

February 17, 2011

BY EMAIL

British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Financial Services Commission - Securities Division
Manitoba Securities Commission
Ontario Securities Commission
Autorité des marchés financiers
New Brunswick Securities Commission
Registrar of Securities, Prince Edward Island
Nova Scotia Securities Commission
Securities Commission of Newfoundland and Labrador
Registrar of Securities, Government of Yukon
Registrar of Securities, Department of Justice, Government of the Northwest Territories
Registrar of Securities, Legal Registries Division, Department of Justice, Government of Nunavut

To the attention of:

John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, Ontario M5H 3S8
e-mail: jstevenson@osc.gov.on.ca

Anne-Marie Beaudoin, Corporate Secretary
Autorité des marchés financiers
Tour de la Bourse, 800, square Victoria
C.P. 246, 22^e étage
Montréal, Québec H4Z 1G3
e-mail: consultation-en-cours@lautorite.qc.ca

Dear Sir/Madame,

Re: Request for Comment – Proposed Amendments to Form 51-102F6

We are writing in response to the Canadian Securities Administrator's request for comments to proposed amendments to Form 51-102F6 Statement of Executive Compensation and Consequential Amendments ("Proposed Amendments").

We acknowledge and accept most of the Proposed Amendments; however, we strongly object to certain proposed amendments to subsection 2.1(4), the "serious prejudice exemption in relation to the disclosure of performance targets." We agree that a company should explicitly state that it is relying on this exemption and explain why disclosing the relevant performance target or similar condition would seriously prejudice the company's interest. The CSA's position that companies do not qualify for this exemption if they have publicly disclosed performance targets ignores the fact

that such targets may nevertheless be competitively sensitive and seriously prejudicial to a company if disclosed. In particular:

- The setting of performance targets is at the heart of a company's confidential business planning and budgeting process, which is typically fluid and multi-year in approach, so that even historical targets could reveal vital pieces of a company's strategies. In particular, the assumptions underlying such targets may be competitively sensitive even on a historical basis as they may reflect the company's confidential multi-year business plans and strategies which continue to be relevant in future periods.
- Disclosing the performance targets themselves will often not provide meaningful disclosure, and will in those cases potentially be misleading, absent a discussion of the factors considered by management in developing the business plan and budget and the confidential underlying assumptions. Disclosure of those factors and assumptions could provide a company's competitors with insight into its confidential business plans and strategies by allowing competitors to compare the targets against the company's publicly-disclosed results for that year and identify the factors and underlying assumptions that are reflected in the company's confidential business plans.
- Even where a company's targets for compensation purposes are derived from publicly disclosed measures such as EBITDA, the targets and results are often adjusted for compensation purposes to account for acquisitions, restructurings and other corporate charges. Such adjustments may reflect highly sensitive information about a company's business plans and strategies.
- Requiring such targets to be disclosed may discourage compensation committees from establishing incentive plans based on performance criteria. Companies may instead decide to avoid specific quantified targets and adopt broad guidelines, which would be counter-productive given one purpose of the disclosure rules is to demonstrate the link between executive compensation and performance.

We ask the CSA to reconsider this particular Proposed Amendment and to give credence to our disclosure concerns about competitively sensitive information.

Yours truly,



Robert A. Balcom
Senior Vice President and Secretary
Loblaw Companies Limited