

Short Term Incentive Plan

STIP Summary

Loblaw's Short-Term Incentive Plan ("STIP" or the "Plan") is designed to align individual performance with that of the Company. Performance measures are aligned to business objectives and based on the contribution each area of the business makes to the overall success of the Company.

Eligibility

Most permanent, non-union colleagues are eligible to participate in the STIP. A colleague's eligibility for a STIP payout in respect of a given Plan Year is subject to:

- a) Employment with the Company on or before October 31st of the Plan Year; and
- b) Active employment in a STIP eligible role at the time of payout; and
- c) Eligible earnings in the Plan Year; and
- d) Achievement of personal performance targets.

Key Performance Measures

Key Performance Measures ("KPMs") are the factors used to determine business performance for the purposes of calculating STIP payout in each Plan Year. KPMs are communicated to colleagues following senior management approval. All KPMs are calculated independently.

Performance Payment Threshold

Senior management determines the level of performance related to the targeted performance, which will result in the maximum or minimum payout for each KPM. If year-over-year earnings growth declines, EBIT/ EBITDA targets must be met or exceeded for STIP to be eligible for above target payout. Should targets not be met or exceeded, the resulting STIP payout will be capped at 100%.

Key Performance Measures Tied to Position

The factors used to determine a colleague's final STIP payout are based on the KPMs in place for the position(s) held by the colleague during the Plan Year.

Performance Measures

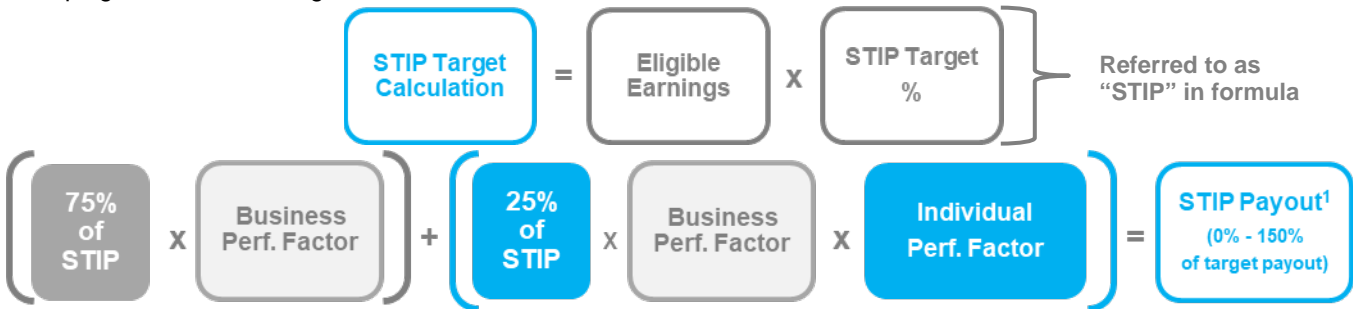
STIP payments are contingent on meeting both business and personal performance targets. To be eligible for a full STIP payout, a colleague's performance must be rated "Exceptional Contributor", "Successful Contributor", or "Developing Contributor". Any colleague who is assigned a "Not Performing" rating will not receive a STIP payout.

STIP Target

Each position or pay band has an assigned STIP target that is expressed as a percentage of eligible earnings that will be paid if KPMs are achieved. When KPMs are exceeded, the payout will be higher than the weighted STIP target, up to the maximum payout¹ for the position under the Plan. When KPMs are missed, the payout will be lower than the weighted STIP target, or not paid at all.

STIP Payout Calculation

STIP payout is based on results achieved against each KPM. A proration will apply to pay band level, and plan changes that affect a colleague's STIP. Individual payout will be calculated using total eligible earnings in the Plan Year. The Individual Performance Factor or IPF, provides an upside payout opportunity for the strongest performers, as assessed through the performance development process. Individual performance influences 25% of the potential STIP payout for colleagues rated "Developing Contributor" or higher:



A colleague who received short-term disability ("STD") and/or long-term disability ("LTD") benefits during the Plan Year will be eligible for a STIP payout calculated based on eligible earnings for the period in the Plan Year during which the colleague was not receiving disability benefits. A colleague who is on a maternity, paternity, paternal or adoption leave during the Plan Year will be eligible for a STIP payout, calculated based on eligible earnings for the period in the Plan Year during which the colleague was not on leave.

STIP Payments

STIP payments will be processed following the end of each Plan Year, once they have been determined and approved by senior management.

Colleague on a Leave of Absence

If a colleague is on an approved leave of absence (e.g. STD, maternity, etc.) at the time STIP payout is payable, the STIP payout earned, if any, will be paid in cash following the colleague's return to active employment status. If a colleague moves from STD to LTD status, any outstanding STIP payout owing to the colleague will be paid at the time of the transition, unless otherwise approved.

A colleague who is on *modified work duties* at the time STIP payout is payable will receive their STIP payout, if any, only on the colleague's return to regular full-time or part-time work hours, as applicable.

Colleague Retirement

If a colleague retires during the Plan Year, the STIP payout earned, if any, will be paid at the time payments are paid to active colleagues, following the end of the Plan Year. The STIP payout will be calculated based on the colleague's eligible earnings in the Plan Year during the period prior to the colleague's effective date of retirement.

Colleague Death

If a colleague dies during the Plan Year, the STIP payout earned, if any, will be paid to his/ her estate at the time payments are paid to active colleagues, following the end of the Plan Year. The STIP payout will be calculated based on the colleague's total eligible earnings in the Plan Year.

Transfer to Subsidiary or Affiliate Entity

If a colleague terminates employment to accept a position within the Loblaw family of companies or with an approved affiliated entity, the STIP payout earned, if any, will be paid in cash, at the time Bonus payments are paid to active colleagues, following the end of the Plan Year. The STIP payout will be calculated using the colleague's eligible earnings in the Plan Year while employed by Loblaw.

Resignation

If a colleague resigns from their position at any time in the plan year, they are deemed to have forfeited any and all STIP payouts. This includes colleagues who transfer from a non-union STIP eligible role to a unionized (STIP ineligible) role, where applicable.

STIP Payments are Discretionary

Participation in the Plan does not entitle a colleague to a STIP payout. Colleagues may receive their entire STIP payout, a portion thereof, or no STIP payout, at the discretion of the Company.

Other Performance Criteria

From time to time, the Company, at its sole discretion, may introduce supplementary programs which may increase or decrease colleagues' STIP payout. Details of these programs are communicated separately but are deemed to form part of the overall Plan.

STIP Q&A

Question	Answer
<i>How are Key Performance Measures (“KPMs”) determined?</i>	The Company’s overall business plan translates into plans for each business unit (“BU”) and functional area. The STIP KPMs are established within each BU and weighted based on impact to the business and business priority.
<i>Where do I find the KPMs that apply to me?</i>	The KPMs for each BU and function are communicated to colleagues following senior management approval. If you are unsure of which KPMs apply to you, please speak to your Manager or HR Business Partner.
<i>Where can I find the LCL EBITDA and Revenue results?</i>	Loblaw is a public company bound by rules and laws that require us to disclose any business results at specific times throughout the year. Results can therefore not be shared with colleagues prior to being communicated to the public. As business results are made available to the public, these results will also be posted on our Company website or shared at a town hall.
<i>How can I influence the amount of my STIP payout?</i>	Your success in meeting individual objectives, combined with the performance of all colleagues in achieving the KPM’s established for your area of the business, influences your STIP payout. The Individual Performance Factor (IPF) allows individual contributions to be assessed through the performance development process and applied to STIP payment calculations. This allows the most successful performing colleagues the opportunity to receive greater STIP payouts.
<i>Do individual performance ratings affect STIP payouts?</i>	Yes. Your performance must be rated “Developing Contributor” or above in order for you to be <i>eligible</i> to receive a full STIP payout. A colleague who is assigned a “Not Performing” rating will not receive a STIP payout. The Individual Performance Factor or IPF allows the most successful performing Colleagues an opportunity to receive greater STIP payout.
<i>How is STIP payout calculated?</i>	Each KPM is weighted based on its impact to the business and calculated separately. In general, the overall STIP payout is the sum of the results achieved on each KPM, times the STIP target, times eligible earnings. STIP payout is conditional on senior management approval. Prorations will apply to incorporate target changes as well as movement between STI plans.
<i>When are STIP payments processed?</i>	Subject to approval of the Company’s financial results, STIP payments are processed following the end of each Plan Year (typically by the end of March).
<i>I changed jobs this year. How will my STIP payout be calculated?</i>	Colleagues who meet the eligibility criteria described in this summary will have their STIP payout calculated based on total eligible earnings in the Plan Year. Prorations will apply to incorporate target changes as well as movement between STI plans.
<i>I am new to Loblaw. What will my STIP payout be based on?</i>	Your STIP payout will be calculated based on your total eligible earnings in the Plan Year and your position(s) during the Plan Year. If your job change resulted in a pay band change, a proration will be completed to reflect the time you spent within each plan or pay band during the Plan Year.
<i>Where can I find more information on STIP provisions and payout opportunities?</i>	You will find additional information about the STIP on f!lp . If you have questions about the STIP Plan Summary that are not covered in the information provided, please speak to your Manager or HR Business Partner.

Glossary

Term	Definition
<i>EBIT vs. EBITDA</i>	EBIT: Earnings before interest and taxes. EBITDA: Earnings before interest, taxes, depreciation and amortization.
<i>Eligible Earnings</i>	For a segment of our colleague population, eligible earnings are defined as base salary/wages paid during the tax year, excluding commissions, overtime pay and other forms of bonus or remuneration. For the remainder of our colleague population, eligible earnings are defined as annual base salary, prorated to incorporate any base salary changes, and excluding any leave of absences. If you have questions about your basis for payment, please speak with your HR Business Partner.
<i>Individual Performance Factor (IPF)</i>	The Individual Performance Factor or IPF, provides an upside payout opportunity for the strongest performers, as assessed through the performance development process. For performing colleagues ("Developing Contributor" and above), the IPF influences 25% of the potential STIP payout.
<i>Key Performance Measures (KPM's)</i>	The factors that will be used to determine overall performance for the purposes of determining STIP payout.
<i>Lower Payment Threshold</i>	The lowest level of performance relative to the targeted performance for which a payment will be made. Performance below this level will result in no payout for that particular KPM.
<i>Minimum STIP Payout</i>	The minimum percentage of a colleague's <i>eligible earnings</i> that will be paid when business results for each KPM used in the Plan are equal to the <i>lower payment threshold</i> .
<i>Operating Leverage</i>	An improvement in the retail selling, general and administrative expenses (SG&A) as a percentage of sales (excluding synergies and franchise consolidation).
<i>Overall Satisfaction ("OSAT")</i>	OSAT is an index score that will be used enterprise-wide to measure the customer's overall satisfaction with a store visit. Customers complete a survey, responding on a 5 point scale to indicate their satisfaction with their visit. OSAT is determined by calculating the number of "Completely Satisfied" responses by the total number for responses.
<i>Payout Factor</i>	The specific per cent value that will be used to calculate STIP payout for a KPM for a certain level of performance based on the <i>payout curve</i> .
<i>Plan Year</i>	Refers to the Company's Fiscal Year, the STIP performance period, and the Tax Year as it relates to determining the eligible earnings period.
<i>Target STIP Payment</i>	The amount of a colleague's <i>eligible earnings</i> that will be paid out to the colleague if each KPM target is achieved. Typically expressed as a percentage of eligible earnings