



**Canadian Tire Corporation, Limited**  
**Notice of 2008 Annual Meeting of Shareholders**  
**and Management Information Circular**

**March 6, 2008**

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# Notice of 2008 Annual Meeting of Shareholders

## You are Invited to our Annual Meeting of Shareholders

### When

Thursday, May 8, 2008  
10:00 a.m. (Toronto time)

### Where

The Suites at 1 King West (The Dominion Club)  
Grand Banking Hall  
1 King Street West  
Toronto, Ontario

### Business of the Meeting

We will address three items at the meeting:

1. receiving our consolidated annual financial statements for the financial year ended December 29, 2007, including the external auditor's report
2. electing directors who will serve until the end of the next annual meeting of shareholders
3. appointing the external auditor who will serve until the end of the next annual meeting of shareholders, and authorizing the directors to set its compensation.

We will also consider other business that may properly come before the meeting.

### You Have the Right to Vote

You have the right to vote at our Annual Meeting of Shareholders if you are a Canadian Tire shareholder on March 20, 2008.

### Your Vote is Important

As a Canadian Tire shareholder, it is important that you read this material carefully. You have different voting rights depending on whether you own Common Shares or Class A Non-Voting Shares.

You do not have to vote in person at the meeting. The attached *Management Information Circular* tells you how to exercise your right to vote your shares.

By order of the Board,



Cameron D. Stewart  
*Secretary*

Toronto, Ontario  
March 6, 2008

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## Management Information Circular

In this management information circular, *you* and *your* refer to Canadian Tire shareholders. *We, us, our, the Company* and *Canadian Tire* refer to Canadian Tire Corporation, Limited and its subsidiaries.

**This management information circular is provided in connection with our Annual Meeting of Shareholders to be held on May 8, 2008. Your proxy is solicited by management of Canadian Tire for the items described in the notice on the previous page.**

As a shareholder, you have the right to attend and vote at this meeting. Please read this management information circular. It gives you information you need to know to cast your vote. We also encourage you to read our 2007 Annual Report, which includes the consolidated annual financial statements of Canadian Tire as of our financial year ended December 29, 2007.

The Board of Directors has approved the contents of this management information circular, and has authorized it to be sent to every shareholder. We pay for all costs associated with soliciting your proxy. We usually make our request by mail, but we may also solicit your proxy by telephone or in person.

Cameron D. Stewart  
*Secretary*

Toronto, Ontario  
March 6, 2008

## Table of Contents

|  |    |
|--|----|
| Who Can Vote . . . . .                                   | 3  |
| Q & A on Proxy Voting . . . . .                          | 4  |
| Business of the Meeting . . . . .                        | 6  |
| • Receiving the Consolidated Annual Financial Statements |    |
| • Electing Directors                                     |    |
| • Appointing the External Auditor                        |    |
| • Considering Other Business                             |    |
| About the Nominated Directors . . . . .                  | 7  |
| About the Board of Directors . . . . .                   | 17 |
| Board Committees   |    |
| • Audit Committee  |    |
| • Governance Committee                                   |    |
| • Management Resources and Compensation Committee        |    |
| • Social Responsibility Committee                        |    |
| Director Compensation . . . . .                          | 25 |
| Report on Executive Compensation . . . . .               | 28 |
| How Our Shares Have Performed . . . . .                  | 35 |
| Executive Compensation . . . . .                         | 36 |
| Other Compensation Information . . . . .                 | 41 |
| Other Information . . . . .                              | 43 |
| Appendices . . . . .                                     | A1 |

# Who Can Vote

**Canadian Tire has two classes of shares.** The items you can vote on depend on the class of shares you own. Each share you own as of March 20, 2008 entitles you to one vote. If you acquired shares after March 20, 2008 see "What if ownership of shares has been transferred after March 20, 2008?" on page 5 of this management information circular.

## Common Shares

If you own Common Shares, you can vote on two items:

- the election of 13 of the 16 directors
- the appointment of the external auditor, and authorizing the directors to set its compensation.

You can also vote on any other business that may properly come before the meeting.

As of March 6, 2008, Canadian Tire had 3,423,366 Common Shares outstanding. The directors and officers of Canadian Tire are not aware of any person or company that beneficially owns, directly or indirectly, or exercises control or direction over more than 10 percent of the total outstanding Common Shares, other than those listed below:

| Name  | Number of Common Shares Beneficially Owned, Controlled or Directed | Percentage of Outstanding Common Shares |
|---|--|---|
| Martha G. Billes <sup>(1)</sup>   | 1,400,767  | 40.9%                                   |
| Owen G. Billes <sup>(2)</sup>   | 700,383  | 20.5%                                   |
| C.T.C. Dealer Holdings Limited  | 700,384  | 20.5%                                   |
| The Trustees of the Company's Deferred Profit Sharing Plan (established on January 1, 1968) | 419,280  | 12.2%                                   |

### Notes

- (1) Tire 'N' Me Pty. Ltd. (*Tire 'N' Me*) owns 1,400,767 Common Shares of the Company. Ms. Billes controls Tire 'N' Me and is the beneficial owner of all the issued shares of Tire 'N' Me. The Common Shares of the Company owned by Tire 'N' Me are included in the shareholdings of Ms. Billes shown in this table.
- (2) Albikin Management Inc. (*Albikin*) owns 700,383 Common Shares and 712,476 Class A Non-Voting Shares of the Company. With the exception of a small number of nominal value preferred shares of Albikin beneficially owned by Ms. Billes, Mr. Billes is the beneficial owner of all the issued shares of Albikin. By agreement between Ms. Billes and Mr. Billes, Ms. Billes controls Albikin.

## Class A Non-Voting Shares

If you own Class A Non-Voting Shares, you can vote on the election of three of the 16 directors.

Holders of Class A Non-Voting Shares are entitled to vote on matters other than the appointment of three directors in the following circumstances:

- if applicable laws give them that right, or
- if an offer to buy Common Shares is made to all or substantially all holders of Common Shares, and the majority of the Common Shares issued and outstanding are tendered to and taken up by the party making the offer. In this case, unless the offer to purchase is for both

classes of shares at the same price and on the same terms and conditions, the holders of Class A Non-Voting Shares will be entitled to one vote per share at all shareholder meetings.

The Board of Directors has adopted a policy providing that in an uncontested election of directors by the holders of Class A Non-Voting Shares of the Company, any nominee who receives a greater number of votes "withheld" than votes "for" his or her election will tender a resignation to the Chairman of the Board promptly following the Company's annual meeting of shareholders. The Governance Committee will consider the offer of resignation and, except in special circumstances, will be expected to recommend that the Board accept the resignation. The Board of Directors will make its decision and announce it in a news release within 90 days following the annual meeting of shareholders, including the reasons for rejecting the resignation, if applicable. A director who tenders a resignation pursuant to this policy will not participate in any meeting of the Board of Directors or the Governance Committee at which the resignation is considered. Subject to the requirements of the *Business Corporations Act* (Ontario), the Board of Directors may leave the vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director, or call a special meeting of holders of Class A Non-Voting Shares to elect a new director to fill the vacant position.

The Common Shares and Class A Non-Voting Shares are each generally voted separately as a class. As a result, aggregating the voting rights attached to the Common Shares and Class A Non-Voting Shares is not relevant to any corporate action currently contemplated. If an occasion should arise on which the holders of the Common Shares and the holders of the Class A Non-Voting Shares are entitled to vote together (rather than separately as a class), then based on the numbers of Common Shares and Class A Non-Voting Shares outstanding at March 6, 2008, the Class A Non-Voting Shares would represent approximately 95.8 percent of the aggregate voting rights attached to the Common Shares and the Class A Non-Voting Shares. See the Company's articles of amendment dated December 15, 1983, which are available on the System for Electronic Document Analysis and Retrieval (*SEDAR*) at [www.sedar.com](http://www.sedar.com), for more information on the voting rights of the holders of Class A Non-Voting Shares.

As of March 6, 2008, Canadian Tire had 78,151,457 Class A Non-Voting Shares outstanding. The directors and officers are not aware of any person or company that beneficially owns, directly or indirectly, or exercises control or direction over more than 10 percent of the outstanding Class A Non-Voting Shares, other than Jarislowsky, Fraser Limited. According to a report filed by Jarislowsky, Fraser Limited on SEDAR in October 2007, it exercises control or direction over 11,887,061 Class A Non-Voting Shares, which represents approximately 15.2 percent of the total outstanding Class A Non-Voting Shares. Jarislowsky, Fraser Limited has advised that there has been no material change to its share ownership since that date.

## Q & A on Proxy Voting

### Q: What am I voting on?

A: Holders of Common Shares are voting on the election of 13 directors to the Board of Canadian Tire, the appointment of the external auditor and authorizing the directors to set its compensation.

Holders of Class A Non-Voting Shares are voting on the election of three directors to the Board of Canadian Tire.

### Q: Who is entitled to vote?

A: Holders of Common Shares and Class A Non-Voting Shares as at the close of business on March 20, 2008 are entitled to vote. Each Common Share and Class A Non-Voting Share is entitled to one vote on the items of business identified above.

If you acquired your shares after March 20, 2008, please refer to the answer to the question "What if ownership of shares has been transferred after March 20, 2008?" on page 5 to determine how you may vote such shares.

### Q: How do I vote?

A: If you are a registered shareholder, you may vote in person at the meeting or you may sign the enclosed form of proxy appointing the named persons or some other person you choose, who need not be a shareholder, to represent you as proxyholder and vote your shares at the meeting. If your shares are held in the name of a nominee, please see the box on page 5 for voting instructions.

### Q: What if I plan to attend the meeting and vote in person?

A: If you are a registered shareholder and plan to attend the meeting on May 8, 2008 and wish to vote your shares in person at the meeting, complete and return the form of proxy following the instructions provided on the form of proxy. Please register with the transfer agent, Computershare Trust Company of Canada, upon arrival at the meeting. Your vote will be taken and counted at the meeting. If your shares are held in the name of a nominee or intermediary, please see the box on page 5 for voting instructions.

### Q: How do I vote shares registered in the name of two or more owners?

A: To vote shares registered in the name of two or more owners, all registered owners must sign the enclosed form of proxy. The completed proxy form must be returned to Canadian Tire's transfer agent, Computershare Trust Company of Canada, in the envelope provided. **These shares cannot be voted by telephone or the Internet.**

### Q: How do I vote shares registered in the name of a corporation or other legal entity?

A: To vote shares registered in the name of a corporation or other legal entity, an authorized officer or attorney of that corporation or legal entity must sign the enclosed form of proxy. This person may have to provide proof that he or she

is authorized to sign. The completed proxy form must be returned to Canadian Tire's transfer agent, Computershare Trust Company of Canada, in the envelope provided. **These shares cannot be voted by telephone or the Internet.**

### Q: Can I vote by telephone?

A: If you are a registered shareholder, you can vote by telephone by calling 1-866-732-VOTE/8683. Follow the instructions provided. You will need your holder account number, proxy access number and control number (located on the front of the form of proxy) to identify yourself to the system.

### Q: Can I vote by the Internet?

A: If you are a registered shareholder, go to [www.computershare.com/proxy](http://www.computershare.com/proxy) and follow the instructions. You will need your holder account number, proxy access number and control number (located on the front of the form of proxy) to identify yourself to the system.

### Q: Who is soliciting my proxy?

A: **The enclosed form of proxy is being solicited by management of Canadian Tire** and the associated costs will be borne by Canadian Tire. The solicitation will be made primarily by mail but may also be made by telephone or in person.

### Q: What if I sign the form of proxy enclosed with this circular?

A: Signing the enclosed form of proxy gives authority to Maureen J. Sabia, Thomas K. Gauld or Frank Potter, each of whom is a director of Canadian Tire, or to another person you have appointed, to vote your shares at the meeting.

### Q: Can I appoint someone other than these directors to vote my shares?

A: **Yes. Write the name of this person, who need not be a shareholder, in the blank space provided in the form of proxy.**

It is important to ensure that any other person you appoint is attending the meeting and is aware that he or she has been appointed to vote your shares. Proxyholders should, upon arrival at the meeting, present themselves to a representative of Computershare Trust Company of Canada.

### Q: What do I do with my completed proxy?

A: Return it to Canadian Tire's transfer agent, Computershare Trust Company of Canada, in the envelope provided.

### Q: If I change my mind, can I take back my proxy once I have given it?

A: Yes. If you change your mind and wish to revoke your proxy, prepare a written statement to this effect. The statement must be signed by you or your attorney as



authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney of the corporation duly authorized. This statement must be delivered to the Secretary of Canadian Tire at the following address no later than 5:00 p.m. (Toronto time) on Wednesday, May 7, 2008 or to the Chairman on the day of the meeting, Thursday, May 8, 2008, or two days (excluding Saturdays, Sundays and holidays) before the day of the adjourned meeting.

Canadian Tire Corporation, Limited  
2180 Yonge Street, 3<sup>rd</sup> Floor  
Toronto, Ontario M4S 2B9  
Attention: Cameron D. Stewart  
Secretary  
Fax: (416) 480-3500

**Q: How will my shares be voted if I give my proxy?**

A: The persons named on the form of proxy must vote for or withhold from voting your shares in accordance with your directions, or you can let your proxyholder decide for you. In the absence of such directions, proxies received by management will be voted **in favour of** the election of directors to the Board, the appointment of the external auditor and authorizing the directors to set its compensation.

**Q: What if amendments are made to these matters or if other matters are brought before the meeting?**

A: The persons named in the form of proxy will have discretionary authority with respect to amendment or variations to matters identified in the Notice of Annual Meeting of Shareholders of Canadian Tire and with respect to other matters which may properly come before the meeting.

As of the date of this management information circular, management of Canadian Tire knows of no such amendment, variation or other matter expected to come before the meeting. If any other matters properly come before the meeting, the persons named in the form of proxy will vote on them in accordance with their best judgment.

**Q: How many shares are entitled to be voted?**

A: As of March 6, 2008, there were outstanding 3,423,366 Common Shares and 78,151,457 Class A Non-Voting Shares of Canadian Tire. Registered shareholders may exercise one vote for each Common Share and one vote for each Class A Non-Voting Share held by them at the close of business on March 20, 2008.

**Q: What if ownership of shares has been transferred after March 20, 2008?**

A: The person who acquired such shares after March 20, 2008 must produce properly endorsed share certificates or otherwise establish that he or she owns the shares and must ask Computershare Trust Company of Canada, no later than 5:00 p.m. (Toronto time) on Monday, April 28,

2008, that his or her name be included in the list of shareholders to be entitled to vote these shares at the meeting.

**Q: Who counts the votes?**

A: Canadian Tire's transfer agent, Computershare Trust Company of Canada, counts and tabulates the proxies.

**Q: If I need to contact the transfer agent, how do I reach them?**

A: For general shareholder enquiries, you can contact the transfer agent by mail at:

Computershare Trust Company of Canada  
100 University Avenue  
9<sup>th</sup> Floor, North Tower  
Toronto, Ontario M5J 2Y1

or by telephone:

within Canada and the United States at 1-800-564-6253, and from all other countries at 514-982-7555;

or by fax:

within Canada and the United States at 1-866-249-7775, and from all other countries at 416-263-9524;

or by e-mail at [service@computershare.com](mailto:service@computershare.com).

**Q: If my shares are not registered in my name but are held in the name of a nominee or intermediary (a bank, trust company, securities broker, trustee or other), how do I vote my shares?**

A: There are two ways you can vote your shares held by your nominee or intermediary. As required by Canadian securities legislation, you will have received from your nominee or intermediary a voting instruction form for the number of shares you hold.

For your shares to be voted for you, please follow the voting instructions provided by your nominee or intermediary.

Since Canadian Tire has limited access to the names of its non-registered shareholders, if you attend the meeting Canadian Tire may have no record of your shareholdings or of your entitlement to vote unless your nominee or intermediary has appointed you as proxyholder. Therefore, if you wish to vote in person at the meeting, insert your name in the space provided on the voting instruction form and return same by following the instructions provided. Do not otherwise complete the form as your vote will be taken at the meeting. Please register with the transfer agent, Computershare Trust Company of Canada, upon arrival at the meeting.

# Business of the Meeting

We will address three items at the meeting:

1. receiving our consolidated financial statements for the year ended December 29, 2007, including the external auditor's report
2. electing directors who will serve until the end of the next annual meeting of shareholders
3. appointing the external auditor that will serve until the end of the next annual meeting of shareholders, and authorizing the directors to set its compensation.

We will also consider other business that may properly come before the meeting.

As of the date of this management information circular, management is not aware of any changes to these items and does not expect any other items to be brought forward at the meeting. If there are changes or new items, you or your proxyholder can vote your shares on these items as you, he or she sees fit.

## 1. Receiving the Consolidated Financial Statements

Our 2007 Annual Report has been prepared and sent to registered shareholders and beneficial shareholders who requested it. Management will review our consolidated financial results at the meeting and shareholders and proxyholders will be given an opportunity to discuss these results with management.

## 2. Electing Directors

This year the Board has determined that 16 directors will be elected at the Annual Meeting of Shareholders. Please see *About the Nominated Directors* on page 7 for more information.

If you own Common Shares, you can vote on the election of 13 directors. The following persons have been nominated for election by the holders of Common Shares:

- Martha G. Billes
- Owen G. Billes
- Peter W. Currie
- Brian G. Domelle
- H. Garfield Emerson
- Daniel E. Fournier
- Thomas K. Gauld
- Keith E. Gostlin
- Suzanne R. Perles
- James A. Riley
- Maureen J. Sabia
- Graham W. Savage
- Stephen G. Wetmore.

If you own Class A Non-Voting Shares, you can vote on the election of three directors. The following persons have been nominated for election by the holders of Class A Non-Voting Shares:

- Robert M. Franklin
- Frank Potter
- Timothy R. Price.

All of the nominated directors are already directors of Canadian Tire, and were elected as directors at our Annual and Special Meeting of Shareholders on May 10, 2007, except for Peter W. Currie and Brian G. Domelle.

## 3. Appointing the External Auditor

If you own Common Shares, you can vote on the appointment of the external auditor and on authorizing the Board of Directors to set the external auditor's compensation. The Board recommends that the Company's current external auditor, Deloitte & Touche LLP, Chartered Accountants (*D&T*), be reappointed as the external auditor.

## 4. Considering Other Business

We will consider any other business that may properly come before the meeting. As of the date of this management information circular, we are not aware of any other business to be considered at the meeting.

## About the Nominated Directors

The director biographies on pages 7 to 15 describe the nominated directors, along with how many deferred share units (DSUs) under the Directors' Deferred Share Unit Plan and Canadian Tire shares they own. See *Director Compensation* on page 25 for more information. The number of DSUs that each director holds has been rounded down to the nearest whole number. DSUs do not carry any voting rights.

The director biographies also describe the value of the Class A Non-Voting Shares or DSUs each director needs in order to meet our share ownership guideline for directors as at our financial year end on December 29, 2007. Each director, other than Mr. Gauld, is required to accumulate at least three times the value of the annual retainer in Common Shares, Class A Non-Voting Shares or DSUs by the later of February 9, 2008 and the fifth anniversary of the director becoming a director.

Each director holds office until the next annual meeting of shareholders or until a successor is elected or appointed.

Pursuant to a shareholders' agreement dated October 30, 1989 between Martha G. Billes (together with corporations and trusts she is associated with) and C.T.C. Dealer Holdings Limited, Ms. Billes has proposed nine and C.T.C. Dealer Holdings Limited has proposed three of the 13 directors to be elected by the holders of Common Shares at the meeting. These shareholders have agreed to vote for the election of such nominees, and the President and Chief Executive Officer (*President and CEO*), as directors of Canadian Tire.

We do not expect that any of the nominated directors will be unable to serve as a director. If, however, a nominated director tells us before the meeting that he or she will be unable to serve as a director, the directors listed on the proxy form will vote to elect one or more substitute directors at their discretion.

### Board Size

According to the Company's articles of amendment, we must have between nine and 21 directors on our Board of Directors. The Board of Directors determines the number of directors to be elected at any shareholder meeting.

The articles of amendment also state that:

- holders of Class A Non-Voting Shares are entitled to elect three directors. This number increases to four directors if the Board has more than 17 directors
- holders of Common Shares are entitled to elect all other directors.

Nominated directors who are elected by holders of Class A Non-Voting Shares cannot be officers or employees of Canadian Tire.

### Nominated Directors



**Martha G. Billes<sup>(2)(3)</sup>**

Age: 67

Calgary, Alberta, Canada

Director since: 1980

*Independent<sup>(1)</sup>*

#### Current Activities:

Ms. Billes is President and a director of Albikin Management Inc., an investment holding company. She is Chairman of the Canadian Tire Foundation for Families and a director of Canadian Tire Bank. Ms. Billes is the daughter of Canadian Tire co-founder A.J. Billes and has beneficially owned or controlled a majority of the Common Shares since 1997. She is also a director of Marlore Enterprises Ltd. and Tire 'N' Me Pty. Ltd.

#### Past Activities:

Ms. Billes has served on the boards of several public companies. She received an Honorary Doctorate of Commerce degree from Ryerson University in 2002. Ms. Billes is also Honourary Consul Emeritus for the Republic of Chile, Southern Alberta Region and past member of the Board of Trustees of the Sunnybrook Medical Centre Foundation and the Calgary Women's Emergency Shelter – Endowment Fund Trust.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |   |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| Board of Directors  |               | 14 of 14                  | 100%           | 100%                            | Canadian Tire Corporation, Limited                 |   | 1980 – Present                                 |
| Governance Committee  |               | 7 of 7                    | 100%           |                                 |  |   |  |
| Social Responsibility Committee   |               | 5 of 5                    | 100%           |                                 |  |   |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |   |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | 1,400,767     | 5,706                     | –              | 1,406,473                       | See Note (5)                                       | –   | February 9, 2008                               |
| 2007  | 1,400,767     | 5,488                     | –              | 1,406,255                       |  |   |  |
| Change  | –             | +218                      | N/A            | +218                            |  |   |  |

**Owen G. Billes<sup>(3)</sup>**

Age: 38  
St. Catharines, Ontario,  
Canada  
Director since: 2004  
As a former employee of  
the Company and a  
Canadian Tire Dealer-in-  
Training, Mr. Billes is *not*  
*independent*<sup>(1)</sup>

**Current Activities:**

Mr. Billes is a Canadian Tire Dealer-in-Training. He is the son of Martha G. Billes and grandson of Canadian Tire co-founder A.J. Billes. Mr. Billes is also a director of the Canadian Tire Foundation for Families.

**Past Activities:**

Mr. Billes joined Canadian Tire in 1992 as Changeover Consultant, Dealer Changeover. He has worked at Canadian Tire in the Operations Planning Centre, Dealer Operations, Logistics and Automotive Marketing, New Business Development and Petroleum, and Customer Service Strategic Development at Canadian Tire Financial Services Limited and four Canadian Tire stores. Mr. Billes has also served as a member of the Board of Governors for Niagara College.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |   |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| Board of Directors  |               | 12 of 14                  | 86%            | 90%                             | Canadian Tire Corporation, Limited                 |   | 2004 – Present                                 |
| Social Responsibility Committee   |               | 5 of 5                    | 100%           |                                 |  |   |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |   |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | 700,383       | 726,072                   | –              | 1,426,455                       | See Note (5)                                       | –   | May 11, 2009                                   |
| 2007  | 700,383       | 725,864                   | –              | 1,426,247                       |  |   |  |
| Change  | –             | +208                      | N/A            | +208                            |  |   |  |

**Peter W. Currie**

Age: 57  
Belleville, Ontario,  
Canada  
If elected, will be  
*Independent*<sup>(1)</sup>

**Current Activities:**

Mr. Currie is a member of the Board of Governors and Chairman of the Finance and Audit Committee, York University. He is also a director of the York University Development Corporation and Affinion Group Inc. Mr. Currie is a member of the Board of Directors and Chairman of the Audit Committee, for each of C.D. Howe Research Institute and Intelius Inc. He is a member of the Financial Executive Institute.

**Past Activities:**

Mr. Currie was previously Executive Vice President and Chief Financial Officer, Nortel Networks Corporation, Vice Chairman and Chief Financial Officer, Royal Bank of Canada, Senior Vice President and Chief Financial Officer, Nortel Networks Corporation (Northern Telecom Limited) and Executive Vice President and Chief Financial Officer, North American Life Assurance Company. He also served as Chairman of the Board and Chairman of the Audit Committee, Symcor Inc.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |  |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|--|--|
| N/A   |               | N/A                       |                | N/A                             | –  |  |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |  |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) | Date at which Ownership Guideline is to be Met |
| 2008  | –             | –                         | –              | –                               | –  | 300,000  | May 8, 2013                                    |
| 2007  | N/A           | N/A                       | N/A            | N/A                             | N/A  |  |  |
| Change  | N/A           | N/A                       | N/A            | N/A                             | N/A  |  |  |

**Brian G. Domelle**

Age: 60

Toronto, Ontario, Canada  
As a Canadian Tire Dealer, if elected, Mr. Domelle will be *not independent*<sup>(1)</sup>

**Current Activities:**

Mr. Domelle is President, Brian Domelle Enterprises Limited, which operates a Canadian Tire store.

**Past Activities:**

Mr. Domelle became a Canadian Tire Dealer in 1976. Prior to becoming a Canadian Tire Dealer, he was a chartered accountant with Ernst and Young (formerly Clarkson Gordon). Mr. Domelle was President of C.T.C. Dealer Holdings Limited, and has also served as Chairman of the Metro Toronto Associate Dealers group, as a director and Secretary – Treasurer of the Canadian Tire Dealers' Association and as Secretary of the Ottawa Valley Dealers' Association. He has been actively involved with Upper Canada College as a member of its Association Council and Fund Raising Committee.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |  |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|--|--|
| N/A   |               | N/A                       |                | N/A                             | –  |  |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |  |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) | Date at which Ownership Guideline is to be Met |
| 2008  | –             | –                         | –              | –                               | –  | 300,000  | May 8, 2013                                    |
| 2007  | N/A           | N/A                       | N/A            | N/A                             | N/A  |  |  |
| Change  | N/A           | N/A                       | N/A            | N/A                             | N/A  |  |  |

**H. Garfield Emerson, Q.C.**

Age: 67

Toronto, Ontario, Canada  
Director since: 2007  
*Independent*<sup>(1)</sup>

**Current Activities:**

Mr. Emerson is Principal, Emerson Advisory, an independent business and financial advisory firm, and a Corporate Director. He is a director of CAE Inc., Sentry Select Capital Corp. and Wittington Investments, Limited.

**Past Activities:**

Mr. Emerson is the past National Chair of Fasken Martineau DuMoulin LLP (2001-2006). Mr. Emerson was previously President and Chief Executive Officer of NM Rothschild & Sons Canada Limited (1990-2001), investment bankers, non-executive Chairman of the Board of Rogers Communications Inc. (1993-2006) and a senior partner of Davies, Ward & Beck. He has also served as a director of Canada Deposit Insurance Corporation, University of Toronto Asset Management Corporation, NM Rothschild & Sons Limited, Marathon Realty Company Limited, Genstar Capital Corporation, Rogers Wireless Communications Inc. and Sunnybrook and Women's College Health Sciences Centre.

| Board/Committee Membership  |               | Attendance                                 |                      | Total %                         | Public Board Membership During Last Five Years  |   |  |
|---|---------------|--|----------------------|---------------------------------|---|---|--|
| Board of Directors<br>Governance Committee<br>Management Resources and Compensation Committee |               | 6 of 6 <sup>(13)</sup><br>5 of 5<br>5 of 5 | 100%<br>100%<br>100% | 100%                            | CAE Inc.<br>Canadian Tire Corporation, Limited<br>Rogers Communications Inc.<br>Rogers Wireless Communications Inc. | 1992 – Present<br>2007 – Present<br>1989 – 2006<br>1993 – 2006              |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed   |               |  |                      |                                 |   |   |  |
| Year  | Common Shares | Class A Non-Voting Shares                  | Number of DSUs       | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup>  | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | –             | –  | 1,180                | 1,180                           | 74,564  | 213,208   | May 10, 2012                                   |
| 2007  | –             | –  | –                    | –                               | –   |   |  |
| Change  | N/A           | N/A  | +1,180               | +1,180                          | +74,564   |   |  |

**Daniel E. Fournier**

Age: 53  
 Outremont, Quebec,  
 Canada  
 Director since: 2006  
*Independent<sup>(1)</sup>*

**Current Activities:**

Mr. Fournier is President, ACNG Capital Inc., a real estate value creation and strategic planning firm. He is the Chairman of the Genivar Income Fund and Vice Chairman of CB Richard Ellis Canada. Mr. Fournier is the founding Chairman of NF (Neurofibromatosis) Canada. He is also a director of Canadian Tire Bank.

**Past Activities:**

Mr. Fournier was formerly Chairman and the majority shareholder of Jas. A. Ogilvy Inc., and Chairman of Ritz-Carlton Canada. Mr. Fournier has served as a member of the Board of Directors of The Brick Warehouse Corporation, Standard Life Canada, Standard Life Trust Company, Hartco Corporation, and as a trustee and member of the Independent Committee of Summit REIT.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |   |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| Board of Directors  |               | 14 of 14                  | 100%           | 100%                            | Canadian Tire Corporation, Limited                 | 2006 – Present  |  |
| Audit Committee   |               | 4 of 4                    | 100%           |                                 | Genivar Income Fund                                | 2006 – Present  |  |
| Governance Committee  |               | 2 of 2 <sup>(15)</sup>    | 100%           |                                 | Summit REIT  | 2003 – 2007   |  |
| Management Resources and Compensation Committee   |               | 8 of 8                    | 100%           |                                 | The Brick Warehouse Corporation                    | 2004 – 2005   |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |   |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | –             | –                         | 930            | 930                             | 58,748   | 231,617   | October 12, 2011                               |
| 2007  | –             | –                         | 184            | 184                             | 13,217   |   |  |
| Change  | N/A           | N/A                       | +746           | +746                            | +45,531  |   |  |

**Robert M. Franklin**

Age: 61  
 Toronto, Ontario, Canada  
 Director since: 2007  
*Independent<sup>(1)</sup>*

**Current Activities:**

Mr. Franklin is President of Signalta Capital Corporation, a private investment holding company. He is a director of Barrick Gold Corporation, First Uranium Corporation, Resolve Business Outsourcing Income Fund and Toromont Industries Ltd. Mr. Franklin is also a trustee for Stratos Global Corporation.

**Past Activities:**

Mr. Franklin was Chairman of Placer Dome Inc. from 1993 until it was taken over by Barrick Gold Corporation in 2006. He has also served as Chairman of Clublink Corporation, ELI Eco Logic Inc., Glenayre Electronics Inc. and Photowatt Technologies, and as a director of Algonquin Mercantile Corporation, Barrington Petroleum Ltd., Call-Net Enterprises Inc., Great Lakes Carbon Income Trust, Royster-Clark Ltd. and Serica Energy Corporation.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |   |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| Board of Directors  |               | 8 of 9 <sup>(14)</sup>    | 89%            | 94%                             | Barrick Gold Corporation                           | 2006 – Present  |  |
| Audit Committee   |               | 4 of 4                    | 100%           |                                 | Call-Net Enterprises Inc.                          | 2002 – 2005   |  |
| Social Responsibility Committee   |               | 3 of 3                    | 100%           |                                 | Canadian Tire Corporation, Limited                 | 2007 – Present  |  |
|   |               |                           |                |                                 | Clublink Corporation                               | 1994 – 2003   |  |
|   |               |                           |                |                                 | ELI Eco Logic Inc.                                 | 1994 – 2004   |  |
|   |               |                           |                |                                 | First Uranium Corporation                          | 2006 – Present  |  |
|   |               |                           |                |                                 | Great Lakes Carbon Income Trust                    | 2003 – 2007   |  |
|   |               |                           |                |                                 | Photowatt Technologies Inc.                        | 2006 – 2007   |  |
|   |               |                           |                |                                 | Placer Dome Inc.                                   | 1987 – 2006   |  |
|   |               |                           |                |                                 | Resolve Business Outsourcing Income Fund           | 2006 – Present  |  |
|   |               |                           |                |                                 | Royster-Clark Ltd.                                 | 2005 – 2006   |  |
|   |               |                           |                |                                 | Serica Energy Corporation                          | 2003 – 2004   |  |
|   |               |                           |                |                                 | Toromont Industries Ltd.                           | 1994 – Present  |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |   |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | –             | 5,450                     | 520            | 5,970                           | 377,132  | –   | May 10, 2012                                   |
| 2007  | –             | –                         | –              | –                               | –  |   |  |
| Change  | N/A           | +5,450                    | +520           | +5,970                          | +377,132   |   |  |

**Thomas K. Gauld**

Age: 58

St. Catharines, Ontario,  
CanadaDirector since: 2006  
As President and Chief  
Executive Officer,  
Mr. Gauld is *not*  
*independent*<sup>(1)</sup>**Current Activities:**

Mr. Gauld is President and CEO of Canadian Tire and a director of Canadian Tire Financial Services Limited and Mark's Work Wearhouse Ltd.

**Past Activities:**

Mr. Gauld previously led Canadian Tire Financial Services Limited as President from 1996 to 2006. He joined Canadian Tire Financial Services Limited in 1993 as Vice-President of Marketing. Prior to joining Canadian Tire, Mr. Gauld held a variety of management positions in Canada and internationally. He was Managing Director of Spalding Sports in Europe, President of Spalding Sports in Canada and RoadMaster Leisure Canada. He also worked in a variety of marketing roles with SmithKline Beecham in Canada and South America, Bristol Myers in Canada and the United States and Unilever in South Africa. He has served as a director of MasterCard Canada. Mr. Gauld has also been Chairman of the Niagara College Board of Governors and a member of the Board of Trustees of Brock University, the Advisory Board of Equifax Canada and the Shaw Festival Board of Governors.

| Board/Committee Membership  |               | Attendance                |                               | Total %                         | Public Board Membership During Last Five Years     |  |  |
|---|---------------|---------------------------|-------------------------------|---------------------------------|--|--|--|
| Board of Directors  |               | 14 of 14                  | 100%                          | 100%                            | Canadian Tire Corporation, Limited                 |  | 2006 – Present   |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                               |                                 |  |  |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs <sup>(1)</sup> | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(11)</sup> | Date at which Ownership Guideline is to be Met <sup>(11)</sup> |
| 2008  | –             | 2,327                     | N/A                           | 2,327                           | 171,104  | N/A  | N/A  |
| 2007  | –             | 1,927                     | N/A                           | 1,927                           | 138,416  |  |  |
| Change  | N/A           | +400                      | N/A                           | +400                            | +32,688  |  |  |

**Keith E. Gostlin**

Age: 64

Kelowna, British  
Columbia, CanadaDirector since: 2006  
As a Canadian Tire  
Dealer, Mr. Gostlin is *not*  
*independent*<sup>(1)</sup>**Current Activities:**

Mr. Gostlin is President, K.E. Gostlin Enterprises Ltd., which operates a Canadian Tire store in Kelowna, British Columbia.

**Past Activities:**

Mr. Gostlin became a Canadian Tire Dealer in 1967. He was president of the Canadian Tire Dealers' Association from 1990 to 1993, and remained on its board as past president until 1995. Mr. Gostlin has also served as chairman for three Dealer groups, as a director for C.T.C. Dealer Holdings Limited and on numerous Canadian Tire Dealers' Association committees. In addition, he has chaired various committees for the Dealers working together with the Company in connection with e-business, PartSource and the new Dealer contract. Mr. Gostlin is a recipient of the Canadian Tire Award of Excellence. He has also served on the board of the Kelowna General Hospital and the Kelowna Economic Development Commission.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |   |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| Board of Directors  |               | 13 of 13 <sup>(12)</sup>  | 100%           | 100%                            | Canadian Tire Corporation, Limited                 |   | 2006 – Present                                 |
| Social Responsibility Committee   |               | 5 of 5                    | 100%           |                                 |  |   |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |   |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | –             | 425                       | 4,134          | 4,559                           | 287,992  | –   | February 9, 2011                               |
| 2007  | –             | 425                       | 2,053          | 2,478                           | 177,995  |   |  |
| Change  | N/A           | –                         | +2,081         | +2,081                          | +109,997   |   |  |



**Suzanne R. Perles**

Age: 54

Manhattan Beach,  
California, U.S.A.Director since: 2005  
*Independent<sup>(1)</sup>***Current Activities:**

Ms. Perles is Managing Director, The Corporate Development Company, a corporate advisory firm specializing in mergers and acquisitions. She is also a member of the Board of Directors and Treasurer of America's Health Together and a director of the Canadian Tire Foundation for Families.

**Past Activities:**

Ms. Perles was previously Vice President Global Head Consumer Products Mergers and Acquisitions, Citicorp Mergers and Acquisitions and an engagement manager at the consulting firm of McKinsey and Company. She was elected to the Board of Trustees of Princeton University and served as Vice President of the American Association of Rhodes Scholars. Ms. Perles was a member of the Board of Directors of Belae Brands, Inc., Chief Operating Officer of Anchor Audio, Senior Advisor to Enell, Inc., and a founding member of the Women's Equity Fund Advisory Board. She was formerly Director, National Issues Program, University of Maryland, Academy of Leadership, Co-Chair of the Business Development Task Force, Rebuild Los Angeles and an economics instructor at St. Anne's College, Oxford University. Ms. Perles was an undergraduate at Princeton University, earned her MBA from the Harvard Business School and her Doctorate in economics from Oxford University where she was a Rhodes Scholar.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |   |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| Board of Directors  |               | 14 of 14                  | 100%           | 100%                            | Canadian Tire Corporation, Limited                 |   | 2005 – Present                                 |
| Governance Committee  |               | 7 of 7                    | 100%           |                                 |  |   |  |
| Social Responsibility Committee (Chairman)  |               | 5 of 5                    | 100%           |                                 |  |   |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |   |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | –             | –                         | 3,035          | 3,035                           | 191,748  | 76,805  | November 10, 2010                              |
| 2007  | –             | –                         | 1,690          | 1,690                           | 121,393  |   |  |
| Change  | N/A           | N/A                       | +1,345         | +1,345                          | +70,355  |   |  |

**Frank Potter**

Age: 71

Toronto, Ontario, Canada

Director since: 1998

*Independent<sup>(1)</sup>***Current Activities:**

Mr. Potter is Chairman, Emerging Market Advisors, Inc., a consulting firm dealing with international direct investment, and Chairman of Canadian Tire Bank. He is a director of Penn West Energy Trust, Softchoice Corporation, Strategic Energy Corp., Sentry Select Capital Corp., a private company that manages a number of exchange-traded investment trusts, and each of the trusts and funds in the Sentry Select family. Mr. Potter is also Chairman of Imagine Group Holdings Limited, a private Bermuda reinsurance company.

**Past Activities:**

Mr. Potter is a former international banker, executive director of The World Bank and a senior advisor at the Department of Finance.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |   |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| Board of Directors  |               | 14 of 14                  | 100%           | 100%                            | Brascan Financial Corporation                      |   | 2002 – 2004                                    |
| Management Resources and Compensation Committee (Chairman)                                  |               | 8 of 8                    | 100%           |                                 | C.A. Bancorp Inc.                                  |   | 2006 – Present                                 |
| Social Responsibility Committee   |               | 2 of 2 <sup>(16)</sup>    | 100%           |                                 | Canadian Tire Corporation, Limited                 |   | 1998 – Present                                 |
|   |               |                           |                |                                 | Golden China Resources Corporation                 |   | 2004 – 2007                                    |
|   |               |                           |                |                                 | Penn West Energy Trust                             |   | 2000 – Present                                 |
|   |               |                           |                |                                 | Rockwater Capital Corp.                            |   | 2001 – 2007                                    |
|   |               |                           |                |                                 | Softchoice Corporation                             |   | 2002 – Present                                 |
|   |               |                           |                |                                 | Strategic Energy Corp.                             |   | 2005 – Present                                 |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |   |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | –             | 1,770                     | 5,103          | 6,873                           | 434,167  | –   | February 9, 2008                               |
| 2007  | –             | 1,756                     | 4,578          | 6,334                           | 454,971  |   |  |
| Change  | N/A           | +14                       | +525           | +539                            | – 20,804   |   |  |



**Timothy R. Price**

Age: 65  
 Toronto, Ontario, Canada  
 Director since: 2007  
*Independent<sup>(1)</sup>*

**Current Activities:**

Mr. Price is Chairman, Brookfield Funds, Brookfield Asset Management Inc., an asset management company. He is Chairman of Q9 Networks Inc. and the York University Foundation, a trustee of Morguard REIT, and a director of Astral Media Inc., HSBC Bank Canada, and St. Michael's Hospital Foundation. Mr. Price is also a governor of York University.

**Past Activities:**

Mr. Price was previously President and CEO of Hees Enterprises Limited and Chairman of Trilon Financial Corporation, which were companies that merged into Brookfield Asset Management Inc.

| Board/Committee Membership | Attendance             |      | Total % | Public Board Membership During Last Five Years  |   |
|----------------------------|------------------------|------|---------|---|---|
| Board of Directors         | 8 of 8 <sup>(13)</sup> | 100% | 100%    | Astral Media Inc.<br>Brascan Financial Corporation<br>Brookfield Homes Corporation<br>Canadian Tire Corporation, Limited<br>HSBC Bank Canada<br>Morguard Corporation<br>Morguard REIT<br>Q9 Networks Inc. | 1978 – Present<br>2002 – 2003<br>2004 – 2006<br>2007 – Present<br>2007 – Present<br>1999 – 2005<br>2005 – Present<br>2004 – Present |

**Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed**

| Year   | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
|--------|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| 2008   | –             | –                         | 520            | 520                             | 32,856   | 261,756   | May 10, 2012                                   |
| 2007   | –             | –                         | –              | –                               | –  |   |  |
| Change | N/A           | N/A                       | +520           | +520                            | +32,856  |   |  |

**James A. Riley**

Age: 55  
 Toronto, Ontario, Canada  
 Director since: 2006  
*Independent<sup>(1)</sup>*

**Current Activities:**

Mr. Riley is a Partner of Goodmans LLP, a law firm. He is also a director of The Canadian Stage Company.

**Past Activities:**

Mr. Riley has more than 25 years of experience practicing law in the areas of banking, financial intermediary regulation and mergers and acquisitions. Mr. Riley has been recognized as one of Canada's leading lawyers in these and other practice areas by legal ranking guides. He has served as a director or equivalent of several other for-profit and not-for-profit organizations.

| Board/Committee Membership                      | Attendance |      | Total % | Public Board Membership During Last Five Years |                |
|---|------------|------|---------|--|----------------|
| Board of Directors                              | 14 of 14   | 100% | 93%     | Canadian Tire Corporation, Limited             | 2006 – Present |
| Governance Committee (Chairman)                 | 7 of 7     | 100% |         |  |                |
| Management Resources and Compensation Committee | 6 of 8     | 75%  |         |  |                |

**Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed**

| Year   | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
|--------|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| 2008   | –             | –                         | 3,589          | 3,589                           | 226,736  | 36,079  | May 11, 2011                                   |
| 2007   | –             | –                         | 1,432          | 1,432                           | 102,861  |   |  |
| Change | N/A           | N/A                       | +2,157         | +2,157                          | +123,875   |   |  |

**Maureen J. Sabia**

Age: 66  
 Toronto, Ontario, Canada  
 Director since: 1985  
 Non-Executive Chairman  
 of the Board since  
 March 8, 2007  
*Independent<sup>(1)</sup>*

**Current Activities:**

Miss Sabia is Non-Executive Chairman of the Board of the Company and President, Maureen Sabia International, a consulting firm. She is also a director of Canadian Tire Bank. Miss Sabia co-authored "Integrity in the Spotlight – Opportunities for Audit Committees" published in 2002 and "Integrity in the Spotlight – Audit Committees in a High Risk World" published in 2005.

Miss Sabia is Chairman of the Foreign Affairs and International Trade Canada Audit Committee. She is also a member of the Public Accountants Council for the Province of Ontario, a body mandated by the *Public Accounting Act, 2004* (Ontario) to oversee, in the public interest, the regulation of public accounting.

**Past Activities:**

Miss Sabia, a lawyer, has had careers in the public and private sectors and served as Chairman of the Export Development Corporation. She is past Chairman of the Audit Committee of Canadian Tire. Miss Sabia was formerly a director of Gulf Canada Resources Limited, Hollinger Inc., Laurentian General Insurance Company Inc., O & Y FPT Inc., O & Y Properties Corporation and Skyjack Inc. She has been a member of the Board of Governors of the University of Guelph, Chairman of the Sunnybrook Medical Centre Foundation and a member of the Board of Trustees for Sunnybrook Medical Centre.

| Board/Committee Membership | Attendance |      | Total % | Public Board Membership During Last Five Years   |   |
|----------------------------|------------|------|---------|--|---|
| Board of Directors         | 14 of 14   | 100% | 100%    | Canadian Tire Corporation, Limited<br>Hollinger Inc.<br>O & Y FPT Inc.<br>O & Y Properties Corporation | 1985 – Present<br>1996 – 2003<br>1999 – 2005<br>1993 – 2005 |

**Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed**

| Year   | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
|--------|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| 2008   | –             | 4,643                     | 1,984          | 6,627                           | 418,640  | –   | February 9, 2008                               |
| 2007   | –             | 4,643                     | 1,648          | 6,291                           | 451,883  |   |  |
| Change | N/A           | –                         | +336           | +336                            | –33,243  |   |  |

**Graham W. Savage**

Age: 58  
 Toronto, Ontario, Canada  
 Director since: 1998  
*Independent<sup>(1)</sup>*

**Current Activities:**

Mr. Savage is Chairman of Callisto Capital LP, a merchant banking partnership. He is a director of Canadian Tire Bank, Cott Corporation and Sun Times Media Group, Inc.

**Past Activities:**

Mr. Savage was previously Chief Financial Officer and a director of Rogers Communications Inc. He has also been a director of AT&T Long Distance Co., Alias Corp., FMC Financial Models Limited, Leitch Technology Corp., Lions Gate Entertainment Corp., MDC Corp., Microcell Inc., Royal Group Technologies Limited, Sun Media Corp. and Vitran Corporation among others.

| Board/Committee Membership   | Attendance                     |                      | Total % | Public Board Membership During Last Five Years   |  |
|--|--------------------------------|----------------------|---------|--|--|
| Board of Directors<br>Audit Committee (Chairman)<br>Governance Committee | 14 of 14<br>10 of 10<br>7 of 7 | 100%<br>100%<br>100% | 100%    | Canadian Tire Corporation, Limited<br>Cott Corporation<br>Leitch Technology Corp.<br>Microcell Inc.<br>Royal Group Technologies Limited<br>Sun Times Media Group, Inc.<br>Vitran Corporation | 1998 – Present<br>2008 – Present<br>2002 – 2005<br>2002 – 2003<br>2005 – 2006<br>2004 – Present<br>1987 – 2005 |

**Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed**

| Year   | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
|--------|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| 2008   | –             | 3,033                     | 1,691          | 4,724                           | 298,422  | –   | February 9, 2008                               |
| 2007   | –             | 3,033                     | 1,358          | 4,391                           | 315,406  |   |  |
| Change | N/A           | –                         | +333           | +333                            | –16,984  |   |  |

**Stephen G. Wetmore**

Age: 55  
Mississauga, Ontario,  
Canada

Director since: 2003  
*Independent<sup>(1)</sup>*

**Current Activities:**

Mr. Wetmore is President and CEO, Bell Aliant Regional Communications Income Fund, a communications service provider. He is a chartered accountant and a member of the Canadian Institute of Chartered Accountants.

**Past Activities:**

Mr. Wetmore was previously Group President, Corporate Performance and National Markets, Bell Canada and Executive Vice-President, BCE Inc., President and CEO of Aliant Inc., President and CEO of NewTel Enterprises Ltd., President of Air Atlantic, and Managing Director of Scotia Holding PLC. He also served as a director of Aliant Inc., Axia NetMedia Corporation, Manitoba Telecom Services Inc. and Stratos Global Corporation. Mr. Wetmore was Chair of the Atlantic Provinces' Economic Council and Nova Scotia Council on Higher Education and has actively promoted education through his leadership affiliations with Dalhousie University, Memorial University, University College of Cape Breton, the Shad Valley Institute, RCS Netherwood and the Canadian Youth Business Fundraising Committee. He has also been a director of the C.D. Howe Institute, and a member of the Financial Executives Institute.

| Board/Committee Membership  |               | Attendance                |                | Total %                         | Public Board Membership During Last Five Years     |   |  |
|---|---------------|---------------------------|----------------|---------------------------------|--|---|--|
| Board of Directors  |               | 12 of 14                  | 86%            | 91%                             | Aliant Inc.  | 1999 – 2006   |  |
| Audit Committee   |               | 9 of 10                   | 90%            |                                 | Axia NetMedia Corporation                          | 2005 – 2006   |  |
| Management Resources and Compensation Committee   |               | 8 of 8                    | 100%           |                                 | Bell Aliant Regional Communications Inc.           | 2006 – Present  |  |
|   |               |                           |                |                                 | Canadian Tire Corporation, Limited                 | 2003 – Present  |  |
|   |               |                           |                |                                 | Manitoba Telecom Services Inc.                     | 2004 – 2004   |  |
|   |               |                           |                |                                 | Stratos Global Corporation                         | 1998 – 2007   |  |
| Number of Shares and Deferred Share Units (DSUs) Beneficially Owned, Controlled or Directed |               |                           |                |                                 |  |   |  |
| Year  | Common Shares | Class A Non-Voting Shares | Number of DSUs | Total Number of Shares and DSUs | Total Value of Shares and DSUs (\$) <sup>(4)</sup> | Value of Shares/DSUs Needed to Meet Ownership Guideline (\$) <sup>(6)</sup> | Date at which Ownership Guideline is to be Met |
| 2008  | –             | 500                       | 8,098          | 8,598                           | 543,148  | –   | May 14, 2008                                   |
| 2007  | –             | 500                       | 5,967          | 6,467                           | 464,525  |   |  |
| Change  | N/A           | –                         | +2,131         | +2,131                          | +78,623  |   |  |

**Notes**

- (1) "Independent" refers to the Board's determination of whether a director is "independent" under Section 1.2 of the Canadian Securities Administrators' National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.
- (2) Tire 'N' Me Pty. Ltd. (Tire 'N' Me) owns 1,400,767 Common Shares of the Company. Ms. Billes controls Tire 'N' Me and is the beneficial owner of all the issued shares of Tire 'N' Me. The Common Shares of the Company owned by Tire 'N' Me are included in the shareholdings of Ms. Billes shown in this table.
- (3) Albikin Management Inc. (Albikin) owns 700,383 Common Shares and 712,476 Class A Non-Voting Shares of the Company. With the exception of a small number of nominal value preferred shares of Albikin beneficially owned by Ms. Billes, Mr. Billes is the beneficial owner of all the issued shares of Albikin. By agreement between Ms. Billes and Mr. Billes, Ms. Billes controls Albikin. The Common Shares and Class A Non-Voting Shares of the Company owned by Albikin are included in the shareholdings of Mr. Billes shown in this table and are not included in the shareholdings of Ms. Billes shown in this table.
- (4) The closing price for Common Shares on March 6, 2008 was \$89.90. The closing price for Class A Non-Voting Shares (and accordingly the value of a DSU) on March 6, 2008 was \$63.17. The closing price for Common Shares on March 8, 2007 was \$85.00. The closing price for Class A Non-Voting Shares (and accordingly a DSU) on March 8, 2007 was \$71.83. The figures in this column are based upon these closing share prices.
- (5) The values of Ms. Billes' and Mr. Billes' Common Share and Class A Non-Voting Share holdings as of December 29, 2007 exceed the Share Ownership Guideline.
- (6) The closing share price for Common Shares on December 28, 2007 was \$81.47. The closing share price for Class A Non-Voting Shares (and accordingly the value of a DSU) on December 28, 2007 was \$73.53. The figures represented in this column are based upon these closing share prices. See *Share Ownership Guidelines* on page 25.
- (7) All of the director nominees who have not previously been elected a director of the Company by a vote of shareholders at a meeting, the notice of which was accompanied by an information circular, have held the same principal occupation, business or employment during the past five years, except for Mr. Currie, who was Executive Vice President and Chief Financial Officer, Nortel Networks Corporation from 2005 to 2007 and Vice Chairman and Chief Financial Officer, Royal Bank of Canada from 1997 to 2004.
- (8) Mr. Emerson was a director of Livent Inc. when, at the request of the board of directors and management, the Ontario Securities Commission issued a cease trade order in respect of the company's securities on August 7, 1998. The cease trade order was revoked effective November 20, 1998. Mr. Emerson resigned as a director of Livent Inc. in November 1998 and the company voluntarily filed for creditor protection in Canada and the United States within a year of such resignation. Mr. Savage was a director of Microcell Inc. when it filed for protection under the *Companies' Creditors Arrangement Act*.
- (9) Mr. Currie and Mr. Price serve together on the Board of Governors of York University. Mr. Emerson and Mr. Potter serve together on the Board of Directors of Sentry Select Capital Corp. There are no interlocking public company directorships among the director nominees.
- (10) The average age of the nominated directors is 59.
- (11) Mr. Gauld is not eligible to participate in the Directors' Deferred Share Unit Plan because he is an employee of the Company.
- (12) Mr. Gostlin did not attend the April 2007 meeting of the Board of Directors due to his conflict of interest as a Canadian Tire Dealer.
- (13) Mr. Emerson and Mr. Price were elected as directors on May 10, 2007. Mr. Emerson and Mr. Price agreed to serve as members of the Board, subject to certain commitments that conflicted with pre-scheduled Board meetings.
- (14) Mr. Franklin was elected as a director on May 10, 2007.
- (15) Mr. Fournier was a member of the Governance Committee until May 10, 2007.
- (16) Mr. Potter was a member of the Social Responsibility Committee until May 10, 2007.

## Meeting Attendance

The table below lists the Board and Committee meetings held in 2007 and the number attended by each director. Directors who are members of Committees are expected to attend Committee meetings. The shaded boxes below indicate Committee meeting attendance by a director as an invited guest.

|  | Board<br>(14 Meetings)  |      | Audit Committee<br>(10 Meetings) |      | Governance Committee<br>(7 Meetings) |      | Management<br>Resources &<br>Compensation<br>Committee<br>(8 Meetings) |      | Social Responsibility<br>Committee<br>(5 Meetings) |      | Total <sup>(22)</sup> |
|--|-------------------------|------|----------------------------------|------|--------------------------------------|------|--|------|--|------|-----------------------|
|  | Number                  | %    | Number                           | %    | Number                               | %    | Number   | %    | Number   | %    | %                     |
| Martha G. Billes   | 14 of 14                | 100% | 8 of 10 <sup>(2)</sup>           | 80%  | 7 of 7                               | 100% | 8 of 8 <sup>(2)</sup>  | 100% | 5 of 5   | 100% | 100%                  |
| Owen G. Billes   | 12 of 14                | 86%  | 8 of 10 <sup>(3)</sup>           | 80%  | 7 of 7 <sup>(3)</sup>                | 100% | 8 of 8 <sup>(3)</sup>  | 100% | 5 of 5   | 100% | 90%                   |
| Austin E. Curtin   | 13 of 13 <sup>(6)</sup> | 100% | 10 of 10 <sup>(4)</sup>          | 100% |                                      |      |  |      | 5 of 5   | 100% | 100%                  |
| Garfield H. Emerson <sup>(5)</sup>                             | 6 of 6 <sup>(21)</sup>  | 100% |                                  |      | 5 of 5                               | 100% | 5 of 5   | 100% |  |      | 100%                  |
| Daniel E. Fournier   | 14 of 14                | 100% | 4 of 4 <sup>(12)</sup>           | 100% | 2 of 2 <sup>(13)</sup>               | 100% | 8 of 8   | 100% |  |      | 100%                  |
|  |                         |      | 2 of 2 <sup>(12)</sup>           | 100% |                                      |      |  |      |  |      |                       |
| Robert M. Franklin <sup>(6)</sup>                              | 8 of 9                  | 89%  | 4 of 4                           | 100% |                                      |      |  |      | 3 of 3   | 100% | 94%                   |
| Thomas K. Gault <sup>(1)</sup>                                 | 14 of 14                | 100% | 10 of 10                         | 100% | 7 of 7                               | 100% | 7 of 8   | 88%  | 5 of 5   | 100% | 100%                  |
| Keith E. Gostlin   | 13 of 13 <sup>(8)</sup> | 100% | 1 of 1 <sup>(11)</sup>           | 100% | 7 of 7 <sup>(16)</sup>               | 100% | 1 of 1 <sup>(16)</sup>   | 100% | 5 of 5   | 100% | 100%                  |
| James R. Neale   | 14 of 14                | 100% | 4 of 4 <sup>(14)</sup>           | 100% | 2 of 2 <sup>(15)</sup>               | 100% | 7 of 8   | 88%  |  |      | 96%                   |
|  |                         |      | 2 of 2 <sup>(14)</sup>           | 100% |                                      |      |  |      |  |      |                       |
| Suzanne R. Perles  | 14 of 14                | 100% | 1 of 1 <sup>(11)</sup>           | 100% | 7 of 7                               | 100% |  |      | 5 of 5<br>(Chairman)                               | 100% | 100%                  |
| Frank Potter   | 14 of 14                | 100% | 1 of 1 <sup>(11)</sup>           | 100% | 1 of 1 <sup>(17)</sup>               | 100% | 8 of 8<br>(Chairman)   | 100% | 2 of 2 <sup>(19)</sup>                             | 100% | 100%                  |
| Timothy R. Price <sup>(7)</sup>                                | 8 of 8 <sup>(21)</sup>  | 100% |                                  |      |                                      |      |  |      |  |      | 100%                  |
| James A. Riley   | 14 of 14                | 100% | 1 of 1 <sup>(11)</sup>           | 100% | 7 of 7<br>(Chairman)                 | 100% | 6 of 8   | 75%  |  |      | 93%                   |
| Maureen J. Sabia <sup>(9)</sup>                                | 2 of 2                  | 100% | 5 of 5                           | 100% | 1 of 1 <sup>(20)</sup>               | 100% | 2 of 2   | 100% | 1 of 1 <sup>(20)</sup>                             | 100% | 100%                  |
| Maureen J. Sabia <sup>(1)(10)</sup><br>(Chairman of the Board) | 12 of 12                | 100% | 5 of 5                           | 100% | 5 of 5                               | 100% | 6 of 6   | 100% | 4 of 4   | 100% | 100%                  |
| Graham W. Savage   | 14 of 14                | 100% | 10 of 10<br>(Chairman)           | 100% | 7 of 7                               | 100% | 1 of 1 <sup>(18)</sup>   | 100% |  |      | 100%                  |
| Stephen G. Wetmore   | 12 of 14                | 86%  | 9 of 10                          | 90%  |                                      |      | 8 of 8   | 100% |  |      | 91%                   |

### Notes

- (1) The Chairman of the Board and the President and CEO are not members of any Committees but attend meetings of the Committees as invited guests.
- (2) Ms. Billes is not a member of the Audit Committee or the Management Resources and Compensation Committee but attends meetings of these Committees as an invited guest.
- (3) Mr. Billes is not a member of the Audit Committee, the Governance Committee or the Management Resources and Compensation Committee, but attends meetings of these Committees as an invited guest.
- (4) Mr. Curtin was not a member of the Audit Committee but attended meetings of this Committee as an invited guest.
- (5) Mr. Emerson was elected as a director on May 10, 2007.
- (6) Mr. Franklin was elected as a director on May 10, 2007.
- (7) Mr. Price was elected as a director on May 10, 2007.
- (8) Mr. Curtin and Mr. Gostlin did not attend the April 2007 meeting of the Board of Directors due to their conflict of interest as Canadian Tire Dealers.
- (9) The figures in this row indicate Miss Sabia's attendance at Board and Committee meetings during 2007 prior to her appointment as Chairman of the Board on March 8, 2007.
- (10) The figures in this row indicate Miss Sabia's attendance at Board and Committee meetings as the Chairman of the Board.
- (11) Mr. Gostlin, Ms. Perles, Mr. Potter and Mr. Riley are not members of the Audit Committee, but attended the January 2007 meeting of this Committee as invited guests.
- (12) Mr. Fournier was appointed a member of the Audit Committee on May 10, 2007. Mr. Fournier attended two Audit Committee meetings during 2007 as an invited guest.
- (13) Mr. Fournier was a member of the Governance Committee until May 10, 2007.
- (14) Mr. Neale was appointed a member of the Audit Committee on May 10, 2007. Mr. Neale attended two Audit Committee meetings during 2007 as an invited guest.
- (15) Mr. Neale was a member of the Governance Committee until May 10, 2007.
- (16) Mr. Gostlin is not a member of the Governance Committee but attends meetings of this Committee as an invited guest. Mr. Gostlin is not a member of the Management Resources and Compensation Committee but attended one meeting of this Committee as an invited guest.
- (17) Mr. Potter is not a member of the Governance Committee but attended one meeting of the Governance Committee as an invited guest.
- (18) Mr. Savage is not a member of the Management Resources and Compensation Committee, but attended one meeting of this Committee as an invited guest.
- (19) Mr. Potter was a member of the Social Responsibility Committee until May 10, 2007.
- (20) Miss Sabia was not a member of the Governance Committee or the Social Responsibility Committee but attended meetings of these Committees as an invited guest until her appointment as Chairman of the Board in March 2007.
- (21) Mr. Emerson and Mr. Price agreed to serve as members of the Board, subject to commitments that conflicted with pre-scheduled Board meetings.
- (22) Meeting attendance by a director as an invited guest is not included in this column.

## About the Board of Directors

The Board of Directors is elected by the Company's shareholders. The Board has explicitly assumed responsibility for stewardship of the Company.

The Board is responsible for:

- overseeing the conduct of the business and affairs of the Company
- supervising management
- using reasonable efforts to ensure that all major issues affecting the Company are given appropriate consideration.

In addition to its primary roles of overseeing corporate performance and providing quality, depth and continuity of management to meet our strategic objectives, the Board, among other things, is responsible for:

- approving business, strategic, financial and succession plans and monitoring the implementation of these plans
- approving communications to shareholders
- overseeing financial reporting and disclosure
- appointing officers and reviewing their performance at least once a year
- approving dividend payments, the issue, purchase and redemption of securities, the acquisition and disposition of capital assets, short-term and long-term objectives and human resource and other plans including executive compensation, employee benefits, profit sharing and incentive plans.

The Board:

- fulfills its responsibilities directly, through its Committees and through management
- delegates its authority to manage day-to-day business to management, but can review management decisions
- is informed of the Company's operations on an ongoing basis through Board and Committee meetings, and reports from and discussions with management.

The Chairman of the Board is responsible for facilitating highly effective performance of the Board. The Chairman's duties include, among other things:

- setting the agenda for Board meetings
- using her best efforts to provide directors with the information they need to do their job
- chairing Board meetings
- acting as a key liaison between the Board and management.

The Chairman of the Board's position description is available at <http://investor.relations.canadiantire.ca>.

The Board of Directors has a written Mandate, which it reviews annually. Please see *Appendix A* on page A1 for a copy of the

Board's Mandate. This document has been approved by the Board.

The Board meets at least nine times a year, and more often if necessary. Time is set aside at all regularly scheduled meetings to discuss issues without management present.

The Board met 14 times in 2007.

### Board Committees

The Board has established four standing Committees:

- Audit Committee
- Governance Committee
- Management Resources and Compensation Committee (*the MRC Committee*)
- Social Responsibility Committee.

The Board does not have an executive committee.

The Board has recently analyzed its routine approval responsibilities in order to determine the advisability of delegating some of these responsibilities to its Committees as permitted by law, in order to enable the Board to spend more time on business and strategic issues. The Board has determined that a number of such matters may be delegated to its Committees for approval and all Committee Mandates have been amended to reflect this delegation of authority which will result in improved efficiencies in decision-making. All matters approved by the Committees will be reported to the Board and it is always within the prerogative of the Board to approve, veto, amend or change any approval made by a Committee.

None of the Committee members, except for Owen G. Billes, is a current or former employee of Canadian Tire or any of its subsidiaries.

All Committees meet regularly without management present. Every director is entitled to attend. The Chairman of the Board meets at least quarterly with the Committee Chairmen.

The Board has approved a Mandate for each Committee and delegated responsibilities as set out in those Mandates. Every year, each Committee reviews its Mandate and whether it has fulfilled it. Any revisions to a Mandate are also reviewed annually and approved by the Board. To enhance disclosure of the responsibilities and activities of the Board's Committees, each Committee has provided a report, highlighting its Mandate and significant achievements during 2007.

## Report of the Audit Committee



Members: Graham W. Savage,  
Chairman



Daniel E. Fournier



Robert M. Franklin



James R. Neale



Stephen G. Wetmore

### MANDATE

*The Audit Committee Mandate and Charter is available at <http://investor.relations.canadiantire.ca>*

*The Committee Chairman's position description is available at <http://investor.relations.canadiantire.ca>*

The Audit Committee oversees Canadian Tire's financial reporting and disclosure, risk management and compliance with applicable laws and regulations.

In 2007, the Audit Committee, in accordance with its Mandate and Charter accomplished the following:

#### Financial Reporting

- ✓ Reviewed the annual and interim financial statements, external auditor's report, management's discussion and analysis, annual information form, financial news releases, officer certifications and all other disclosure documents containing material audited or unaudited financial information
- ✓ Reviewed the appropriateness of and changes to accounting policies and practices
- ✓ Reviewed the procedures used in preparing financial statements and reports
- ✓ Monitored the effectiveness of disclosure controls and procedures and the design of internal controls over financial reporting
- ✓ Monitored our financial risks
- ✓ Reviewed the activities of the Internal Audit Services department and its reports.

#### External Auditor

- ✓ Recommended to the Board the firm of chartered accountants to be nominated for appointment as the external auditor
- ✓ Reviewed its annual client services plan
- ✓ Evaluated its performance
- ✓ Reviewed and approved proposed external audit fees for the year
- ✓ Monitored the independence of and received the external auditor's report on its independence including disclosure of all engagements and associated fees for non-audit services for the Company
- ✓ Reviewed and approved the Company's policy on hiring current and former partners and employees from the external auditor
- ✓ Reviewed the planned scope of the audit, the areas of special emphasis and the materiality levels proposed to be employed
- ✓ Reviewed the results of the audit and discussed the external auditor's opinion on our accounting controls and the quality of our financial reporting
- ✓ Reviewed and approved non-audit services where appropriate
- ✓ Monitored the quality and effectiveness of the relationship among the external auditor, management and the Audit Committee
- ✓ Reviewed reports from the external auditor to management on internal control issues identified in the course of its audit and attest activities.

#### Internal Auditor

- ✓ Reviewed the reports of the Internal Auditor and the adequacy and appropriateness of management's action
- ✓ Reviewed the performance of the Internal Auditor
- ✓ Reviewed and approved the Internal Auditor's annual audit plan
- ✓ Reviewed and approved the Internal Auditor's charter.

|  |  |
|--|--|
| <b>The Audit Committee assumed responsibility for oversight of the Company's ERM activities in August 2007.</b>  | <b>Risk Management</b> <ul style="list-style-type: none"> <li>✓ Reviewed regular reports on the enterprise risk management (<i>ERM</i>) program</li> <li>✓ Reviewed and recommended to the Board risk management policies governing principal risks</li> <li>✓ Reviewed management's reports on compliance with the Code of Business Conduct (<i>the Code</i>)</li> <li>✓ Reviewed the process for monitoring compliance with and communication of the Code to directors and employees.</li> </ul>   |
| <b>The Audit Committee assumed responsibility for oversight of the Company's activities in relation to compliance with applicable laws and regulations in August 2007.</b> | <b>Compliance with Applicable Laws and Regulations</b> <ul style="list-style-type: none"> <li>✓ Reviewed reports from management on the Company's compliance with applicable legal and regulatory requirements and the effectiveness of the Company's policies, procedures and programs in relation to its compliance with such laws and regulations</li> <li>✓ Reviewed the status of the Company's tax returns and those of its subsidiaries.</li> </ul><br><b>Financial Literacy of Audit Committee Members</b> <ul style="list-style-type: none"> <li>✓ Assessed the financial literacy of each Audit Committee member.</li> </ul> |
| <b>2007 KEY MILESTONES</b>   | <ul style="list-style-type: none"> <li>✓ Assumed responsibility for oversight of ERM and legislative compliance</li> <li>✓ Revised the Mandate and Charter of the Audit Committee to, among other things, reflect the transfer of oversight of ERM and legislative compliance.</li> </ul>  |
| <b>MEMBERSHIP</b>  | Graham W. Savage, <i>Chairman</i><br>Daniel E. Fournier<br>Robert M. Franklin<br>James R. Neale<br>Stephen G. Wetmore.   |
| <b>FINANCIAL LITERACY</b>  | All members are "financially literate" as required by the <i>Canadian Securities Administrators (CSA)</i> .  |
| <b>100% INDEPENDENT</b>  | All members meet Board approved independence standards which are derived from the CSA corporate governance guidelines and are set out in <i>Appendix F</i> to this management information circular.<br><br>Martha G. Billes, Owen G. Billes and Austin E. Curtin are invited to attend all Audit Committee meetings.   |

Please see *Appendix B* on page B1 for a copy of the Audit Committee's Mandate and Charter, which has been approved by the Board.

For more information about the Audit Committee as required by Part 5 of Multilateral Instrument 52-110, see pages 38 to 40 in our 2008 Annual Information Form which is available on SEDAR at [www.sedar.com](http://www.sedar.com).

#### Auditor's Fees

The table below shows the fees that D&T received for services for the year ended December 29, 2007.

|   |             |
|---|-------------|
| Audit fees and quarterly reviews of financial statements (including our consolidated financial statements and financial statements of certain subsidiaries) | \$2,696,900 |
| Other audit, tax and assurance related services   | \$1,990,600 |
| Other advisory and consulting services  | \$0         |

The Audit Committee met 10 times in 2007. The Chairman of the Audit Committee is available to meet at any time and meets regularly with the external auditor and representatives of the Internal Audit Services department and management.

This report has been adopted and approved by the members of the Audit Committee: Graham W. Savage, *Chairman*, Daniel E. Fournier, Robert M. Franklin, James R. Neale and Stephen G. Wetmore.



## Report of the Governance Committee



Members: James A. Riley,  
Chairman



Martha G. Billes



H. Garfield Emerson



Suzanne R. Perles



Graham W. Savage

### MANDATE

The Governance Committee Mandate is available at <http://investor.relations.canadiantire.ca>

The Committee Chairman's position description is available at <http://investor.relations.canadiantire.ca>

The Governance Committee oversees Canadian Tire's approach to corporate governance in order to assist the Board to discharge its duties in a highly effective manner.

In 2007, the Governance Committee, in accordance with its Mandate accomplished the following:

### Composition and Performance of the Board and its Committees

#### (i) Director Nominations

- ✓ Reviewed criteria for selecting new directors
- ✓ Reviewed competencies and skills required in directors and the Board as a whole
- ✓ Maintained an evergreen list of director nominees
- ✓ Recommended three Class A Non-Voting Share director nominees and 13 Common Share director nominees
- ✓ Appointed the Committee Chairmen and recommended the appointment of the Governance Committee Chairman to the Board
- ✓ Appointed members of the Audit Committee, Management Resources and Compensation Committee and Social Responsibility Committee
- ✓ Recommended the Governance Committee membership to the Board

#### (ii) Evaluation of the Board, its Committees and Individual Directors

- ✓ Reviewed criteria for evaluating the independence status of each director
- ✓ Assessed the independence of each director
- ✓ Reviewed the process for evaluating the performance of the Board, and the individual directors
- ✓ Evaluated the Board and Committee Mandates, the position descriptions of the Chairman of the Board and the directors
- ✓ In collaboration with the Chairman of the Board, prepared revised electronic forms for evaluating the effectiveness of the Board, the individual directors and the Chairman of the Board to be implemented in 2008

#### Director Education and Orientation

- ✓ Reviewed and evaluated the director orientation and education processes

#### Disclosure

- ✓ Reviewed and approved for recommendation to the Board the corporate governance disclosure to be included in the management information circular

#### Remuneration of the Chairman of the Board and the Directors

- ✓ Recommended the form and amount of the directors' and the Chairman of the Board's compensation

#### Other Duties and Responsibilities

- ✓ Reviewed the Mandates of the Board and each Committee of the Board
- ✓ Reviewed the delegation of authority by the Board to the Committees of the Board



|                            |  |
|----------------------------|--|
| <b>2007 KEY MILESTONES</b> | <ul style="list-style-type: none"> <li>✓ Revised and recommended to the Board for approval the Board Mandate</li> <li>✓ Revised and recommended to the Board for approval the Mandate of the Governance Committee</li> <li>✓ Recommended to the Board for approval a majority voting policy for the election of directors by the holders of Class A Non-Voting Shares</li> <li>✓ Revised and recommended to the Board for approval the Chairman of the Board's position description</li> <li>✓ Reviewed the delegation of authority by the Board to the Committees of the Board</li> </ul> |
| <b>MEMBERSHIP</b>          | <p>James A. Riley, <i>Chairman</i><br/> Martha G. Billes<br/> H. Garfield Emerson<br/> Suzanne R. Perles<br/> Graham W. Savage</p>   |
| <b>100% INDEPENDENT</b>    | <p>All members meet Board approved independence standards which are derived from the CSA corporate governance guidelines and are set out in <i>Appendix F</i> to this management information circular.</p> <p>Owen G. Billes and Keith E. Gostlin are invited to attend all Governance Committee meetings.</p>   |

Please see *Appendix C* on page C1 for a copy of the Governance Committee's Mandate, which has been approved by the Board.

See *Appendix F* on page F1 for a description of our corporate governance policies and practices.

The Governance Committee met 7 times in 2007.

This report has been adopted and approved by the members of the Governance Committee: James A. Riley, *Chairman*, Martha G. Billes, H. Garfield Emerson, Suzanne R. Perles and Graham W. Savage.

## Report of the Management Resources and Compensation Committee



Members: Frank Potter,  
Chairman



H. Garfield Emerson



Daniel E. Fournier



James R. Neale



James A. Riley



Stephen G. Wetmore

### MANDATE

The MRC Committee Mandate is available at <http://investor.relations.canadiantire.ca>

The Committee Chairman's position description is available at <http://investor.relations.canadiantire.ca>

The Management Resources and Compensation Committee (*MRC Committee*) oversees Canadian Tire's management resources and compensation strategy, plans, policies, procedures and practices.

In 2007, the MRC Committee, in accordance with its Mandate accomplished the following:

#### Organizational Health

- ✓ Reviewed key organization initiatives

#### Succession Planning

- ✓ Reviewed and assessed organization demographics
- ✓ Reviewed and assessed officer performance
- ✓ Assessed officer succession candidates and their development
- ✓ Assessed officer succession practices
- ✓ Determined replacements for the President and CEO and the Chief Financial Officer and the presidents of significant business units in the event of emergency
- ✓ Reviewed the systems and processes for evaluating senior management development and succession

#### Executive Compensation Philosophy

- ✓ Reviewed the Company's compensation philosophy
- ✓ Reviewed the adequacy, competitiveness, internal equity and cost effectiveness of the design of the Company's benefit programs
- ✓ Assessed the linkage of the Company's executive compensation philosophy and incentive plans to the Company's financial and non-financial performance

#### Appointment and Compensation of Officers Other than the President and CEO

- ✓ Reviewed the appointment and terms of employment of the officers, and other persons proposed for appointment as the head of a business unit or significant corporate function (*Other Persons*)
- ✓ Reviewed remuneration changes for officers and Other Persons
- ✓ Reviewed with President and CEO the performance and potential for advancement of each officer and their successors
- ✓ Reviewed changes to compensation guidelines and benefit plans and programs
- ✓ Reviewed annual (short-term incentive plan) and long-term incentive plan (*LTIP*) design for and payments to senior management
- ✓ Reviewed and approved share ownership guidelines for officers

#### President and CEO Performance, Evaluation and Compensation

- ✓ Oversaw the process for evaluating the President and CEO
- ✓ Evaluated the President and CEO's performance
- ✓ Reviewed the process for appraising the performance of the President and CEO in 2008
- ✓ Reviewed the terms of employment of the President and CEO

#### Disclosure

- ✓ Reviewed and approved for recommendation to the Board the Report on Executive Compensation to be included in the management information circular

|                            |  |
|----------------------------|--|
| <b>2007 KEY MILESTONES</b> | ✓ Revised the Mandate of the MRC Committee   |
| <b>MEMBERSHIP</b>          | <p>Frank Potter, <i>Chairman</i><br/> H. Garfield Emerson<br/> Daniel E. Fournier<br/> James R. Neale<br/> James A. Riley<br/> Stephen G. Wetmore</p> <p>The Board has restricted the criteria for membership in the MRC Committee by requiring that not more than one third of its members be chief executive officers of any publicly traded entity.</p> |
| <b>100% INDEPENDENT</b>    | <p>All members meet Board approved independence standards which are derived from the CSA corporate governance guidelines and are set out in <i>Appendix F</i> to this management information circular.</p> <p>Martha G. Billes and Owen G. Billes are invited to attend all MRC Committee meetings.</p>  |

Please see *Appendix D* on page D1 for a copy of the MRC Committee's Mandate, which has been approved by the Board.

The MRC Committee met 8 times in 2007.

This report has been adopted and approved by the members of the MRC Committee: Frank Potter, *Chairman*, H. Garfield Emerson, Daniel E. Fournier, James R. Neale, James A. Riley and Stephen G. Wetmore.

## Report of the Social Responsibility Committee



Members: Suzanne R. Perles,  
*Chairman*



Martha G. Billes



Owen G. Billes



Austin E. Curtin



Robert M. Franklin



Keith E. Gostlin

|   |   |
|---|---|
| <p><b>MANDATE</b></p> <p><i>The Social Responsibility Committee Mandate is available at <a href="http://investor.relations.canadiantire.ca">http://investor.relations.canadiantire.ca</a></i></p> <p><i>The Committee Chairman's position description is available at <a href="http://investor.relations.canadiantire.ca">http://investor.relations.canadiantire.ca</a></i></p> | <p>The Social Responsibility Committee oversees Canadian Tire's policies, procedures and practices which address the Company's corporate social responsibilities, including balancing the Company's economic growth with environmental and social responsibility.</p> <p>In 2007, the Social Responsibility Committee, in accordance with its Mandate accomplished the following:</p> <p><b>Corporate Social Responsibility</b></p> <ul style="list-style-type: none"> <li>✓ Reviewed and assessed the Company's policies, procedures and practices and management's reports with respect to its corporate social and environmental responsibilities and its philanthropic activities and investment in and development of the communities in which it operates</li> <li>✓ Reviewed and assessed the Company's corporate social responsibility activities</li> <li>✓ Monitored the activities of the Canadian Tire Foundation for Families</li> </ul> |
| <p><b>2007 KEY MILESTONES</b></p>   | <ul style="list-style-type: none"> <li>✓ Began regularly reviewing the Company's environmental sustainability policies, procedures and practices</li> <li>✓ Revised the Mandate of the Social Responsibility Committee to reflect the transfer of oversight of ERM and legislative compliance to the Audit Committee, and the importance of environmental sustainability policies, procedures and practices of the Company</li> </ul>   |
| <p><b>MEMBERSHIP</b></p>  | <p>Suzanne R. Perles, <i>Chairman</i><br/> Martha G. Billes<br/> Owen G. Billes<br/> Austin E. Curtin<br/> Robert M. Franklin<br/> Keith E. Gostlin</p>   |

Please see *Appendix E* on page E1 for a copy of the Social Responsibility Committee's Mandate, which has been approved by the Board.

The Social Responsibility Committee met 5 times in 2007.

This report has been adopted and approved by the members of the Social Responsibility Committee: Suzanne R. Perles, *Chairman*, Martha G. Billes, Owen G. Billes, Austin E. Curtin, Robert M. Franklin and Keith E. Gostlin.

# Director Compensation

## Fees and Expenses

In 2007, our directors received:

- an annual retainer
- an attendance fee for each Board and Committee meeting they attended
- a travel fee to cover travel time related to meetings they attended.

Directors are also reimbursed for travel and other expenses they incur to attend shareholder meetings, Board and Committee meetings or to perform other duties in their role as a director.

The table below lists the fees directors were entitled to receive from January 1, 2007 to December 31, 2007. The President and CEO does not receive any of these fees.

| Annual Retainer  | Fees      |
|--|-----------|
| Chairman of the Board  | \$273,930 |
| • Class A Non-Voting Shares or DSUs  | \$24,000  |
| • Company Paid Parking   | \$2,635   |
| • Club Dues <sup>(1)</sup>   | \$2,600   |
| Board Members  | \$100,000 |
| Audit Committee Chairman   | \$25,000  |
| Other Committee Chairman   | \$11,000  |
| <b>Attendance Fees</b>   |           |
| Board Meeting  | \$2,000   |
| Board Meeting held via conference call   | \$750     |
| Committee Meeting <sup>(2)</sup> (including directors who attended as an invited guest)        | \$2,000   |
| Audit Committee Meeting  | \$2,750   |
| <b>Travel Fee</b>  |           |
| • When travel time for a round trip to attend meetings was more than four hours <sup>(2)</sup> | \$1,500   |

### Notes

- (1) The Chairman of the Board receives reimbursement for annual club dues.  
 (2) Not applicable to the Chairman of the Board.

Effective May 1, 2005, each director, other than the Chairman of the Board and the President and CEO, who are compensated solely for holding their respective offices (see *Executive Compensation – Summary Compensation Table* on page 36 for the President and CEO's compensation), was entitled to receive an annual retainer of \$100,000. If a director owned the guideline-required amount of Class A Non-Voting Shares and/or DSUs, he or she received:

- \$76,000 (76%) in cash, Class A Non-Voting Shares and/or DSUs as specified by the director
- \$24,000 (24%) in Class A Non-Voting Shares or DSUs at his or her discretion.

If a director had not reached the guideline-required amount, he or she received:

- \$44,000 (44%) in cash, Class A Non-Voting Shares and/or DSUs as specified by the director
- \$56,000 (56%) in Class A Non-Voting Shares or DSUs at his or her discretion.

## Directors' Deferred Share Unit Plan

Directors who are not Company employees are permitted under the Directors' Deferred Share Unit Plan to receive all or part of their annual retainer, meeting fees and additional compensation in DSUs.

DSUs are credited quarterly to each participating director's account. The number of units is calculated by dividing the amount the director chooses to receive in DSUs by the market value of a Class A Non-Voting Share on the day the DSUs are credited. When the director resigns from the Board, he or she must elect to receive payment by the end of the calendar year following the calendar year in which the resignation occurs. He or she will receive an amount equal to the number of DSUs credited to his or her account, plus any dividends that have accrued in the form of DSUs, multiplied by the market value of Class A Non-Voting Shares at the time. The retiring director receives his or her payment in cash, after the deduction of any withholding taxes that apply (see *About the Nominated Directors* on pages 7 to 15 for information concerning the individual holdings of the nominated directors).

In 2007, 14,158 DSUs were credited to the accounts of directors participating in the plan.

## Share Ownership Guidelines

Each director, other than Mr. Gauld, is required to accumulate at least three times the value of the annual director retainer in Common Shares, Class A Non-Voting Shares or deferred share units (*DSUs*) by the later of February 9, 2008 and the fifth anniversary of becoming a director (see *About the Nominated Directors* on pages 7 to 15 for information concerning the individual holdings of the nominated directors). Mr. Gauld is required to accumulate three times his base salary in Class A Non-Voting Shares or share units pursuant to the Share Ownership Guidelines for officers. (See *Stock Ownership Guidelines* on page 33 for more information). The following accumulation schedule applies to directors who have not accumulated three times the value of their annual director retainer in Common Shares, Class A Non-Voting Shares or DSUs:

| Timetable <sup>(1)</sup> | Multiple of Class A Non-Voting Shares/DSUs |
|--------------------------|--|
| Year 1                   | 0.56 × Annual Retainer                     |
| Year 2                   | 1.12 × Annual Retainer                     |
| Year 3                   | 1.68 × Annual Retainer                     |
| Year 4                   | 2.24 × Annual Retainer                     |
| Year 5                   | 3.00 × Annual Retainer                     |

### Note

- (1) Refers to years of service as opposed to calendar years.

**Individual Compensation Paid to Directors of Canadian Tire in 2007<sup>(1)(2)</sup>**

|                                    | Total<br>Compensation<br>(\$) | Board<br>Retainer<br>(\$) | Committee<br>Chair<br>Retainer<br>(\$) | Board<br>Attendance<br>Fees<br>(\$) | Committee<br>Attendance<br>Fees<br>(\$) | Travel<br>Fees<br>(\$) | Director Fees<br>Paid in Cash<br>(\$) | Director Fees<br>Paid in<br>Class A<br>Non-Voting<br>Shares | Number of<br>DSUs | Director Fees<br>Paid in DSUs<br>(\$) |
|------------------------------------|-------------------------------|---------------------------|--|-------------------------------------|---|------------------------|---------------------------------------|---|-------------------|---------------------------------------|
| Martha G. Billes                   | 197,750                       | 100,000                   |  | 23,000                              | 58,250                                  | 16,500                 | 173,750                               | 24,000  |                   |                                       |
| Owen G. Billes                     | 180,250                       | 100,000                   |  | 22,000                              | 58,250                                  |                        | 156,250                               | 24,000  |                   |                                       |
| Austin E. Curtin                   | 164,000                       | 100,000                   |  | 20,000                              | 32,000                                  | 12,000                 | 95,467                                |   | 21,246            | 68,533                                |
| H. Garfield Emerson <sup>(3)</sup> | 94,011                        | 64,011                    |  | 10,000                              | 20,000                                  |                        | 6,648                                 |   | 1,177             | 87,363                                |
| Daniel E. Fournier                 | 155,750                       | 100,000                   |  | 21,000                              | 34,750                                  |                        | 99,750                                |   | 927               | 56,000                                |
| Robert M. Franklin <sup>(3)</sup>  | 94,011                        | 64,011                    |  | 13,000                              | 17,000                                  |                        | 54,648                                |   | 519               | 39,363                                |
| Keith E. Gostlin                   | 153,500                       | 100,000                   |  | 19,000                              | 24,000                                  | 10,500                 |                                       |   | 4,123             | 153,500                               |
| James R. Neale                     | 168,750                       | 100,000                   |  | 22,000                              | 31,750                                  | 15,000                 | 112,750                               |   | 1,574             | 56,000                                |
| Suzanne R. Perles                  | 168,514                       | 100,000                   | 9,014 <sup>(4)</sup>                   | 22,000                              | 24,000                                  | 13,500                 | 68,514                                |   | 3,027             | 100,000                               |
| Frank Potter                       | 154,031                       | 100,000                   | 11,031 <sup>(5)</sup>                  | 22,000                              | 21,000                                  |                        | 118,031                               |   | 5,089             | 36,000                                |
| Timothy R. Price <sup>(3)</sup>    | 78,011                        | 64,011                    |  | 14,000                              | 0                                       |                        | 38,648                                |   | 519               | 39,363                                |
| James A. Riley                     | 160,014                       | 100,000                   | 9,014 <sup>(6)</sup>                   | 24,000                              | 27,000                                  |                        |                                       |   | 3,579             | 160,014                               |
| Maureen J. Sabia <sup>(7)</sup>    | 309,495                       | 261,231 <sup>(8)</sup>    | 4,514 <sup>(9)</sup>                   | 24,750                              | 19,000                                  |                        | 285,495                               |   | 1,979             | 24,000                                |
| Graham W. Savage                   | 185,222                       | 100,000                   | 22,472 <sup>(10)</sup>                 | 23,375                              | 39,375                                  |                        | 161,222                               |   | 1,686             | 24,000                                |
| Stephen G. Wetmore                 | 155,000                       | 100,000                   |  | 19,375                              | 35,625                                  |                        |                                       |   | 8,075             | 155,000                               |

**Notes**

- (1) The President and CEO does not receive any director fees. Directors who did not stand for re-election on May 10, 2007 are not included in this table.
- (2) Individual compensation paid to directors of Canadian Tire for serving as a director of Canadian Tire Bank is set out on page 27 of this management information circular.
- (3) Mr. Emerson, Mr. Franklin and Mr. Price were elected to the Board on May 10, 2007.
- (4) Ms. Perles was appointed Chairman of the Social Responsibility Committee on March 7, 2007.
- (5) Mr. Potter was Chairman of the Social Responsibility and Risk Governance Committee until his appointment as Chairman of the Management Resources and Compensation Committee on March 7, 2007. The figure in this column represents the pro-rata fees paid to Mr. Potter as Chairman of the Social Responsibility and Risk Governance Committee and Chairman of the Management Resources and Compensation Committee.
- (6) Mr. Riley was appointed Chairman of the Governance Committee on March 7, 2007.
- (7) Miss Sabia was appointed Chairman of the Board on March 8, 2007.
- (8) As Chairman of the Board, Miss Sabia receives an annual cash retainer of \$273,930.
- (9) Miss Sabia was Chairman of the Audit Committee until March 7, 2007.
- (10) Mr. Savage was Chairman of the Governance Committee until his appointment as Chairman of the Audit Committee on March 7, 2007. The figure in this column represents the pro-rata fees paid to Mr. Savage as Chairman of the Governance Committee and Chairman of the Audit Committee.

## Compensation of Directors of Canadian Tire Bank

During 2007, five of the Company's directors also served (along with four outside directors) as directors of Canadian Tire Bank (CTB), a wholly-owned subsidiary of Canadian Tire Financial Services Limited, which is a wholly-owned subsidiary of the Company. For their service as directors of CTB, Martha G. Billes, Daniel E. Fournier, Frank Potter (Chairman of the CTB Board), Maureen J. Sabia and Graham W. Savage received:

- an annual retainer
- an attendance fee for each Board and Committee meeting they attended.

They were also reimbursed for travel and other expenses incurred to attend Board and Committee meetings or to perform other duties in their role as a director. Fees earned by the Company's directors for serving as a director of CTB cannot be applied to the Directors' Deferred Share Unit Plan (see *Directors' Deferred Share Unit Plan* on page 25 for information concerning this plan).

The table below lists the fees that CTB directors were entitled to receive in cash effective May 4, 2006.

| Annual Retainer  | Fees     |
|--|----------|
| Chairman of the Board (includes annual Board retainer and Chairman's retainer) | \$50,000 |
| Board Members  | \$30,000 |
| <b>Attendance Fees</b>   |          |
| Board Meeting  | \$2,000  |
| Board Meeting held via conference call of less than 60 minutes                 | \$800    |
| Audit and Risk Management Committee Meeting                                    | \$2,500  |
| Governance and Conduct Review Committee Meeting                                | \$2,000  |

## Individual Compensation Paid to Directors of Canadian Tire Bank in 2007<sup>(1)</sup>

|                    | Total Compensation (\$) | Board Retainer (\$)     | Board Attendance Fees (\$) | Committee Attendance Fees (\$) | Travel Fees (\$) | Director Fees Paid in Cash (\$) |
|--------------------|-------------------------|-------------------------|----------------------------|--------------------------------|------------------|---------------------------------|
| Martha G. Billes   | \$48,800                | \$30,000                | \$10,000                   | \$8,800                        |                  | \$48,800                        |
| Daniel E. Fournier | \$32,116                | \$15,000 <sup>(2)</sup> | \$8,000                    | \$4,800                        | \$4,316          | \$32,116                        |
| Frank Potter       | \$69,000                | \$50,000 <sup>(3)</sup> | \$10,000                   | \$9,000                        |                  | \$69,000                        |
| Maureen J. Sabia   | \$50,000                | \$30,000                | \$10,000                   | \$10,000                       |                  | \$50,000                        |
| Graham W. Savage   | \$50,000                | \$30,000                | \$10,000                   | \$10,000                       |                  | \$50,000                        |

### Notes

- (1) Individual compensation paid to Ms. Billes, Mr. Fournier, Mr. Potter, Miss Sabia and Mr. Savage for serving as a director of Canadian Tire is included in the table on page 26 of this management information circular.
- (2) Mr. Fournier was appointed to the Board of CTB on May 3, 2007.
- (3) As Chairman of the Board of CTB, Mr. Potter receives a cash retainer of \$20,000 in addition to the annual directors' retainer of \$30,000.

# Report on Executive Compensation

## Compensation Discussion & Analysis

We have included voluntary executive compensation disclosure in relation to our Named Executive Officers prescribed by the Canadian Securities Administrators' (CSA) proposed executive compensation rules which were withdrawn by the CSA in August 2007.<sup>(1)</sup> This voluntary disclosure, which addresses certain elements of the "Compensation Discussion & Analysis" section in the withdrawn rules, has been provided to enhance the quality and transparency of our executive compensation disclosure.

### Compensation Philosophy

Canadian Tire is consistently ranked in independent surveys as one of Canada's most trusted and respected companies. We have earned this reputation over many years because of our long-standing commitment to the communities in which we operate, and the relationships that we have created with our employees, customers, dealers, agents, franchisees, investors and suppliers based on our values of honesty, integrity and respect.

We believe that the success of our business is directly tied to the quality of our people, and especially our senior leaders and decision makers. To be successful and sustain a leading position in our businesses we must attract and retain leaders of high integrity, who have exceptional talent, vision and proven records of leadership and success. We want our leaders to be highly motivated individuals willing to be compensated based on their achievements and the performance of the Company. Moreover, we require our senior leaders and decision makers to have a stake in the Company through stock ownership guidelines.

Our Officers,<sup>(2)</sup> of course, are key players in the achievement of our goals and in the success of our businesses. We believe that the appointment of Officers as well as the design and amount of compensation paid to each of them is a primary responsibility of the Board. As such, the Board regularly reviews industry practices, and retains professional, independent consultants to provide advice on its executive compensation decisions. The Board also takes into account the performance of each of the Officers, in considering their compensation levels. See page 25 of our *2007 Corporate Report* for information about our Officers.

Our executive compensation program is based on the following principles:

- compensation must be competitive to attract and retain talented executives
- compensation must reflect an appropriate balance between short-term and long-term performance
- compensation must be meaningfully impacted by the performance of the Company

- executives must have a significant personal stake in the Company through share ownership
- incentive programs must be based on quantifiable and objective data.

The elements of our executive compensation program, which are described in detail beginning on page 29 of this management information circular, include:

- annual salary
- short-term incentives
- long-term incentives
- perquisites and other benefits.

Our executive compensation program applies to all of our Officers. It is designed to attract and retain highly qualified executives, motivate superior performance, and align rewards with business strategy and results. It is also designed to reward progress toward strategic goals as measured by specific annual and longer-term financial results. Each year we consider the Company's overall compensation objectives against the design of key elements to ensure overall alignment.

### Performance-Based Compensation

Compensation is linked to our short-term and long-term goals. The ultimate value of Officer compensation is significantly dependent upon our success in meeting specific performance goals and appreciation in our share price.

### Impact of Business Performance on 2007 Executive Compensation Decisions

Our overall results relative to established targets determine variable compensation at the senior management<sup>(3)</sup> level, which is consistent with our executive compensation philosophy. Canadian Tire's consolidated performance exceeded targets in the financial year ended December 29, 2007, resulting in most senior management experiencing an increase in compensation over 2006 levels.

When performance-contingent compensation programs are designed, we undertake detailed financial modeling to ensure sufficient sensitivity between changes in Company performance versus target and the resulting compensation. These analyses are reviewed by the MRC Committee and its independent compensation advisor.

### Benchmarking

Every two to three years, we undertake a comprehensive market review of compensation practices of the group of organizations with which we compete for talent to determine whether our compensation program is aligned with our current median competitive positioning policy, which is also reviewed regularly. These organizations include autonomous Canadian companies from a cross-section of industries with annual revenues ranging between one-half to two times the revenues of the Company. For our core retail and financial services

(1) On February 22, 2008, the CSA released for comment revised proposed executive compensation rules which, if adopted, will come into force on December 31, 2008.

(2) "Officer(s)" means, for the purposes of our executive compensation disclosure: the President and CEO; Executive Vice-President, Finance and Administration and Chief Financial Officer; President, Dealer Relations and Diversified Businesses; President, Canadian Tire Retail; President, Canadian Tire Financial Services Limited; President, Mark's Work Wearhouse Ltd.; Senior Vice-President, Chief Strategy Officer; Senior Vice-President, Human Resources; Senior Vice-President and Treasurer; Senior Vice-President and Chief Information Officer; Senior Vice-President, Real Estate and Construction; Senior Vice-President, Supply Chain, Canadian Tire Retail; Senior Vice-President, Secretary and General Counsel; Senior Vice-President, Canadian Tire Retail Finance and Administration and excludes the Assistant Secretary and Assistant Treasurer.

(3) "senior management" and "senior manager(s)" means employees of the Company at the director level and above including the Officers.



business units, our compensation programs are also evaluated relative to large autonomous Canadian retailers, and divisional financial services operations of larger Canadian organizations and comparable stand-alone financial services organizations.

#### **Role of Management Resources and Compensation Committee**

The MRC Committee oversees the Company's executive compensation program on behalf of the Board of Directors.

The MRC Committee is responsible for recommending to the Board the appointment and compensation of all of our Officers, including the Officers listed in the *Summary Compensation Table* on page 36 of this management information circular.

The MRC Committee reviews our compensation program every year. As part of this review, the MRC Committee evaluates individual Officer compensation including annual base salary, short-term and long-term incentives and perquisites. The Officer long-term incentive review includes an analysis of potential Long-term Incentive Plan designs and payouts at varying Class A Non-Voting Share prices and financial result scenarios. The MRC Committee believes this review process allows for an effective, on-going evaluation of our program against plan objectives and current industry practices.

#### **Composition of the Compensation Committee**

The current members of the MRC Committee are Frank Potter, *Chairman*, H. Garfield Emerson, Daniel E. Fournier, James R. Neale, James A. Riley and Stephen G. Wetmore.

Mr. Emerson was appointed to the MRC Committee on May 10, 2007. James D. Fisher did not stand for re-election as director on May 10, 2007. Miss Sabia was appointed Chairman of the Board on December 11, 2006, effective March 8, 2007, and was a member of the MRC Committee until the effective date. Mr. Potter was appointed Chairman of the MRC Committee effective March 6, 2007.

The Company's corporate governance practices have always required that all members of the MRC Committee be independent and that no more than one third of the MRC Committee's members be chief executive officers of any publicly-traded entity. None of the members of the MRC Committee is an officer, employee or former officer of the Company or any of its affiliates or is eligible to participate in the Company's executive compensation programs, and only one member, Mr. Wetmore, is currently a chief executive officer of a publicly traded entity. Three of the MRC Committee members have experience in executive compensation by virtue of their experience as current or former chief executive officers, and the remaining three members have executive compensation experience gained by serving on compensation committees for publicly traded companies or other legal entities. The Board of Directors believes the MRC Committee collectively has the knowledge, experience and background required to fulfill its Mandate.

For further information about the MRC Committee, see page 22 of this management information circular.

#### **Role of Executive Officers in Compensation Decisions**

The Senior Vice-President, Human Resources assists the President and CEO in developing and presenting to the MRC Committee all of management's recommendations and supporting material pertaining to the compensation of senior managers. In addition, the Senior Vice-President, Human Resources works with the Chairman of the MRC Committee to

plan the annual MRC Committee agenda and prepare presentations for each meeting of the MRC Committee. The President and CEO is invited to attend all meetings of the MRC Committee.

#### **Role of Compensation Consultant in Compensation Decisions**

##### **Compensation Consultant Advice**

The MRC Committee has directly engaged Hugessen Consulting Inc. (*Hugessen*) to provide independent advice, compensation analysis and other information for compensation recommendations and to attend MRC Committee meetings. Hugessen reports to the MRC Committee. All work performed by Hugessen is at the direction of the MRC Committee including any work performed with management. Hugessen did not provide any consulting services to management in 2007.

The analysis and advice from Hugessen during 2007 included, but was not limited to, executive compensation policy (such as the choice of comparator groups and compensation philosophy), review of total compensation recommendations of the Officers and short-term and long-term incentive plan designs including performance calibration. The decisions taken by the MRC Committee remain the responsibility of the MRC Committee and may reflect factors and considerations in addition to the information and recommendations provided by Hugessen.

Hugessen has confirmed to the MRC Committee that, based on its experience and expertise, the MRC Committee has undertaken the appropriate analysis to fully inform itself of all relevant information and to assist in the MRC Committee's decisions.

Compensation Consultant Fees paid to Hugessen in 2007 were approximately as follows:

##### **Hugessen Consulting Inc.**

- |  |           |
|--|-----------|
| • Executive compensation policy, Officer compensation and short-term and long-term incentive plan design | \$178,000 |
|--|-----------|

##### **Other Compensation Advisors to the Company**

Management retains Towers Perrin from time to time to provide expertise and advice in connection with the design and implementation of executive compensation programs, for the MRC Committee's review and approval.

Compensation consultant fees paid to Towers Perrin in 2007 were approximately as follows:

##### **Towers Perrin**

- |                          |          |
|--------------------------|----------|
| • Executive Compensation | \$37,300 |
|--------------------------|----------|

##### **Elements of Our Compensation Programs**

The executive compensation program includes the following key elements:

- annual salary
- short-term incentives
- long-term incentives, granted in 2007 as performance driven share units and stock options with a tandem stock appreciation rights feature
- benefits that are generally provided to all employees including participation in our profit sharing and employee share purchase plans and health benefits.

### Annual Salary

The objective of the annual salary program is to deliver fixed compensation that reflects the market value of a role, as well as the skills and experience an incumbent must possess to be effective in that role. A salary range is established for each Officer role relative to the market. The position of an individual Officer's salary within the range is a function of the individual's skills, experience, tenure, performance and potential, as well as the strategic importance of that Officer's role.

The MRC Committee annually recommends and the Board approves each Officer's annual salary, taking the following into consideration:

- the position of the Officer's salary in the salary range
- the Officer's experience, knowledge, performance and potential
- the value of other components in the Officer's compensation package.

Officer annual salary increase practices are generally in line with the practices for all other salaried employees of the Company; however, larger Officer annual salary increases may be requested from time to time to retain and reward high-performing, high potential leaders.

### Incentive Plans

The table below provides a summary of the short-term and long-term incentive plans we had in place for Officers and other members of senior management during 2007:

| Name of the Plan   | Goals of the Plan   | Type of Incentive  |
|--|---|--|
| <b>Annual Bonus Plan</b> <ul style="list-style-type: none"> <li>• short-term incentive</li> </ul>  | <ul style="list-style-type: none"> <li>• relate annual compensation to our overall annual performance</li> <li>• reward participants for planning and performing well</li> </ul>  | Cash payment linked to: <ul style="list-style-type: none"> <li>• consolidated net income and the operating earnings of divisions and subsidiaries (generally 75% or 100%)</li> <li>• the performance objectives of operating units (generally 25% where applicable)</li> </ul>   |
| <b>Performance Driven Share Unit Plan</b> <ul style="list-style-type: none"> <li>• long-term incentive</li> <li>• awarded in 2005, 2006 and 2007 and to be paid out in 2008, 2009 and 2010 respectively</li> </ul> | <ul style="list-style-type: none"> <li>• align compensation and the interests of senior management with achievement of the goals in our strategic plan</li> <li>• attract and retain talented senior management</li> <li>• see <i>Long-term Incentive Plans – Performance Driven Share Unit Plan</i> for performance hurdles</li> </ul> | <ul style="list-style-type: none"> <li>• performance driven share units (restricted share units) that are paid out in cash</li> <li>• payment linked to the appreciation in value of Class A Non-Voting Shares</li> <li>• number of units awarded is based on:               <ul style="list-style-type: none"> <li>• salary, individual capabilities, recent performance and potential</li> <li>• earnings per Class A Non-Voting Share and return on invested capital (not applicable to the 2005 award)</li> </ul> </li> </ul>              |
| <b>Stock Option Plan</b> <ul style="list-style-type: none"> <li>• long-term incentive</li> </ul>   | <ul style="list-style-type: none"> <li>• align compensation and the interests of senior management with the achievement of the longer-term goals in our strategic plan</li> <li>• attract and retain talented senior management</li> </ul>  | <ul style="list-style-type: none"> <li>• options to buy Class A Non-Voting Shares</li> <li>• options with a tandem stock appreciation rights feature</li> <li>• the value of the options is linked to the appreciation in value of Class A Non-Voting Shares</li> <li>• number of options awarded is based on:               <ul style="list-style-type: none"> <li>• salary, individual capabilities, recent performance and potential</li> <li>• earnings per Class A Non-Voting Share and return on invested capital</li> </ul> </li> </ul> |

## Short-term Incentive Plan

### Annual Bonus Plan

The objectives of the annual bonus plan are to motivate and reward participants for the achievement of annual business objectives. Every year the MRC Committee recommends for approval by the Board the criteria that will be used to calculate the amount of the bonus and incentive targets by seniority level. Incentive targets are based on market practices for comparable roles. Annual bonus awards are paid to participants provided business results achieved relative to established targets are within a specified performance range. If results achieved fall below the minimum performance range, no award is paid. If business results exceed the maximum of the performance range, the maximum award is capped at an established level, which in 2007 was 200 percent of the target bonus.

In 2007, the President and CEO, the Vice Chairman and the other Officers were eligible to receive Short-term Incentive Plan awards in the following ranges:

|                                  | % of Annual Base Salary  |
|----------------------------------|--------------------------|
| <b>President and CEO</b>         | 0 percent to 200 percent |
| <b>Vice Chairman</b>             | 0 percent to 150 percent |
| <b>Presidents</b>                | 0 percent to 100 percent |
| <b>Executive Vice-Presidents</b> | 0 percent to 100 percent |
| <b>Senior Vice-Presidents</b>    | 0 percent to 90 percent  |

### Long-term Incentive Plans

The primary objective of the Company's Long-term Incentive Plan is to align the interests of senior management with achievement of the Company's long-term business objectives. Annually, the MRC Committee recommends for approval by the Board the Long-term Incentive Plan design and the performance thresholds that will determine payment to senior management.

The Long-term Incentive Plan design is tested annually under historical and prospective performance scenarios. This "backward and forward" testing provides the MRC Committee with reasonable assurance that the plan payout implications are appropriate.

Individual allocations under this plan are based on the Company's executive compensation policy which establishes a market-competitive guideline Long-term Incentive Plan allocation range for each senior management level. Awards are recommended within this range based on the individual's capabilities, performance and potential.

### Performance Driven Share Unit Plan (awarded in 2005, 2006 and 2007)

Performance driven share units, which are a form of restricted share unit, are awarded based on salary, individual capabilities, potential and recent performance of Officers and senior managers.

Each unit awarded entitles the recipient to a cash payment equal to the weighted average price of one Class A Non-Voting Share during the 20 trading day period that:

- ends on (and includes) the last day of the period ending approximately three years from the date of award of the unit (*the performance period*) for units awarded in 2005

- commences on the day after the last day of the performance period for units awarded in 2006 and 2007.

The number of share units awarded to each level of senior management during 2005, 2006 and 2007 was based upon a guideline allocation (expressed as a percentage of salary) multiplied by the total number of plan participants at each senior management level, divided by the current price of a Class A Non-Voting Share to establish the total number of share units available to be awarded under the plan. The 2006 and 2007 plan designs provided for an increase or decrease in the guideline award based on the application of a multiplier factor. No multiplier was applied to the 2005 award.

The total number of share units available to be awarded under the plan in 2006 was multiplied by the following two equally-weighted factors prior to determination of the individual awards:

- a factor based on the Company's earnings per share performance in 2005 as approved by the Board of Directors
- a factor based on the Company's return on invested capital in 2005 as approved by the Board of Directors.

The total number of share units available to be awarded under the plan in 2007 was determined in the same manner as in 2006, except the factors based on the Company's 2006 earnings per share performance and return on invested capital had weightings of 60 percent and 40 percent respectively.

The actual number of share units available to be awarded to individual plan participants in 2005, 2006 and 2007 was approved by the Board of Directors, and decided by management in its discretion.

Awards are generally paid 45 days or later after the end of the performance period. Awards are paid out before the end of the performance period if an employee is terminated for reasons other than cause or in certain other circumstances. A payment will not be made to an eligible executive if he or she resigns voluntarily or is terminated for cause during the performance period.

A total of 219,434 performance driven share units were awarded in 2007.

### Stock Option Plan

The Company's Stock Option Plan was established to increase the correlation between executive compensation and the Company's long-term business goals and to provide long-term incentives to Officers and senior management employees of the Company and its subsidiaries. The MRC Committee may recommend awards to selected Officers and senior management employees under the Stock Option Plan. The recommended size of each individual award falls within a range that has been pre-established for each senior management level as set out in the Company's executive compensation policy. The ranges take into account market practices and the total number of options available for distribution. Most individual awards made within a range are determined by reference to the individual's capabilities, recent performance, and potential.

The maximum number of Class A Non-Voting Shares issuable under the Stock Option Plan is 2,540,714 Class A Non-Voting

Shares (representing approximately 3.1 percent of the currently outstanding Common Shares and Class A Non-Voting Shares) and the number of unexercised options to purchase Class A Non-Voting Shares outstanding at the date of this management information circular is 1,741,378 (representing approximately 2.1 percent of the currently outstanding Common Shares and Class A Non-Voting Shares). No one person can receive options to buy more than five percent of the total number of Class A Non-Voting Shares outstanding.

The grant of an option provides to an optionee the right to subscribe for a Class A Non-Voting Share at the weighted average price of Class A Non-Voting Shares on the Toronto Stock Exchange (*the TSX*) during the 10-day period ending on the date the option was granted.

Options granted under the Stock Option Plan prior to 2006 to subscribe for Class A Non-Voting Shares generally vest at the rate of one quarter per year for the four years following the date the options were granted. These options were granted under agreements that specify that options can be exercised for a period of up to 10 years, and that outline the circumstances when option rights will be terminated. The stock option agreements entered into on or after November 9, 1996 and prior to December 31, 2003, have been amended. The amendments provide to optionees, as an alternative to the right to exercise the options granted under one or more of such stock option agreements, the right to elect to surrender such options in exchange for a cash payment equal to the excess of the weighted average price at which Class A Non-Voting Shares trade on the TSX on the trading day that the options are surrendered over the exercise price stipulated in the optionee's stock option agreement. This amendment applies to the extent that stock options granted under these agreements have not been exercised or terminated and can be exercised.

Options granted in 2006 and 2007 under the Stock Option Plan (*2006/2007 Options*) to subscribe for Class A Non-Voting Shares vest at the rate of one-third per year for the three years following the date the options were granted. 2006/2007 Options were granted under agreements that specify that options can be exercised for a period of up to seven years, and that outline the circumstances when option rights will be terminated. The agreements also provide that, at the election of the optionee, options can be exercised or surrendered in exchange for cash payment equal to the excess of the weighted average price at which Class A Non-Voting Shares trade on the TSX on the trading day that the options are surrendered over the exercise price stipulated in the optionee's stock option agreement.

The stock option agreements entered into during 2007 contain a "double trigger" provision which was approved by the Board on the recommendation of the MRC Committee. This provision provides for an immediate vesting of the stock options granted in the event of a qualified offer for control of the Company. Under the "double trigger" mechanism, not only must an offer for control be completed, but the employment of the optionee must be terminated, other than for cause, within two years of the change of control in order for the stock options to vest.

As no Class A Non-Voting Shares are issued on a surrender of options, the Class A Non-Voting Shares reserved for issuance

under the Stock Option Plan have not been and will not be reduced by the number of options surrendered.

If an employee becomes incapacitated, dies, retires having reached 60 years of age, retires to become a Canadian Tire Dealer or ceases to be employed by the Company (or any of its subsidiaries) for any other reason, the employee's options may be exercised by the employee, or his or her personal representative as the case may be, as follows:

- *in the event of incapacity, death or retirement having reached 60 years of age* – up to the earlier of the expiration of the options and three years following the date of incapacity, death or retirement
- *in the event of retirement to become a Canadian Tire Dealer* – up to the earlier of the expiration of the options and one year following the date of retirement
- *in the event of termination of employment for any other reason* – up to the earlier of the expiration of the options and 30 days following the date of termination of employment.

The Stock Option Plan can be amended by the Board of Directors as recommended by the MRC Committee with the approval of the TSX and without the approval of shareholders, provided that the total number of Class A Non-Voting Shares issuable under the Stock Option Plan is not increased, the exercise price for options held by insiders of the Company is not reduced, and the term of options held by insiders of the Company is not extended.

The Stock Option Plan can be terminated by the Board of Directors at any time without prejudice to outstanding options.

A total of 552,854 stock options were awarded in 2007. The number and terms of outstanding stock options, stock appreciation rights, shares and units subject to restrictions on resale were taken into account in determining that new option grants would be made during 2007.

### **Perquisites**

The Company takes a conservative approach to perquisites. As for all senior managers, Officers are provided an annual car allowance and company-paid parking where required. These perquisites are in keeping with competitive pay practices for Officers. As for all vice-president and more senior roles, Officers are provided an annual financial planning allowance, to reinforce individual Officer accountability for personal financial planning in the absence of a formal retirement and pension plan scheme. In addition, the President and CEO is entitled to certain other perquisites. (See *Employment Agreements* on page 39 of this management information circular for a description of these other perquisites). The President of Mark's Work Wearhouse receives reimbursement for annual club dues and is provided with a company-leased vehicle.

### **Other Benefits**

Our Officers participate in our profit sharing and share purchase plans (see *Canadian Tire Corporation, Limited Deferred Profit Sharing Plan* on page 41 and *Canadian Tire Corporation, Limited Share Purchase Plan* on page 42 for descriptions of the plans). Fundamental to Canadian Tire is the belief that profits should be shared with those who help to create them, and that there are benefits to having employees

share in the ownership of the business. The Company does not have a pension plan for Officers or other employees. Collectively, the Canadian Tire Corporation, Limited Deferred Profit Sharing Plan and the Canadian Tire Corporation, Limited Share Purchase Plan serve to assist employees in achieving long-term retirement savings in the absence of Company retirement and pension plans. Our Officers are also entitled to receive health benefits available to other employees, generally on the same basis, which are designed to promote general wellness and preventative care. These benefits include medical and dental insurance, group life and accidental death and dismemberment insurance, short-term disability insurance, employee-paid long-term disability insurance, and an employee-purchase store discount program.

#### **Stock Ownership Guidelines**

We have stock ownership guidelines (SOGs) in place that set out minimum levels of share ownership for Officers who are members of management's executive committee. The SOGs are designed to align the interests of Officers with the interests of shareholders, demonstrate that these Officers are financially committed to the Company through personal share ownership, and promote the Company's long-standing commitment to sound corporate governance.

Within three years of appointment, these Officers are required to accumulate Class A Non-Voting Shares (or their equivalent) equal to a multiple of their annual salary, as follows:

| <b>Title</b>  | <b>Multiple of Annual Salary</b> |
|---|----------------------------------|
| President and CEO   | 3 times annual salary            |
| Chief Financial Officer, Executive Vice-Presidents and Presidents | 2 times annual salary            |
| Senior Vice-Presidents  | 1 times annual salary            |

The Officers can hold up to 50 percent of their minimum share requirement in share units pursuant to our Long-term Incentive Plans valued using the minimum multiplier where applicable. In addition, units held by the Officers in the CTC Share Fund of the Canadian Tire Corporation, Limited Deferred Profit Sharing Plan can also be counted towards the minimum ownership requirement.

## **Compensation of the President and CEO**

Mr. Gauld's compensation package, including his base salary, was established when his appointment as President and CEO was made by the Board.

The Board formally evaluates the performance of the President and CEO every year, taking into account quantitative results versus specific financial objectives and a qualitative judgment of the achievement of non-financial objectives.

Every two to three years the MRC Committee, with the assistance of its independent professional compensation consultants, reviews a peer group comparison of compensation paid to chief executive officers of Canadian companies of a similar size and complexity as a benchmark to help assess how competitive and appropriate our compensation is for the President and CEO. The MRC Committee is of the view that the President and CEO's total compensation, as set out in his employment agreement, is competitive with the compensation of the selected peer group of chief executive officers.

Mr. Gauld is entitled to a bonus opportunity under our Short-term Incentive Plan. In 2007, Mr. Gauld's bonus was based entirely on the consolidated net earnings of the Company after income tax and reflected adjustments as adjudicated by the MRC Committee.


A target for this measure is established by reference to the Company's current annual business plan. If the target is achieved, Mr. Gauld will receive a bonus equal to 100 percent of his base salary. The maximum bonus Mr. Gauld could have received under the Short-term Incentive Plan during 2007 was 200 percent of his annual base salary for achieving maximum performance against target. Mr. Gauld earned a bonus equivalent to 183.4 percent of his annualized base salary, which reflected the Company's consolidated net earnings after income tax versus target and reflected adjustments as adjudicated by the MRC Committee. If the Company's performance against target had been below the minimum level set for the plan, a bonus would not have been paid to him.

Mr. Gauld is also entitled to participate in the Long-term Incentive Plans. In 2007, Mr. Gauld was awarded performance driven share units based on his salary, performance and capabilities consistent with the terms of his employment agreement. The award of performance driven share units is one of the ways that we link his compensation to our share price performance. The MRC Committee believes the award is appropriate for Mr. Gauld's level of responsibility.



## Value of Total Compensation Provided to the President and CEO

The following table sets out the value of the total compensation provided to the President and CEO for the three most recently completed financial years. The figures in relation to the Long-term Incentive Plan (*LTIP*) grants below represent the value of LTIP awards at the time of grant and exclude any LTIP award payments.

|  |   |                    |                           |                           |
|--|---|--------------------|---------------------------|---------------------------|
|  <p><b>Thomas K. Gauld</b><br/>President and CEO<br/>Age: 58<br/>Length of service:<br/>14 years</p>  | <b>Three-Year Total Compensation Grant</b>                                |                    |                           |                           |
|  | Schedule of Cash Transferred and Value of LTIP Award at the Time of Grant |                    |                           |                           |
|  |   | <b>2007</b>        | <b>2006<sup>(1)</sup></b> | <b>2005<sup>(1)</sup></b> |
|  | <b>Annual Cash Compensation</b>   |                    |                           |                           |
|  | Salary <sup>(2)</sup>   | \$1,027,500        | \$753,649                 | \$413,815                 |
|  | Bonus <sup>(3)</sup>  | \$1,884,204        | \$837,384                 | \$295,244                 |
|  | Total Cash Compensation   | \$2,911,704        | \$1,591,033               | \$709,059                 |
|  | <b>Long-term Incentive Plan Grants<sup>(4)</sup></b>                      |                    |                           |                           |
|  | Stock Options Granted   | \$0                | \$0                       | \$0                       |
|  | Performance Share Units Granted   | \$2,276,085        | \$1,501,247               | \$502,480                 |
|  | Deferred Share Units Granted  | \$0                | \$1,600,000               | \$0                       |
|  | Total Value of LTIP Grants  | \$2,276,085        | \$3,101,247               | \$502,480                 |
|  | <b>Benefits and Perquisites</b>   |                    |                           |                           |
|  | Deferred Profit Sharing ( <i>DPSP</i> ) Award <sup>(5)</sup>              | \$72,953           | \$44,609                  | \$43,637                  |
|  | Share Purchase Plan ( <i>SPP</i> ) Payments <sup>(6)</sup>                | \$80,839           | \$63,486                  | \$37,177                  |
|  | Other Compensation <sup>(7)</sup>   | \$60,672           | \$29,701                  | \$33,542                  |
|  | Total Benefits and Perquisites  | \$214,464          | \$137,796                 | \$114,356                 |
|  | <b>Total</b>  | <b>\$5,402,253</b> | <b>\$4,830,076</b>        | <b>\$1,325,895</b>        |
|  |   |                    |                           | <b>2005-2007 Total</b>    |
|  |   |                    |                           | <b>\$11,558,224</b>       |
| <b>Notes</b><br>(1) Mr. Gauld was appointed President and CEO of the Company on April 27, 2006. Prior to his appointment, Mr. Gauld was President, Canadian Tire Financial Services Limited<br>(2) Actual salary paid in the financial year<br>(3) Annual bonus paid in the financial year<br>(4) LTIP award value at time of grant<br>(5) DPSP profit sharing paid in the financial year<br>(6) SPP bonus and tax deposit paid in the financial year<br>(7) Other compensation paid in the financial year includes car allowance, annual medical exam, financial counseling benefit, company paid parking, club memberships and term life insurance |   |                    |                           |                           |

## Compensation Highlights for 2008

Plans for 2008 compensation include the following:

- the Short-term Incentive Plan design will be essentially unchanged from 2007
- the President and CEO and the Executive Vice-President, Finance and Administration and Chief Financial Officer will receive their Long-term Incentive Plan awards in performance share units
- all other Officers and senior management will receive their Long-term Incentive Plan award as 50 percent performance share units and 50 percent stock options with a corresponding tandem stock appreciation rights feature
  - performance share units granted will be subject to the application of a performance multiplier at the end of the three year performance period based on the compound annual growth rate in the Company's after tax operating earnings over such performance period
    - if such earnings are below a prescribed threshold level, the performance multiplier value will be zero
  - stock options granted will have a seven year term and will vest on the third anniversary of the grant date
- a recoupment policy will be developed that reflects the view of the Board that employees should not benefit from incentive payments based on flawed or fraudulent financial statements.

## Conclusion

The MRC Committee is satisfied that our compensation policies and executive compensation are aligned with the goal of achieving our strategic objectives and have been developed to attract, retain and motivate the skilled team of executives that is required to achieve our strategic objectives, maximize shareholder value and reflect market practices. The Chairman of the MRC Committee, Frank Potter, will be available to answer questions relating to Canadian Tire's executive compensation practices at the May 8, 2008 Annual Meeting of Shareholders.

Report presented by:

Frank Potter, *Chairman*  
H. Garfield Emerson  
Daniel E. Fournier

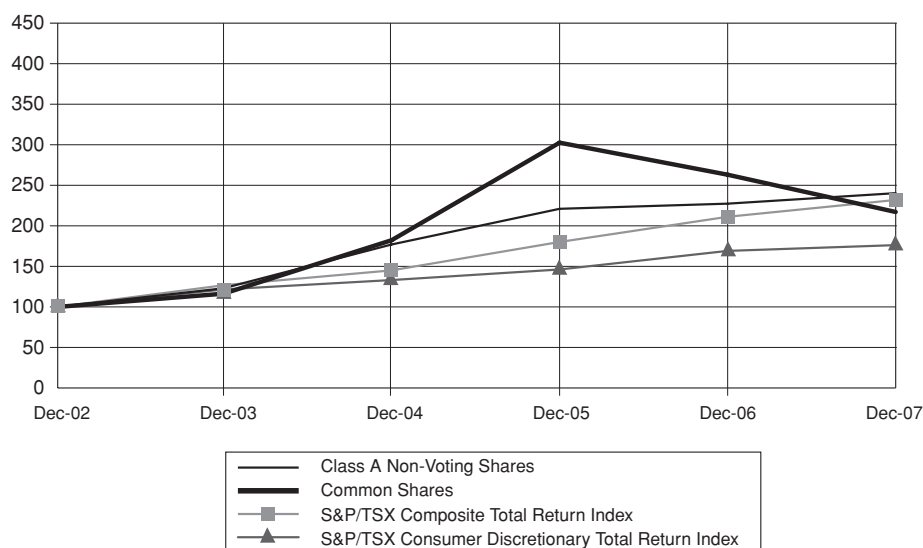
James R. Neale  
James A. Riley  
Stephen G. Wetmore

## How Our Shares Have Performed

The following graph and chart assume that \$100 remained invested over a five-year period commencing on the last business day of December, 2002 and compare the yearly percentage change in the cumulative total shareholder return over those five years on Canadian Tire's Common Shares and Class A Non-Voting Shares with the cumulative total returns of the S&P/TSX Composite Total Return Index and the S&P/TSX Consumer Discretionary Total Return Index, respectively, assuming in each case reinvestment of dividends at 100 percent of the market price on a quarterly basis.

### Cumulative Total Shareholder Return

December 31, 2002 – December 31, 2007



|               | Class A<br>Non-Voting Shares | Common Shares | S&P/TSX Composite<br>Total Return Index | S&P/TSX Consumer<br>Discretionary<br>Total Return Index |
|---------------|------------------------------|---------------|---|---|
| December 2002 | \$100.00                     | \$100.00      | \$100.00                                | \$100.00  |
| December 2003 | \$122.99                     | \$116.30      | \$126.72                                | \$121.56  |
| December 2004 | \$176.99                     | \$182.24      | \$145.07                                | \$133.12  |
| December 2005 | \$221.00                     | \$302.58      | \$180.08                                | \$146.17  |
| December 2006 | \$227.35                     | \$263.05      | \$211.16                                | \$169.08  |
| December 2007 | \$240.31                     | \$217.09      | \$231.92                                | \$176.21  |

# Executive Compensation

This section provides details about executive compensation and employment arrangements for the financial year ended December 29, 2007.

## Summary Compensation Table

The table below shows the annual short-term and long-term compensation paid to the President and CEO, the Executive Vice-President and Chief Financial Officer, the Vice Chairman and our three other most highly compensated Officers (*the Named Executive Officers*).

| Name and Principal Position  | Year | Annual Compensation     |             |                           |   | Securities Under Options or SARS Granted (#) <sup>(3)</sup> | Securities Under Options or SARS Granted (\$) <sup>(4)</sup> | Long-term Compensation Awards                       |                             |
|--|------|-------------------------|-------------|---------------------------|---|---|--|---|-----------------------------|
|  |      | Total Compensation (\$) | Salary (\$) | Bonus (\$) <sup>(1)</sup> | Other Annual Compensation (\$) <sup>(2)</sup> |   |  | Shares or Units Subject to Resale Restrictions (\$) | All Other Compensation (\$) |
| <b>Thomas K. Gauld</b><br>President and CEO  | 2007 | 5,402,253               | 1,027,500   | 1,884,204                 | 213,247                                       | —   | —  | 2,276,085 <sup>(6)</sup>                            | 1,217                       |
|  | 2006 | 4,830,076               | 753,649     | 837,384                   | 136,893                                       | —   | —  | 3,101,247 <sup>(5)(6)</sup>                         | 903                         |
|  | 2005 | 1,325,895               | 413,815     | 295,244                   | 113,884                                       | —   | —  | 502,480 <sup>(6)</sup>                              | 472                         |
| <b>J. Huw Thomas</b><br>Executive Vice-President,<br>Finance and Administration and<br>Chief Financial Officer | 2007 | 1,579,122               | 461,000     | 422,685                   | 113,485                                       | —   | —  | 581,392 <sup>(6)</sup>                              | 560                         |
|  | 2006 | 1,505,943               | 430,750     | 258,545                   | 112,412                                       | —   | —  | 703,741 <sup>(6)</sup>                              | 495                         |
|  | 2005 | 1,345,213               | 417,750     | 303,693                   | 115,179                                       | —   | —  | 508,190 <sup>(6)</sup>                              | 401                         |
| <b>Wayne C. Sales<sup>(7)</sup></b><br>Vice Chairman   | 2007 | 3,524,080               | 495,000     | 680,789                   | 278,878                                       | —   | —  | 2,068,201 <sup>(6)</sup>                            | 1,212                       |
|  | 2006 | 4,410,033               | 990,000     | 862,018                   | 328,081                                       | —   | —  | 2,228,785 <sup>(6)</sup>                            | 1,149                       |
|  | 2005 | 6,028,350               | 990,000     | 1,079,555                 | 296,740                                       | —   | —  | 3,661,096 <sup>(5)(6)</sup>                         | 959                         |
| <b>Michael B. Medline</b><br>President, Dealer Relations and<br>Diversified Businesses                         | 2007 | 1,594,893               | 486,250     | 411,485                   | 115,013                                       | 16,187  | 290,973  | 290,624 <sup>(6)</sup>                              | 548                         |
|  | 2006 | 1,652,169               | 450,985     | 336,601                   | 106,622                                       | 21,001  | 367,801  | 389,705 <sup>(6)</sup>                              | 455                         |
|  | 2005 | 1,171,549               | 388,500     | 254,295                   | 100,149                                       | —   | —  | 428,250 <sup>(6)</sup>                              | 355                         |
| <b>Marco Marrone</b><br>President, Canadian Tire<br>Financial Services Limited                                 | 2007 | 1,467,807               | 418,750     | 370,186                   | 96,807  | 16,187  | 290,973  | 290,624 <sup>(6)</sup>                              | 467                         |
|  | 2006 | 1,298,766               | 354,519     | 250,250                   | 83,640  | 17,379  | 305,279  | 304,737 <sup>(6)</sup>                              | 341                         |
|  | 2005 | 628,300                 | 271,635     | 155,042                   | 75,702  | —   | —  | 125,620 <sup>(6)</sup>                              | 301                         |
| <b>Paul D. Wilson</b><br>President, Mark's Work<br>Wearhouse Ltd.  | 2007 | 1,339,416               | 413,250     | 305,829                   | 91,268  | 14,682  | 263,920  | 263,616 <sup>(6)</sup>                              | 1,533                       |
|  | 2006 | 1,380,212               | 383,246     | 311,785                   | 90,300  | 13,442  | 236,121  | 357,275 <sup>(6)</sup>                              | 1,485                       |
|  | 2005 | 1,050,315               | 357,692     | 333,230                   | 83,905  | —   | —  | 274,080 <sup>(6)</sup>                              | 1,408                       |

### Notes

(1) **Short-term Incentive Plan**

This column lists the amounts earned under our Short-term Incentive Plan.

(2) **Profit Sharing and Share Purchase Plans (Capital Accumulation Plans) and Perquisites**

This column includes awards under our profit sharing and share purchase plans and perquisites. Mr. Gauld received perquisites in the amount of \$59,455 in 2007. This included \$20,239 for financial planning and a \$30,000 car allowance. Mr. Sales received perquisites in the amount of \$97,486, \$92,837 and \$115,606 in 2005, 2006 and 2007 respectively. This included \$30,785 in 2005, \$24,991 in 2006 and \$20,000 in 2007 for financial planning, \$22,451 in 2005, \$22,296 in 2006 and \$20,000 in 2007 for international health care benefits as well as an automobile allowance of \$30,000 during each of these years. The value of perquisites paid to the other Named Executive Officers during 2005, 2006 and 2007, which did not exceed \$50,000 in aggregate in any such year, is included in this column. Such perquisites may have included insurance premiums for term life insurance, financial planning, club fees, provincial health premiums, flexible benefits taken in cash, car benefits, car allowance, medical examinations, housing loan benefits and housing loan compensation payments.

(3) **Options Granted**

This column lists the number of Class A Non-Voting Shares for which options were granted under our Stock Option Plan.

(4) **Value of Options Granted**

This column lists the value of stock options at the date of grant. The award was valued using the weighted average price of a Class A Non-Voting Share for the 10 calendar days prior to the date of the grant plus a Black Scholes factor of 27.1 percent and 25 percent for 2006 and 2007 respectively.

(5) **Deferred Share Unit Plans**

The values disclosed in this column are based on the market price of Class A Non-Voting Shares as of the close of business on the date of the award. As of December 29, 2007, Mr. Gauld and Mr. Sales respectively held in aggregate the following deferred share units (including dividend equivalents) under their respective Deferred Share Unit Plans based on the market value of one Class A Non-Voting Share as of the close of business on December 28, 2007:

| Name            | Aggregate DSUs (#) | Aggregate Value (\$) |
|-----------------|--------------------|----------------------|
| Thomas K. Gauld | 25,540             | 1,878,027            |
| Wayne C. Sales  | 38,065             | 2,798,938            |



Executive Compensation (continued)

Mr. Gauld's Deferred Share Unit Plan provides that upon termination of his employment with the Company, he is entitled to receive a cash payment per unit based on the weighted average price of one Class A Non-Voting Share during the 10 calendar days prior to and including a date to be elected by Mr. Gauld, which is no earlier than the day after the last day of Mr. Gauld's employment with the Company. The election date may not be later than the last day on which Class A Non-Voting Shares trade during the calendar year following the calendar year in which Mr. Gauld's last day of employment with Company takes place. Dividend equivalents are paid on these units.

Mr. Sales' Deferred Share Unit Plan provided that upon termination of his employment with the Company, he was entitled to receive a cash payment per unit based on the weighted average price of one Class A Non-Voting Share during the 20-day trading period prior to and including a date to be elected by Mr. Sales (*the settlement date*) which could not be earlier than six months after the last day of Mr. Sales' employment with the Company. The settlement date was January 17, 2008, and Mr. Sales' deferred share units (including dividend equivalents) were paid out on February 1, 2008 as follows:

|                | Aggregate DSUs at Settlement Date (#) | Weighted Average Price (\$) | Pay-out Value (\$) |
|----------------|---------------------------------------|-----------------------------|--------------------|
| Wayne C. Sales | 38,065,254                            | 71.48                       | 2,720,904          |

See *Employment Agreements* on page 39 for further information concerning Mr. Gauld's and Mr. Sales' respective awards of deferred share units.

(6) **Performance Driven Share Units**

The values disclosed in this column are based on the respective market prices of the Class A Non-Voting Shares as of the close of business on the date of the relevant award. As of December 29, 2007, the President and CEO, the Executive Vice-President, Finance and Administration and Chief Financial Officer, the Vice Chairman and our three other most highly compensated Officers held in aggregate 223,002 performance driven share units having an aggregate value of \$16,397,337, based on the market value of Class A Non-Voting Shares as of the close of business on December 28, 2007. The Performance Driven Share Unit Plan provides that recipients of performance driven share unit awards are entitled to receive a cash payment per unit based on the market value of the Company's Class A Non-Voting Shares at the end of a three-year period. See *Long-term Incentive Plans – Performance Driven Share Unit Plan* for the terms of the plan. Dividend equivalents are not paid on these units.

(7) Mr. Sales was employed as Vice Chairman of the Company for six months during 2007.

## Options/SAR Grants During the Most Recently Completed Financial Year

The following table sets out individual grants of stock options under the Corporation's Stock Option Plan during the financial year ended December 29, 2007 to each of the Named Executive Officers:

| Name               | Securities Under Options/SARs Granted (#) <sup>(1)</sup> | % of Total Options/SARs Granted to Employees in Financial Year | Exercise or Base Price (\$/Security) <sup>(2)(3)</sup> | Market Value of Securities Underlying Options/SARs on the Date of Grant (\$/Security) <sup>(2)</sup> | Expiration Date |
|--------------------|--|--|--|--|-----------------|
| THOMAS K. GAULD    | —  | —  | —  | —  | —               |
| J. HUW THOMAS      | —  | —  | —  | —  | —               |
| WAYNE C. SALES     | —  | —  | —  | —  | —               |
| MICHAEL B. MEDLINE | 16,187   | 2.93%  | \$71.90  | \$71.90  | March 7, 2014   |
| MARCO MARRONE      | 16,187   | 2.93%  | \$71.90  | \$71.90  | March 7, 2014   |
| PAUL D. WILSON     | 14,682   | 2.66%  | \$71.90  | \$71.90  | March 7, 2014   |

**Notes**

- (1) Each option granted is in respect of one Class A Non-Voting Share. All options granted to Named Executive Officers were granted on March 8, 2007. Options may not be exercised later than seven years from the date of grant. Options become exercisable at the rate of one-third per year for three years immediately following the date the options were granted.
- (2) The exercise price of the Company's stock options is calculated in accordance with the Stock Option Plan as the weighted average price of Class A Non-Voting Shares during the ten days prior to the date of the grant.
- (3) The exercise price and number of stock options may be adjusted in the event that specified events cause dilution of the Company's share capital.

## Performance Conditioned Share Units and Performance Share Units Paid Out During the Financial Years Ending December 29, 2007, December 30, 2006 and December 31, 2005

The following table sets out the value of the Performance Conditioned Share Units paid out during the financial year ended December 29, 2007 and the Performance Share Units paid out during the financial years ending December 30, 2006 and December 31, 2005 to each of the Named Executive Officers<sup>(1)</sup>:

| Name               | Year | Payout Value (\$) |
|--------------------|------|-------------------|
| Thomas K. Gauld    | 2007 | 922,972           |
|                    | 2006 | 812,856           |
|                    | 2005 | 477,450           |
| J. Huw Thomas      | 2007 | 933,805           |
|                    | 2006 | 1,219,284         |
|                    | 2005 | 477,450           |
| Wayne C. Sales     | 2007 | 3,228,234         |
|                    | 2006 | 5,588,385         |
|                    | 2005 | 2,387,250         |
| Michael B. Medline | 2007 | 771,310           |
|                    | 2006 | 609,642           |
|                    | 2005 | 397,875           |
| Marco Marrone      | 2007 | 220,993           |
|                    | 2006 | 193,053           |
|                    | 2005 | 79,575            |
| Paul D. Wilson     | 2007 | 448,486           |
|                    | 2006 | 609,642           |
|                    | 2005 | —                 |

### Note

- (1) These units were paid out on April 23, 2007, March 13, 2006 and March 7, 2005 respectively. See *Long-term Incentive Plans* on page 29 of our 2007 Management Information Circular which is available on SEDAR at [www.sedar.com](http://www.sedar.com) for the terms of the Performance Conditioned Share Unit Plan and the Performance Share Unit Plan. Dividend equivalents were not paid on these units.

## Aggregated Options/SAR Exercises During the Most Recently Completed Financial Year and Financial Year-end Options/SAR Values

The table below is a summary of all stock options surrendered by each of the Named Executive Officers during the financial year ended December 29, 2007. No stock options were exercised by the Named Executive Officers in 2007. The table also shows the total value of their unexercised options at December 29, 2007.

|                    | Securities Acquired on Exercise (#) <sup>(1)</sup> | Aggregate Value Realized (\$) <sup>(2)</sup> | Unexercised Options/SARs at December 29, 2007 (#) <sup>(3)</sup> |               | Value of Unexercised "In-the-Money" Options/SARs at December 29, 2007 (\$) <sup>(2)</sup> |               |
|--------------------|--|--|--|---------------|---|---------------|
|                    |  |  | Exercisable  | Unexercisable | Exercisable   | Unexercisable |
| Thomas K. Gauld    | 4,125  | 169,360                                      | —  | —             | —   | —             |
| J. Huw Thomas      | 30,000   | 1,357,350                                    | 2,000  | —             | 87,808  | —             |
| Wayne C. Sales     | —  | —  | —  | —             | —   | —             |
| Michael B. Medline | 18,000   | 927,973                                      | 15,299   | 30,189        | 426,718   | 151,002       |
| Marco Marrone      | —  | —  | 11,992   | 27,774        | 319,248   | 127,271       |
| Paul D. Wilson     | —  | —  | 21,480   | 23,644        | 806,423   | 101,956       |

### Notes

- (1) No securities were acquired on exercise as no stock options were exercised in 2007. The figures in this column represent the number of options surrendered. See *Stock Option Plan* on page 31 of this management information circular for a description of the right of optionees to surrender options in exchange for cash payment.
- (2) These values represent the difference between the exercise price of the options surrendered and the market value of the Class A Non-Voting Shares as of the date the options were surrendered or as at December 29, 2007, as applicable.
- (3) Each option granted is for one Class A Non-Voting Share.

## Employment Agreements

An employment agreement was entered into with Mr. Gauld effective upon his employment as President and CEO. The key items of this agreement are as follows:

|   |   |
|---|---|
| <b>President and CEO</b>  | Thomas K. Gauld   |
| <b>Effective Date and Term</b>  | April 27, 2006 to April 26, 2011  |
| <b>Base Salary</b>  | \$990,000 (subject to annual review and adjustment by the Board)  |
| <b>Short-term and Long-term Incentive Plan, Security Based Compensation Arrangements and Benefits Participation</b> | <p>Mr. Gauld's employment agreement allows him to participate in:</p> <ul style="list-style-type: none"> <li>• our Short-term Incentive Plan</li> <li>• our Long-term Incentive Plan for executives under which he will receive annually a grant with a target value of 162% of his base salary</li> <li>• any new incentive plan we introduce</li> <li>• our profit sharing and share purchase plans</li> <li>• other benefits that are generally provided to our Officers</li> </ul>  |
| <b>Special DSU Grant</b>  | <ul style="list-style-type: none"> <li>• Mr. Gauld's employment agreement entitled him to a one-time grant of deferred share units with a face value of \$1.6 million on July 27, 2006</li> <li>• Mr. Gauld was awarded 25,181 deferred share units on July 27, 2006</li> </ul>   |
| <b>Termination Without Cause and in the Absence of Disability or by Mr. Gauld in Certain Limited Circumstances</b>  | <ul style="list-style-type: none"> <li>• annual base salary, annual bonus (based on the average of any annual bonuses paid to him for the last two fiscal years that ended before the day of termination, pro-rated over the severance period) and vacation pay for the lesser of two years following termination and the remaining term under his employment agreement</li> <li>• Long-term Incentive Plan payments will be paid in accordance with the applicable plans as if Mr. Gauld's employment had continued during any term or performance period under such plans</li> <li>• unvested stock options will vest on the day of termination, and are exercisable until the earlier of the third anniversary of the date of termination and the expiry of the options</li> </ul> |
| <b>Termination by Agreement</b>   | <ul style="list-style-type: none"> <li>• base salary and annual bonus pro-rated to the date of termination</li> <li>• our Long-term Incentive Plan payments will be paid in accordance with the applicable plans as if Mr. Gauld's employment had continued during any term or performance period under such plans</li> <li>• unvested stock options will vest on the day of termination, and are exercisable until the earlier of the third anniversary of the date of termination and the expiry of the options</li> </ul>  |
| <b>Termination for Disability or Upon Death</b>   | <ul style="list-style-type: none"> <li>• annual base salary and expenses due at the time of termination, annual bonus pro-rated to the date of termination and long-term incentives as if Mr. Gauld's employment had continued during any term or performance period under those plans</li> </ul>   |
| <b>Termination for Cause</b>  | <ul style="list-style-type: none"> <li>• annual base salary and expenses due at the time of termination</li> </ul>  |
| <b>Termination by the Company for Any Reason</b>  | <ul style="list-style-type: none"> <li>• deferred share units will be exercisable in accordance with the deferred share unit plan</li> </ul>  |
| <b>Resignation</b>  | <ul style="list-style-type: none"> <li>• no further obligations or responsibilities except to pay all long-term incentives payable under the applicable plan or plans</li> </ul>  |
| <b>Perquisites</b>  | <ul style="list-style-type: none"> <li>• reimbursement of up to \$10,000 for reasonable out-of-pocket independent legal advice and services for negotiation and completion of employment agreement</li> <li>• annual membership fees at two clubs</li> <li>• monthly automobile allowance of \$2,500 and a maximum annual amount of \$20,000 for financial planning consultant's fees</li> <li>• reimbursement of all reasonable out-of-pocket expenses (but not the purchase price) incurred for the purchase of a residence, and its subsequent sale within six months of the termination of employment, including legal fees, real estate commission and reasonable moving expenses.</li> </ul>  |

An employment agreement was established with Mr. Sales effective upon his employment as President and CEO, which agreement was subsequently amended to reflect the change in his position from President and CEO to Vice Chairman. The key items of this agreement are as follows:

|   |  |
|---|--|
| <b>Vice Chairman (Past President and CEO)</b>   | Wayne C. Sales   |
| <b>Effective Date, Term and Amendments</b>  | <p>July 1, 2004 to June 30, 2007</p> <ul style="list-style-type: none"> <li>Mr. Sales retired as President and CEO on April 27, 2006 and was appointed Vice Chairman of the Company on that date</li> <li>his employment agreement was amended on April 27, 2006 to reflect the change in his role from President and CEO to Vice Chairman of the Company as well as the changes in responsibilities associated with his new position</li> <li>provides that in his capacity as Vice Chairman: <ul style="list-style-type: none"> <li>he will act as a consultant to the President and CEO and the Company and shall provide such services only at the request of the President and CEO and the Board</li> <li>he will devote the time and attention to the business and affairs of the Company as reasonably requested by the Board, any committee of the Board, the President and CEO and any other member of management of the Company</li> </ul> </li> </ul>   |
| <b>Base Salary</b>  | \$990,000  |
| <b>Short-term and Long-term Incentive Plan, Security Based Compensation Arrangements and Benefits Participation</b> | <p>Mr. Sales' employment agreement allows him to participate in:</p> <ul style="list-style-type: none"> <li>our Short-term Incentive Plan</li> <li>our Long-term Incentive Plan for executives under which he will receive annually a grant valued at no less than \$1.6 million on the date of the grant</li> <li>any new incentive plan we introduce</li> <li>our profit sharing and share purchase plans</li> <li>other benefits that are generally provided to our Officers</li> </ul>   |
| <b>Special DSU Grant</b>  | <ul style="list-style-type: none"> <li>Mr. Sales' employment agreement entitled him to a grant of deferred share units with a face value of \$2 million on August 3, 2005</li> <li>Mr. Sales was awarded 37,181 deferred share units on August 3, 2005</li> </ul>  |
| <b>Termination Without Cause and in the Absence of Disability or by Mr. Sales in Certain Limited Circumstances</b>  | <ul style="list-style-type: none"> <li>annual base salary, annual bonus (equal to the average of any annual bonuses paid to him for the last two fiscal years that ended before the day of termination) and vacation pay for one year</li> <li>unvested stock options will vest on the day of termination, and are exercisable until the earlier of the fifth anniversary of the date of termination and the expiry of the options</li> <li>Long-term Incentive Plan payments will be paid in accordance with the applicable plans as if Mr. Sales' employment had continued during any term or performance period under such plans</li> <li>all benefits during the one-year period following the date of termination (except for long-term disability insurance), as well as automobile, club and financial planning perquisites</li> <li>a lump sum after-tax amount of \$50,000 (Cdn.) for moving expenses and \$25,000 for outplacement costs, less withholding taxes</li> <li>a maximum of \$20,000 (U.S.) annually to Mr. Sales' insurer for him and his wife until the earlier of the death of both Mr. Sales and his wife and 2015, and up to \$30,000 (U.S.) annually thereafter until the earlier of the death of both Mr. Sales and his wife and 2020 for health insurance costs in the United States</li> </ul> |
| <b>Termination for Disability or Upon Death</b>   | <ul style="list-style-type: none"> <li>annual base salary and expenses due at the time of termination, his annual bonus pro-rated to the date of termination and his long-term incentives as if Mr. Sales' employment had continued during any term or performance period under those plans</li> </ul>   |
| <b>Termination for Cause</b>  | <ul style="list-style-type: none"> <li>annual base salary and expenses due at the time of termination</li> </ul>   |
| <b>Termination by the Company for Any Reason</b>  | <ul style="list-style-type: none"> <li>deferred share units will be exercisable in accordance with the deferred share unit plan</li> </ul>   |
| <b>Resignation</b>  | <ul style="list-style-type: none"> <li>no further obligations or responsibilities except salary and expenses due at the time of termination</li> </ul>   |
| <b>Perquisites</b>  | <ul style="list-style-type: none"> <li>payment to his insurer to a maximum annually of \$20,000 (U.S.) in respect of the costs of health insurance for healthcare in the United States for himself and his wife</li> <li>annual membership fees at three clubs</li> <li>other perquisites described in Note 2 to the <i>Summary Compensation Table</i> on page 36</li> <li>an annual payment, until one year following the end of his employment, equal to the foregone pre-tax benefit of the housing loan he voluntarily repaid in 2004.</li> </ul>  |

**Other Officers**

Mr. Thomas, Mr. Medline, Mr. Marrone and Mr. Wilson have also entered into employment agreements with the Company. The agreements entitle each of them to:

- a minimum annual salary, specified in the agreement (see the *Summary Compensation Table* on page 36 for their 2007 annual base salaries)
- participation in the Short-term Incentive Plan, profit sharing and share purchase plans and Long-term Incentive Plan for executives
- reimbursement for consultants fees for financial planning services to a maximum of \$5,000 annually
- other benefits that are generally provided to our Officers.

Mr. Thomas', Mr. Medline's and Mr. Marrone's employment agreements also provide that they are entitled to an automobile allowance per month of \$1,645, \$1,645 and \$1,800 respectively, as well as Company paid parking and a Canadian Tire Roadside Assistance membership.

Mr. Wilson's employment agreement also provides that he is entitled to a Company paid leased automobile and operating expenses which together are approximately \$1,860 per month, and a Canadian Tire Roadside Assistance membership.

If Mr. Thomas' employment is terminated without just cause, he is entitled to base salary for one year, an annual bonus pro-rated to the day of termination as long as financial targets are met, and flexible benefits coverage (excluding life insurance and long-term disability insurance) until the earlier of the end of the base salary continuation or having obtained new employment.

## Other Compensation Information

### Securities Authorized for Issue under Incentive Plans<sup>(1)</sup>

| Plan Category   | Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a) | Weighted-average Exercise Price of Outstanding Options, Warrants and Rights (b) | Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|
| <b>Equity Compensation Plans Approved by Securityholders</b>                    |   |   |   |
| • Stock Option Plan   | 1,293,477   | \$55.30   | 1,247,237   |
| <b>Equity Compensation Plans Not Approved by Securityholders</b>                |   |   |   |
| • Canadian Tire's Share Purchase Plan   | N/A   | N/A   | 2,100,021   |
| • Canadian Tire's Deferred Profit Sharing Plan                                  |   |   |   |
| • Deferred Profit Sharing Plan for Employees of Participating Associate Dealers |   |   |   |
| <b>Total</b>  | <b>1,293,477</b>  | <b>N/A</b>  | <b>3,347,258</b>  |

**Note**

(1) The figures in this table are as of the financial year ended December 29, 2007.

**Equity Compensation Plans Approved by Securityholders****Stock Option Plan**

For a description of the Stock Option Plan, see *Long-term Incentive Plans – Stock Option Plan* on page 31.

**Equity Compensation Plans Not Approved by Securityholders****Canadian Tire Corporation, Limited Deferred Profit Sharing Plan**

This plan rewards our employees and officers and those of participating subsidiaries and encourages them to participate in our growth, development and success. There is no fixed maximum number or percentage of Class A Non-Voting Shares which may be issued in connection with the plan and designated for any one of the participating officers or the participating officers as a group.

Every year we make an annual payment to the trustees of the plan that equals at least one percent of our previous year's net

profits after income tax. We designate to the trustees the amount to be allocated to each of the employees and officers participating in the plan. Not less than 10 percent of the amount allocated to each employee or officer is invested in Class A Non-Voting Shares, with the balance invested in SEI Funds as directed by each employee and officer.

If Class A Non-Voting Shares are subscribed for in connection with the plan, we will allot and issue these shares, generally at the then current market price, calculated as the weighted average price at which Class A Non-Voting Shares trade on the TSX during the 20-day period ending on the date of subscription.

The money and securities held in connection with the plan (*the plan property*), is divided into funds that are then divided into units. Twenty percent of the units held for plan participants vest after one full year of employment. The remaining units vest after two full years of employment.

When participants turn 71, they receive the net asset value of all units that have been allocated to them. Participants who die, retire after they turn 65 or leave their job because they have a permanent physical or mental disability, or because their job was eliminated in certain circumstances, are entitled to the net asset value of all units that have been allocated to them, whether vested or not. If, however, they leave their job due to other circumstances, they will receive the net asset value of all units held for and vested in them. Participants can withdraw units from the plan before they turn 65 as long as they meet certain provisions of the plan and according to terms that the trustees of the plan approve from time to time. If the plan is terminated or wound up, participants will receive the net asset value of all units held for them. In certain circumstances, participants may elect to receive Class A Non-Voting Shares held for them at the time of the receipt of the net asset value of the units. Participants are not entitled to transfer their rights under the plan, except in limited specified circumstances.

The Canadian Tire Corporation, Limited Deferred Profit Sharing Plan was established under a trust deed dated January 1, 1968, amended and restated as of January 1, 2001 and thereafter further amended. Stanley W. Pasternak, William Peters and Cameron D. Stewart, each of whom are employees of the Company, are the current trustees of the plan. Mr. Pasternak and Mr. Stewart hold the positions of Senior Vice-President and Treasurer and Senior Vice-President, Secretary and General Counsel respectively.

Amendments to the plan can be made with the approval of the Board of Directors except where shareholder approval is required by law or by a regulatory organization having jurisdiction over the Company or its securities, including a securities commission or the TSX. In certain other cases, participant approval is also required in order to amend the plan.

There are 240,776 Class A Non-Voting Shares reserved for issuance under the plan.

#### **Deferred Profit Sharing Plan for Employees of Participating Associate Dealers**

This plan was created by the Canadian Tire Dealers' Association for use by Canadian Tire Dealers (*Dealers*) to enable Dealers the opportunity to share their success with their employees.

The plan is open to employees of Dealers who are unrelated to the Dealer and who meet certain other criteria, including working at a Canadian Tire Store during the previous calendar year. None of our employees or those of our subsidiaries (including officers) are eligible to participate in the plan.

Under the plan, Dealers grant awards to their employees (*the participants*) on an annual basis. The Dealer contribution to the plan must meet minimum contribution levels based on profits or sales of the Canadian Tire Store. If a Dealer has contributed to the plan, we will pay a bonus to the Dealer, and the Dealer then contributes an equivalent amount to the plan in the following year.

Contributions to the plan are made to the trustee of the plan (currently Sun Life Assurance Company of Canada) on behalf of the participants. These contributions are invested in

Barclays Global Investors life-cycle balanced index funds, and are generally vested immediately. The pooled fund is divided into units and each participant is allocated a number of units based on the value of the contributions made on his or her behalf. A portion of the funds contributed to the plan is invested by the trustee in Class A Non-Voting Shares of Canadian Tire. Under the agreement pursuant to which the plan was established, we have agreed to allot and issue to the trustee Class A Non-Voting Shares, generally at the current market price, calculated as the weighted average price at which Class A Non-Voting Shares trade on the TSX during the 20-day period immediately preceding the receipt of the subscription for the shares.

If a participant's employment with a Dealer is terminated (other than as a result of a change in the Dealer at a particular store location) or if a participant dies or becomes disabled, the participant or his or her legal representative is paid the dollar value of the units held for him or her. At the election of the participant, his or her entitlement may also be paid through the transfer of Class A Non-Voting Shares to a registered retirement savings plan or to purchase an annuity. Participants are not entitled to transfer their rights under the plan, except in limited circumstances. Withdrawals from the plan are permitted in other specified circumstances, including on a participant reaching 65 years of age, for educational or housing purposes and on marital breakdown.

The plan was established in 1972 under an agreement between the Canadian Tire Dealers' Association, Canadian Tire Corporation, Limited and all participating Canadian Tire Dealers. A formal agreement relating to the plan was made on November 1, 1990, replaced on January 1, 1994 and further replaced on July 1, 2004.

The plan can be amended with the approval of the Board of Directors of Canadian Tire and the Canadian Tire Dealers' Association except where shareholder approval is required by law or by a regulatory organization having jurisdiction over the Company or its securities, including a securities commission or the TSX.

There are 454,527 Class A Non-Voting Shares reserved for issuance under the plan.

#### **Canadian Tire Corporation, Limited Share Purchase Plan**

This plan is designed to encourage eligible employees to share in our future growth, development and success by owning Class A Non-Voting Shares. Our employees and those of participating subsidiaries may participate in the plan. These employees include officers of the Company and participating subsidiaries and there is no fixed maximum number or percentage of Class A Non-Voting Shares which may be issued under the plan to any one of the participating officers or the participating officers as a group.

Eligible employees can contribute up to 10 percent of their annual base salary before deductions to the plan through payroll deduction. The contributions are used to subscribe for Class A Non-Voting Shares periodically at the then current market price, calculated as the weighted average price at which Class A Non-Voting Shares trade on the TSX during selected four-week periods.



We also contribute a taxable bonus from our profits of up to 50 percent of the amount each eligible employee contributes to the plan, subject to approval by the Board. This contribution is made on behalf of each employee participating in the plan, and on behalf of certain other employees in limited circumstances, on or before the last working day of the calendar year provided that he or she is still an employee of the Company. This money is used to buy Class A Non-Voting Shares on the open market in accordance with the terms of the plan and Class A Non-Voting Shares are allocated to the employee. We may, at our discretion, compensate plan participants and other employees for income tax they pay on the bonus for the current year and previous year.

Ten percent of the Class A Non-Voting Shares purchased for the employee using our contributions will vest after the first year of employment. These Class A Non-Voting Shares will continue to vest at the rate of 10 percent every year until all of the Class A Non-Voting Shares purchased with our contributions become vested. Participants are not entitled to transfer their rights under the plan, except in limited specified circumstances.

Dividends paid on unvested Class A Non-Voting Shares will be reinvested in Class A Non-Voting Shares for the eligible employee. If the employment of an employee is terminated, except in limited circumstances, he or she:

- can no longer participate in the plan
- is entitled to receive all vested shares and may give the trustee instructions to pay out, transfer or withdraw them by share certificate
- loses all unvested Class A Non-Voting Shares that have been allocated to him or her under the plan.

The plan can be amended with the approval of the Board of Directors except where shareholder approval is required by law or by a regulatory organization having jurisdiction over the Company or its securities, including a securities commission or the TSX.

There are 1,312,964 Class A Non-Voting Shares reserved for issuance under the plan.

## Other Information

### Liability Insurance for Directors and Officers

During the year ended December 29, 2007, the Company purchased liability insurance coverage of \$125 million for its directors and officers. This insurance is designed to protect them against liabilities they may face in their capacity as directors or officers of Canadian Tire.

Each loss is subject to a deductible of \$250,000 (\$1 million deductible for securities claims brought by, or on behalf of, a shareholder of Canadian Tire). The directors' and officers' liability insurance does not cover losses arising from illegal conduct, fraud or bad faith.

We paid \$526,000 in policy premiums for the period April 4, 2007 to April 4, 2008, none of which was paid by individual directors and officers. The insurance policy does not differentiate between coverage for directors and coverage for officers, and we cannot estimate the amount of the premium that relates to the group of directors or the group of officers.

### Normal Course Issuer Bid

We have adopted a policy of repurchasing sufficient Class A Non-Voting Shares to offset, over the long term, the dilutive effects of issuing Class A Non-Voting Shares under our employee and the Dealers' profit sharing plans, our stock option and share purchase arrangements and the dividend reinvestment plan. We may also purchase Class A Non-Voting Shares if the Board determines, after consideration of market conditions and our financial flexibility and investment opportunities, that a purchase of further Class A Non-Voting Shares is an appropriate means of enhancing the value of the remaining Class A Non-Voting Shares. This repurchase arrangement is called a *normal course issuer bid*.

We have filed a notice of intention with the TSX to make a normal course issuer bid to purchase up to 3.6 million Class A Non-Voting Shares between February 19, 2008 and February 18, 2009. This is less than 10 percent of the public float of Class A Non-Voting Shares as of February 7, 2008. Canadian Tire's Common Shares are not part of this bid.

We purchased 457,000 Class A Non-Voting Shares in 2007 under the notice of intention we filed in February 2007.

### Documents You Can Request

You can ask us for a copy of the following documents at no charge:

- notice of intention to make the 2008 Normal Course Issuer Bid
- MD&A and consolidated financial statements for the financial year ended December 29, 2007. These documents contain financial information and are included in our 2007 Annual Report
- 2008 Annual Information Form and the documents incorporated by reference.

To request any of these documents, please write to Cameron D. Stewart at Canadian Tire Corporation, Limited, 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario M4P 2V8.

### Information Available Online

The MD&A, consolidated financial statements, Annual Information Form and other additional information about the Company is on SEDAR at [www.sedar.com](http://www.sedar.com).

You can also visit our website at [www.canadiantire.ca](http://www.canadiantire.ca) for current and past financial reports, annual information forms, management information circulars, financial news releases, stock price information, dividend payment history, as well as investor presentations and webcasts.

The contents and the sending of this management information circular have been approved by the Board of Directors of the Company.

Dated as of March 6, 2008  
Toronto, Ontario



Cameron D. Stewart  
Secretary

# Appendix A

## Canadian Tire Corporation, Limited

### Board of Directors' Mandate

The Board of Directors is responsible for the stewardship of the Company. This stewardship role consists primarily of the duty to manage or supervise the management of the business and affairs of the Company, and includes two key functions: decision making and oversight. The decision making function involves the formulation, in conjunction with management, of fundamental policies and strategic goals and the approval of certain significant actions. The oversight function concerns the duty to supervise management's decisions and to ensure the adequacy of systems and controls and the implementation of appropriate policies.

The Board of Directors is responsible for establishing formal delegations of authority, which define the limits of management's power and authority, and delegating to management certain powers to manage the business of the Company. The Board has delegated to the Chief Executive Officer (CEO) certain powers and authorities to manage the business and affairs of the Company, subject to the limitations under the Company's governing legislation. Any power or authority not so delegated remains with the Board of Directors.

The Board may also delegate certain of its powers to appropriate Board committees, to the extent permitted under the Company's governing legislation.

#### Committees of the Board

The Board has established the following committees to assist in discharging its duties: the Audit Committee, the Governance Committee, the Management Resources and Compensation Committee and the Social Responsibility Committee. Each committee has its own Board approved mandate. The Board may establish additional Board Committees as circumstances require. The Board is responsible for overseeing the duties delegated to each Board Committee.

#### The Board's Duties

The Board's duties include:

##### 1. Strategic Planning

- Providing oversight and guidance on the strategic issues facing the Company.
- Requiring the CEO, in collaboration with the Board, to develop and to present to the Board for approval the Company's long term strategic plan.
- Supervising the development of the Company's operating plan.
- Approving the Company's financial objectives and operating plan, including capital allocations, expenditures and transactions which exceed threshold amounts set by the Board.
- Monitoring implementation and effectiveness of the approved strategic and operating plans and their conformity with the Company's Mission Statement.

- Approving major business decisions not specifically delegated to management.

##### 2. Financial Information and Internal Controls

- Overseeing the financial reporting and disclosure obligations imposed on the Board, the Company and senior management by laws, regulations, rules, policies and other applicable requirements.
- Overseeing the integrity of the Company's management information systems and the effectiveness of the Company's internal controls.
- Overseeing the preparation of and processes relating to management's reports and attestations with respect to the Company's internal control and disclosure control procedures.
- Ensuring that due diligence processes and controls in connection with certification of the Company's annual and interim filings are in place, monitoring their continued effectiveness, and ensuring that such filings are in a form that permits their certification.
- Approving the Company's financial statements, management's discussion and analysis (MD&A) and news releases prepared by senior management and overseeing the Company's compliance with applicable audit, accounting and reporting requirements.

##### 3. Identification and Management of Risks

- Ensuring that processes are in place to identify the principal risks inherent in the Company's business and operations.
- Overseeing management's implementation of a comprehensive enterprise risk management program and compliance management program.
- Monitoring the Company's systems and controls for assessing, managing and monitoring principal risks and management's reports relating to the operation and effectiveness of these systems and controls.
- Approving and monitoring the processes that provide reasonable assurance of compliance with applicable legal and regulatory requirements.

##### 4. Human Resource Management and Executive Compensation

- Ensuring that there are policies and practices in place to enable the Company to attract, develop and retain the human resources required by the Company to meet its business objectives.
- Overseeing the Company's executive compensation program and overall compensation philosophy for all other employees.
- Monitoring the Company's approach to human resource management.
- Supervising the succession planning processes of the Company and approving the selection, appointment, development, evaluation and compensation of the Chairman of the Board, the CEO and other officers.



## **5. Integrity, Ethics and Social Responsibility**

- Obtaining reasonable assurance as to the integrity of the CEO and other senior management and that the CEO and other senior management strive to create a culture of integrity throughout the Company.
- Approving the Company's Code of Business Conduct for Employees and Directors and Code of Business Conduct for Suppliers (the Codes), monitoring compliance with the Codes and receiving reports on adherence to the Codes.
- Approving other policies and practices for dealing with matters related to integrity, ethics and social responsibility.

## **6. Corporate Communications and Public Disclosure**

- Approving the Company's corporate communications policies.
- Overseeing the establishment of policies and processes for accurate, timely and appropriate public disclosure.
- Monitoring compliance with a written disclosure policy and applicable corporate, securities and exchange requirements.

## **7. Governance**

- Developing, approving and monitoring the Company's approach to corporate governance including a set of corporate governance principles and guidelines.
- Evaluating the structures and procedures established by the Board which allow the Board to function independently of management.
- Establishing Board committees and defining their mandates to assist the Board in carrying out its roles and responsibilities.
- Setting expectations and responsibilities of directors, including attendance at, preparation for, and participation in Board and committee meetings.
- Establishing, maintaining and implementing appropriate formal processes for regularly assessing the effectiveness of the Board, the Chairman of the Board, the committees, each committee chairman and individual directors.
- Monitoring the composition of the Board with a view to the effectiveness and independence of the Board and its members.
- Identifying competencies and skills necessary for the Board as a whole and each individual director.
- Identifying individuals qualified to become new directors.
- Ensuring that each new director engages in a comprehensive orientation process and that all directors are provided with continuing education opportunities.
- Reviewing the Board's mandate annually to ensure it appropriately reflects the Board's stewardship responsibilities.

# Appendix B

## Canadian Tire Corporation, Limited

### Audit Committee Mandate and Charter

#### I The Board of Directors' Mandate for the Audit Committee

1. The Board of Directors ("Board") bears responsibility for the stewardship of Canadian Tire Corporation, Limited (the "Corporation"). To discharge that responsibility, the Board is obligated by law to supervise the management of the business and affairs of the Corporation. The Board's supervisory function involves Board oversight or monitoring of all significant aspects of the management of the Corporation's business and affairs.

The Board has established, and hereby continues the existence of, a committee of the Board known as the Audit Committee (the "Committee") to assist the Board in its monitoring of the Corporation's:

- (a) financial reporting and disclosure;
- (b) risk management; and
- (c) compliance with applicable laws and regulations.

##### (a) Financial Reporting and Disclosure Duties of the Board

Financial reporting and disclosure by the Corporation constitute a significant aspect of the management of the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's financial reporting and disclosure (the "Financial Reporting Objective") is to gain reasonable assurance of the following:

- (i) that the Corporation complies with all applicable laws, regulations, rules, policies and other requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure;
- (ii) that the accounting principles, significant judgements and disclosures which underlie or are incorporated in the Corporation's financial statements are the most appropriate in the prevailing circumstances;
- (iii) that the Corporation's quarterly and annual financial statements are accurate and present fairly the Corporation's financial position and performance in accordance with generally accepted accounting principles and together with management's discussion and analysis, the annual information form and associated officer certifications constitute a fair presentation of the Corporation's financial condition; and
- (iv) that appropriate information concerning the financial position and performance of the Corporation is disseminated to the public in a timely manner.

The Board is of the view that the Financial Reporting Objective cannot be reliably met unless the following activities (the "Financial Fundamental Activities") are conducted effectively:

- (A) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and record properly and accurately all of the Corporation's financial transactions;

- (B) material information about the Corporation including its consolidated subsidiaries is captured in accordance with a system of disclosure controls and procedures designed to provide reasonable assurance to management that information required to be disclosed by the Corporation in its filings under securities legislation is recorded, processed, summarized and reported in accordance with specified time periods;
- (C) the Corporation's internal financial controls and disclosure controls and procedures are regularly assessed for effectiveness and efficiency;
- (D) the Corporation's quarterly and annual financial statements are properly prepared by management;
- (E) the Corporation's quarterly and annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation; and
- (F) the financial components of the Corporation's Disclosure Policy are complied with by management and the Board.

##### (b) Risk Management Duties of the Board

Risk management is another significant aspect of the management of the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's risk management activities (the "Risk Management Reporting Objective") is to gain reasonable assurance that the strategic, operational, reporting and compliance risks of the Corporation's business ("Risks") are identified in a timely manner and are effectively assessed, monitored and managed.

The Board is of the view that the Risk Management Reporting Objective cannot be reliably met unless the following activities (the "Risk Management Fundamental Activities") are conducted effectively:

- (i) a policy which accurately sets out the Risk philosophy of the Corporation and the expectations and accountabilities for identifying, assessing, monitoring and managing Risks (the "ERM Policy") is developed, implemented and sustained by management;
- (ii) a formalized, disciplined and integrated enterprise risk management process (the "ERM Process") is developed by management;
- (iii) the ERM Policy will be reviewed and updated annually to reflect the current Risk philosophy of the Corporation and the expectations and accountabilities for identifying, assessing, monitoring and managing Risks;
- (iv) management identifies in a timely manner the most significant Risks, including those Risks related to or arising from the Corporation's weaknesses, threats to the Corporation's business and the assumptions underlying the Corporation's strategic plan ("Principal Risks"); and
- (v) management directly and effectively assesses, monitors and manages the Corporation's Principal Risks in compliance with the ERM Policy.

**(c) Legislative and Regulatory Compliance Duties of the Board**

Compliance with applicable laws and regulations is also an essential aspect of the management of the Corporation's business and affairs. The objective of the Board's monitoring of the Corporation's compliance with applicable laws and regulations (the "Compliance Reporting Objective") is to gain reasonable assurance that the Corporation's business and affairs are conducted in a manner which limits exposure of:

- (i) the Corporation to issues that may negatively impact its reputation; and
- (ii) the Corporation, its employees and directors to financial penalties and civil and criminal liability.

The Board is of the view that the Compliance Reporting Objective cannot be reliably met unless appropriate policies and processes and supporting corporate compliance programs (the "Compliance Fundamental Activities") exist and are implemented effectively throughout the Corporation, including establishment and maintenance of a written code of business conduct and ethics (the "Code of Business Conduct") applicable to directors, officers and employees of the Corporation, and monitoring of compliance with the Code of Business Conduct;

**(d) Activities of the Committee**

The Committee shall develop and present to the Board for the Board's approval a Charter which, amongst other things, will describe the activities in which the Committee will engage for the purpose of gaining reasonable assurance that each of the Financial Fundamental Activities, the Risk Management Fundamental Activities and the Compliance Fundamental Activities are being conducted effectively and that the Financial Reporting Objective, the Risk Management Objective and the Compliance Reporting Objective are being met.

**2. Composition of Committee**

- (a) The Committee shall be appointed annually and shall consist of at least five (5) members from among the directors of the Corporation, each of whom shall be an independent director as defined under the applicable requirements of the securities regulatory authorities as adopted or amended and in force from time to time and free from any relationship that, in the opinion of the Board, could interfere with the exercise of his or her independent judgement as a member of the Committee. Officers of the Corporation, including the Chairman of the Board, may not serve as members of the Audit Committee.
- (b) All members of the Committee shall be financially literate as described in paragraph 3 of the Operating Principles.
- (c) The Board shall designate the Chairman of the Committee.

**3. Reliance on Management and Experts**

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon:

- (a) financial statements of the Corporation represented to him or her by an officer of the Corporation or in a written report of the external auditors to present fairly the

financial position of the Corporation in accordance with generally accepted accounting principles; and

- (b) any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

"Good faith reliance" means that the Committee member has considered the relevant issues, questioned the information provided and assumptions used, and assessed whether the analysis provided by management or the expert is reasonable. Generally, good faith reliance does not require that the member question the honesty, competency and integrity of management or the expert unless there is a reason to doubt their honesty, competency and integrity.

**4. Limitations on Committee's Duties**

In contributing to the Committee's discharging of its duties under this mandate, each member of the Committee shall be obliged only to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Nothing in this mandate is intended, or may be construed, to impose on any member of the Committee a standard of care or diligence that is in any way more onerous or extensive than the standard to which all Board members are subject. The essence of the Committee's duties is monitoring and reviewing to gain reasonable assurance (but not to ensure) that the Financial Fundamental Activities, the Risk Management Fundamental Activities and the Compliance Fundamental Activities are being conducted effectively and that the Financial Reporting Objective, the Risk Management Objective and the Compliance Reporting Objective are being met and to enable the Committee to report thereon to the Board.

**II Audit Committee Charter**

The Audit Committee's Charter outlines how the Committee will satisfy the requirements set forth by the Board in its mandate.

This Charter comprises:

- Operating Principles;
- Operating Procedures;
- Specific Responsibilities and Duties.

**A. Operating Principles**

The Committee shall fulfill its responsibilities within the context of the following principles:

**(1) Committee Values**

The Committee members will act in accordance with the Corporation's Code of Business Conduct for Employees and Directors. The Committee expects the management of the Corporation to operate in compliance with the Corporation's Code of Business Conduct for Employees and Directors and with corporate policies; with laws and regulations governing the Corporation; and to maintain strong financial reporting and control processes.

**(2) Communications**

The Chairman and members of the Committee expect to have direct, open and frank communications throughout

the year with management, other Committee Chairmen, the external auditors, the Internal Auditor and other key Committee advisors as applicable.

(3) Financial Literacy

All Committee members shall have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

(4) Annual Audit Committee Work Plan

The Committee, in consultation with management and the external auditors, shall develop an annual Audit Committee Work Plan responsive to the Committee's responsibilities as set out in this Charter.

In addition, the Committee, in consultation with management and the external auditors, shall develop and participate in a process for review of important financial topics that have the potential to impact the Corporation's financial disclosure.

(5) Meeting Agenda

Committee meeting agendas shall be the responsibility of the Chairman of the Committee in consultation with Committee members, senior management and the external auditors.

(6) Committee Expectations and Information Needs

The Committee shall communicate its expectations to management and the external auditors with respect to the nature, timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at least one week in advance of meeting dates.

(7) External Resources

To assist the Committee in discharging its responsibilities, the Committee may, in addition to the external auditors, at the expense of the Corporation, retain one or more persons having special expertise.

(8) In Camera Meetings

At each meeting of the Committee, the members of the Committee shall meet in private session with the external auditors; with management; and with the Committee members only. The Committee shall meet in private session with the Internal Auditor as often as it deems necessary, but in any event, no less than twice per year.

(9) Reporting to the Board

The Committee, through its Chairman, shall report after each Committee meeting to the Board at the Board's next regular meeting.

(10) Committee Self Assessment

(a) The Committee shall annually review, discuss and assess its own performance. In addition, the

Committee shall periodically review its role and responsibilities.

(b) The Committee shall approve criteria for evaluating the financial literacy of its members in accordance with the terms of sections 1.6 and 3.1 of Multilateral Instrument 52-110 Audit Committees, as amended or replaced from time to time, and shall conduct an annual assessment of the financial literacy of its members and determine those members to be identified as financially literate in the Corporation's annual continuous disclosure documents in accordance with regulatory requirements.

(11) The External Auditors

The Committee expects that, in discharging their responsibilities to the shareholders, the external auditors shall be accountable to the Board through the Audit Committee. The external auditors shall report all material issues or potentially material issues to the Committee.

(12) Approval of Other Engagements

The Committee shall approve all engagements for accounting and tax advice provided by an audit firm other than the external auditors.

(13) Committee Chairman's Job Description

The Committee shall develop and recommend to the Board a job description for the Chairman of the Committee. The Committee shall review and update the Chairman's job description on a regular basis for approval by the Board.

**B. Operating Procedures**

- (1) The Committee shall meet at least four times annually, or more frequently as circumstances dictate. Meetings shall be held at the call of the Chairman, upon the request of two members of the Committee or at the request of the external auditors, and a majority of the members of the Committee shall form a quorum.
- (2) The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. For greater certainty the Chairman does not have a second or casting vote.
- (3) Any Director is entitled to attend, and the Committee may invite any officer or employee of the Corporation or any other person to attend, any Committee meetings to participate in the discussion and review of the matters considered by the Committee.
- (4) Unless the Committee otherwise specifies, the Secretary or Assistant Secretary of the Corporation shall act as Secretary of all meetings of the Committee.
- (5) In the absence of the Chairman of the Committee, the members shall appoint an acting Chairman.
- (6) A copy of the minutes of each meeting of the Committee shall be provided to each member of the Committee and to each director of the Corporation in a timely fashion.

### C. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

#### Financial Reporting

- (1) review the Corporation's annual and quarterly financial statements with management and the external auditors to gain reasonable assurance that the statements are accurate, complete, represent fairly the Corporation's financial position and performance and are in accordance with GAAP and together with management's discussion and analysis, the annual information form and associated officer certifications constitute a fair presentation of the Corporation's financial condition and report thereon to the Board before such financial statements are approved by the Board;
- (2) review with management and the external auditors the financial statements of the Corporation's significant subsidiaries, of the Corporation's profit sharing plans and of the Canadian Tire Foundation for Families, for the purpose of reporting to the Board in connection with its ongoing suitability as a recipient of financial support of the Corporation and as a trade mark licensee of the Corporation;
- (3) receive from the external auditors reports on their review of the annual and quarterly financial statements;
- (4) receive from management a copy of the representation letter provided to the external auditors and receive from management any additional representations required by the Committee;
- (5) review and, if appropriate, approve news releases and reports to shareholders issued by the Corporation with respect to the Corporation's annual and quarterly financial statements;
- (6) review and if appropriate, approve all public disclosure documents containing material audited or unaudited financial information, except those referred to in paragraph (7) below, including annual information forms, annual and interim management's discussion and analysis, annual and interim CEO/CFO certifications of results, annual and quarterly earnings news releases, dividend declaration news releases, normal course issuer bid news releases, earnings guidance and associated news releases, rights offering circulars and material change reports of a financial nature; in circumstances where events render it impractical for the Board or the Audit Committee to review any such news releases and material change reports with management prior to issuing or filing such news releases and material change reports, authority to review and approve such news releases and material change reports may be exercised by the Chairman of the Audit Committee and the Chairman of the Board, acting together;
- (7) review and, if appropriate, recommend approval to the Board of prospectuses, take-over bid circulars, issuer bid circulars and directors' circulars; and
- (8) satisfy itself that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements in order to satisfy itself that such information is fairly presented and periodically assess the adequacy of these procedures.

#### Accounting Policies

- (1) review with management and the external auditors the appropriateness of the Corporation's accounting policies, disclosures, reserves, key estimates and judgements, including changes or variations thereto and obtain reasonable assurance that they are presented fairly in accordance with GAAP; and report thereon to the Board;
- (2) review major issues regarding accounting principles and financial statement presentation including any significant changes in the selection or application of accounting principles to be observed in the preparation of the accounts of the Corporation and its subsidiaries;
- (3) review with management and the external auditors the degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgements and reserves.

#### Risk and Uncertainty

##### *Enterprise Risk Management*

The Committee shall gain reasonable assurance that Risks of the Corporation are being effectively managed or controlled by:

- (1) recommending to the Board for approval an ERM Policy setting out an ERM framework for the management of business Risks including:
  - (a) the requirement to identify the Principal Risks of the Corporation;
  - (b) the requirement to develop a methodology to establish the overall tolerance of the Corporation for Risk;
  - (c) the requirement to develop and adopt policies which set out the expectations and accountabilities for the management of Risk within an established Risk tolerance;
- (2) approving the Principal Risks of the Corporation identified by management and any proposed changes thereto;
- (3) recommending to the Board for approval policies setting out the framework within which each identified Principal Risks of the Corporation shall be managed;
- (4) approving any changes to policies addressing and managing the Principal Risks of the Corporation;
- (5) approving the ERM Process that enables management to effectively monitor, manage and report on Principal Risks;
- (6) at least semi-annually, obtaining from management a report specifying the management of the Principal Risks of the Corporation including compliance with the ERM Policy and other policies of the Corporation for the management of Principal Risks;
- (7) on a quarterly basis, obtaining from the internal auditor a report regarding management's implementation and maintenance of an effective ERM Process throughout the Corporation in compliance with the ERM Policy and other policies of the Corporation for the management of Principal Risks;

##### *Financial Risk Management*

The Committee shall gain reasonable assurance that the financial Risks of the Corporation are being effectively managed or controlled by:

- (8) reviewing with management the Corporation's tolerance for financial Risk;



- (9) reviewing with management its assessment of the significant financial Risks facing the Corporation;
- (10) reviewing with management the Corporation's policies and any proposed changes thereto for managing those significant financial Risks including policies and procedures to manage environmental, occupational health and safety and other Risks to asset value and mitigate damage to or deterioration of asset value; and
- (11) reviewing with management its plans, processes and programs to manage and control such Risks;
- (12) discussing with management, at least annually, the guidelines and policies utilized by management with respect to financial Risk assessment and management, and the major financial Risk exposures and the procedures to monitor and control such exposures in order to assist the Committee to assess the completeness, adequacy and appropriateness of financial Risk disclosure in management's discussion and analysis and in the financial statements;
- (13) reviewing policies and compliance therewith that require significant actual or potential liabilities, contingent or otherwise, to be reported to the Board in a timely fashion;
- (14) reviewing foreign currency, interest rate and commodity price Risk mitigation strategies, including the use of derivative financial instruments;
- (15) reviewing the adequacy of insurance coverages maintained by the Corporation;
- (16) reviewing regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.
- (17) approving counterparties to derivative transactions with long term investment grade ratings pursuant to the Securities and Derivatives Board Policy;
- (18) approving for continuing transaction limits in the event of a downgrade of financial institutions rated "AA" or "A" pursuant to the Securities and Derivatives Board Policy;
- (19) approving equity hedging activity proposed by management in the absence of an Equity Risk Management Policy;

#### Financial Controls and Control Deviations

- (1) regularly assess the Corporation's system of internal financial controls and the Corporation's control environment to gain reasonable assurance that such controls are effective and efficient and to assist the Board in assessing whether senior management has created a culture of integrity and an effective control environment throughout the organization.
- (2) review the plans of the internal and external auditors to gain reasonable assurance that the combined evaluation and testing of internal financial controls is comprehensive, coordinated and cost-effective;
- (3) receive regular reports from management, the external auditors and the Corporation's legal advisors on all significant deviations or indications/detection of fraud and the corrective activity undertaken in respect thereto.

#### Disclosure Controls and Deviations

- (1) satisfy itself that management has developed and implemented a system to ensure that the Corporation meets its continuous disclosure obligations;
- (2) receive regular reports from management and the Corporation's legal advisors on the functioning of the disclosure compliance system, including any significant instances of non-compliance with such system, in order to satisfy itself that such system may be reasonably relied upon.

#### Compliance with Laws and Regulations

- (1) review regular reports from management and others (e.g., internal and external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
  - (a) tax and financial reporting laws and regulations;
  - (b) legal withholding requirements;
  - (c) environmental protection laws and regulations;
  - (d) other laws and regulations which expose directors to liability;
- (2) review the status of the Corporation's tax returns and those of its subsidiaries;
- (3) review regular reports from management and others with respect to the Corporation's compliance with laws and regulations and gain reasonable assurance that the Corporation's policies, procedures and programs in relation thereto are operating effectively and that the Corporation's provisions with respect to such matters are sufficient and appropriate;
- (4) (a) approve a Code of Business Conduct that is comprised of standards reasonably designed to promote integrity and to deter wrongdoing and that addresses the following issues:
  - (i) conflicts of interest, including transactions and agreements in respect of which a director or member of management has a material interest;
  - (ii) protection and proper use and exploitation of the Corporation's assets and opportunities;
  - (iii) confidentiality of private information relating to the business and affairs of the Corporation;
  - (iv) fair and ethical dealing with the Corporation's security holders, customers, suppliers, competitors and employees;
  - (v) compliance with applicable laws, rules and regulations; and
  - (vi) reporting of any illegal or unethical behavior or other breaches of the Code of Business Conduct;
- (b) gain reasonable assurance that waivers of compliance with the Code of Business Conduct granted for the benefit of any director or member of management are being granted only by the Board or an appropriately empowered Board committee;
- (c) review annually the process for monitoring compliance with and communication of the Code of Business Conduct to the Corporation's employees and directors and gain reasonable assurance that such process is operating effectively;

- (5) discuss with the General Counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the business and affairs of the Corporation, or on the compliance policies of the Corporation.

#### Relationship with External Auditors

- (1) recommend to the Board the nomination of the external auditors;
- (2) approve the remuneration and the terms of engagement of the external auditors;
- (3) if necessary, recommend the removal by the shareholders of the current external auditors and replacement with new external auditors;
- (4) review the performance of the external auditors annually or more frequently as required;
- (5) receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- (6) receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- (7) establish a policy under which management shall bring to the attention of the Chairman of the Committee all requests for non-audit services to be performed by the external auditors for the Corporation and its subsidiaries before such work is commenced. The Chairman is authorized to approve all such requests, but if any such service exceeds \$250,000 in fees, or the service is of a sensitive or unusual nature, the Chairman shall consult with the Committee before approving the service. The Chairman has the responsibility to inform the Committee of all pre-approved services at its next meeting;
- (8) discuss with management and the external auditors the timing and the process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner;
- (9) review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the external audit can be coordinated with internal audit activities and the materiality levels which the external auditors propose to employ;
- (10) meet regularly with the external auditors in the absence of management to determine, *inter alia*, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- (11) establish effective communication processes with management and the Corporation's internal and external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee;
- (12) oversee the work of the external auditors and the resolution of disagreements between management and the external auditors with respect to financial reporting; and
- (13) request that the external auditors provide to the Committee, at least annually, an oral and/or written report

describing the external auditors' internal quality assurance policies and procedures as well as any material issues raised in the most recent internal quality assurance reviews, quality reviews conducted by the Canadian Public Accountability Board, or any inquiry or investigation conducted by government or regulatory authorities.

#### Internal Auditor

- (1) review the Internal Auditor's terms of reference;
- (2) review the annual plan of the Internal Auditor;
- (3) review the reports of the Corporation's Internal Auditor with respect to control and financial Risk, and any other matters appropriate to the Committee's duties. The Committee shall review the adequacy and appropriateness of management's response, including the implementation thereof;
- (4) review and approve the reporting relationship of the Internal Auditor to ensure that an appropriate segregation of duties is maintained and that the Internal Auditor has an obligation to report directly to the Committee on matters affecting the Committee's duties, irrespective of his or her other reporting relationships;
- (5) approve the appointment, replacement, reassignment or dismissal of the Internal Auditor;
- (6) in consultation with management, review and approve the annual compensation payable to the Internal Auditor.

#### Other Responsibilities

- (1) periodically review the form, content and level of detail of financial reports to the Board;
- (2) review annually the expenses of the Chairman of the Board and the Chief Executive Officer for the purpose of gaining reasonable assurance as to the reasonableness of such expenses;
- (3) after consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
- (4) review in advance the appointment of the Corporation's senior financial executives;
- (5) investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- (6) review reports from the Internal Auditor, the external auditors, and/or other Committee Chairmen on their review of compliance with the Corporation's Code of Business Conduct, and the Corporation's policies on political donations and commissions paid to suppliers or others;
- (7) review and approve the Corporation's policies with respect to the hiring of partners, employees and former partners and employees of the current and former external auditors;
- (8) (a) establish procedures for:
  - (i) the confidential receipt, retention and treatment of complaints received by the Corporation regarding the Corporation's accounting, internal accounting controls or auditing matters; and
  - (ii) the confidential anonymous submission, retention and treatment of concerns by employees regarding questionable accounting or auditing matters; and

- (b) require that all such matters be reported to the Committee together with a description of the resolution of the complaints or concerns;
- (9) review management's reports on compliance with, and proposed changes to, all Board level policies that have been approved by the Board from time to time.

Accountability

- (1) review and update this Charter on a regular basis for approval by the Board;
- (2) from time to time, as requested by the Board, disclose its Mandate and this Charter in the Corporation's statement of corporate governance practices and in its annual information form.
- (3) review the description of the Committee's activities as set forth in the Corporation's statement of corporate governance practices.



# Appendix C

## Canadian Tire Corporation, Limited

### Governance Committee Mandate

The Board of Directors (the "Board") bears responsibility for the stewardship of Canadian Tire Corporation, Limited (the "Corporation"). The Board believes that the development and maintenance of the Corporation's approach to corporate governance is an essential aspect of this stewardship responsibility.

Corporate governance, as defined by the Organization for Economic Co-operation and Development, "is the system by which business corporations are directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among different participants in the corporation, such as, the board, managers, shareholders and other stakeholders, and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance".

The objective of the Board's development and maintenance of the Corporation's approach to corporate governance is to enable the Board to discharge its duties in a highly effective manner (the "Governance Objective"). The Board has established a committee of the Board known as the Governance Committee (the "Committee"), the mandate of which is to assist the Board in achieving its Governance Objective.

This mandate sets out the Committee's purpose, composition, member qualifications, member appointment and removal, responsibilities, annual evaluation of this mandate, the Committee and compliance with this mandate, operations, manner of reporting to the Board and certain other items. The Committee is responsible for meeting the requirements of this mandate and in so doing, will assist the Board to fulfill its Governance Objective.

#### 1. Purpose of the Committee

The purpose of the Committee is to provide reasonable assurance to the Board that the Board is discharging its Governance Objective.

#### 2. Composition of the Committee

- (a) The Committee shall be comprised of at least four Directors, all of whom shall be independent, as hereinafter defined.
- (b) One of the Committee members shall be designated by the Board as the Committee Chairman.

#### 3. Member Qualifications

- (a) In addition to possessing the qualities required by the Director's position description, each member of the Committee shall have an understanding of corporate governance issues or shall commit to understanding such issues in a timely manner.

- (b) Each member of the Committee shall be independent. A Director is independent if:

- (i) the Director has no direct or indirect relationship with the Corporation which, in the view of the Board, could reasonably be expected to interfere with the exercise of the Director's independent judgement; and
- (ii) the Director is not an individual who is considered to have a material relationship with the Corporation under the terms of section 1.4 of Multilateral Instrument 52-110 Audit Committees, as amended or replaced from time to time.

#### 4. Member Appointment and Removal

Committee members shall be appointed by the Board:

- (a) annually at the first Board meeting following the meeting of shareholders at which Directors are elected each year, and
- (b) from time to time thereafter to fill vacancies on the Committee. A Committee member may be removed or replaced at any time in the discretion of the Board.

#### 5. Responsibilities of the Committee

##### (a) Oversight of the Corporation's Corporate Governance Practices and Principles

- (i) The Committee shall be responsible for:
  - (1) developing and recommending to the Board for approval the Corporation's corporate governance practices and principles;
  - (2) reviewing and evaluating on an ongoing basis the Board's approach to corporate governance and the Corporation's corporate governance practices and principles, and reporting and making recommendations thereon annually to the Board with a view to maintaining the Board's corporate governance standards for the Corporation;
  - (3) monitoring best practices for governance globally and reviewing the Board's governance practices annually with a view to continuously improving the Board's corporate governance standards;
  - (4) reviewing the disclosure of the Corporation's corporate governance practices and principles and the operation thereof required by applicable regulatory authorities or stock exchanges before such disclosure is submitted to the Board for its approval; and
  - (5) keeping abreast of the latest regulatory requirements, developments and guidance in corporate governance and updating the Board on corporate governance issues as necessary.
- (ii) The Chairman of the Committee shall:
  - (1) together with the Chairman of the Board, meet annually and privately with each Director for the purpose of discussing any aspects of the Corporation's corporate governance (including

- the effectiveness of the Board or any committee of the Board) which the Chairmen or such Director may wish to address; and
- (2) report to the Committee with respect to the results of such meetings.

**(b) Nominating Directors**

The Committee shall be responsible for:

- (i) annually identifying and recommending to the Board the appropriate criteria for selecting new Directors and the competencies and skills required to be possessed by individual Directors (the "Selection Criteria"), reviewing the Selection Criteria adopted by the Board periodically and, where appropriate, recommending to the Board changes to the Selection Criteria;
- (ii) annually identifying and recommending to the Board the competencies and skills required to be possessed by individual Directors to enable the Board to discharge its duties as required by National Policy 58-201 – Corporate Governance Guidelines and the Canadian Tire Corporation, Limited Board of Directors Mandate (the "Requisite Competencies and Skills"), annually reviewing the Requisite Competencies and Skills adopted by the Board and, where appropriate, recommending to the Board changes to the Requisite Competencies and Skills;
- (iii) in conjunction with annually identifying the Requisite Competencies and Skills required to be possessed by individual Directors, determining whether the current Directors individually or collectively possess the Requisite Competencies and Skills as required by National Policy 58-201 – Corporate Governance Guidelines;
- (iv) if the Board determines that the Board, as a whole, does not possess all of the Requisite Competencies and Skills, either: (1) taking appropriate steps to enable one or more of the current Directors to develop the Requisite Competencies and Skills which the Board does not possess, or (2) taking appropriate steps to recommend for election or appointment to the Board, in consultation with the controlling shareholder and C.T.C. Dealer Holdings in respect of nominees for election or appointment to the Board by the holders of Common Shares, one or more individuals who have the Requisite Competencies and Skills which the Board does not possess;
- (v) identifying and maintaining an evergreen list of candidates qualified to become new Directors;
- (vi) considering the competencies and skills that:
  - (1) the Board believes to be necessary for the Board as a whole, and the Chairman of the Board to possess;
  - (2) the Board believes to be necessary for individual committees, particularly with respect to upcoming retirements of committee Chairmen and committee members;

- (3) the Board believes to be necessary for Board succession planning in light of the opportunities and risks facing the Corporation;
  - (4) the Board believes each existing Director to possess; and
  - (5) any proposed new Director nominee will bring to the Board;
- (vii) recommending to the Board qualified individuals as nominees for election to the Board by the shareholders of the Corporation at a meeting of shareholders of the Corporation and for appointment by the Board to fill any vacancies in the Board if a Director elected by the shareholders ceases to be a Director, having regard for the competencies and skills listed in section 5(b)(vi) of this mandate and consultation with such persons as it determines appropriate, including current Directors, prospective nominees as Directors and the controlling shareholder and C.T.C. Dealer Holdings Limited (in respect of possible nominees for election to the Board by the holders of the Common Shares and individuals who might be appointed to fill a vacancy if any such nominee that was elected ceased to be a Director); and
- (viii) appointing the persons to serve or fill vacancies on the Audit Committee, the Management Resources and Compensation Committee (the "MRCC"), the Social Responsibility Committee and special committees of the Board, including appointing and filling vacancies in the chairmanships thereof.

**(c) Evaluation of the Board, Committees of the Board and Individual Directors**

- (i) The Committee shall be responsible for:
- (1) developing and recommending to the Board processes which facilitate the evaluation of the Board as a whole and the committees of the Board, and reviewing such processes with the Chairman of the Board and the relevant committee chairmen;
  - (2) conducting not less than bi-annually, an evaluation of the effectiveness of the Board including an evaluation as to whether the Board has appropriate composition and procedures to allow it to function independently from management, and reporting thereon to the Board;
  - (3) recommending to the Board criteria for:
    - (a) the composition and size of the Board and committees of the Board; and
    - (b) evaluating any other applicable considerations.
  - (4) reviewing at least annually the effectiveness of the committees of the Board, including the composition and membership of each such Board committee, and whether there is a need for cross appointments to promote greater committee effectiveness;
  - (5) reviewing annually the adequacy of the mandates applicable to the Board of Directors and each Board committee, ensuring that

- each Board committee annually reviews its respective mandate and, where required, recommending changes to the Board for its approval;
- (6) reviewing annually the adequacy of the position descriptions for the Chairman of the Board, the committee chairmen, the Directors and the Secretary and, where required, approving changes thereto;
  - (7) reviewing annually the delegation of authority by the Board to the committees of the Board and, where appropriate, recommending changes to the Board for its approval;
  - (8) developing and recommending to the Board a process for assessing not less than bi-annually the contributions, effectiveness and qualifications of individual Directors considering, among other things:
    - (a) the Directors' position description;
    - (b) the competencies and skills each individual Director is expected to bring to the Board, including the financial literacy and expertise of each individual Director;
    - (c) each individual Director's continuing qualification under the *Business Corporations Act* (Ontario) and other applicable laws, rules and policies; and
    - (d) the continuing validity of the assumptions underlying the appointment of each individual Director;
  - (9) providing feedback to each Director on his or her effectiveness;
  - (10) establishing criteria for evaluating the independence of individual Directors in accordance with the terms of section 1.4 (and section 1.5 for Audit Committee members) of Multilateral Instrument 52-110 Audit Committees, as amended or replaced from time to time;
  - (11) assessing annually individual Director independence and determining those Directors to be identified as independent in the Corporation's annual continuous disclosure documents in accordance with regulatory requirements;
  - (12) gaining and maintaining reasonable assurance that a majority of Directors, the Chairman of the Board and every member of the Audit Committee, the MRCC and the Committee are "independent", and in so doing the Committee shall:
    - (a) obtain annually from each Director a written declaration (a "Declaration") containing:
      - (i) a description of every direct or indirect relationship (an "Actual Relationship") which such Director has with the Corporation;
      - (ii) a statement as to whether such Director is an individual who is considered to have a material relationship (a "Considered Relationship") with the Corporation under the terms of section 1.4 (and section 1.5 for Audit Committee members) of Multilateral Instrument 52-110 Audit Committees, as amended or replaced from time to time;
    - (iii) such Director has a Considered Relationship or Considered Relationships with the Corporation, a description of each such Considered Relationship; and
    - (iv) an undertaking by such Director to advise the Board or the Committee promptly of (1) any changes to any Actual Relationship or Considered Relationship described in the Declaration, and (2) any Actual Relationship or Considered Relationship which such Director has with the Corporation which comes into existence subsequent to the time the Declaration is obtained by the Board or the Committee from such Director;
  - (b) evaluate whether any Actual Relationship which a Director has with the Corporation could reasonably be expected to interfere with the exercise of such Director's independent judgment, and making recommendations thereon to the Board; and
  - (c) promptly recommend to the Board any changes to the composition of the committees and to the Chairmanship of the Board required as a result of any Director or Directors having Actual Relationships or Considered Relationships with the Corporation in order to maintain the independence of the Chairman of the Board and the members of each such committee;
  - (13) developing and recommending to the Board a process for annually assessing the performance of the Chairman of the Board in that role;
  - (14) conducting an annual performance review of the Chairman of the Board and reporting thereon to the Board;
  - (15) reporting annually to the Board the results of the Committee's assessments of the performance of the Board as a whole and the committees of the Board;
  - (16) following consultation with the Chairman of the Board, removing a Director from a Board committee (other than the Committee), if in the Committee's view, or under applicable laws, rules or policies such Director is no longer competent or is disqualified from serving as a member of a Board committee; and
  - (17) carrying out any other evaluation processes adopted by the Board and delegated to the Committee.

**(d) Director Education and Orientation**

- (i) The Committee shall develop, review and evaluate on an annual basis the Board's processes for orientation and education of Directors.
  - (ii) The Committee shall ensure that:
    - (1) each new Director participates in a comprehensive orientation process in relation to his or her Board responsibilities, the role of the Board and its committees, and the contributions and commitment of time and resources that the Corporation expects each individual Director will make;
    - (2) each Director is provided with written materials (which shall be updated by the Secretary of the Corporation from time to time as required), covering topics including, but not limited to:
      - (a) the Corporation's Directors' and Officers' insurance coverage;
      - (b) copies of the articles and by-laws of the Corporation;
      - (c) copies of the mandate of the Board and the mandate of each Board committee;
      - (d) copies of the position descriptions for the Chairman of the Board and the chairman of each Board committee;
      - (e) the Corporation's share structure and significant shareholders;
      - (f) a copy of the Corporation's current strategic plan;
      - (g) copies of the Corporation's Annual Reports, Management's Discussion & Analysis (*MD&A*) and Management Information Circulars for the most recent financial year of the Corporation preceding such new director's election or appointment to the Board;
      - (h) a copy of the Corporation's current Annual Information Form;
      - (i) a copy of each of the Corporation's Codes of Business Conduct;
      - (j) a copy of each of the Corporation's Board policies;
      - (k) a description of (1) the amount, form and timing of remuneration payments made to each director by the Corporation including the Directors' Deferred Share Unit Plan, and (2) the Corporation's equity ownership guidelines for directors;
      - (l) a copy of the Directors' and Officers' indemnification agreement;
      - (m) a copy of the Corporation's most recent investor presentation;
    - (3) at his or her request, each new Director is provided with written materials covering the following topics:
      - (a) copies of the agendas and minutes for all Board and Board committee meetings held in the 12-month period immediately preceding such new director's election or appointment to the Board;
      - (b) copies of the Corporation's interim financial statements and related MD&As
- for the two financial years of the Corporation immediately preceding such new director's election or appointment to the Board
  - (c) the Associate Dealer Contract and the Corporation's relationship with the Associate Dealers
  - (d) the Corporation's loyalty programs.
- (4) the Chairman of the Board meets with each proposed new Director and explains to such proposed new Director the culture of the Board, and the commitment of time and energy expected of every Director;
  - (5) whenever practical, the committee chairmen meet with each proposed new Director to review the responsibilities and mandates of the committees of the Board for which such proposed new Director will serve; and
  - (6) relevant orientation and continuing education is made available to all Directors to enable the Directors to maintain or enhance their skills and capabilities as Directors and to maintain the currency of their knowledge and comprehension of the Corporation's business including the opportunity, at the expense of the Corporation to:
    - (a) attend any conference, seminar, course or other educational experience (i) which is intended to expand corporate directors' knowledge and skills, and (ii) which is approved by the Chairman of the Committee and, where the expense could be significant, the Chairman of the Board;
    - (b) visit key competitors of the Corporation and any of the Corporation's principal operating locations, and to discuss the operation of those locations with the managers of those locations; and
    - (c) meet with the President and Chief Executive Officer, other corporate officers and the senior officers of all of the Corporation's business units for the purpose of discussing the nature and operation of the Corporation's business and affairs.

**(e) Other Duties and Responsibilities**

- The Committee shall be responsible for:
- (i) following consultation with the Chairman of the Board, fixing the dates and times of meetings of the Board of Directors and of the Board committees;
  - (ii) monitoring, reviewing annually and approving the form and amount of the Directors' remuneration for Board and committee service, as well as service as Chairman of the Board or a committee of the Board, to ensure that it is both commensurate with the responsibilities and risks assumed and competitive with other companies which are comparable in terms of size and complexity to the

Corporation's business, and recommending any changes to the Board for approval;

- (iii) at least annually, and in conjunction with the Chairman of the Board, reviewing a succession and emergency preparedness planning process for the Chairman of the Board position, and recommending this process to the Board for approval;
- (iv) recommending to the Board the appointment of the Chairman of the Board, the removal of the Chairman of the Board for any reason the Committee sees fit, and, upon a vacancy in this position, recommending to the Board an individual to replace the Chairman of the Board, based on the applicable succession planning process;
- (v) reviewing, through the President and Chief Executive Officer, any management concerns about its relationship with the Board and reporting to the Board its findings therewith;
- (vi) reviewing the Corporation's articles and by-laws from time to time with a view to identifying potential amendments, and recommending those amendments to the Board for its review;
- (vii) reviewing as necessary legal and regulatory developments and changes and referring such matters to other committees of the Board for their review as appropriate; and
- (viii) performing such other functions as may from time to time be assigned to the Committee by the Board.

#### **6. Annual Evaluation of this Mandate, the Committee and its Compliance with this Mandate**

On an annual basis, or more frequently at the request of the Secretary of the Corporation as a result of legislative or regulatory changes, the Committee shall:

- (a) review and assess the adequacy of this mandate taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the mandate to the Board for its approval;
- (b) conduct a review and evaluation of the Committee's performance including its ability to meet the requirements of this mandate, in accordance with the evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.

#### **7. Operations**

- (a) Committee meetings shall be held at the call of the Committee Chairman, or upon the request of two Committee members, and a majority of the members of the Committee shall form a quorum.
- (b) The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. For greater certainty the Chairman does not have a second or casting vote.
- (c) The Committee Chairman shall develop the agenda for and conduct all meetings of the Committee at which he or she is present.
- (d) Unless the Committee otherwise specifies, the Secretary or Assistant Secretary of the Corporation shall act as secretary of the meetings of the Committee and minutes shall be kept for each Committee meeting.
- (e) In the absence of the Committee Chairman, the Committee members shall appoint an Acting Chairman.
- (f) A portion of each of the Committee's meetings shall be conducted with no members of management present.
- (g) Any Director is entitled to attend, and the Committee may invite any officer or employee of the Corporation or any other person to attend, any Committee meetings to participate in the discussion and review of the matters considered by the Committee.
- (h) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

#### **8. Reporting to the Board**

The deliberations, decisions and recommendations of the Committee shall be reported to the Board in a timely manner.

#### **9. Miscellaneous**

To assist the Committee in discharging its responsibilities set out in this mandate, the Committee may, as it deems necessary or advisable for its purposes conduct any investigation and access any officer, employee or agent of the Corporation.



# Appendix D

## Canadian Tire Corporation, Limited

### Management Resources and Compensation Committee Mandate

The Board of Directors has established a Management Resources and Compensation Committee (the "Committee") to oversee the Corporation's management resources and compensation strategy, plans, policies, procedures and practices.

This mandate (the "Mandate") sets out the Committee's purpose, composition, member qualification, member appointment and removal, responsibilities, operations, manner of reporting to the Board, annual evaluation and compliance with this Mandate, and certain other items.

#### 1. Purpose of the Committee

The Committee is responsible for performing the duties set out in this Mandate to enable the Board to fulfill its oversight responsibilities in relation to the Corporation's:

- (a) recruitment, development and retention of senior management resources (including all personnel of the Corporation and its subsidiaries at the level of "director" or the equivalent thereof and above ("Senior Management"));
- (b) appointment, performance evaluation and compensation of the Chief Executive Officer and officers of the Corporation;
- (c) succession planning systems and processes relating to Senior Management;
- (d) compensation structure for Senior Management including salaries, annual and long-term incentive plans and plans involving share issuances and share unit awards;
- (e) benefit plans; and
- (f) share ownership guidelines.

#### 2. Composition of the Committee

- (a) The Committee shall be comprised of at least five Directors, none of whom shall be officers of the Corporation.
- (b) The Governance Committee shall designate the Chairman of the Committee.

#### 3. Member Qualifications

Each member of the Committee shall have or develop an understanding of management resources and compensation principles and practices.

#### 4. Member Appointment and Removal

Committee members shall be appointed annually by the Governance Committee and from time to time thereafter to fill vacancies on the Committee. A Committee member may be removed or replaced at any time at the discretion of the Governance Committee.

#### 5. Responsibilities of the Committee

- (a) The Committee shall be responsible to review and recommend to the Board:
  - (i) the appointment and terms of employment of officers of the Corporation and, at the request of

the Committee, other persons who are proposed to for appointment as the head of a business unit or significant corporate function ("Other Persons");

- (ii) the design of short-term, long-term and other incentive plans for Senior Management;
  - (iii) periodic changes to compensation guidelines and benefit plans; and
  - (iv) significant changes to employee benefit programmes.
- (b) The Committee shall be responsible to review and approve:
    - (i) profit sharing awards to eligible employees of the Corporation and its subsidiaries in accordance with the formula for such awards approved by the Board;
    - (ii) the base salaries of officers of the Corporation and Other Persons other than the CEO;
    - (iii) payouts under the Corporation's short-term incentive plan;
    - (iv) grants pursuant to the Corporation's long-term incentive plan;
    - (v) any discretionary bonuses for officers of the Corporation proposed by the CEO;
    - (vi) the adjudication of matters impacting the Corporation's short-term or long-term incentive plans;
  - (c) The Committee shall review at least annually the Corporation's compensation philosophy and the general design and make-up of its broadly applicable benefit programmes as to their general adequacy, competitiveness, internal equity and cost effectiveness. In its review the Committee will assess the linkage of executive compensation philosophy and executive incentive plans to the Corporation's financial and non-financial performance, support for the Corporation's business strategy, and alignment with the Corporation's employee compensation philosophy.
  - (d) The Committee shall approve a process for appraising annually the performance of the Chief Executive Officer against agreed quantitative and qualitative performance objectives, both short and long-term.
  - (e) The Committee shall oversee the annual appraisal of the Chief Executive Officer's performance and shall report thereon to the Board.
  - (f) The Committee shall obtain reasonable assurance that the Corporation has appropriate systems and processes for the evaluation of Senior Management development and succession within the Corporation, and shall review at least annually with the Chief Executive Officer the performance of and potential for advancement of each officer of the Corporation and their respective successors. The Committee may also at its discretion request information on the

management resources of any part of the Corporation or its subsidiaries.

- (g) The Committee shall report to the Board at least annually its appraisal of the Corporation's officer succession circumstances and practices, including the effectiveness of identifying, training and preparing high-potential candidates for advancement.
- (h) The Committee shall determine at least annually, as a separate and supplementary contingency plan to the succession process, the identity of immediate replacements in the event of an emergency for the Chief Executive Officer, the Chief Financial Officer, and the presidents of large strategic business units.
- (i) The Committee shall review with the Chief Executive Officer any proposed major changes in organization or personnel of the Corporation and its subsidiaries and, if advisable, recommend approval to the Board.
- (j) The Committee shall establish the terms and conditions, and shall approve in each instance, the participation by the Chief Executive Officer on the board of directors of any other corporation, commercial or not-for-profit, not directly related to the interests of the Corporation (an "Outside Board"), and the Committee shall review participation by any officer of the Corporation, as approved by the Chief Executive Officer, to any Outside Board (except for any appointment to a not-for-profit Outside Board if the officer so requests).
- (k) The Committee shall review and approve annually share ownership guidelines for Senior Management. The Committee shall review as required the actual ownership position relative to ownership guidelines and transactions in the Corporation's securities and other long-term incentive arrangements by Senior Management.
- (l) The Committee shall review the results of periodic employee opinion surveys.
- (m) The Committee shall perform such other functions as may from time to time be assigned to the Committee by the Board.

#### 6. Operations

- (a) The Committee shall meet at least four times annually and as many additional times as required to carry out its duties effectively. Committee meetings shall be held at the call of the Committee Chairman, or upon the request of two Committee members, and a majority of members shall constitute a quorum.
- (b) The powers of the Committee may be exercised at a meeting at which a quorum is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. The Chairman does not have a second or casting vote.
- (c) The Committee Chairman shall develop the agenda for and conduct all meetings of the Committee at which he is present.
- (d) Unless the Committee otherwise specifies, the Secretary or Assistant Secretary of the Corporation shall act as secretary of the meetings of the

Committee, and minutes shall be kept for each Committee meeting.

- (e) In the absence of the Committee Chairman, the Committee members shall appoint an Acting Chairman.
- (f) The Committee shall meet *in camera* at the beginning and conclusion of every meeting of the Committee.
- (g) The Committee may at its discretion invite management to attend and participate in meetings of the Committee.
- (h) Any Director is entitled to attend meetings of the Committee.
- (i) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

#### 7. Reporting to the Board

- (a) The deliberations, decisions and recommendations of the Committee shall be reported to the Board in a timely manner.
- (b) The Committee shall oversee the preparation and shall approve annually the Committee's report for inclusion in the Corporation's management information circular.

#### 8. Annual Evaluation of this Mandate, the Committee and its Compliance with this Mandate

Annually, or more frequently at the request of the Secretary or Assistant Secretary of the Corporation as a result of legislative or regulatory changes, the Committee shall:

- (a) review and assess the adequacy of this Mandate taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Mandate to the Board for its approval, except for minor technical amendments to this Mandate, authority for which is delegated to the Secretary or Assistant Secretary of the Corporation, who will report any such amendments to the Board at its next regular meeting;
- (b) appraise the Committee's performance including its ability to meet the requirements of this Mandate, in accordance with the evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.

#### 9. Miscellaneous

To assist the Committee in discharging its responsibilities, the Committee may conduct any investigation and have access to any officer, employee or agent of the Corporation, including any such officer, employee or agent seconded by the Corporation to the Foundation, in connection with its Mandate.

The Committee may at the expense of the Corporation retain advisors having particular expertise, and shall be entitled to rely in good faith upon any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

# Appendix E

## Canadian Tire Corporation, Limited

### Social Responsibility Committee Mandate

#### Mandate for the Social Responsibility Committee

The Board of Directors (the "Board") bears responsibility for the stewardship of Canadian Tire Corporation, Limited (the "Corporation"). The Board believes that the oversight of policies, procedures and practices which address the Corporation's corporate social responsibilities is an essential aspect of this stewardship responsibility.

The objective of the Board's approach to corporate social responsibility is the creation of long-term shareholder value by balancing the Corporation's economic growth with environmental and social responsibility (the "Corporate Social Responsibility Objective"). The Board has established a Social Responsibility Committee (the "Committee") to assist the Board in fulfilling its Corporate Social Responsibility Objective.

This mandate sets out the Committee's purpose, composition, member qualifications, member appointment and removal, responsibilities, operations, manner of reporting to the Board, annual evaluation of this mandate, the Committee, its compliance with this mandate, and certain other items. The Committee is responsible for meeting the requirements of this mandate and in so doing, will assist the Board to fulfill its Corporate Social Responsibility Objective.

#### 1. Purpose of the Committee

The purpose of the Committee is to provide reasonable assurance to the Board that the Board is discharging its Corporate Social Responsibility Objective.

#### 2. Composition of the Committee

- (a) The Committee shall be comprised of at least five Directors, excluding Directors who are officers of the Corporation and the Chairman of the Board.
- (b) One of the Committee members shall be designated by the Governance Committee as the Committee Chairman.

#### 3. Member Qualifications

In addition to possessing the qualities required by the Director's position description, each member of the Committee shall have an understanding of corporate social responsibility issues or shall commit to understanding such issues in a timely manner.

#### 4. Member Appointment and Removal

Committee members shall be appointed annually by the Governance Committee and from time to time thereafter to fill vacancies on the Committee. A Committee member may be removed or replaced at any time in the discretion of the Governance Committee.

#### 5. Responsibilities of the Committee

The Committee shall provide guidance and oversight to the Corporation's management regarding the Corporate Social Responsibility Objective, and in so doing shall:

- (a) Approve a core statement of corporate social responsibility for the Corporation.
  - (b) Assess annually the Corporation's core statement of corporate social responsibility and make revisions as considered appropriate concerning this statement.
  - (c) Review, assess and approve regularly the Corporation's policies, procedures and practices which address the Corporation's corporate social and environmental responsibilities.
  - (d) Approve the Corporation's corporate social responsibility activities and the standards and procedures used for monitoring and reporting thereon.
  - (e) Assess the performance and effectiveness of the Corporation's activities which address its corporate social responsibilities.
  - (f) Approve the Corporation's donations policy.
  - (g) Approve any specific donations that fall outside the Corporation's donation policy.
  - (h) Approve principles that govern the Corporation's relationship with the Canadian Tire Foundation for Families, Fondation Canadian Tire du Québec Inc. and any other charitable organization to which the Corporation has made or proposed to make a significant donation.
  - (i) Assess other issues brought to it by members of the Committee, the Board of Directors or management.
- The Board of Directors may from time to time delegate any other responsibilities to the Committee.

#### 6. Operations

- (a) The Committee shall meet at least four times annually and as many additional times as necessary to carry out its duties effectively. Committee meetings shall be held at the call of the Committee Chairman, or upon the request of two Committee members, and a majority of the members of the Committee shall form a quorum.
- (b) The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. For greater certainty the Chairman does not have a second or casting vote.
- (c) The Committee Chairman shall develop the agenda for and conduct all meetings of the Committee at which he or she is present.
- (d) Unless the Committee otherwise specifies, the Secretary or Assistant Secretary of the Corporation shall act as secretary of the meetings of the



Committee and minutes shall be kept for each Committee meeting.

- (e) In the absence of the Committee Chairman, the Committee members shall appoint an Acting Chairman.
- (f) A portion of each of the Committee's meetings shall be conducted with no members of management present.
- (g) Any Director is entitled to attend, and the Committee may invite any officer or employee of the Corporation or any other person to attend, any Committee meetings to participate in the discussion and review of the matters considered by the Committee.
- (h) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

#### **7. Reporting to the Board**

- (a) The deliberations, decisions and recommendations of the Committee shall be reported to the Board in a timely manner.
- (b) The Committee shall review and approve annually the Committee's report for inclusion in the Corporation's management information circular.

#### **8. Annual Evaluation of this Mandate, the Committee and its Compliance with this Mandate**

On an annual basis, or more frequently at the request of the Secretary or Assistant Secretary of the Corporation as a result of legislative or regulatory changes, the Committee shall:

- (a) review and assess the adequacy of this mandate taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the mandate to the Board for its approval except for minor technical amendments to this mandate authority for which is delegated to the Secretary or Assistant Secretary of the Corporation, who will report any such amendments to the Board at its next regular meeting;
- (b) conduct a review and evaluation of the Committee's performance including its ability to meet the requirements of this mandate, in accordance with the evaluation process developed by the Committee and approved by the Board, and provide the results of the performance evaluation to the Board.

#### **9. Miscellaneous**

To assist the Committee in discharging its responsibilities set out in this mandate, the Committee may, as it deems necessary or advisable for its purposes conduct any investigation and access any officer, employee or agent of the Corporation, including any such officer, employee or agent seconded by the Corporation to the Foundation, in connection with its mandate. In contributing to the Committee's discharge of its duties under this mandate, each member of the Committee shall be entitled to rely in good faith upon any report of a lawyer, accountant, engineer, appraiser or other person whose profession lends credibility to a statement made by any such person.

## Appendix F

### Our Corporate Governance Policies and Practices

Management and the Board of Directors believe that good corporate governance policies and practices are essential to strong corporate performance. We regularly review the corporate governance policies and practices we have developed over the years to maintain reasonable assurance that they continue to be comprehensive, relevant and effective.

Our corporate governance policies and practices described below explain how we are meeting the guidelines adopted by securities regulators in Canada (*the CSA Rules*):

- National Policy 58-201, *Corporate Governance Guidelines*
- National Instrument 58-101, *Disclosure of Corporate Governance Practices*.

#### The CSA Rules

The CSA Rules provide that if management of the Company solicits proxies from its security holders for the purpose of electing directors to the Company's Board of Directors, the Company must include in its management information circular the following disclosure:

1. **Disclose whether or not a majority of directors are "independent", as that term is defined in the CSA Rules.**  
The Board of Directors includes a majority of directors who are *independent*, as that term is defined in the CSA Rules.

2. **Disclose for each director whether he or she is "independent" or "not independent" and the basis for that determination.**

Mr. Gauld is the President and CEO of the Company and Mr. Billes has been an employee of the Company within the last three years. Therefore, Mr. Gauld and Mr. Billes are *not independent* directors. Mr. Curtin and Mr. Gostlin are Canadian Tire Dealers pursuant to contracts with the Company in the same form as other Canadian Tire Dealers' contracts and, therefore, are *not independent* directors.

In the view of the Board, although Mr. Curtin and Mr. Gostlin are *not independent* directors, the knowledge, experience and perspective they bring to the Board as Canadian Tire Dealers are critical to the effective governance of the Company.

All of the other directors are *independent*. The basis for this determination is premised on:

- (i) responses to a questionnaire sent to each director requesting information concerning direct or indirect material relationships between the director and the Company in accordance with the independence criteria in Section 1.4 (and Section 1.5 for Audit Committee members) of Multilateral Instrument 52-110 *Audit Committees*
- (ii) management's review of the materiality of any relationships identified by a director in his or her responses to the questionnaire
- (iii) the Board's determination as to whether any relationships identified by the director in his or her responses to the questionnaire could reasonably be expected to interfere with the exercise of the director's independent judgment.

The following table describes the independence status of the nominated and current directors.

| Independence Status of Nominated and Current Directors |            |             |                 |   |
|--|------------|-------------|-----------------|---|
|  | Management | Independent | Not Independent | Reason for Non-Independent Status   |
| Martha G. Billes                                       |            | ✓           |                 |   |
| Owen G. Billes   |            |             | ✓               | Mr. Billes is a former employee of the Company and a Canadian Tire Dealer-in-Training |
| Peter W. Currie <sup>(1)</sup>                         |            | ✓           |                 |   |
| Austin E. Curtin                                       |            |             | ✓               | Mr. Curtin is a Canadian Tire Dealer  |
| Brian G. Domelle <sup>(2)</sup>                        |            |             | ✓               | Mr. Domelle is a Canadian Tire Dealer   |
| H. Garfield Emerson                                    |            | ✓           |                 |   |
| Daniel E. Fournier                                     |            | ✓           |                 |   |
| Robert M. Franklin                                     |            | ✓           |                 |   |
| Thomas K. Gauld  | ✓          |             | ✓               | Mr. Gauld is President and CEO of the Company   |
| Keith E. Gostlin                                       |            |             | ✓               | Mr. Gostlin is a Canadian Tire Dealer   |
| James R. Neale   |            | ✓           |                 |   |
| Suzanne R. Perles                                      |            | ✓           |                 |   |
| Frank Potter   |            | ✓           |                 |   |
| Timothy R. Price                                       |            | ✓           |                 |   |
| James A. Riley   |            | ✓           |                 |   |
| Maureen J. Sabia                                       |            | ✓           |                 |   |
| Graham W. Savage                                       |            | ✓           |                 |   |
| Stephen G. Wetmore                                     |            | ✓           |                 |   |

#### Notes

- (1) Mr. Currie, if elected a member of the Board, will be an *independent* director.
- (2) Mr. Domelle, if elected a member of the Board, will be a director who is *not independent*.

3. (i) **Disclose the process by which the board identifies new candidates for board nomination.**

The Governance Committee has the mandate to:

- (a) consult with such persons as it determines appropriate, including current directors, the controlling shareholder and C.T.C. Dealer Holdings Limited in respect of possible nominees for election to the Board and individuals who might be appointed to fill a vacancy if any elected nominee ceases to be a director
- (b) recommend to the Board qualified individuals as nominees for election to the Board by the shareholders of the Corporation at a meeting of shareholders of the Corporation and for appointment by the Board to fill any vacancies in the Board if a director elected by the shareholders ceased to be a director.

The Governance Committee reviews prospective nominees' qualifications under applicable laws, regulations and rules as well as the needs of the Company and the talents already represented on the Board. Based on its assessment of the existing strengths of the Board and the changing needs of the Company, the Governance Committee

determines the competencies, skills and personal qualities it should seek in new Board members.

Nominees are selected for qualities such as integrity and ethics, business judgment, independence, business or professional expertise, board experience and residency. The Governance Committee reviews each candidate's biographical information, assesses each candidate's suitability against criteria that have been developed by the Governance Committee and considers the results of due diligence reviews, both internal and external. This selection process allows the Board to gain reasonable assurance that the requisite breadth of finance, legal, business and other relevant experience is represented on the Board and meets our skills matrix requirements.

The Governance Committee uses the same process for evaluating all potential candidates. In so doing, the Committee considers whether:

- (a) in personal and professional dealings, the candidate has demonstrated integrity, high ethical standards and commitment to the values expressed in the Company's Code of Business Conduct for Employees and Directors;
- (b) the candidate has sufficient time and energy to devote to the performance of duties as a member of the Board of Directors, having regard to positions the candidate holds in other organizations and other business and personal commitments;
- (c) the candidate has a history of achievements that demonstrates the ability to perform at the highest level and that reflects high standards for themselves and others;
- (d) the candidate's background includes business, governmental, professional, non-profit or other experience that is indicative of sound judgment and the ability to provide thoughtful advice;
- (e) the candidate is likely to take an independent approach and to provide a balanced perspective;
- (f) the candidate is financially literate and able to read financial statements and other indices for evaluating corporate performance;
- (g) the candidate has specific skills, expertise or experience that would complement those already represented on the Board; and
- (h) the candidate possesses knowledge and appreciation of public issues and exhibits familiarity with international, as well as national and local affairs.

On this basis, the Governance Committee makes recommendations to the Board regarding potential director candidates, and maintains a list of qualified candidates for Board membership.

The Board of Directors has adopted a majority voting policy for the election of directors by the holders of Class A Non-Voting Shares of the Company. This policy is described on page 3 of this management information circular.

- (ii) Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.**

The Governance Committee acts as the nominating committee of the Board. All of the directors on the Governance Committee are *independent* directors.

- (iii) If the board has a nominating committee, disclose the responsibilities, powers and operation of the nominating committee.**

See page 20 of this management information circular for a description of the powers, responsibilities and operation of the Governance Committee.

- 4. Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments.**

The Board, the Audit Committee and individual directors are regularly assessed with respect to their effectiveness. Every second year, the effectiveness of the full Board is assessed through a process which requires each director to assess the Board's performance.

In 2007, the Governance Committee, in collaboration with the Chairman of the Board, created enhanced and improved tools for evaluating the effectiveness and contribution of the Board, the Chairman of the Board and individual directors which will be implemented in 2008. The Board assessment tool requires each director to assess the Board's performance using quantitative ratings and qualitative commentary in respect of a lengthy list of criteria including, the Board's composition, practices and relationship with management and its oversight of strategy and performance, financial information, internal controls, identification and management of risks, corporate governance, corporate social responsibility and CEO and officer succession, performance and compensation. The results of all the directors' assessments are consolidated into a composite report on the full Board's effectiveness. The Board and the Governance Committee use the composite report to identify and remediate any aspects of the Board's performance which do not meet its rigorous standards.

The director assessment tool has similar functionality to that of the Board, and assesses criteria expected of an effective director (other than the President and CEO and the Chairman of the Board who are separately assessed). The assessments of each director are compiled into a composite report for that director and the composite report is provided to that director and to the Chairman of the Board and the Chairman of the Governance Committee. Where appropriate, the Chairman of the Board and/or the Chairman of the Governance Committee then meets with the individual director to discuss the composite report.

A similar tool has been developed and will be used to assess the effectiveness of the Chairman of the Board.

The Audit Committee is assessed using a tool developed by that Committee and approved by the Governance Committee. The assessment of the Audit Committee includes an assessment of the Chairman of that Committee.

In 2008, the Governance Committee, in collaboration with the Chairman of the Board, will oversee the creation of new assessment tools for regularly evaluating the effectiveness and contribution of each of the Committees of the Board (other than the Audit Committee) and the chairmen of those Committees. Each new assessment tool will be approved by the Governance Committee.

The questions included in each of the foregoing tools will remain unchanged for 2 to 3 years in order to create benchmarks for each such evaluation. Responses to the questions for each assessment are anonymous and confidential to encourage candid and constructive commentary.

**5. (i) Describe the measures the board takes to orient new directors regarding**

**(a) the role of the board, its committees and its directors, and**

**(b) the nature and operation of the company's business.**

**(ii) Describe the measures, if any, the board takes to provide continuing education for its directors.**

For the purpose of maintaining reasonable assurance that each new director engages in a comprehensive orientation process and that all directors are provided with continuing education opportunities, the Board or the Governance Committee:

- (a) ensures that each new director is provided written materials covering topics including copies of:
  - (i) the articles and by-laws of the Company
  - (ii) the Mandate of the Board and the Mandate and Charter of each Board Committee
  - (iii) the position descriptions for the Chairman of the Board and the Chairman of each Board Committee
  - (iv) a summary of the Company's share structure and significant shareholders
  - (v) the Company's current strategic plan
  - (vi) the Company's Annual Reports, MD&A and Management Information Circulars for the most recent financial year of the Company preceding such new director's election or appointment to the Board
  - (vii) the Company's current Annual Information Form
  - (viii) each of the Company's Codes of Business Conduct
  - (ix) each of the Company's Board policies
  - (x) a description of (1) the amount, form and timing of remuneration payments made to each director by the Company including the Directors' Deferred Share Unit Plan,

and (2) the Company's equity ownership guidelines for directors

- (xi) the directors' and officers' indemnification agreement
- (xii) the Company's most recent investor presentation
- (xiii) the Company's directors' and officers' insurance coverage
- (b) provides at the request of a new director, written materials covering the following topics:
  - (i) the agendas and minutes for all Board and Board Committee meetings held in the 12-month period immediately preceding such new director's election or appointment to the Board
  - (ii) the Company's interim financial statements and related MD&As for the two financial years of the Company immediately preceding such new director's election or appointment to the Board
  - (iii) the Dealer Contract and a summary of the Company's relationship with the Dealers
  - (iv) the Company's loyalty programs
- (c) requires the Chairman of the Board to meet with each proposed new director and to explain to such proposed new director the culture of the Board and the commitment of time and energy expected of every director
- (d) makes available to every director the opportunity, at the expense of the Company,
  - (i) to attend any conference, seminar, course or other educational experience (1) which is intended to expand corporate directors' knowledge and skills, and (2) which is approved by the Chairman of the Governance Committee and, where the expense could be significant, the Chairman of the Board
  - (ii) to visit key competitors of the Company and any of the Company's principal operating locations and to discuss the operation of those locations with the managers of those locations
  - (iii) to meet with the President and CEO, the officers of all of the Company's business units and other corporate officers for the purpose of discussing the nature and operation of the Company's business and affairs.

During 2007, each of the directors could choose to attend education seminars presented by management of the Company. The subject matters presented in these seminars were executive compensation, new accounting rules, risk management and environmental issues. Also, the Board scheduled time at meetings to allow guest experts to discuss current issues of interest with the Board, for example, the current market turmoil, the liquidity crisis, and the economic outlook for Canada and retail. Moreover, the Board undertook an analysis of its approval responsibilities to determine the advisability of delegating some of these to its

Committees as permitted by law, in order to enable the Board to spend more time on business and strategic issues. This exercise served to educate the Board, not only on its approval responsibilities, but on those which the Board agreed might be more efficiently and productively delegated to its Committees. This exercise will result in improved efficiencies in decision-making once the delegations of authority to the Board Committees have been implemented. Also, in 2007, all directors were invited to attend dinners on the evening before each Board meeting. At each dinner, the Board met with a senior decision-maker in the Company in order to get to know him or her better, to enhance the Board's understanding of the businesses and affairs of the Company, including the inter-relatedness of its businesses and to develop relationships among the Board and the senior decision-makers in management. These dinners also served to develop enhanced relationships among the Board members themselves, thereby improving the dynamic in the boardroom.

**6. *Disclose the process by which the board determines the compensation for the company's directors and officers.***

The Governance Committee reviews and recommends to the Board of Directors for approval the remuneration of directors. The Board considers the time commitment, risks, responsibilities and other factors in determining compensation. It also considers comparative compensation information.

The Company's executive compensation program is overseen on behalf of the Board of Directors by the MRC Committee. The MRC Committee has responsibility for reviewing and making recommendations to the Board of Directors regarding the compensation of officers including the officers named in the *Summary Compensation Table* on page 36.

The MRC Committee conducts an annual review of the Company's executive compensation program, including compensation of the President and CEO. The review is conducted with the assistance of independent professional compensation consultants reporting directly to the MRC Committee. The MRC Committee also reviews and approves officer base salaries other than for the President and CEO, payouts under the short-term incentive plan, grants under the long-term incentive plan and discretionary bonuses for officers.

The MRC Committee is responsible for reviewing and recommending to the Board the design of short-term, long-term and other incentive plans for senior management, periodic changes to compensation guidelines and benefit plans, and significant changes to employee benefit plans.

The MRC Committee annually reviews the compensation philosophy of the Company, conducts a review of the performance of the President and CEO, reports thereon to the Board and, with the President and CEO, reviews the

performance evaluations of the Company's officers, reviews the execution of the Company's compensation and benefit plans, and oversees individual employment arrangements when officers are appointed.

**7. *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.***

The MRC Committee is composed entirely of *independent* directors.

**8. *Disclose the responsibilities, powers and operation of the compensation committee.***

See page 22 of this management information circular for a description of the responsibilities, powers and operation of the MRC Committee.

**9. *If any compensation consultant or advisor has, at any time since the beginning of the most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers***

- (i) *summarize the mandate for which they have been retained, and***
- (ii) *disclose whether or not the consultant or advisor has been retained to perform any other work for the Company, and describe the nature of the work.***

The MRC Committee has the authority to retain consulting firms to assist in carrying out the MRC Committee's responsibilities, including determining the compensation of the President and CEO and other executives. See *Role of Compensation Consultant in Compensation Decisions* on page 29 for information relating to the consultants retained by the MRC Committee and management of the Company to assist in determining compensation for executives, including a brief description of the mandates for which they have been retained.

**10. *Disclose whether or not the board and the President and CEO have developed a written position description for the President and CEO.***

A written position description is in place for the President and CEO, whose objectives are approved annually by the Board of Directors and constitute a part of the President and CEO's mandate on a year-to-year basis.

**11. *Disclose the text of the board's written mandate.***

The text of the Board's written mandate is attached as *Appendix A* to this management information circular.

**12. *Disclose the attendance record of each director for all board meetings held since the beginning of the Company's most recently completed financial year.***

See page 16 of this management information circular for the directors' attendance at Board and Committee



meetings since the beginning of the most recently completed financial year.

13. **Disclose whether or not the independent directors hold regularly scheduled meetings at which members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held during the preceding 12 months.**

The Board (including Mr. Billes and the directors who are Canadian Tire Dealers, none of whom is *independent*) enhance independence by conducting sessions without management present. These sessions take place at each regularly scheduled Board and Committee meeting and are conducted by the Chairman of the Board and the Chairmen of the Committees respectively. In 2007, the Board had nine regularly scheduled meetings, each of which included a session without management present. On occasion, special purpose Board and Committee meetings are convened at which sessions without management present may not be held.

14. **Disclose each director who is a director of any other reporting issuer in a jurisdiction or a foreign jurisdiction.**

See the directors' biographies under *Director Nominees* beginning on page 7 of this management information circular for directorships of other reporting issuers for each of the nominated directors.

15. **Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities.**

Maureen J. Sabia is Chairman of the Board and is an *independent* director. Miss Sabia is responsible for facilitating highly effective performance of the Board. Her duties include, among other things:

- (i) setting the agenda for Board meetings
- (ii) using her best efforts to provide directors with the information they need to do their job
- (iii) chairing Board meetings
- (iv) acting as a key liaison between the Board and management.

16. **Disclose whether or not the board has developed written position descriptions for the chair and the chair of the each board committee.**

The Board has written position descriptions for the Chairman of the Board and the Chairman of each Board Committee, which are available at <http://investor.relations.canadiantire.ca>.

17. (i) **Disclose whether or not the board has adopted a written ethical business conduct code for its directors, officers and employees, and**  
(a) **how an interested party may obtain a copy of the written code**  
(b) **how the board monitors compliance with its code, or if the board does not monitor**

**compliance, explain whether and how the board ensures compliance with its code**

- (c) **provide a cross-reference to any material change report(s) filed within the preceding 12 months that pertains to any conduct of a director or executive officer that constitutes a departure from the code.**

- (ii) **Disclose any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.**

- (iii) **Disclose any other steps the board takes to encourage and promote a culture of ethical business conduct.**

The Board has approved the Company's Code of Business Conduct for Employees and Directors and the Code of Business Conduct for Suppliers, copies of which may be obtained without charge by contacting Cameron D. Stewart at Canadian Tire Corporation, Limited, 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario M4P 2V8. The Codes are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

Each director is required to certify his or her compliance with the Company's Code of Business Conduct for Employees and Directors on an annual basis.

Each officer of the Company is accountable for ensuring that the Codes are implemented in his or her business unit or functional area and that all violations are reported in a manner consistent with the requirements of the Codes.

Management is required to provide, at least quarterly, reports to the Audit Committee on all reported violations of the Codes and their disposition.

The Board has established a business conduct compliance program (*the BCCP*), which provides a compliance mechanism for the Codes and with respect to:

- (i) the receipt, retention and treatment of complaints and concerns received by the Company regarding accounting, internal accounting controls or auditing matters
- (ii) the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

With the approval of the Board, management has established a Business Conduct Compliance Office which is responsible for managing the BCCP including:

- (i) overseeing the receipt, retention, investigation and resolution of complaints and concerns related to breaches of the Codes
- (ii) managing a business conduct hotline and web reporting services
- (iii) reporting to management and the Board on non-compliance with the Codes.

If a director or an officer is a party to a material transaction or agreement or a proposed material transaction or agreement with the Company, or, if the

director or officer is a director or an officer of, or has a material interest in, any person who is a party to a material transaction or agreement or a proposed material transaction or agreement with the Company, he or she is required to comply with the conflict of interest provisions of the *Business Corporations Act* (Ontario), which require written disclosure to the Company by the director or officer, or a request by the director or officer to have entered in the minutes of meetings of directors the nature and extent of his or her interest. In addition, the Board is given an opportunity to discuss such agreements or transactions in the absence of the interested director. A director who has declared a conflict of interest cannot vote on the matter in which he or she has an interest.

**18. *Identify standing committees of the board other than audit, compensation and nominating committees and describe their function.***

The Social Responsibility Committee is the only standing Committee of the Board other than the Audit Committee, the MRC Committee and the Governance Committee. See page 24 of this management information circular for the Report of the Social Responsibility Committee.





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