



**SHAREHOLDER DIVIDEND REINVESTMENT PLAN
(DRIP)**

May 6, 2009

LOBLAW COMPANIES LIMITED

SHAREHOLDER DIVIDEND REINVESTMENT PLAN

Purpose

Loblaw Companies Limited (the “**Company**”) has established a shareholder dividend reinvestment plan (the “**Plan**”) pursuant to which the Company’s shareholders have the option to invest all or a portion of the cash dividends paid on the Company’s common shares in additional common shares of the Company (the “**Common Shares**”). Such shares are purchased by an Agent (as defined below) who acts on behalf of the participants under the Plan (the “**Participants**”). The Agent purchases Common Shares either: (i) on the open market, including through the facilities of the Toronto Stock Exchange (“**TSX**”); or (ii) directly from the Company, as determined from time to time by the Company’s Board of Directors. Thus, the Plan also provides a means by which the Company may acquire additional equity capital.

Use of Proceeds

The Company will receive proceeds under the Plan only if the Common Shares are issued directly by the Company rather than purchased on the open market. Such proceeds, as and when received, will be used by the Company for general corporate purposes.

Administration

Computershare Trust Company of Canada (the “**Agent**”) acts as the Agent for the Participants pursuant to an agreement between the Company and the Agent. The Company will promptly pay to the Agent all cash dividends payable on eligible Common Shares held of record by Participants and all cash dividends on Common Shares held of record by the Agent on behalf of the Participants. The Agent will apply such funds to the purchase of Common Shares for the Participants pursuant to the Plan. Common Shares purchased under the Plan will be registered in the name of the Agent, as Agent for the Participants. Should Computershare Trust Company of Canada cease to act as Agent under the Plan, another agent will be designated by the Company.

The terms of this Plan are intended to comply with the requirements of the *Income Tax Act* (Canada) (the “**Tax Act**”) and the administrative policies and assessment practices of the Canada Revenue Agency, and shall be interpreted and administered in accordance with all such requirements notwithstanding any other provision of this Plan to the contrary.

Participation

A registered shareholder of record of Common Shares who is resident in Canada may enroll in the Plan (electing thereby to receive cash dividends which have been declared by the Directors in the form of additional Common Shares as and when authorized and declared by the Directors in their discretion) by duly completing a Reinvestment Enrollment - Participant Declaration Form (“**Enrollment Form**”) and returning it to the Agent no later than three (3) business days prior to the relevant record date for the dividend in respect of which such shareholder wishes to initiate participation in the Plan. If the Agent receives the Enrollment Form after such date, the cash distribution will be paid to the shareholder in the usual manner and participation in this Plan will be

initiated for subsequent dividends. A copy of the Enrollment Form is available from the Agent's website at www.computershare.com or by calling the Agent at 1-800-564-6253.

Beneficial owners of Common Shares whose shares are not registered in their own names may participate in this Plan by either: (a) having their Common Shares transferred into their own name, or (b) by contacting their broker, trust company, bank or other nominee to request information regarding participation in this Plan on their behalf while maintaining the Common Shares in such nominee's account.

Once a shareholder has enrolled in this Plan, participation continues automatically unless terminated in accordance with the terms of this Plan.

The Company may, in its sole discretion, determine from time to time that any shareholder or group of shareholders may not participate or continue to participate in the Plan. The Company reserves the right to determine, from time to time, a minimum number of Common Shares that a shareholder must hold in order to be eligible for, or continue to be enrolled in, the Plan.

Non-Residents of Canada are not Eligible to Participate in this Plan

Unless otherwise announced by the Company, shareholders who are non-residents of Canada are not entitled to participate, directly or indirectly, in the Plan.

The Agent reserves the right to deny participation in the Plan to, and to not accept Enrollment Forms from, any person or agent of such person who appears to be a non-resident of Canada for purposes of the Tax Act.

Purchase and Valuation of Common Shares under the Plan

All dividends payable on Common Shares recorded for participation in the Plan, including Common Shares acquired and retained under the Plan, will be paid by the Company to the Agent and will be used by the Agent to purchase additional Common Shares for the Participant's account on or after each dividend payment date.

The Common Shares acquired by the Agent pursuant to the Plan will be, at the Company's discretion, either newly issued Common Shares purchased from the Company (a "**Treasury Purchase**") or Common Shares purchased on the open market (a "**Market Purchase**").

The purchase price for Common Shares on dividend payment date from the reinvestment of cash dividends will be:

- (a) in the case of a Market Purchase, the average of the actual price paid (excluding brokerage commissions, fees and transaction costs) per Common Share by the Agent on the TSX (or applicable market) during the five (5) Business Days following the dividend payment date; or
- (b) in the case of a Treasury Purchase, the volume-weighted average trading price of the Common Shares on the TSX for the five (5) trading days immediately preceding the dividend payment date (the "**Average Market Price**") less a Discount (determined as described herein), if any, of up to five percent (5%) at the Company's election.

Each Participant's account will be credited with that number of Common Shares purchased for the Participant pursuant to the Plan, including fractions of a share up to four (4) decimal places.

Discount

The Board of Directors of the Company may from time to time approve a discount (the "**Discount**") of up to five percent (5%) on the purchase price of Common Shares pursuant to Treasury Purchases under the Plan. The Board of Directors has the discretion to alter or eliminate the Discount at any time in its absolute discretion. If the Discount is altered or eliminated by the Board of Directors of the Company, the Company shall publish a press release announcing to such change.

The Discount applicable to Treasury Purchases of Common Shares is three percent (3%) as of the effective date of the Plan.

Costs

Participants will not pay any brokerage commission in connection with the purchase of Common Shares under the Plan. All administrative costs of the Plan, including the fees and expenses of the Agent, will be borne by the Company.

Withdrawal of Common Shares

Certificates for Common Shares issued under the Plan will not be issued to Participants unless specifically requested. Participants who wish to withdraw Common Shares, but do not wish to terminate their participation in this Plan, may do so by duly completing the withdrawal portion of the voucher located on the reverse of the statement of account (the "**Withdrawal Request Form**") and sending it to the Agent. A Withdrawal Request Form may also be obtained from the Agent at the address set forth in the "Notices" section of this Plan or by contacting the Agent's National Customer Contact Centre at the number listed below. The Agent will generally issue certificates to a Participant within three weeks of receipt of the Withdrawal Request Form. Certificates will not be issued for fractions of a Common Share. Please note that dividends on the certificated Common Shares will, until such shares are sold or otherwise transferred, continue to be reinvested under this Plan, as will dividends on any Common Shares remaining in the Participant's account.

Accounts under the Plan will be maintained in the names in which Common Shares were registered at the time the Participants entered the Plan. Consequently, certificates for whole Common Shares withdrawn from this Plan will be registered in exactly the same manner as when issued.

No Pledge of Common Shares

Common Shares held by the Agent may not be pledged, hypothecated, assigned or otherwise disposed of or transferred. Participants who wish to pledge, hypothecate, assign, dispose of or otherwise transfer their Common Shares held by the Agent must first withdraw such shares from the Plan.

Termination of Participation

Participation in the Plan may be terminated by a Participant at any time by duly completing the termination portion of the voucher on the reverse of the statement of account (the “**Termination Request Form**”) and sending it to the Agent. A duplicate statement copy containing the voucher may be obtained from the Agent at the address set forth in the “Notices” section of this Plan or by calling the Agent’s National Customer Contact Centre at the number listed below.

When a Participant terminates participation in the Plan, the Participant will receive a certificate for the whole Common Shares held for such Participant’s account and a cash payment for any fractions of a share held in such account. These fractions will be paid out at the last investment price. If the Agent does not receive the Termination Request Form at least three (3) days prior to the applicable record date, the termination and settlement of the Participant’s account will not commence until after the next dividend reinvestment has been completed.

Generally, a Termination Request Form will be processed within three weeks of the receipt by the Agent of the Termination Request Form or within three weeks after the next dividend payment date. No Termination Request Form will be processed between the dividend record date and the dividend payment date.

Participation in the Plan will be terminated upon receipt by the Agent of evidence satisfactory to the Agent of the death of a Participant; thereafter all dividends paid in respect of the Common Shares of the deceased Participant will be paid in cash. In the case of termination of participation due to death, a certificate for whole Common Shares held in such Participant’s account will be issued in the name of the estate of the deceased Participant along with a cash payment representing payment for any fraction of a share in the account.

Reports to Participants

The Agent will maintain an account for each Participant in the Plan. A statement of account will be mailed by the Agent quarterly to each Participant approximately three weeks after each purchase of Common Shares. This statement will set out the amount of the dividend paid on the Participant’s Common Shares for the relevant period, the number of additional Common Shares purchased through this Plan, the applicable purchase price per Common Share and the updated total number of Common Shares being held for the Participant in this Plan. These statements are a Participant’s continuing record of the cost of purchases and should be kept for tax purposes. In addition, each Participant will receive the appropriate information annually for reporting dividends for tax purposes.

Voting Rights

Participants may vote whole Common Shares held by the Agent on their behalf in the same manner as any other Common Shares of the Company. The Agent will forward to Participants, as soon as practicable following receipt, any proxy solicitation materials. Fractional interests in Common Shares will not be voted.

Non-Registered Participants should contact their intermediary to determine the procedures for voting their Common Shares.

Stock Dividends and Stock Splits

Any Common Shares distributed pursuant to a stock dividend or a stock split on Common Shares held by the Agent for Participants will be retained by the Agent and credited, net of any applicable taxes, to the account of the Participant in accordance with their entitlement under the Plan.

Rules and Regulations

The Company may from time to time adopt rules and regulations to facilitate the administration of the Plan, and such rules and regulations will be binding upon all shareholders (including those who may have already become Participants) when adopted. The Company also reserves the right to regulate and interpret the Plan as it deems necessary or desirable to ensure its efficient and equitable operation in the best interests of the Company. Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by the Company.

Amendment, Suspension or Termination of the Program

The Company reserves the sole right to amend, suspend or terminate the Plan at any time and such amendment, suspension or termination will be binding on all Participants. In the event of termination of the Plan by the Company, a certificate for whole Common Shares held for a Participant's account under the Plan and a cash payment for any fractions of a share held in such account, based on the closing price of the Common Shares on the TSX as of the close of the trading day following the date of the termination of the Plan, will be remitted to the Participant. The TSX will be notified of any amendments to the Plan and, in the case of material amendments, its prior approval will be obtained before the material amendment is implemented.

Responsibilities of the Company and the Agent

Neither the Company nor the Agent shall be liable under the Plan, except in the case of wilful misconduct, for any act or for any omission to act, in connection with the operation of the Plan including, without limitation, any claims of liability:

- (a) arising out of failure to terminate a Participant's account upon such Participant's death prior to receipt of notice in writing of such death;
- (b) with respect to the prices at which Common Shares are purchased for the Participant's account and the times such purchases are made; or
- (c) arising out of actions taken as a result of inaccurate or incomplete information or instructions.

Risk of Market Price Fluctuations

Participants should recognize that Common Shares acquired under the Plan are no different from an investment in Common Shares directly held. Accordingly, neither the Company nor the Agent can assure a profit or protect Participants against a loss on the Common Shares purchased under the Plan.

Currency

All monetary amounts identified in the Plan are stated in Canadian dollars.

Tax Considerations

Shareholders are advised to consult a tax advisor as to the consequences of participation in the Plan.

Notices

All notices required to be given to a Participant under this Plan will be mailed to the most recent address shown on the records of the Agent.

All communications to the Agent and requests for forms or information regarding this Plan should be directed to:

Computershare Trust Company of Canada
100 University Ave., 9th Floor
Toronto, Ontario M5J 2Y1
Attention: Dividend Reinvestment Department
Or the National Customer Contact Centre at 1-800-564-6253.