

FORM 51-102F3
Material Change Report

Item 1 Name and Address of Company

George Weston Limited (“George Weston”)
22 St Clair Avenue East
Toronto, Ontario
M4T 2S7

Item 2 Date of Material Change

December 19, 2017

Item 3 News Release

A news release was issued by George Weston and Loblaw Companies Limited on December 19, 2017 through the facilities of CNW and filed on SEDAR at www.sedar.com. A copy of the news release is annexed hereto.

Item 4 Summary of Material Change

George Weston and Loblaw Companies Limited yesterday announced actions they have taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products, and to ensure it never happens again.

Item 5 Full Description of Material Change

Please refer to the news release attached as Schedule “A”.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information, please contact Gordon Currie, Executive Vice President and Chief Legal Officer of George Weston, at 416-965-5209.

Item 9 Date of Report

December 20, 2017

SCHEDULE "A"

George Weston and Loblaw take action to address industry-wide anti-competitive activity

**Loblaw
Companies
Limited**

Français

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Loblaw Companies Limited
16:03 ET

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- *George Weston and Loblaw announce actions taken to address role in industry-wide price-fixing arrangement involving certain packaged bread products*
- *Upon learning of issue, George Weston and Loblaw immediately reported it to the Competition Bureau*
- *Companies have taken action to address issue, including enhancing competition compliance programs and ensuring employees responsible are no longer with companies*
- *Loblaw offering customers \$25 Loblaw Card, which can be used to purchase items sold in Loblaw grocery stores across Canada*

TORONTO, Dec. 19, 2017 /CNW/ - George Weston Limited (TSX:WN, "George Weston") and Loblaw Companies Limited (TSX:L, "Loblaw" and, together with George Weston, the "Companies") today announced actions they have taken to address their role in an industry-wide price-fixing arrangement involving certain packaged bread products, and to ensure it never happens again.

As previously reported, the Competition Bureau has commenced an investigation into a price-fixing arrangement. The arrangement involved the coordination of retail and wholesale prices of certain packaged bread products over a period extending from late 2001 to March 2015. Under the arrangement, the participants regularly increased prices on a coordinated basis. The participants included Loblaw and the Weston Bakeries division of George Weston as well as other major grocery retailers and another bread wholesaler, some of which have acknowledged being searched by the Competition Bureau as part of its ongoing investigation.

The searches were conducted under court filings made by the Competition Bureau on a confidential basis. Although those filings remain sealed under a court order, they were made available earlier today to the Companies and other affected parties for review. Having reviewed the court filings and advised the Director of Public Prosecutions of Canada as required, the Companies are making further public disclosure at this time. As the court filings remain sealed, the Companies' disclosure at this time is limited to their knowledge of the Competition Bureau's investigation, in which they have been cooperating as an immunity applicant since March 2015 .

"This sort of behaviour is wrong and has no place in our business or Canada's grocery industry," said Galen G. Weston , Chairman and Chief Executive Officer of both Companies. "This should never have happened."

In response, the Companies have taken four distinct courses of action.

First, upon discovering this anti-competitive behaviour in March 2015 , the Companies immediately reported it to the Competition Bureau and they have been co-operating fully with the Competition Bureau. In doing so, the Boards of Directors of the Companies initiated a thorough investigation to get to the bottom of what happened, address it and report to the Competition Bureau. During the period in which the Companies were awaiting the Competition Bureau's determination as to whether it would proceed against other parties, they were required under competition legislation to keep their cooperation confidential.

Second, the employees responsible for Weston Bakeries' and Loblaw's role in this arrangement are no longer with the Companies.

Third, Loblaw is offering customers a \$25 Loblaw Card, which can be used to purchase items sold in Loblaw grocery stores across Canada . Starting on January 8, 2018, Loblaw customers can visit www.LoblawCard.ca to register and, if eligible, receive a card. The deadline for registration is May 8, 2018. In the meantime, customers can visit www.LoblawCard.ca to request a notification when registration opens.

Fourth, the Companies have significantly enhanced their compliance programs with measures that are both industry-leading and go further than the Competition Bureau's own requirements. These measures include the following:

- *Earlier this year, the Companies established a new independent compliance office, led by a Chief Compliance Officer, to oversee implementation of enterprise-wide policies required to ensure world-class competition law compliance. The Chief Compliance Officer reports directly to the Boards of Directors of the Companies.*
- *All sales and marketing personnel at Weston Bakeries, all merchants and store managers at Loblaw and senior leaders at each of George Weston, Weston Bakeries and Loblaw have undergone intensive compliance re-training and certification, with ongoing updates and monitoring.*
- *The Companies are the first in Canada to commit to, and begin implementation of, ISO 19600 for competition compliance program certification, which will provide independent, third-party validation against world-class standards.*

Class action lawsuits have been commenced against the Companies as well as a number of major grocery retailers and another bread wholesaler on the basis of the searches initiated by the Competition Bureau. Those lawsuits and others are expected to proceed on the basis of the detailed information in the court filings. It is too early to predict the outcome of such legal proceedings. Neither of the Companies believes that the ultimate resolution of such legal proceedings will have a material adverse impact on its financial condition or prospects. Based on their current understanding of the facts, the Companies also expect that Loblaw's exposure will be somewhat larger than George Weston's because the majority of the overcharge accrued to retailers.

Loblaw will take a provision this quarter in relation to the card program, which is expected to cost between \$75 and \$150 million depending on customer take-up and to be an offset against civil liability Loblaw may face in this matter. In addition to the card program, each of the Companies may take a charge in the period in which they can reliably estimate damages or the matter is ultimately resolved. The card program cost should not be viewed as an estimate of damages.

The Companies' cash balances far exceed any realistic damages scenario. George Weston anticipates no impact on its dividend or dividend policy. Loblaw anticipates no impact on its dividend, dividend policy or share buyback plan.

As a result of their admission that they participated in the arrangement and their cooperation with the Competition Bureau's investigation, the Companies will not face criminal charges or penalties.

Analyst Call Today at 4:30 p.m. (ET)

The Companies will host a conference call and a webcast on December 19, 2017 at 4:30 p.m. (ET). Analysts and institutional investors are invited to access the conference call by dialing (647) 427-7450 or (888) 231-8191. The playback will be made available approximately two hours after the event at (416) 849-0833 or (855) 859-2056, access code: 7269086. To access via audio webcast please go to the "Investor" section of loblaw.ca.

Forward Looking Statements

This News Release contains forward-looking statements about the consequences of this matter, including the expected impact of proposed class action lawsuits filed against the Companies and the expected cost of the card program to Loblaw and Loblaw's ability to offset it against civil liability. These forward-looking statements reflect the Companies' estimates, beliefs and assumptions, which are based on management's perception of historical trends, current conditions and expected future developments, as well as other factors they believe are appropriate in the circumstances. The Companies' estimates, beliefs and assumptions are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and, as such, are subject to change. The Companies can give no assurance that such estimates, beliefs and assumptions will prove to be correct. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Companies' expectations only as of the date of this News Release. Except as required by law, the Companies do not undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SOURCE Loblaw Companies Limited

For further information: Kevin Groh, kevin.groh@loblaw.ca

Related Links

*<http://www.weston.ca>
www.loblaw.ca*

Organization Profile

Loblaw Companies Limited

Loblaw Companies Limited is Canada's food

**Loblaw
Companies
Limited**

and pharmacy leader, the nation's largest retailer, and the majority unitholder of Choice Properties Real Estate Investment Trust. Loblaw provides Canadians with grocery, pharmacy, health and beauty, apparel, general merchandise, banking, and wireless mobile products and services. With more than 2,300 corporate, franchised and Associate-owned...

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George Weston Limited

George Weston Limited is a Canadian public company, founded in 1882, engaged in food processing and distribution. The Company has two reportable operating segments: Weston Foods and Loblaw, and holds cash and short term investments. Supported by a strong balance sheet, the Company seeks long-term, stable growth in its operating segments through continuous capital investment. Weston is committed...

The logo for Weston, featuring the word "Weston" in a stylized, serif font with a slightly distressed or textured appearance.

Also from this source:

[George Weston Limited Reports Third Quarter 2017 Results\(2\)](#)

[George Weston Limited Announces Timing of Third Quarter Earnings Release](#)

[George Weston Limited Reports Second Quarter 2017 Results\(2\)](#)

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