is also the practice of each Board Committee to meet without management present during the course of its meetings.

SCHEDULE A

Corporate Governance Practices — (TSX Guidelines) (continued)

Summary of TSX Guidelines

13. The audit committee should be composed entirely of non-management directors. The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties. The audit committee should have direct communication channels with the internal and the external auditor to discuss and review specific issues as appropriate. The audit committee's duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the audit committee to ensure that management has done so.

Corporation's Governance Practices

The Audit Committee is composed entirely of independent directors who are financially literate as required by applicable rules. The role and responsibilities of the Audit Committee are set out in the Audit Committee's Mandate, which was reviewed and updated in 2004 to ensure compliance with applicable regulatory requirements as well as best practices in today's governance environment. The Audit Committee Mandate is reviewed by the Audit Committee and the Board at least annually, as are all other committee mandates.

At each meeting of the Audit Committee, members of the Audit Committee meet separately (without management present) with the internal and external auditor to review specific issues.

As outlined in its Mandate, the Audit Committee requires management to implement and maintain appropriate internal controls. Annually the Audit Committee reviews and approves the internal control policy and corporate audit plan. The Audit Committee meets quarterly with the internal auditor and management on matters of internal control. The Audit Committee pre-approves all non-audit fees paid to the external auditor.

The Audit Committee is also responsible for reviewing with the external auditor any audit problems or difficulties with management's response.

The Audit Committee reviews:

- the annual consolidated financial statements and unaudited interim consolidated financial statements, the Annual Information Form and Management's Discussion and Analysis;
- prospectuses relating to the issuance of securities by the Corporation;
- all press releases containing financial information based upon the Corporation's consolidated financial statements and all other financial statements that require approval by the Board; and
- any significant issues reported to management by the auditor and management's responses to any such reports.

SCHEDULE A

Corporate Governance Practices — (TSX Guidelines) (continued)

Summary of TSX Guidelines

14. The board should implement a system to enable an individual director to engage an outside advisor, at the corporation's expense, in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.

Corporation's Governance Practices

Individual directors may, with the approval of the lead director, engage outside advisors at the expense of the Corporation. The Governance Committee co-ordinates such requests. There were no requests to hire outside advisors during fiscal 2004.

In addition, Committees are entitled to engage outside advisors to assist them in fulfilling their committee duties and responsibilities as necessary. During the year 2004, the Governance Committee engaged an outside consultant to assist in the review of compensation levels and practices and to perform a corporate survey for use in determining senior management compensation.