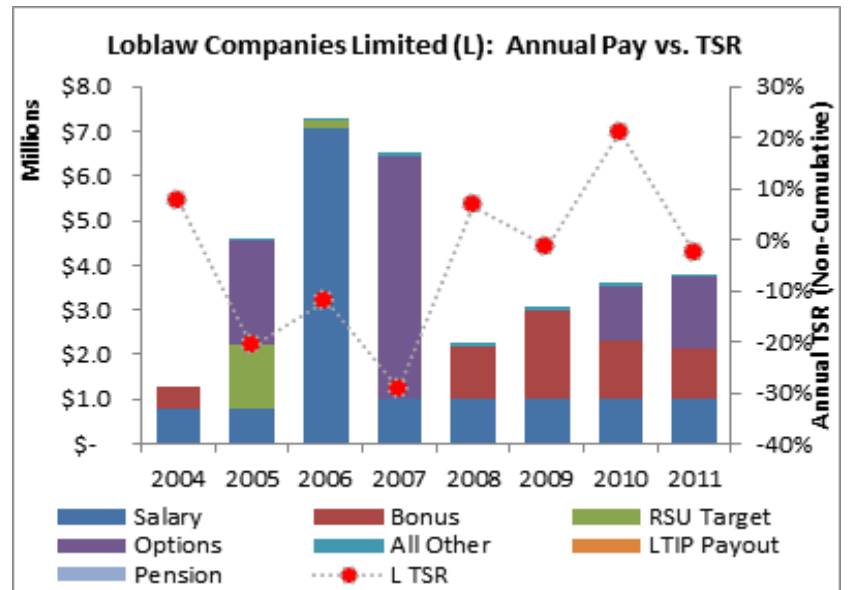
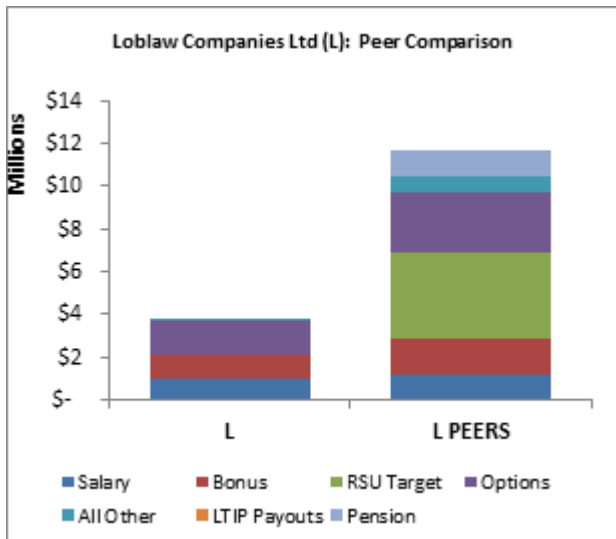


# Loblaw Companies Ltd (L): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 3	4 YEAR = 2	6 YEAR = 7	8 YEAR = 10	TOTAL: 22/24

For the purposes of this report, we captured the compensation paid to L's Chairmen, W. Galen Weston (prior to 2006) and Galen G. Weston (2006 to present), as they are listed as the top executives in L's public filings. In 2007, following his appointment to the Executive Chair position, Galen G. Weston was granted options with a grant date value of nearly \$5.5m, which is greater than his total pay in any other year since. In the previous year, the salary cost for the Chair position was very high as a result of the transition from father to son that took place that year. After these outlying years, L's pay to Galen G. Weston has been relatively stable, comprising primarily salary and bonus. **Because of the drop in overall CEO pay between 2008 and 2011 compared to previous years, L's pay has been closely aligned with TSR – which was negative in every observation except 4-year – throughout every observation period. L's strong alignment in the short-term since Galen G. Weston's appointment shows that this alignment has persisted in the years following the Chair transition as well.**



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
LON:HOME	Home Retail Group Plc
LON:TSCO	Tesco Plc
NYSE:TGT	Target Corporation
NYSE:WAG	Walgreen Co
NYSE:BBY	Best Buy Co Inc
NYSE:M	Macy's Inc
NYSE:KSS	Kohl's Corporation
TSE:T	TELUS Corporation
NDQ:COST	Costco Wholesale Corp
NYSE:SY	Sysco Corporation

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	NYSE:M	49.0%	NYSE:SY	23.9%	NYSE:SY	9.3%
2	TSE:T	32.1%	NYSE:M	21.2%	NYSE:KSS	8.3%
3	NDQ:COST	27.3%	NYSE:TGT	18.5%	NYSE:WAG	6.4%
4	NYSE:WAG	3.2%	NYSE:KSS	17.9%	NDQ:COST	6.3%
5	NYSE:SY	-2.3%	TSE:T	16.2%	NYSE:TGT	6.3%
6	<b>TSE:L</b>	<b>-2.6%</b>	LON:TSCO	15.8%	TSE:T	6.1%
7	NYSE:TGT	-5.9%	NDQ:COST	13.8%	NYSE:M	5.7%
8	NYSE:KSS	-7.0%	<b>TSE:L</b>	<b>12.8%</b>	LON:TSCO	5.5%
9	LON:TSCO	-18.8%	NYSE:WAG	11.7%	<b>TSE:L</b>	<b>4.5%</b>
10	NYSE:BBY	-23.1%	LON:HOME	2.8%	LON:HOME	1.8%
11	LON:HOME	-48.3%	NYSE:BBY	-32.9%	NYSE:BBY	-7.7%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	NYSE:TGT	\$18,617,218	LON:TSCO	\$1,733,575	NYSE:M	\$5,049,297	NYSE:M	\$6,574,113	NYSE:TGT	\$9,760,037
2	NYSE:M	\$18,366,658	NYSE:M	\$1,524,815	NYSE:WAG	\$2,645,760	NYSE:WAG	\$3,832,643	NYSE:M	\$8,539,459
3	NYSE:WAG	\$12,130,057	NYSE:TGT	\$1,483,604	NYSE:KSS	\$2,121,553	NYSE:KSS	\$3,407,343	NYSE:WAG	\$7,944,737
4	TSE:T	\$10,191,041	LON:HOME	\$1,325,955	NYSE:TGT	\$1,236,337	NYSE:TGT	\$2,719,940	NYSE:BBY	\$6,943,272
5	LON:TSCO	\$10,127,034	TSE:T	\$1,300,000	<b>TSE:L</b>	<b>\$1,134,324</b>	TSE:T	\$2,189,206	TSE:T	\$6,500,000
6	NYSE:KSS	\$9,686,630	NYSE:KSS	\$1,285,790	TSE:T	\$889,206	<b>TSE:L</b>	<b>\$2,134,324</b>	LON:TSCO	\$5,963,123
7	NYSE:BBY	\$8,107,095	NYSE:WAG	\$1,186,883	NYSE:SY	\$678,501	LON:TSCO	\$1,733,575	NYSE:KSS	\$5,912,084
8	LON:HOME	\$6,415,905	NYSE:BBY	\$1,108,899	LON:HOME	\$344,177	LON:HOME	\$1,670,132	NYSE:SY	\$3,673,646
9	NYSE:SY	\$6,140,546	<b>TSE:L</b>	<b>\$1,000,000</b>	NDQ:COST	\$196,231	NYSE:SY	\$1,667,571	LON:HOME	\$3,322,814
10	<b>TSE:L</b>	<b>\$3,765,947</b>	NYSE:SY	\$989,069	NYSE:BBY	\$0	NYSE:BBY	\$1,108,899	<b>TSE:L</b>	<b>\$1,595,400</b>
11	NDQ:COST	\$2,207,514	NDQ:COST	\$346,174	LON:TSCO	\$0	NDQ:COST	\$542,406	NDQ:COST	\$1,583,253

# PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

