



CANADIAN TIRE
CORPORATION

Management
Information Circular

Notice of Annual General Meeting
of Shareholders to be held on
May 8, 2014

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS



You are invited to the Annual Meeting of Shareholders of Canadian Tire Corporation, Limited.

When

Thursday, May 8, 2014
10:00 a.m. (Toronto time)

Where

MaRS Collaboration Centre
101 College Street
Toronto, Ontario

In this Notice, *we, us, our, CTC and the Company* refer to Canadian Tire Corporation, Limited and its subsidiaries, where applicable. *You and your* refer to CTC shareholders.

Business of the Annual Meeting

We will address four items at the Annual Meeting:

1. CTC's Consolidated Annual Financial Statements for the financial year ended December 28, 2013, including the external auditor's report;
2. the election of directors, who will serve until the next Annual Meeting of Shareholders;
3. the appointment of the external auditor, who will serve until the next Annual Meeting of Shareholders, and authorizing the directors to set the external auditor's compensation; and
4. the transaction of such further and other business as may properly come before the Annual Meeting or any adjournment thereof.

You Have the Right to Vote

You have the right to vote at our Annual Meeting as set out in the enclosed Management Information Circular if you are a CTC shareholder as of the close of business on March 20, 2014.

Your Vote is Important

As a CTC shareholder, it is important that you read the accompanying Management Information Circular carefully. You have different voting rights depending on whether you own Common Shares or Class A Non-Voting Shares.

You are entitled to vote at the Annual Meeting either in person or by proxy. If you are unable to attend the Annual Meeting in person, you are requested to vote your shares using the enclosed form of proxy or voting instruction form.

Registered shareholders should complete and sign the enclosed form of proxy and return it in the envelope provided. Proxies must be received by CTC's transfer agent, Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, North Tower, Toronto, Ontario, Canada M5J 2Y1, by no later than 5:00 p.m. (Toronto time) on Wednesday, May 7, 2014.

If you are a non-registered shareholder, you should review the voting instruction form provided by your intermediary, which sets out the procedures to be followed for voting shares held through intermediaries.

By order of the Board of Directors,

Robyn A. Collver
Secretary

Toronto, Ontario
March 13, 2014

(This page has been left blank intentionally.)

MANAGEMENT INFORMATION CIRCULAR

All information in this Management Information Circular is as of March 13, 2014, unless otherwise indicated.

In this Management Information Circular, *we, us, our, CTC* and *the Company* refer to Canadian Tire Corporation, Limited and its subsidiaries, where applicable. *You* and *your* refer to CTC shareholders.

This Management Information Circular is provided in connection with our Annual Meeting of Shareholders to be held on May 8, 2014 (*the Meeting*). Your proxy is being solicited by the management of CTC for the items described in the notice on the previous page. 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.

As a shareholder, you have the right to attend and vote at the Meeting as set out in this Management Information Circular. Please read this Management Information Circular. It gives you information you need to know to cast your vote. We also encourage you to read CTC's Management's Discussion and Analysis and Consolidated Annual Financial Statements for the financial year ended December 28, 2013. A copy of the Management's Discussion and Analysis and Consolidated Annual Financial Statements will be sent to registered and beneficial shareholders who requested it and is also available on the System for Electronic Document Analysis and Retrieval (*SEDAR*) at www.sedar.com and CTC's website at www.corp.canadiantire.ca.

The Board of Directors has approved the contents and sending of this Management Information Circular.



Robyn A. Collver
Secretary

Toronto, Ontario
March 13, 2014



TABLE OF CONTENTS

BUSINESS OF THE MEETING	3
• Receiving the Consolidated Annual Financial Statements	3
• Electing Directors	3
• Appointing the External Auditor	3
• Considering Other Business	3
VOTING INFORMATION	4
• Who Can Vote	4
• How To Vote	5
ABOUT THE PROPOSED DIRECTORS	8
• Position on Majority Voting	8
• Director Nominee Biographies	9
• Meeting Attendance	18
OUR APPROACH TO CORPORATE GOVERNANCE	19
• The Role of the Board	19
• Corporate Governance Developments	20
• Chairman of the Board	21
• Board Committees	21
• Independence of the Board	22
• Selecting Our Director Nominees	24
• Director Orientation and Continuing Education	25
• Board Assessments	25
• Our Approach to Shareholder Engagement	26
• Subsidiary Boards	27
• Enterprise Risk Management	27
• Code of Business Conduct	28
• Additional Information	28
COMMITTEE REPORTS	29
• Audit Committee Report	29
• Management Resources and Compensation Committee Report	31
• Governance Committee Report	32
• Brand and Values Committee Report	33
DIRECTOR COMPENSATION	34
• Director Fees	34
• Compensation Changes for 2014	34
• Deferred Share Unit Plan for Directors	35
• Director Share Ownership Guidelines	35
• Compensation of Directors of Subsidiaries	36
• 2013 Compensation Tables	37
EXECUTIVE COMPENSATION	39
• Compensation Discussion and Analysis	39
• Statement of the MRC Committee	56
• How Our Shares Have Performed and Relationship with Executive Compensation	57
• 2013 Compensation Tables	58
• Employment Agreements and Post-Employment Benefits	62
OTHER COMPENSATION INFORMATION	66
• Securities Authorized for Issuance	66
• Our Stock Option Plan	66
• Other Compensation Plans	68
OTHER INFORMATION	70
• Liability Insurance for Directors and Officers	70
• Normal Course Issuer Bid	70
• Documents You Can Request	71
APPENDIX A – BOARD OF DIRECTORS’ MANDATE	A1

BUSINESS OF THE MEETING

We will address four items at the Annual Meeting.

Receiving the Consolidated Annual Financial Statements

Our Consolidated Annual Financial Statements for the financial year ended December 28, 2013, including the external auditor's report, have been prepared and will be sent to registered and beneficial shareholders who have requested them. They are also available on SEDAR at www.sedar.com and CTC's website at www.corp.canadiantire.ca.

Electing Directors

The Board has determined that 16 directors will be elected at the Annual Meeting of Shareholders. See *About the Proposed Directors* on page 8 for more information.

If you own Common Shares, you can vote on the election of 13 directors. The Board recommends that you vote **FOR** the election of each of the following persons who have been proposed by the Board for election as directors by the holders of Common Shares:

- | | |
|------------------------|----------------------|
| • Iain C. Aitchison | • Claude L'Heureux |
| • Martha G. Billes | • Maureen J. Sabia |
| • Owen G. Billes | • Peter B. Saunders |
| • H. Garfield Emerson | • Graham W. Savage |
| • John A.F. Furlong | • George A. Vallance |
| • Ronald E. Goldsberry | • Stephen G. Wetmore |
| • Jonathan Lampe | |

If you own Class A Non-Voting Shares, you can vote on the election of three directors. The Board recommends that you vote **FOR** the election of each of the following persons who have been proposed by the Board for election as directors by the holders of Class A Non-Voting Shares:

- Pierre Boivin
- James L. Goodfellow
- Timothy R. Price

Except for Ronald E. Goldsberry, all of the proposed directors are currently directors of CTC and were elected as directors at our Annual Meeting of Shareholders on May 9, 2013.

Appointing the External Auditor

If you own Common Shares, you can vote on the appointment of the external auditor and authorizing the Board of Directors to set the external auditor's compensation. The Board recommends that you vote **FOR** the reappointment of CTC's current external auditor, Deloitte LLP, Chartered Accountants (*Deloitte*), as the external auditor, and authorizing the Board to set its compensation.

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 changes to the items above or any other business to be considered 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.



VOTING INFORMATION

Who Can Vote

The Company 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 the close of business on March 20, 2014 entitles you to one vote on the matters on which you are entitled to vote.

Common Shares

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

- the election of 13 of the 16 directors;
- the appointment of the external auditor and authorizing the directors to set the external auditor's compensation; and
- the transaction of such further and other business as may properly come before the Meeting or any adjournment thereof.

As at March 13, 2014, CTC had 3,423,366 Common Shares outstanding. The directors and officers of CTC are not aware of any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% 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 ⁽¹⁾	1,400,767	40.9%
Owen G. Billes ⁽²⁾	700,383	20.5%
C.T.C. Dealer Holdings Limited	702,084	20.5%
CTC's Deferred Profit Sharing Plan (established on January 1, 1968) ⁽³⁾	419,280	12.2%

Notes

- (1) Tire 'N' Me Pty. Ltd. (*Tire 'N' Me*) owns 1,400,767 Common Shares of CTC. Ms. Billes controls Tire 'N' Me and, with the exception of a small number of non-voting common shares of Tire 'N' Me owned by Owen Billes, is the beneficial owner of all the issued shares of Tire 'N' Me. The Common Shares of CTC owned by Tire 'N' Me are included in the shareholdings of Ms. Billes shown in her director biography table on page 9.
- (2) Albikin Management Inc. (*Albikin*) owns 700,383 Common Shares and 741,176 Class A Non-Voting Shares of CTC. With the exception of a small number of nominal value preferred shares of Albikin beneficially owned by Martha 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 CTC owned by Albikin are included in the shareholdings of Mr. Billes shown in his director biography table on page 10.
- (3) Sun Life Assurance Company of Canada (*Sun Life*) is the beneficial owner of the 419,280 Common Shares held in relation to CTC's Deferred Profit Sharing Plan (*the DPSP*). Sun Life has issued a group annuity policy to Sun Life Financial Trust Inc., as trustee of the DPSP (*the Trustee*), which provides benefits to the Trustee and indirectly to the participants in the DPSP that are substantially the same as those to which they would have been entitled had the shares been held directly by the Trustee. The Trustee has a right to vote the shares of CTC held by Sun Life but is subject to the direction of a DPSP Capital Accumulation Plan Committee (*the DPSP CAP Committee*) in relation to the exercise of voting and various other rights of the shares. Two members of the DPSP CAP Committee are appointed by CTC and the third member of the DPSP CAP Committee is elected by the participants in the DPSP. As a result of the foregoing arrangements, Sun Life, the Trustee and the DPSP CAP Committee exercise control or direction over CTC shares held in relation to the DPSP. For more information on the DPSP, see *CT Profit Sharing* on page 68.



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 only in the following circumstances:

- if applicable laws give them that right, or
- if an offer to purchase Common Shares is made to all or substantially all holders of Common Shares or is required by law or by the Toronto Stock Exchange (*the TSX*) to be made to all holders of Common Shares in Ontario, and a 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 per share and on the same terms and conditions, the holders of Class A Non-Voting Shares will thereafter be entitled to one vote per share at all shareholder meetings and the Class A Non-Voting Shares shall be designated as Class A Shares.

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 as a separate class), then based on the numbers of Common Shares and Class A Non-Voting Shares outstanding as at March 13, 2014, the Class A Non-Voting Shares would represent approximately 95.7% of the aggregate voting rights attached to the Common Shares and the Class A Non-Voting Shares. For a full statement of the conditions attached to the Common Shares and Class A Non-Voting Shares, including voting rights, reference should be made to CTC's articles of amendment dated December 15, 1983, which are available on SEDAR at www.sedar.com.

As at March 13, 2014, CTC had 76,282,370 Class A Non-Voting Shares outstanding. The directors and officers are not aware of any person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of the outstanding Class A Non-Voting Shares.

How to Vote

Your proxy is being solicited by the management of CTC and the associated costs are being borne by CTC. The solicitation is being made primarily by mail but may also be made by telephone or in person.

Registered Shareholder Voting

You are a registered shareholder if your shares are held in your name and you have a share certificate (*Registered Shareholder*). If you are a Registered Shareholder, you may vote in person at the Meeting or by proxy. See below for details on each voting option.

Voting in Person

If you are a Registered Shareholder and you wish to vote your shares in person at the Meeting, you do not need to complete and return the form of proxy. Please register with CTC's transfer agent, Computershare Trust Company of Canada, upon arrival at the Meeting. Your vote will be taken and counted at the Meeting.

Voting by Proxy

Registered Shareholders have three options to vote by proxy:

- **By Mail**
Complete, date and sign the enclosed form of proxy and return it to CTC's transfer agent, Computershare Trust Company of Canada, in the envelope provided so that it arrives no later than 5:00 p.m. (Toronto time) on Wednesday, May 7, 2014. This will ensure your vote is recorded.
- **By Telephone** (only available to Registered Shareholders resident in Canada or the United States)
Call 1-866-732-VOTE (8683) and follow the instructions. You will need your 15 digit control number (located on the front of the form of proxy) to identify yourself to the system. If you are voting by telephone, all required information must be entered by 5:00 p.m. (Toronto time) on Wednesday, May 7, 2014. If you vote by telephone, you cannot appoint anyone other than the directors named on your proxy form as your proxyholder.



- **On the Internet**

Go to www.investorvote.com and follow the instructions. You will need your 15 digit control number (located on the front of the form of proxy) to identify yourself to the system. If you are voting through the Internet, all required information must be entered by 5:00 p.m. (Toronto time) on Wednesday, May 7, 2014.

Signing the enclosed form of proxy gives authority to Maureen J. Sabia, Stephen G. Wetmore or Timothy R. Price, each of whom is a director of the Company, to vote your shares at the Meeting. **You may appoint someone other than the above-named directors to vote your shares by writing the name of this person, who need not be a CTC shareholder, in the blank space provided on 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 CTC's transfer agent, Computershare Trust Company of Canada.

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 the Company 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 the external auditor's compensation.

The persons named in the form of proxy will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders of CTC and with respect to other matters which may properly come before the Meeting.

As of the date of this Management Information Circular, management of CTC 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.

Voting Shares Registered in the Name of a Corporation

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 CTC's transfer agent, Computershare Trust Company of Canada, in the envelope provided so that it arrives no later than 5:00 p.m. (Toronto time) on Wednesday, May 7, 2014. **These shares cannot be voted by telephone, through the Internet or in person.**

Revoking Your Proxy

If you are a Registered Shareholder 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 by electronic signature to the extent permitted by applicable law or, if the shareholder is a corporation, under its corporate seal or by a duly authorized officer or attorney of the corporation. This statement must be delivered or faxed to the Secretary of CTC at the address listed below no later than 5:00 p.m. (Toronto time) on Wednesday, May 7, 2014, or the business day immediately preceding any adjournment of the Meeting, or to the Chairman of the Board of CTC on the day of the Meeting, Thursday, May 8, 2014, or any adjournment of the Meeting.

Canadian Tire Corporation, Limited
2180 Yonge Street, 18th Floor
Toronto, Ontario M4S 2B9
Attention: Robyn A. Collver, Secretary
Fax: (416) 480-3500

Non-Registered Beneficial Shareholder Voting

Information in this section is very important to non-registered beneficial owners of shares. You are a non-registered beneficial owner if your shares are held in the name of an intermediary such as a bank, trust company, securities broker or other intermediary (*Beneficial Shareholder*). Applicable Canadian securities laws require intermediaries to seek voting instructions from Beneficial Shareholders. Accordingly, you will have received from your intermediary a voting instruction form for the number of shares you hold.

If you are a Beneficial Shareholder, you are still entitled to vote and you may vote in person at the Meeting or by providing voting instructions to your intermediary who will act as proxyholder and vote on your behalf. See below for details on each voting option.



Voting in Person

A Beneficial Shareholder who receives a voting instruction form from their intermediary cannot use that voting instruction form to vote shares directly at the Meeting. To vote your shares in person at the Meeting, your intermediary must appoint you as proxyholder. In order to be appointed as proxyholder, insert your name in the space provided on the voting instruction form and follow the return instructions provided by your intermediary. Do not fill in the voting directions as your vote will be taken at the Meeting. **The voting instruction form must be returned to your intermediary well in advance of the Meeting in order to have the shares voted.** Upon arrival at the Meeting, please register with the transfer agent, Computershare Trust Company of Canada. Since CTC has limited access to the names of its non-registered Beneficial Shareholders, if you attend the Meeting, CTC may have no record of your shareholdings or your entitlement to vote. Accordingly, unless you complete the voting instruction form as indicated above and your intermediary has appointed you as proxyholder you may be unable to vote at the Meeting.

Voting Instructions

Beneficial Shareholders who do not wish to vote in person at the Meeting are still encouraged to vote their shares. You can do so by following the instructions on the voting instruction form provided by your intermediary. Each intermediary has its own procedures, which should be carefully followed to ensure that your shares are voted at the Meeting.

The persons named on the voting instruction form 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, voting instruction forms received 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 the external auditor's compensation.

The persons named in the voting instruction form will have discretionary authority with respect to amendments or variations to matters identified in the Notice of Annual Meeting of Shareholders of CTC and with respect to other matters which may properly come before the Meeting.

As of the date of this Management Information Circular, management of CTC 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 voting instruction form will vote on them in accordance with their best judgment.

Revoking Your Voting Instructions

If you are a Beneficial Shareholder, please contact your intermediary for instructions on how to revoke your voting instructions.

Delivery of Proxy-Related Materials

Proxy-related materials will be sent by CTC to the intermediaries and not directly to Beneficial Shareholders. CTC intends to pay for intermediaries to deliver proxy-related materials and Form 54-101F7 (request for voting instructions) to "objecting beneficial owners".

Additional Voting Information

CTC's transfer agent, Computershare Trust Company of Canada, counts and tabulates the votes.

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

Computershare Trust Company of Canada
100 University Avenue
8th Floor, North Tower
Toronto, Ontario M5J 2Y1
Canada

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.



ABOUT THE PROPOSED DIRECTORS

The director biographies on pages 9 to 17 describe the directors who are proposed for election, along with their ownership of Common Shares, Class A Non-Voting Shares and deferred share units (*DSUs*) acquired under the Deferred Share Unit Plan for Directors (*the DSU Plan for Directors*). DSUs do not carry any voting rights.

The director biographies also indicate the aggregate value of all Common Shares, Class A Non-Voting Shares and DSUs held by each proposed director as at March 13, 2014, as well as whether or not each proposed director has met CTC's share ownership guidelines for directors. Each director, other than Stephen Wetmore, the Chief Executive Officer of CTC (*the CEO*), is required to accumulate at least three times the value of the annual director retainer, which currently equates to \$465,000, in Common Shares, Class A Non-Voting Shares or DSUs by the fifth anniversary of becoming a director. For more information on CTC's share ownership guidelines for directors, see *Director Share Ownership Guidelines* on page 35. For more information on CTC's share ownership guidelines applicable to Mr. Wetmore, see *Executive Share Ownership Guidelines* on page 51.

According to CTC'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 18 or more directors.
- holders of Common Shares are entitled to elect all other directors.

Pursuant to a shareholders' agreement between Martha G. Billes (together with corporations and trusts with which she is associated) and C.T.C. Dealer Holdings Limited dated October 30, 1989, as amended, 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. Ms. Billes and C.T.C. Dealer Holdings Limited have agreed to vote for the election of such proposed nominees, and the CEO, as directors of CTC.

Each director holds office until the next Annual Meeting of Shareholders or until such office is earlier vacated.

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

We do not expect that any of the proposed directors will be unable to serve as a director. If, however, CTC becomes aware before the Meeting that a proposed director is unable to serve as a director, the CTC directors appointed as proxyholders will vote to elect a substitute proposed director at their discretion.

Position on Majority Voting

The Company's majority voting policy provides that any nominee who receives a greater number of votes "withheld" than votes "for" his or her election by the holders of Class A Non-Voting Shares of CTC in an uncontested election of directors will tender his or her resignation to the Chairman of the Board promptly following the Annual Meeting of Shareholders. The policy would have no application in the context of directors to be elected by holders of the Common Shares, as more than 80% of the votes associated with the Common Shares are required to be cast for directors nominated pursuant to the shareholders' agreement between Martha Billes and C.T.C. Dealer Holdings Limited, as more particularly described above. A resignation pursuant to the majority voting policy is to be considered by the Governance Committee which, if it determines it to be appropriate, will recommend that the Board accept the resignation. Under the policy, the Board of Directors is to make and announce its decision – taking into consideration the recommendation of the Governance Committee – within 90 days following the Annual Meeting of Shareholders, including the reasons for rejecting the resignation, if applicable. A director who tenders his or her resignation pursuant to the policy will not attend the portion of 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 any resulting 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. If the vacancy is filled at a meeting of shareholders, holders of Class A Non-Voting Shares will have the ability to vote for or withhold from voting for the new director proposed for election.



Director Nominee Biographies

IAIN C. AITCHISON

Independent



Current Activities:

Mr. Aitchison is a Corporate Director.

Past Activities:

Prior to January 1, 2011, Mr. Aitchison served as President, "K" Line Total Logistics, LLC and President and CEO, Century Distribution Systems, Inc., international transportation and logistics companies in the United States. Mr. Aitchison entered the field of international transportation in 1964, over the years serving with Dalgety (East Africa), Ltd. in Kenya and Tanzania, Gilman & Company, Ltd. in Hong Kong, Kawasaki Kisen Kaisha, Ltd. in Japan and "K" Line/Kerr Corporation and "K" Line Total Logistics in the United States.

Howell,
New Jersey,
U.S.A

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited (2009 – Present)

Director since:
2009

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	6	6,107	6,113	\$609,442	May 14, 2014	Yes

MARTHA G. BILLES

Independent



Current Activities:

Ms. Billes is President and a director of Albikin Management Inc., an investment holding company. She is Chairman of Canadian Tire Jumpstart Charities. Ms. Billes is the daughter of the Company's co-founder, A.J. Billes, and has beneficially owned or controlled a majority of the Common Shares of CTC since 1997. She is also a director of Tire 'N' Me Pty. Ltd. and is Honorary Consul Emeritus for the Republic of Chile, Southern Alberta Region.

Past Activities:

Ms. Billes has served on the boards of several public companies. She received an Honorary Doctor of Laws degree from the University of Guelph in 2013 and an Honorary Doctorate of Commerce degree from Ryerson University in 2002. Ms. Billes was a member of the Board of Trustees of the Sunnybrook Medical Centre Foundation and the Calgary Women's Emergency Shelter – Endowment Fund Trust. She is also a former member of the Board of Directors of the Toronto Organizing Committee for the 2015 Pan American and Parapan American Games as well as a former member of their Human Resources and Governance Committees and has served as a director of Canadian Tire Bank.

Calgary, Alberta,
Canada

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited (1980 – Present)

Director since:
1980

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
1,400,767	5,706	–	1,406,473	See Note 4	February 9, 2008	Yes



OWEN G. BILLES**Not Independent (Canadian Tire Dealer)**

**St. Catharines,
Ontario, Canada**

Director since:
2004

Current Activities:

Mr. Billes is President, Sandy McTyre Retail Ltd., which operates a Canadian Tire store in Welland, Ontario. He is the son of Martha G. Billes and grandson of the Company's co-founder, A.J. Billes. Mr. Billes is also a director of Canadian Tire Jumpstart Charities and Canadian Tire Bank.

Past Activities:

Mr. Billes joined the Company in 1992 as Changeover Consultant, Dealer Changeover. He subsequently worked at the Company in various divisions, including the Operations Planning Centre, Dealer Operations, Logistics, Automotive Marketing, New Business Development and Petroleum. He also worked in Customer Service Strategic Development at Canadian Tire Financial Services Limited and at four Canadian Tire stores. In 2007, Mr. Billes entered the Canadian Tire Dealer-in-Training Program. Mr. Billes has also served as a member of the Board of Governors for Niagara College.

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited

(2004 – Present)

See Note 5

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
700,383	754,765	–	1,455,148	See Note 4	May 11, 2009	Yes

PIERRE BOIVIN**Independent**

**Montreal,
Quebec, Canada**

Director since:
2013

Current Activities:

Mr. Boivin is President and Chief Executive Officer of Claridge Inc., a private investment firm in Montreal. Mr. Boivin serves on the boards of National Bank of Canada and CH Group, owner of the Montreal Canadiens. He is also Chairman of the Board of the Montreal Canadiens Children's Foundation, which he founded in 2000, and co-chair of the Sainte-Justine UHC Foundation campaign.

Past Activities:

From 1999 to 2011, Mr. Boivin served as President and CEO of the Montreal Canadiens and evenko, an entertainment promotion and production company and a division of L'Aréna des Canadiens Inc. He has also served as President and CEO of a number of companies in the sporting goods industry, including Canstar Sports Inc., which later became Bauer-Nike Hockey Inc., Weider Sporting Goods Inc. and Norvinca Inc., a company which he also founded. Until June 2012, Mr. Boivin served as the Chairman of the Board of Sainte-Justine UHC Foundation. He is a former director of Questerre Energy Corporation, Sirius XM Canada Holdings Inc. and Lumenpulse Inc., former Chairman of Quebec Special Olympics, and former member of the Board of Directors of Special Olympics Canada. In 2009, he was awarded a PhD Honoris Causa from the Université de Montréal and appointed an Officer of the Order of Canada.

Public Board Memberships During Last Five Years:

Canadian Satellite Radio Holdings Inc.

(2005 – 2013)

National Bank of Canada

(2013 – Present)

Questerre Energy Corporation

(2007 – 2012)

See Note 6

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	4,100	426	4,526	\$451,182	May 9, 2018	No





Toronto, Ontario,
Canada

Director since:
2007

Current Activities:

Mr. Emerson is Principal, Emerson Advisory, an independent advisory firm, and a Corporate Director. He is a director of Pelmorex Investments Inc. and Sentry Select Capital Corp., and an Executive in Residence with the Rotman School of Management, University of Toronto and with the Faculty of Public Affairs, Carleton University.

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, investment bankers (1990-2001), 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 CAE Inc., Canada Deposit Insurance Corporation, University of Toronto Asset Management Corporation, NM Rothschild & Sons Limited, Wittington Investments Limited, Marathon Realty Company Limited, Open Text Corporation, Genstar Capital Corporation, Rogers Wireless Communications Inc. and Sunnybrook Health Sciences Centre.

Public Board Memberships During Last Five Years:

CAE Inc.	(1992 – 2013)
Canadian Tire Corporation, Limited	(2007 – Present)
Open Text Corporation	(2008 – 2009)

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	–	8,164	8,164	\$813,822	May 10, 2012	Yes



Vancouver,
British Columbia,
Canada

Director since:
2011

Current Activities:

Mr. Furlong is a Corporate Director and a professional speaker represented by the Twentyten Group, a firm comprised of former members of the Vancouver Organizing Committee for the 2010 Vancouver Olympic and Paralympic Games (VANOC). He is the Executive Chair of the Vancouver Whitecaps FC, a director of Whistler Blackcomb Holdings Inc. and Chairman of the "Own the Podium" program.

Past Activities:

Mr. Furlong served as the Chief Executive Officer of VANOC and led the team that organized and delivered the 2010 Vancouver Olympic and Paralympic Winter Games. Prior to his appointment to VANOC in 2004, Mr. Furlong was President and Chief Operating Officer for the Vancouver 2010 Bid Corporation. Mr. Furlong is also a former member of the Canadian Olympic Committee. In 2010, Mr. Furlong was named an Officer of the Order of Canada and became a Member of the Order of British Columbia. Mr. Furlong's service to sport and Canada has resulted in numerous additional forms of recognition, including Canadian of the Year, Canada's Sports Executive of Year and Marketer of the Year.

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited	(2011 – Present)
Whistler Blackcomb Holdings Inc.	(2010 – Present)

See Note 7

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	–	2,614	2,614	\$260,651	May 12, 2016	No





Bloomfield Hills,
Michigan, U.S.A.

Current Activities:

Dr. Goldsberry is Chairman of the Board of MBI, a subsidiary of Michigan State University Foundation. He is also a director of Unum Group, a disability insurance company with operations in the USA and the UK and a member of its Finance and Governance Committee. Dr. Goldsberry also serves on the Board of Directors of several private companies including ExpressLink Corporation, a leading provider of insurance to automotive dealerships. Mr. Goldsberry provided consulting services to the Company during a portion of 2013 and 2014.

Past Activities:

Dr. Goldsberry was a consultant on global automotive practices for Deloitte Consulting. He served as Chairman and CEO of OnStation Corporation (formerly known as Carstation.com), an internet based management solutions provider for automotive dealerships and service centers, from 2000 to 2006. Dr. Goldsberry also held a number of positions with Ford Motor Company over a fourteen year period, including Vice President of Global Service Business Strategy, Vice President and General Manager of Global Ford Customer Service Operations and Executive Director, Sales and Service Strategies for the North American Automotive Operations division. He is a former director of Primerica Corporation, Case Corporation, The Rockefeller Foundation and Stanford University Business School, and former Chairman of Detroit Public Television, vision 007 Youth Center Capital Campaign and United Way for Southeastern Michigan Virgil H. Carr Society Cabinet Committee.

Public Board Memberships During Last Five Years:

Unum Group

(1999 – Present)

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	–	–	–	–	May 8, 2019	No



Oakville, Ontario,
Canada

Director since:
2010

Current Activities:

Mr. Goodfellow is a Corporate Director and serves as a director of Discovery Air Inc. and a member of the Audit Committee of the Department of Foreign Affairs and International Trade Canada. Mr. Goodfellow also provides consulting services on corporate governance, risk governance and financial reporting matters.

Past Activities:

Prior to his retirement in 2008, Mr. Goodfellow was a senior partner and Vice-Chairman of Deloitte & Touche LLP (now Deloitte). He has also been an active contributor to the accounting profession. He is past Chairman of the Canadian Institute of Chartered Accountants' Accounting Standards Board as well as its Canadian Performance Reporting Board. He was made a Fellow of the Ontario Institute of Chartered Accountants in 1986 for distinguished service to the profession and, in 2009, was awarded the Ontario Institute's Distinguished Order of Merit, the highest honour given by the Institute.

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited
Discovery Air Inc.

(2010 – Present)

(2008 – Present)

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	6,000	–	6,000	\$598,080	October 7, 2015	Yes





Toronto, Ontario,
Canada

Director since:
2012

Current Activities:

Mr. Lampe is a partner, a member of the Executive Committee and Co-Chair of the Corporate Securities Group at Goodmans LLP, a law firm. He joined Goodmans in 1984.

Past Activities:

Mr. Lampe is a former General Counsel to the Ontario Securities Commission (OSC), past Chair of the OSC's Securities Advisory Committee and past member of the OSC's Enforcement Advisory Group.

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited (2012 – Present)

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	–	1,438	1,438	\$143,349	August 9, 2017	No



Ottawa, Ontario,
Canada

Director since:
2011

Current Activities:

Mr. L'Heureux is President of Gestion Claude L'Heureux Inc., which operates a Canadian Tire Store in Orléans (Ottawa), Ontario.

Past Activities:

Mr. L'Heureux has been a Canadian Tire Dealer since 1983 and has operated a number of Canadian Tire stores in Ontario and Quebec. He was Vice-President of the Canadian Tire Dealers' Association from 1999 to 2001. He has also served as a director of the Canadian Tire Dealers' Association, as Chairman of three regional Dealer groups and on numerous Canadian Tire Dealers' Association committees. Mr. L'Heureux was the recipient of the Canadian Tire Award of Excellence in 2000. He has also served on the board of The West Island Community Share and the Snow Suit Fund of Ottawa.

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited (2011 – Present)

See Notes 5 and 8

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	200	5,513	5,713	\$569,565	May 12, 2016	Yes



TIMOTHY R. PRICE
Independent


**Toronto, Ontario,
Canada**

Director since:
2007

Current Activities:

Mr. Price is Chairman, Brookfield Funds, Brookfield Asset Management Inc., an asset management company. He is also a director of Brookfield Residential Properties Inc., HSBC Bank Canada, Fairfax Financial Holdings Limited, St. Michael's Hospital Foundation and Mental Health Foundation and 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. He was formerly Chairman of Q9 Networks Inc. and the York University Foundation, a trustee of Morguard REIT and a director of Brookfield Homes Corporation and Astral Media Inc.

Public Board Memberships During Last Five Years:

Astral Media Inc.	(2004 – 2012)
Brookfield Homes Corporation Inc.	(2009 – 2011)
Brookfield Residential Properties Inc.	(2011 – Present)
Canadian Tire Corporation, Limited	(2007 – Present)
Fairfax Financial Holdings Limited	(2010 – Present)
HSBC Bank Canada	(2007 – Present)

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	1,800	13,116	14,916	\$1,486,922	May 10, 2012	Yes

MAUREEN J. SABIA
Independent


**Toronto, Ontario,
Canada**

Director since:
1985

**Non-Executive
Chairman of the
Board since:**
March 8, 2007

Current Activities:

Miss Sabia is Non-Executive Chairman of the Board of CTC and President, Maureen Sabia International, a consulting firm. She is also a director of Canadian Tire Bank and Chairman of the Foreign Affairs and International Trade Canada Audit Committee. 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 serves on the Advisory Board of the Laura L. Sabia Education and Research Endowment at the University of Toronto, is a member of the Board of Trustees of Brock University where she is also Chairman of its Audit Committee, and is a member of the Leadership Council of the Perimeter Institute.

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 the Company and immediate past Vice-Chairman of the Public Accountants Council for the Province of Ontario. 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. In 2011, Miss Sabia was appointed an Officer of the Order of Canada.

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited	(1985 – Present)
------------------------------------	------------------

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	5,987	2,196	8,183	\$815,751	February 9, 2008	Yes



PETER B. SAUNDERS**Independent****Current Activities:**

Mr. Saunders is the Lead Director of Godiva Chocolatier and Chairman of Jack Wills Ltd., a specialty apparel retailer in the UK. Mr. Saunders is also a director of Total Wine & More, an independent wine retailer in the United States.

Past Activities:

Mr. Saunders was previously Chairman (2008 – 2009) and Chief Executive Officer (2002 – 2008) of The Body Shop International PLC, Chief Operating Officer of T. Eaton Co. Ltd. (1995 – 1997) and director of The Second Cup Ltd (2011 – 2013).

**Naples, Florida,
U.S.A.**

Director since:
2009

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited (2009 – Present)
The Second Cup Ltd. (2011 – 2013)

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	2,000	6,016	8,016	\$799,108	June 10, 2014	Yes

GRAHAM W. SAVAGE**Independent****Current Activities:**

Mr. Savage is a Corporate Director and serves on the boards of Canadian Tire Bank, Postmedia Network Inc., Whistler Blackcomb Holdings Inc. and Cott Corporation.

Past Activities:

Mr. Savage was Chairman, Callisto Capital LP, a merchant banking firm, between 2003 and 2008. Previously, he was Chief Financial Officer and a director of Rogers Communications Inc. He has also served as a director of Alias Corp., FMC Financial Models Limited, Leitch Technology Corp., Lions Gate Entertainment Corp., MDC Corp., Microcell Inc., Royal Group Technologies Limited, Sun Media Corp., Sun Times Media Group, Inc. and Vitran Corporation, among others.

**Toronto, Ontario,
Canada**

Director since:
1998

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited (1998 – Present)
Cott Corporation (2008 – Present)
Postmedia Network Inc. (2010 – Present)
Sun Times Media Group, Inc. (2003 – 2009)
Whistler Blackcomb Holdings Inc. (2010 – Present)

See Notes 7 and 9

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	–	8,142	8,142	\$811,673	February 9, 2008	Yes



GEORGE A. VALLANCE**Not Independent (Canadian Tire Dealer)****Current Activities:**

Mr. Vallance is President, G.A. Vallance Holdings Limited, which operates a Canadian Tire store in Langley, British Columbia.

Past Activities:

Mr. Vallance became a Canadian Tire Dealer in 1989. He was President of the Canadian Tire Dealers' Association from 2008 to 2009. He has also served as a director on the boards of the Canadian Tire Dealers' Association and C.T.C. Dealer Holdings Limited. Mr. Vallance has served as Chairman of several regional Dealer groups and has served on numerous Canadian Tire Dealers' Association committees.

**Vancouver,
British Columbia,
Canada**

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited (2011 – Present)

Director since:

2011

See Notes 5 and 8

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET? ⁽³⁾
–	–	5,962	5,962	\$594,369	May 12, 2016	Yes

STEPHEN G. WETMORE**Not Independent (Management)****Current Activities:**

Mr. Wetmore is CEO of CTC. He is also a trustee of CT Real Estate Investment Trust, a publicly-traded, majority-owned subsidiary of CTC and a director of Canadian Tire Financial Services Limited, a wholly-owned subsidiary of CTC.

Past Activities:

Mr. Wetmore was previously President and CEO, Bell Aliant Regional Communications Income Fund (now Bell Aliant Inc.), 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 Holdings 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.

Public Board Memberships During Last Five Years:

Canadian Tire Corporation, Limited (2003 – Present)
CT Real Estate Investment Trust (2013 – Present)

**Toronto, Ontario,
Canada**

Director since:

2003

NUMBER OF SHARES AND DSUs BENEFICIALLY OWNED, CONTROLLED OR DIRECTED (as at March 13, 2014)

COMMON SHARES	CLASS A NON-VOTING SHARES	DSUs ⁽¹⁾	TOTAL NUMBER OF SHARES AND DSUs	MARKET VALUE OF TOTAL NUMBER OF SHARES AND DSUs ⁽²⁾	DATE AT WHICH SHARE OWNERSHIP GUIDELINE IS TO BE MET	HAS SHARE OWNERSHIP GUIDELINE BEEN MET?
–	30,304	21,902 ⁽¹⁰⁾	52,206	\$5,203,944 ⁽¹¹⁾	January 3, 2014	Yes ⁽¹²⁾



Notes

- (1) The number of DSUs that each director owns, which includes fractional DSUs, has been rounded down to the nearest whole number.
- (2) The closing price for Common Shares on March 13, 2014 was \$154.92. The closing price for Class A Non-Voting Shares (and accordingly the value of a DSU) on March 13, 2014 was \$99.68. The market value of each director's shareholdings and DSUs (including fractional DSUs) is based upon these closing share prices.
- (3) The value of Common Shares, Class A Non-Voting Shares or DSUs required to meet the share ownership guideline as at the date at which it is required to be met (currently \$465,000) is calculated as the greater of (i) the acquisition cost of the Common Shares, Class A Non-Voting Shares or DSUs, and (ii) the market value of such shares and DSUs based on the closing share prices on March 13, 2014. For more information on CTC's share ownership guidelines for directors, see *Director Share Ownership Guidelines* on page 35.
- (4) The value of each of Ms. Billes' and Mr. Billes' Common and Class A Non-Voting shareholdings, based on the closing share prices for Common Shares and Class A Non-Voting Shares on March 13, 2014, exceeds the value required by CTC's share ownership guidelines for directors.
- (5) Messrs. Billes, L'Heureux and Vallance are Canadian Tire Dealers and as such may, from time to time, participate in a Company supported program that provides financing to Canadian Tire Dealers for their purchase of inventory and fixed assets. The terms and conditions of the financing support provided by CTC under this program are the same for all participating Canadian Tire Dealers.
- (6) Mr. Boivin served as a director of Toptent Inc. (*Toptent*) from August 2007 until November 2009. On May 7, 2010, Toptent filed a proposal under the *Bankruptcy and Insolvency Act* (Canada), which was subsequently accepted by Toptent's creditors on May 10, 2010.
- (7) Messrs. Furlong and Savage serve together on the board of directors of Whistler Blackcomb Holdings Inc. and are both members of its Corporate Governance and Nominating Committee. There are no other interlocking public company directorships among the proposed directors.
- (8) C.T.C. Dealer Holdings Limited owns 702,084 Common Shares of CTC, representing approximately 20.5% of the currently outstanding Common Shares. Messrs. L'Heureux and Vallance each hold less than 0.5% of the outstanding voting common shares of C.T.C. Dealer Holdings Limited and do not exercise any control or direction over the shares of CTC held by C.T.C. Dealer Holdings Limited.
- (9) Mr. Savage was a director of Sun-Times Media Group, Inc. (*Sun Times*), formerly Hollinger International Inc. (*Hollinger*). He served as a director of that company from July 2003 until November 2009. On June 1, 2004, the Ontario Securities Commission issued a permanent management cease trade order (*the Ontario Cease Trade Order*) against the insiders of Hollinger for failing to file its interim financial statements and interim Management's Discussion and Analysis (*MD&A*) for the three-month period ended March 31, 2004 and its annual financial statements, MD&A and Annual Information Form for the year ended December 31, 2003. In addition, the British Columbia Securities Commission issued a cease trade order against an insider of Hollinger resident in British Columbia on May 21, 2004, as updated on May 31, 2004 (*the BC Cease Trade Order*). The Ontario Cease Trade Order was allowed to expire on January 9, 2006 and is no longer in effect. The BC Cease Trade Order was revoked on February 10, 2006 and is no longer in effect. Sun Times filed for protection under Chapter 11 of the United States Bankruptcy Code in April 2009. The principal operating assets of Sun Times were subsequently sold.
- (10) Includes DSUs received under the DSU Plan for Directors prior to Mr. Wetmore's appointment as CEO of CTC as well as a portion of a previous Short-Term Incentive Plan Award which Mr. Wetmore elected to receive in DSUs under his Deferred Share Unit Plan.
- (11) Mr. Wetmore also owns units in the CTC Share Fund of CTC's Deferred Profit Sharing Plan, which consists of Common Shares and Class A Non-Voting Shares. As at March 13, 2014, the market value of such units was \$8,507. For a description of CTC's Deferred Profit Sharing Plan, see *CT Profit Sharing* on page 68.
- (12) For more information on CTC's share ownership guidelines applicable to Mr. Wetmore, see *Executive Share Ownership Guidelines* on page 51 and *CEO Employment Agreement* on page 62.

The average age of the proposed directors is 65.



Meeting Attendance

The table below lists the number of Board and Committee meetings held in fiscal 2013 and the number attended by each director. Maureen Sabia, the Chairman of the Board, is not a member of any Committee but attends all Committee meetings. Martha Billes is a permanent invited guest at meetings of Committees of which she is not a member. Stephen Wetmore, the CEO, is not a member of any Committee and attends Committee meetings as required. Attendance at Committee meetings by the Chairman of the Board and Ms. Billes (with respect to Committees of which Ms. Billes is not a member) is designated by shaded boxes below and is not included in the total attendance column.

Director	Board ⁽¹⁾	Audit Committee	Management Resources & Compensation Committee	Governance Committee	Brand and Values Committee	Total
Iain C. Aitchison	11 of 11		6 of 6			17 of 17
Martha G Billes	11 of 11	6 of 6	6 of 6	5 of 5	4 of 4	22 of 22
Owen G. Billes	11 of 11				4 of 4	15 of 15
Pierre Boivin ⁽²⁾	9 of 9	4 of 4	2 of 2			15 of 15
H. Garfield Emerson	10 of 11	6 of 6				16 of 17
John A.F. Furlong	11 of 11				4 of 4	15 of 15
James L. Goodfellow ⁽³⁾	10 of 11	6 of 6	3 of 3 (Chairman)	2 of 2	3 of 3	24 of 25
Jonathan Lampe	10 of 11			5 of 5 (Chairman)		15 of 16
Claude L'Heureux	11 of 11				4 of 4	15 of 15
Frank Potter ⁽⁴⁾	10 of 11		3 of 3	2 of 2		15 of 16
Timothy R. Price	11 of 11			5 of 5	4 of 4 (Chairman)	20 of 20
Alan P. Rossy ⁽⁵⁾	2 of 2	1 of 2				3 of 4
Maureen J. Sabia <i>Chairman of the Board</i>	11 of 11	6 of 6	6 of 6	5 of 5	4 of 4	11 of 11
Peter B. Saunders ⁽⁶⁾	8 of 11		5 of 6			13 of 17
Graham W. Savage	11 of 11	6 of 6 (Chairman)		5 of 5		22 of 22
George A. Vallance	11 of 11				4 of 4	15 of 15
Stephen G. Wetmore ⁽⁷⁾ <i>CEO</i>	11 of 11					11 of 11

Notes

- (1) The Board held nine regular and two special meetings in 2013.
- (2) Pierre Boivin was elected a director at the Annual Meeting of Shareholders on May 9, 2013. He joined the Audit Committee on May 9, 2013 and the Management Resources and Compensation Committee on October 1, 2013.
- (3) James L. Goodfellow joined the Management Resources and Compensation Committee on August 7, 2013 and the Governance Committee on October 3, 2013. Prior thereto, Mr. Goodfellow attended three Management Resources and Compensation Committee meetings as an invited guest.
- (4) Frank Potter ceased to be a member and Chairman of the Management Resources and Compensation Committee effective August 7, 2013 and a member of the Governance Committee effective August 8, 2013.
- (5) Alan P. Rossy ceased to be a director of CTC and a member of the Audit Committee effective May 9, 2013.
- (6) Due to medical reasons, Mr. Saunders was unable to attend three of the Board meetings and one of the Management Resources and Compensation Committee meetings in 2013.
- (7) In 2013, Mr. Wetmore attended one of six Audit Committee meetings, all of the Management Resources and Compensation Committee meetings, one of five Governance Committee meetings and two of four Brand and Values Committee (formerly, the Social Responsibility Committee) meetings.

OUR APPROACH TO CORPORATE GOVERNANCE

The Role of the Board

The Board of Directors is responsible for the stewardship of the Company. That role consists primarily of the duty to manage or supervise the management of the business and affairs of the Company and includes both decision making and oversight functions. Our Board's decision-making function involves the formulation, in conjunction with management, of strategic objectives and fundamental policies for the Company. The oversight function includes the supervision of management's decisions, the adequacy of systems and controls, the execution of initiatives designed to achieve the Company's objectives, and the implementation of policies. The Board fulfills its duties directly, through its Committees and through management.

Within that context, our Board is involved in the approval and oversight of significant corporate actions relating to, among other things: strategic planning; capital allocation; succession planning; talent management and development; planning for growth, both organic and by acquisition; financial reporting; the control environment; the management of enterprise risk; and the safeguarding and enhancement of our brand and reputation.

As set out in our Statement of Principles on page 26, the Board believes in developing and adhering to strong corporate governance practices and is committed to enhancing those practices over time. In doing so, our directors are mindful that a "one size fits all" approach to corporate governance is often inappropriate for the unique circumstances of individual corporations. In addition, the Board is of the view that good governance alone is not sufficient to enhance our Company's performance. Rather, the collective actions of capable and dedicated directors, together with talented management, are the drivers of performance.

Our Board works to constructively challenge management with a view to achieving the best possible decision-making, and to use reasonable efforts to ensure that all major issues affecting the Company are given appropriate consideration. It is informed of the Company's operations on an ongoing basis through Board and Committee meetings, reports from and discussions with management, and information sessions convened to further the education of directors on specific topics. Moreover, the Board holds working dinners before every Board meeting at which candid discussions with management take place with a view to informally furthering the education of the Board on the issues of most concern to management and to furthering management's knowledge of the Board's perspectives.

Our Board is focused on the Company's strategy. It is actively involved in developing, approving and overseeing the implementation of the Company's strategic plan. The Board holds an annual two-day strategic planning session with senior executives at which there is in-depth discussion and analysis of the strategic issues facing the Company and its businesses, the economic environment, competitive developments and business opportunities. In addition, the Board discusses the Company's corporate strategy, refinements thereto and monitors implementation progress at every regularly scheduled Board meeting. To allow the Board to focus on strategy, it has delegated certain of its authorities to its Committees as more fully discussed on page 21.

The full text of the Board of Directors' formal Mandate is attached to this Management Information Circular as *Appendix A*.

The Board in 2013

The Board believes that the Company's accomplishments and its financial results for the year indicate that management and the Board have served the Company and its shareholders well.

During 2013 the Board focused on the review, evaluation and implementation of shareholder value initiatives as well as growth and productivity initiatives.

The Board reviewed proposed changes to the Canadian Tire Dealer Contract and, in the second quarter of 2013, approved a new contract with our Dealers.

The Board oversaw the creation of CT Real Estate Investment Trust (*CT REIT*) and its governance structure, with a view to appropriately balancing the interests of both CT REIT and the Company. CT REIT was launched in a successful initial public offering that closed in October 2013.

The Board also reviewed the options available to the Company to reduce the balance sheet risk of the Company's highly successful Financial Services business while continuing to grow and meaningfully participate in that business.



The Company engaged in a request for proposals from prospective financial services partners in 2013 and will continue in 2014 to evaluate the merits of a financial services transaction with potential partners.

Understanding the opportunities the Company has for growth, both organically and otherwise, was a focus for the Board during the year. The Board supported management's decision to acquire Pro Hockey Life Sporting Goods Inc. in order to extend the Company's reach in sporting goods to consumers of higher end hockey products. It considered additional opportunities for growth and evaluated those opportunities against potential financial returns and the Company's long term strategy.

During 2013 the Board spent a significant amount of its time on succession planning, and on talent management and development. The Board's belief is that this is one of the most valuable contributions a Board can make to the long term success of the company it serves. The Board oversaw the appointment of externally hired senior vice-presidents in key areas as well as the promotion of internal talent to the Company's executive ranks. It appointed Michael Medline, previously President of FGL Sports and Marks, to the position of President of the Company, reporting to the Company's CEO, Stephen Wetmore. It also appointed Allan MacDonald, previously Senior Vice-President, Automotive and Marketing for Canadian Tire Retail (CTR), as Chief Operating Officer of CTR. Moreover the Board, with the help of management, commenced an in-depth review of the Company's talent pool to determine the breadth and depth of talent as well as opportunities to strengthen the pool where appropriate to successfully execute the Company's strategy.

The Board held nine regular meetings and two special meetings in 2013 as well as a number of information sessions. The information sessions are more fully described under *Director Orientation and Continuing Education* on page 25.

Corporate Governance Developments

CTC is committed to strong corporate governance, as reflected in its policies and practices. Management and the Board of Directors regularly review the Company's corporate governance policies and practices developed over the years and evaluate them against developments in the business, the external environment and externally cited best practices with the objective of ensuring that the Board's practices continue to be comprehensive, relevant, effective and transparent. Highlights of significant developments in the Company's approach to governance over the past five years are as follows:

- The Board's Mandate was reviewed and amended in 2010 to include a duty to oversee the state of the Company's relationship with its Dealers. The Board fulfills this duty through consideration of qualitative and quantitative measures to ensure that the relationship is operating in support of the long term strategy of the Company, and that its contribution to the success of the CTC enterprise is being maximized. Benefits from the Board's focus on this area have included a strong relationship with the Company's Dealers, evidenced by the approval in 2013 of a new agreement between the Company and Dealers, more than a year in advance of the expiry of the old agreement.
- In 2011 the Board developed a policy on how the Company will respond to suggested new initiatives with respect to shareholder involvement in decision-making that is both responsive to shareholder concerns and appropriate in the circumstances of the Company. This policy is described under *Our Approach to Shareholder Engagement* on page 26.
- With the Company's focus on its brand strategy, the strong ties between the Company's community, charitable, and sustainability investments and the Company's brand, and the importance of enhancing and protecting the Company's major brands, during the past year the Board expanded the mandate of its Social Responsibility Committee and re-named it the Brand and Values Committee. The duties of the Brand and Values Committee are summarized in its report on page 33.
- The Board has continued to oversee the development of the Company's enterprise risk management program. The Company's principal risks are identified by the Board, and its risk exposures are monitored and reported on by management to the Audit Committee. This program is more fully described on page 27.

Highlights of changes to our governance practices over the past five years, made with a view to improving Board productivity, are as follows:

- Committee mandates were enhanced to delegate more authority to Committees to allow the Board to operate more efficiently and effectively and focus on strategic initiatives. In addition, the Governance Committee was constituted to include the Chairmen of the four Committees and the controlling shareholder, which facilitates information sharing and effective leadership of the Board.

- The Governance Committee has continued to refine the performance assessment process for the Board, its Committees and individual directors with a view to enabling and encouraging assessments that provide open and constructive feedback to Board members.
- A practice was developed of holding Board dinners prior to each Board meeting, which allows the Board more time for educational presentations and informal engagement with management. The CEO takes advantage of these opportunities to discuss matters with the Board. This practice also helps to make the next day's Board meeting more productive and effective by enabling informal discussion of matters on the Board agenda and matters that may be of particular interest to Board members. These dinners have the added advantage of strengthening relationships among the directors and between the CEO and the Board, which improves the boardroom dynamic.

Chairman of the Board

The primary focus of the non-executive Chairman, who is independent, is on governance, maintaining ethical standards and building the Board into an effective, high performing team capable of fulfilling the broad range of its responsibilities including oversight of the business, strategic planning, and succession planning. Her goal is to maintain an effective Board culture and a productive boardroom dynamic at all times and in all situations.

The Chairman is required to devote considerable time to developing and maintaining, in some detail, knowledge of the business and understanding the issues and challenges, both internal and external, confronting both the Board and management. She spends time getting to know and understand the perspectives of senior management.

The Chairman is responsible for forging a strong relationship with the CEO, so that they develop a shared context, agree on fundamental values and ethical standards, understand the accountabilities and boundaries of their respective roles, and engage in productive discussions on issues, whether or not they agree.

In addition, the Chairman is responsible for forging, managing and nurturing relationships among her colleagues on the Board, between the Chairman and her colleagues, between management and the Board, between the CEO and the Board and with the controlling shareholder with the expectation that strong relationships, coupled with knowledge of the issues, can lead to better decision-making. She aspires to facilitate a relationship between the Board and management that is constructive and collaborative, while at the same time maintaining a healthy tension between the two and, on the part of the Board, an attitude of healthy scepticism.

The Chairman is required to work closely with members of the Governance Committee on matters related to Board and Committee composition and the effective discharge of their mandate. She is involved in the recruitment of new directors, the assessment of current directors and in determining what skill sets are required on the Board at any given time. She encourages Board members to become knowledgeable about the business and provides opportunities for them to do so.

The Chairman's specific duties include setting the agenda for Board meetings in consultation with the CEO and reviewing briefing materials in advance of them being sent to the Board. She consults regularly with the Committee Chairmen and with members of the Board, keeping them apprised of issues as they arise and of new developments between Board meetings. She also seeks their advice as issues arise between meetings.

Additional information about the duties of the Chairman of the Board is available at www.corp.canadiantire.ca. Click on "Corporate Governance" under the "Investors" tab, then click on "Board Committee Info" under the "Board of Directors" tab.

Board Committees

The Board has established four standing Committees:

- Audit Committee
- Management Resources and Compensation Committee (*the MRC Committee*)
- Governance Committee
- Brand and Values Committee.

The Board does not have an executive committee.

The Board has delegated a number of its approval responsibilities to its Committees, as permitted by law, in order to enable the Board to operate more efficiently and effectively spend more time on strategic issues. The Board has



approved a Mandate for each Committee which reflects this delegation of authority. Each Committee reviews its Mandate and work plan on a regular basis to ensure that it has fulfilled all of its responsibilities under its Mandate. Any revisions to a Mandate are reviewed by the Governance Committee as required, but no less than once every three years, and recommended to the Board for approval. All matters approved by the Committees are 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.

The Chairman of the Board attends all Committee meetings and meets with the Committee Chairmen at meetings of the Governance Committee (on which all Committee Chairmen and Martha Billes serve) and at such other times as may be required. Every director may attend the meetings of a Committee either by invitation or at the discretion of the Chairman of such Committee.

Each Committee has provided a report starting on page 29 highlighting its duties under its Mandate and its significant achievements during 2013.

Independence of the Board

The Board of Directors is comprised of a majority of directors who are independent, as that term is defined in the requirements and guidelines adopted by securities regulators in Canada. The Board is led by an independent, non-executive Chairman and has appointed an independent Chairman of each of its Committees. 75% of the Company's directors are independent.

Criteria for assessing independence

Our assessment of whether a director is independent starts with the basic question as to whether there are any relationships that have been identified that could reasonably be expected to interfere with the exercise of the director's independent judgment. That analysis is augmented, where required, to ensure compliance with certain presumptive standards that are applicable to members of the Audit Committee, for example.

By way of example, any director who also is a member of management is not considered to be independent. In the case of a commercial, charitable, industrial, banking, consulting, legal, accounting or other business relationship that may exist between the Company and an entity of which the director serves as a director, executive officer, partner or managing director, or occupies a similar position, such relationship generally is considered to be one that could reasonably be expected to interfere with the exercise of the director's independent judgment if the aggregate annual sales or billings from the entity to the Company, or from the Company to the entity, in the most recently completed fiscal year, exceeds a percentage of his or its consolidated gross revenues, as determined by the Board. While this percentage is generally between 1% and 2%, the applicable threshold to be used in each case is a matter of judgment and other relevant factors may be taken into consideration in determining whether the relationship could reasonably be expected to interfere with the exercise of the director's independent judgment. In addition, if a nominee for director who acted as a consultant or other service provider to the Company received more than \$75,000 in fees from the Company during the year prior to his or her appointment, that director generally would not be considered independent.

Determinations of independence

When assessed against the above criteria, the Governance Committee determined that all of the proposed and/or current directors, except Messrs. Wetmore, Billes, L'Heureux and Vallance, are independent.

Mr. Wetmore is the CEO of the Company and, as such, is not independent.

Messrs. Billes, L'Heureux and Vallance 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 Messrs. Billes, L'Heureux and Vallance are not independent directors, the knowledge, experience and perspective they can bring to the Board as Canadian Tire Dealers contribute significantly to the effective governance of the Company.

Ms. Billes, as controlling shareholder of the Company, and Mr. Lampe, as a partner of a law firm that provides services to the Company, would not be considered independent for purposes of the composition of the Audit Committee under National Instrument 52-110 – *Audit Committees (NI 52-110)*. Neither is a member of the Audit Committee.

In determining that Ms. Billes otherwise is independent, the Governance Committee and Board have taken into account a number of factors, including:

- (a) Ms. Billes is not a member of management and receives no compensation from the Company other than fees in relation to her services as a director.
- (b) Other than her familial relationship with Owen Billes, who is the beneficial owner of a significant portion of the shares controlled by Ms. Billes and a Canadian Tire Dealer, there are no familial or commercial relationships between Ms. Billes and any other director, director nominee or executive of the Company.
- (c) The contractual arrangements between the Company and individual Canadian Tire Dealers, including the arrangements with Owen Billes, are in a standard form across the Dealer network and, while the Dealer relationship as a whole is monitored by the Board, individual Dealer relationships are not the subject of review by the Board or its Committees.
- (d) Ms. Billes' investment in the Company is a fundamental portion of her equity holdings and she has demonstrated, since acquiring control of the Company in 1998, that she has a long term interest in the viability, growth and prosperity of the Company that her family founded and is committed to corporate governance practices that include the engagement and oversight of effective management, as well as the election of directors who are independent of her and the Company.

In the view of the Board, Ms. Billes is able to and does represent the interests of shareholders as she fulfills her duties on the Board, the Governance Committee and the MRC Committee.

Independent Chairman of the Board

Maureen J. Sabia is Chairman of the Board of Directors and is an independent director. She is responsible for leading highly effective performance by the Board.

Independence of Committees

All members of the Board's Committees, except for three directors serving on the Brand and Values Committee, are independent. The Brand and Values Committee is comprised of independent directors and directors who are not independent because they are Canadian Tire Dealers. These Dealers operate stores under the Canadian Tire brand and contribute their perspectives to the Committee's oversight of the management and mitigation of risks to, and enhancement of, brand value.

None of the current members of any of the Committees, except for Owen G. Billes, is a current or former employee of the Company or any of its subsidiaries. Owen Billes ceased to be an employee of the Company more than five years ago.

Other independence mechanisms

The Board (including the directors who are Canadian Tire Dealers, none of whom is independent) enhances 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. On occasion, special purpose Board and Committee meetings are convened, at which sessions without management present are held as appropriate.

In addition, the independent directors are afforded the opportunity to meet without the non-independent directors who are Canadian Tire Dealers and do so at each regularly scheduled Board meeting. The Chairman of the Board exercises judgment (depending on the circumstances) as to whether the CEO or Owen Billes are present at meetings that do not include Canadian Tire Dealers.



Selecting Our Director Nominees

The Governance Committee has the mandate to, among other things:

- (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; and
- (b) recommend to the Board qualified individuals as nominees for election to the Board by the shareholders of the Company at a meeting of shareholders of the Company and for appointment by the Board to fill any vacancies on the Board if a director elected by the shareholders ceased to be a director.

The Governance Committee and the Chairman of the Board consult with their fellow directors to refine a perspective on the experience and expertise that it would be desirable to have represented on the Board, and with them and their collective extensive networks, to identify appropriate potential candidates.

The Governance Committee reviews prospective nominees' qualifications under applicable laws, regulations and rules as well as the talents already represented on the Board. It also considers changes to the Company's strategies, risks, current and anticipated priorities, succession planning for key Board positions and the composition of 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 and experience, board experience and residency. Members of the Governance Committee review each candidate's biographical information, assess each candidate's suitability and consider 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 relevant experience is represented on the Board. As part of the selection process, the CEO is kept informed of the candidates with whom the Chairman of the Governance Committee and the Chairman of the Board are meeting, and, when appropriate, arrangements are made to have potential Board candidates meet with the CEO, the controlling shareholder, the Governance Committee and other members of the Board.

The Governance Committee uses the same process for evaluating all potential candidates. In so doing, the Governance 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;
- (b) the candidate has sufficient time and energy to devote to the performance of his or her 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 himself or herself 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.

Director Orientation and Continuing Education

To maintain reasonable assurance that every new director engages in a comprehensive orientation process and that all directors are provided with continuing education opportunities, the Governance Committee ensures that each new director is provided with a comprehensive manual containing information on the Company and the Board and such other written materials about the Company as he or she may request, requires the Chairman of the Board to meet with each proposed new director and explain to such proposed new director the culture of the Board and the commitment of time and energy expected of every director, and makes available to every director the opportunity, at the expense of the Company:

- (a) to attend any conference, seminar, course or other educational experience which is intended to expand corporate directors' knowledge and skills, and which is approved by the Chairman of the Governance Committee and, where the expense could be significant, the Chairman of the Board;
- (b) to visit the Company's principal operating locations and to discuss the operation of those locations with the managers of those locations; and
- (c) to meet with the 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.

In addition, the Chairman of the Board works with each new director to develop an individualized orientation program that is designed to enhance the director's understanding of the Company. As such, the nature and content of the orientation sessions provided to new directors vary depending on individual needs and desires. The development of each individualized program is enhanced by the Chairman of the Board's extensive knowledge of and relationships within the Company.

With respect to directors' education generally, the Chairman of the Board both initiates educational opportunities and responds to requests for Board education from the Board members on an ongoing basis. She arranges for the provision of educational presentations and materials, as well as on-site store or facility visits, in response to those requests. In addition to the Board's process for orienting both new and incumbent directors, directors receive a substantial amount of background information in the context of Board and Committee meetings that not only assists them in discussing the issues to be addressed and decisions to be made at such meetings, but also educates them on matters relevant to the Company and its business. The Board also receives periodic updates as to significant economic and capital market developments.

In 2013, the Board held in-depth informational sessions, both as part of and in addition to the Board's regular and special meetings, on the Company's proposed shareholder value initiatives and the Dealer Contract. Each member of the Audit and Governance Committees participated in some or all of these sessions, as did some individual Board members. In particular, the Board and applicable Committees spent a significant amount of time reviewing and discussing materials prepared by external advisors and management to educate the Board about capital markets, governance, accounting and tax matters related to publicly traded real estate investment trusts, resulting in the successful initial public offering of CT REIT in October, 2013.

Board Assessments

The performance and effectiveness of the Board, the Committees of the Board, the Chairman of the Board and individual directors (including in their capacity as Committee members) are regularly assessed under the management of the Governance Committee through a process that is intended to encourage candid and constructive commentary.

Assessment of the Board

An assessment of the Board's performance is conducted every two years. Directors are asked to provide their views in respect of a number of areas, including the Board's composition, practices, relationship with management as well as its oversight of the Company's strategy, CEO and officer succession and performance, financial reporting and internal controls, identification and management of risks, and corporate governance and social responsibility practices. A composite report of the results is reviewed by the Governance Committee and the Board, which use the report to identify and remediate any aspects of the Board's performance which do not meet the Board's rigorous standards.



Assessment of Directors

An appraisal of each director's performance is conducted every two years concurrently with the assessment of the Board. Directors are asked to evaluate the performance of their fellow Board members (with the exception of the CEO and the Chairman of the Board who are assessed under separate processes) against criteria expected of an effective director. The results of the individual director performance assessments are reviewed by the Chairman of the Governance Committee and the Chairman of the Board privately with each individual director. The results of the individual director evaluation process is one of the factors that is taken into account when considering the director nominees to be recommended to the Company's shareholders.

Assessment of the Chairman of the Board

The performance of the Chairman of the Board is assessed annually. The evaluation considers how the Chairman of the Board has carried out her responsibilities as set out in her Mandate. The results of the evaluation are reviewed by the Chairman of the Governance Committee with the Chairman of the Board, and are also discussed at meetings of the Governance Committee and the Board.

Assessment of Committees and Committee Members

Assessments of the Committees of the Board are conducted every second year. Directors are asked to evaluate the performance and effectiveness of each of the Committees on which they serve against a number of criteria, including each Committee's composition, practices, relationship with the Board and management, and performance and fulfillment of its responsibilities under its Mandate. The results are reviewed by the Governance Committee, which then provides a report to the Board, and by each Committee with respect to its own evaluation. Directors are also evaluated in their capacity as Committee members concurrently with the assessment of Committees. The results of the individual Committee member performance evaluations are reviewed by the Chairman of the Board and the Chairman of the Governance Committee, and by each Committee Chairman privately with their Committee members. The results of both the Committee and individual Committee member performance appraisals are taken into consideration when the Governance Committee considers the Mandates and composition of the Board's Committees.

Our Approach to Shareholder Engagement

Our Board has determined that it will respond to the concerns of its shareholders in a manner that is consistent with the following Statement of Principles.

- We believe in developing and adhering to strong corporate governance practices and are committed to continually enhancing those practices. We are mindful, however, that a "one size fits all" approach to corporate governance is often inappropriate for the unique circumstances of individual corporations. In addition, we are of the view that good governance alone is not sufficient to enhance our Company's performance. Rather, capable and dedicated directors, together with talented management, are the drivers of performance.
- The governance of a large public corporation is a complicated task, requiring a grasp of complex information about the corporation and its businesses. We believe that this task is best understood and managed by our Board of Directors, the members of which have been given the legal responsibility for stewardship of the Company and acting in its best interests. We are committed to maintaining rigorous selection and assessment criteria that require directors to be knowledgeable about our businesses and to employ a disciplined approach to compensation, succession, risk management and the many other factors that affect long-term performance.
- We also believe that maintaining open lines of communication with our shareholders on key matters is of critical importance. Our Board and management are always interested in the views of shareholders and we have worked to develop a trusted relationship with the investment community. We are committed to comprehensive and transparent reporting on matters of importance to our shareholders.
- We believe that it is difficult for shareholders and other external constituents to be effectively involved in the day-to-day structural and governance decisions affecting the Company. In order to perform this decision-making function properly, one needs to be continually involved with the Company, its inner workings, its personnel and its corporate strategy – all matters which fall to the directors and management. Our directors are committed to employing their time, energy, experience and expertise to understand shareholder views in the context of the complexities of the Company and to protecting and advancing in good faith the best interests of the Company.

We believe that a transparent process for considering shareholder inquiries, proposals and initiatives should foster a trusted relationship with the investment community. Accordingly, we have instituted procedures which will ensure that our directors will consider all shareholder concerns in a disciplined manner that is consistent with the Company's governance and share ownership structure and our Statement of Principles.

Subsidiary Boards

The Board of Directors of Canadian Tire Bank (*the Bank*), a wholly-owned subsidiary of Canadian Tire Financial Services Limited, which is a wholly-owned subsidiary of the Company, is comprised of nine directors. Serving on the Board of the Bank are the President and Chief Executive Officer of the Bank, three directors of CTC who are cross-appointed to the Bank Board, two executives from CTC and three other independent directors with significant management expertise in banking. The three directors of CTC who are cross-appointed to the Bank Board are Owen Billes, Maureen Sabia and Graham Savage. The two executives from CTC are James Christie and Douglas Nathanson.

The Board of Trustees of CT REIT, a publicly traded, majority-owned subsidiary of the Company, is comprised of seven trustees. Serving on the Board of CT REIT are the President and Chief Executive Officer of CT REIT, two executives from CTC and four independent trustees who collectively have significant management expertise in the real estate and retail industries as well as financial and governance expertise. The two executives from CTC are Stephen Wetmore and Dean McCann.

All other significant subsidiary boards are wholly comprised of members of CTC's executive team.

Enterprise Risk Management

The Board oversees the development and implementation by management of the Company's enterprise risk management program. The Board has identified eleven principal risks, each of which has been defined. The Company defines a Principal Risk as one that, alone or in combination with other interrelated risks, could have a significant adverse impact on the Company's brand, reputation, financial performance or ability to service its customers and has, in the absence of controls, a credible probability of occurring. As such the mitigation and management of Principal Risks is approached holistically with a view to ensuring that all risk exposures associated with a Principal Risk, including the impact of more than one Principal Risk occurring, are considered. The Board reviews reports from management on Principal Risks associated with the Company's business and operations, approves policies that govern the Principal Risks of the Company, and reviews management's implementation of systems to manage these risks and any material deficiencies in the operation of these systems. The Audit Committee is responsible for reporting to the Board on the effectiveness of the Company's enterprise risk management program and receives, on a periodic basis, a report from management that considers the risk exposure of the Principal Risks. The Governance, MRC and Brand and Values Committees each oversee processes, controls and disclosures intended to mitigate risks associated with the activities managed under their oversight. More information on the Company's enterprise risk management program is included in the Company's Management's Discussion and Analysis and Annual Information Form for the year ended December 28, 2013, which are available on SEDAR at www.sedar.com.

The Bank is a Schedule I chartered bank that is regulated by the Office of the Superintendent of Financial Institutions (*OSFI*) and as such is subject to all of the risk management requirements and reporting required by OSFI. The Bank Board meets quarterly or more frequently as circumstances warrant. The Bank Board reviews reports from management on Principal Risks associated with the Bank's business and operations, approves policies that govern the Principal Risks of the Bank, and reviews management's implementation of systems to manage these risks and any material deficiencies in the operation of these systems. The Chairman of the Bank Board, James Christie, reports to the Company's Board on a quarterly basis on the Bank Board's oversight of the Bank. The Bank's compliance with its risk management policies, among other matters overseen by the Audit Committee of the Bank, is reported to the Company's Audit Committee by Graham Savage, the Chairman of the Company's Audit Committee and a member of the Bank's Audit Committee.

CT REIT has adopted the Company's enterprise risk management program for the monitoring and management of its risks and will continue to develop its program during 2014. The risks associated with CT REIT are incorporated into the risk reporting provided to and overseen by the Company's Audit Committee.



Code of Business Conduct

The Board has approved the Company's Code of Business Conduct and the Code of Business Conduct for Suppliers, copies of which may be obtained without charge by contacting Robyn A. Collver, Senior Vice-President, Secretary and General Counsel at Canadian Tire Corporation, Limited, 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario M4P 2V8. The Codes are also available at www.corp.canadiantire.ca and on SEDAR at www.sedar.com. Each Code contains an explanation of how the Company monitors compliance with such Code.

Each director, officer and employee must acknowledge that they have read, understood and will commit to abide by the standards and expectations set out within the Company's Code of Business Conduct.

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. The Board has established a business conduct compliance program, which provides a compliance mechanism for the Codes including:

- (a) the receipt, retention and treatment of complaints and concerns received by the Company regarding accounting, internal accounting controls or auditing matters; and
- (b) 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 business conduct compliance program, including:

- (a) overseeing the receipt, retention, investigation and resolution of complaints and concerns related to breaches of the Codes;
- (b) managing a business conduct hotline and web reporting service that is operated by a third party service provider; and
- (c) reporting to the Audit Committee on all reported violations of the Company's Code of Business Conduct and their disposition, on a quarterly basis.

Conflicts of Interest

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.

Additional Information

For information on the process by which the Governance Committee and the Board determine the compensation of the Company's directors, see *Director Compensation* on page 34 of this Management Information Circular.

The Company's executive compensation program is overseen on behalf of the Board of Directors by the MRC Committee. For more information on the process by which the MRC Committee and the Board determine the compensation of the Company's officers, see *Executive Compensation* on page 39 of this Management Information Circular.

The Board has approved written position descriptions for the Chairman of the Board and the chairs of the Board's Committees. These position descriptions are available on the Company's website at www.corp.canadiantire.ca. Click on "Corporate Governance" under the "Investors" tab, then click on "Board Committee Info" under the "Board of Directors" tab. A written position description is also in place for the CEO, whose objectives are approved annually by the Board of Directors and form part of the CEO's mandate on a year-to-year basis.



COMMITTEE REPORTS

Each of our Board Committees has prepared a report that includes an overview of the work that the Committee does each year and provides highlights of their work in 2013. The responsibilities of our Committees are also set out in their Mandates which are available on CTC's website at www.corp.canadiantire.ca. Click on "Corporate Governance" under the "Investors" tab, then click on "Board Committee Info" under the "Board of Directors" tab.

Additional information about our Audit Committee as required by NI 52-110 is contained in our Annual Information Form for the year ended December 28, 2013 (*the 2013 AIF*), which is available on SEDAR at www.sedar.com.

Audit Committee Report

The following report has been approved by the members of the Audit Committee: Graham W. Savage, *Chairman*, Pierre Boivin, H. Garfield Emerson and James L. Goodfellow.



G.W. Savage
Chairman



P. Boivin



H.G. Emerson



J.L. Goodfellow

Responsibilities

Our Audit Committee oversees the Company's financial reporting and disclosure, risk management and compliance with applicable laws and regulations. It reviews the external auditor's service plan and its performance, monitors its independence, approves non-audit services where appropriate and reviews the results of the external audit, including any internal control issues identified during the course of the audit. It also reviews the internal auditor's audit plan and performance, as well as the adequacy and appropriateness of management's actions in response to internal audit reports. It oversees CTC's enterprise risk management program, including the identification of principal risks, and reviews the Company's risk management policies and enterprise risk management reports.

2013 Highlights

Highlights of work that the Committee did during 2013, in addition to its quarterly oversight of financial reporting and disclosures, the activities of the external and internal auditors, and CTC's risk management, include:

- assessing the continuing effectiveness of various financial models used in the business;
- reviewing actions underway to improve data back up and disaster recovery across all business units, including the establishment of a new primary data centre in Winnipeg, Manitoba;
- reviewing actions underway to simplify and improve information technology security, interfaces and data flow while increasing flexibility;
- considering cyber risks facing retail, financial services and other industries and the option to purchase insurance to mitigate possible financial exposure;
- overseeing the assignment of residual risk assessments to all of the principal risks identified by the Board, and assessing risk management strategies (including control improvements) being taken to address residual risk exposures;
- reviewing the accounting treatment and public disclosure obligations for CT REIT and the impact of CT REIT on CTC's accounting and public disclosure obligations;
- assessing the nature and form of the insurance to be purchased in connection with the establishment and operation of CT REIT;
- reviewing the prospectus associated with the initial public offering of units of CT REIT together with reports by management and CTC's external advisors regarding the diligence undertaken to permit CTC to sign the prospectus, as promoter;



- assessing management's plan to re-engineer its finance systems and processes;
- reviewing the effectiveness of the CEO/CFO certification process;
- reviewing and recommending for approval Legal Risk Management and Business Continuity Policies that set out the accountabilities for management of these two principal risks within CTC; and
- reviewing and updating the description of CTC's principal risks and their supporting definitions.

Auditor's Fees

The table below shows the fees that Deloitte received for services for the financial years ended December 29, 2012 and December 28, 2013, respectively.

Auditor's Fees	2012 (ended December 29, 2012)	2013 (ended December 28, 2013)
Audit fees	\$3,110,699	\$3,325,006
Audit-related fees	\$1,215,059	\$2,217,283
Tax fees	\$521,418	\$413,491
All other fees	\$3,756,054	\$236,675
Total	\$8,603,230	\$6,192,455

For more information about the fees paid to our Auditors, see pages 32 and 33 of the 2013 AIF.

Management Resources and Compensation Committee Report

The following report has been approved by the members of the Management Resources and Compensation Committee: James L. Goodfellow, *Chairman*, Iain C. Aitchison, Martha G. Billes, Pierre Boivin and Peter B. Saunders.



J.L. Goodfellow
Chairman



I.C. Aitchison



M.G. Billes



P. Boivin



P.B. Saunders

Responsibilities

Our MRC Committee oversees the Company's management resources and compensation strategy, plans, policies, procedures and practices. It reviews senior executive succession planning and assesses succession development systems and processes, determines potential replacements for key leadership roles in the event of emergency, and recommends, and for a number of senior vice-president positions approves, the appointment and terms of employment of senior executives. The Committee also recommends to the Board CTC's executive compensation philosophy, reviews the adequacy, competitiveness, internal equity and cost effectiveness of the design of CTC's compensation programs, assesses the linkage of CTC's executive compensation philosophy and incentive plans to CTC's performance and business strategy, and reviews the relationship between enterprise risk and CTC's executive compensation plans and policies to confirm that the level of risk exposure continues to be acceptable. The Committee also recommends the CEO's performance objectives to the Board and oversees the process for evaluating the CEO. Committee members keep abreast of executive governance best practices and assess CTC's philosophy and program against those best practices.

2013 Highlights

Highlights of work that the Committee did during 2013, in addition to its review and approval of the 2014 Executive Compensation Policy and executive succession planning, include:

- overseeing the final elements of the transition to a common Short-Term Incentive Plan design for all senior management across CTC, including FGL Sports;
- reviewing the rationale for, and recommending to the Board, a decrease in the percentage of stock options versus performance share units awarded on an annual basis under the Long-Term Incentive Plan design;
- reviewing the unplanned items and related financial amounts presented for adjudication under the 2012 Short-Term Incentive Plan and assessing the quality of earnings prior to adjudicating the final results for the Short-Term Incentive Plan payout;
- increasing the Committee's focus on its oversight of talent development, including reviewing key focus areas for talent development; and
- reviewing succession plans for senior management.



Governance Committee Report

The following report has been approved by the members of the Governance Committee: Jonathan Lampe, *Chairman*, Martha G. Billes, James L. Goodfellow, Timothy R. Price and Graham W. Savage.



J. Lampe
Chairman



M.G. Billes



J.L. Goodfellow



T.R. Price



G.W. Savage

Responsibilities

Our Governance Committee oversees the Company's approach to corporate governance in order to assist the Board to discharge its duties in a highly effective manner. The Committee reviews its criteria for selecting new directors, reviews the competencies and skills required in directors and in the Board as a whole, maintains an evergreen list of prospective director nominees, recommends directors to the Board for approval as nominees, recommends to the Board the appointment of the Chairman of the Board, and appoints the Chairmen and members of the Board Committees other than the Chairman and members of the Governance Committee, which it recommends to the Board for approval. The Committee recommends the criteria for evaluating the independence of directors and assesses their independence against those criteria, recommends the process for assessing the performance of the Board, Committees, individual directors and the Chairman of the Board, and reviews and recommends for approval the form and amount of the Chairman of the Board's and directors' compensation. It evaluates the adequacy of Board and Committee mandates, reviews and evaluates processes for directors' orientation and education activities, and reviews the ongoing relationship between the Board and management. The Committee monitors developments and best practices in corporate governance and reviews the Board's governance practices with a view to continually improving the Board's corporate governance standards.

2013 Highlights

Highlights of work that the Committee did during 2013, in addition to selecting and proposing director nominees, assessing the performance of the Chairman of the Board, the Committees and individual Committee members, and recommending the governance portions of CTC's information circular to the Board for its approval, include:

- considering the governance structure for CT REIT and recommending that structure to the Board of Directors in connection with the initial public offering of CT REIT;
- considering changes to the composition of the Canadian Tire Bank Board and providing the benefit of its expertise with respect to the choice of proposed directors for CT REIT; and
- appointing members and Chairmen of the MRC Committee, Audit Committee and Social Responsibility Committee (now called the Brand and Values Committee).

Brand and Values Committee Report

The following report has been approved by the members of the Brand and Values Committee: Timothy R. Price, *Chairman*, Owen G. Billes, John A.F. Furlong, Claude L'Heureux and George A. Vallance.



T.R. Price
Chairman



O.G. Billes



J.A.F. Furlong



C. L'Heureux



G.A. Vallance

Responsibilities

The Brand and Values Committee was established by the Board in December, 2013 in recognition of the value of the Company's brands, in particular the Canadian Tire brand, and the importance of that brand value to the Company's continued long-term success. The Committee's responsibility is to oversee strategies to maintain and enhance the Company's brand value and risks that could harm the value of its brands. The Committee will monitor these strategies and their effectiveness. Its approach will be to view the Company's progress on brand value enhancement and risk mitigation activities through a number of lenses, including those of customers, employees, communities, suppliers, investors and governments.

2013 Highlights

Prior to its re-formation as the Brand and Values Committee in December, 2013, the Committee (previously called the Social Responsibility Committee) received updates on the Company's enterprise community investment and business sustainability strategies, reviewed progress made in the public reporting of the Company's business sustainability performance, and received updates on the implementation of Canadian Tire Jumpstart Charities' strategic plan as well as its activities. The Brand and Values Committee will continue its oversight of social responsibility issues.

For more information about CTC's social and environmental responsibility and performance related thereto, see Section 13.0 of CTC's Management's Discussion and Analysis for the year ended December 28, 2013, which is available on SEDAR at www.sedar.com.



DIRECTOR COMPENSATION

CTC's director compensation program is designed to attract and retain qualified and committed directors, appropriately reward them for their time commitment and contributions and align their interests with the objectives of CTC and its shareholders.

The Governance Committee is responsible for monitoring, reviewing annually and recommending to the Board of Directors for approval the form and amount of directors' remuneration to ensure that it is commensurate with the responsibilities and risks assumed, reflects the time commitment required, and is competitive with other companies which are comparable in terms of size and complexity to CTC's business. There were no changes to director compensation in 2013.

Director Fees

A director who is not an employee of CTC or its subsidiaries is compensated for his or her services through a combination of retainers and attendance fees. Director compensation is paid in cash and/or DSUs at the option of each director.

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

The table below lists the fees our directors (including the Chairman of the Board) were entitled to receive during 2013. The CEO does not receive any of these fees.

Fees	Amount
Annual Retainer	
Chairman of the Board	\$344,000
Directors	\$120,000
Audit Committee Chairman	\$30,000
MRC Committee and Governance Committee Chairmen	\$17,500
Brand and Values Committee Chairman	\$11,000
Meeting Fees⁽¹⁾⁽²⁾	
Board Meeting	\$2,000
Audit Committee Meeting	\$2,750
MRC Committee, Governance Committee and Brand and Values Committee Meeting	\$2,000
Telephone meetings of less than 60 minutes	
• Board Meeting	\$1,000
• Audit Committee Meeting	\$1,375
• MRC Committee, Governance Committee and Brand and Values Committee Meeting	\$1,000
Travel Fee	
When travel time for a round trip to attend meetings was more than four hours	\$1,500

Notes

(1) The Chairman of the Board attends all meetings of Committees but does not receive fees for attending those meetings.

(2) Meeting fees are payable to directors who attend meetings of Committees of which they are not members either by invitation or at the discretion of a Committee Chairman.

Compensation Changes for 2014

In 2013, a market study was undertaken to assist the Governance Committee in a review of the Company's director compensation framework (which had not changed since 2008, apart from increases to retainers of Chairmen of

Committees of the Board). A review of publicly available information concerning compensation of directors of companies in the S&P/TSX 60 Index (*the TSX 60*) indicated that total compensation of a representative Board member of CTC in 2013 was approximately \$40,000 below the median compensation of a director of the TSX 60 companies (assuming attendance at a similar number of meetings and participation on a similar number of committees). Based on this analysis as well as other considerations, including, the increased workload demands on directors given the complexities of CTC's business and the importance of recruiting and retaining highly qualified directors, the Governance Committee recommended an increase to the annual director retainer to \$155,000 from \$120,000 and the introduction of an annual Committee member retainer of \$5,000 for each of the Board's Committees. These recommendations were approved by the Board, and are effective as of January 1, 2014.

Deferred Share Unit Plan for Directors

The Chairman of the Board and every other director who is neither a full nor a part-time employee or officer of CTC or any of its subsidiaries is eligible to participate in the DSU Plan for Directors pursuant to which the director may elect to receive all or part of his or her annual retainer, meeting fees and additional compensation (including travel fees), which are paid quarterly, in DSUs. In the case of the Chairman of the Board, she may elect to receive one-quarter of her annual compensation in DSUs. A director may revoke his or her election to participate in the DSU Plan for Directors upon written notice to the Company.

DSUs are credited quarterly to each participating director's account. The number of DSUs is calculated by dividing the amount the director elects to receive in DSUs by the Fair Market Value (as hereinafter defined) of Class A Non-Voting Shares on the date on which the DSUs are credited. DSUs are also credited to a director's DSU account when CTC pays a dividend or other distribution on its Class A Non-Voting Shares, which is calculated by multiplying the number of DSUs in the director's account at the time such dividend or other distribution is paid by the amount of the dividend or other distribution, and dividing that amount by the Fair Market Value of Class A Non-Voting Shares on the day the dividend or other distribution is paid.

Pursuant to the terms of the DSU Plan for Directors, a director can elect to receive payment of his or her DSU account only after the director ceases to hold any position with the Company as a director, officer or employee. Payment must be received by no later than the last business day in December of the first calendar year following the calendar year in which the resignation occurs on a business day within such period (*the Director's Settlement Date*) to be determined by the director upon at least 10 days' prior written notice to CTC. The director will receive a payment that is equal to the number of DSUs credited to his or her account, including any dividends or other distributions paid by CTC on the Class A Non-Voting Shares that have accrued in the form of DSUs, multiplied by the Fair Market Value of the Class A Non-Voting Shares on the Director's Settlement Date. The director will receive such payment in cash, net of any applicable statutory source deductions. Subject to certain limitations, a departing director may elect to receive partial payments of his or her DSU account. DSUs may not be assigned by a director.

In the event a director ceases to be eligible to participate in the DSU Plan for Directors (for example, by becoming an executive of CTC) but remains a director, such director will continue to hold DSUs granted prior to the date the director ceases to participate in the DSU Plan for Directors and receive additional DSUs in respect of dividends or other distributions paid by CTC on its Class A Non Voting Shares, but will not be entitled to acquire further DSUs.

Under the DSU Plan for Directors, the Fair Market Value of Class A Non-Voting Shares on a particular date is equal to the weighted average price at which Class A Non-Voting Shares trade on the TSX during the ten day period ending prior to and including the last business day before this date.

Director Share Ownership Guidelines

To ensure that directors' interests are aligned with those of CTC's shareholders, demonstrate that directors are financially committed to CTC through personal share ownership and promote CTC's long-standing commitment to sound corporate governance, under our Director Share Ownership Guidelines, each director (other than the CEO who is subject to our Executive Share Ownership Guidelines set out on page 51) is required to accumulate at least three times the value of the annual director retainer, which currently equates to \$465,000, in Common Shares, Class A Non-Voting Shares or DSUs by the fifth anniversary of becoming a director (see *About the Proposed Directors* on pages 8 to 17 for information regarding the number of Common Shares, Class A Non-Voting Shares and DSUs held by each of the proposed directors and the market value thereof). When the annual director retainer is increased, directors who met the guideline by the fifth anniversary of becoming a director but would not meet the guideline on the effective date of the increase in the retainer are required to increase their investment. The amount of



the required increase in investment is the difference between three times the new annual director retainer and the value of the director's holdings as at the fifth anniversary of becoming a director, which amount must be invested by the date that is two years after the effective date of the increase.

During 2013, each director, other than the Chairman of the Board and the CEO (see *Summary Compensation Table* on page 58 for the CEO's compensation), was entitled to receive an annual retainer of \$120,000. If a director met the required share ownership guideline amount of Common Shares, Class A Non-Voting Shares or DSUs, or any combination thereof, he or she received the entire annual retainer of \$120,000 in cash or, at the option of the director, all or a portion thereof in DSUs.

If a director had not reached the required share ownership guideline amount and had not provided an undertaking to meet the share ownership guideline amount within one year of joining the Board by purchasing shares in the open market, he or she received at least \$60,000 (or 50% of the annual retainer) in DSUs or, at the option of the director, cash to acquire Common Shares or Class A Non-Voting Shares in the open market.

Directors' Hedging Policy

Pursuant to the Director Share Ownership Guidelines, directors are prohibited from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars, or units of exchange funds, that are designed to hedge or offset a decrease in the market value of equity securities granted as compensation or held, directly or indirectly, by directors.

Compensation of Directors of Subsidiaries

During 2013, the following directors of CTC also served as directors of the Bank: Owen G. Billes, Frank Potter, Maureen J. Sabia and Graham W. Savage. Mr. Potter served as a director and Chairman of the Bank Board until July 12, 2013. None of the directors of CTC, other than Stephen Wetmore, served on the board of CT REIT in 2013. Mr. Wetmore does not receive any compensation for serving as a trustee of CT REIT.

The table below lists the fees the Bank's directors (other than directors who are members of management of CTC) were entitled to receive during 2013. The Bank's directors were also reimbursed for travel and other expenses incurred to attend Board and Committee meetings or to perform other duties in their role as directors. Retainer and meeting fees earned by the Bank's directors cannot be received in DSUs.

Fees	Amount
Annual Retainer	
Chairman of the Bank Board (includes annual Bank Board retainer and Bank Chairman's retainer of \$29,000)	\$65,000
Directors	\$36,000
Audit and Risk Management Committee Chairman	\$15,000
Governance and Conduct Review Committee Chairman	\$10,000
Meeting Fees	
Bank Board Meeting	\$2,000
Audit and Risk Management Committee Meeting	\$2,500
Governance and Conduct Review Committee Meeting	\$2,000
Telephone meetings of less than 60 minutes held via conference call	\$800
Travel Fee	
When travel time for a round trip to attend meetings was more than four hours	\$1,500



2013 Compensation Tables

The following table sets out the compensation that was paid by CTC (including its subsidiary, the Bank) to its non-employee directors during the year ended December 28, 2013 under the compensation arrangements described above. Some directors elected to receive all or a portion of their cash compensation in DSUs. Mr. Wetmore does not receive any compensation for serving as a director of CTC. His compensation for serving as CEO is included under the *Summary Compensation Table* on page 58.

Name	Fees Earned ⁽¹⁾ (\$)	All Other Compensation ⁽²⁾ (\$)	Total (\$)
Iain C. Aitchison	166,000	100	166,100
Martha G. Billes	200,000	5,000	205,000
Owen G. Billes	149,000	57,500	206,500
Pierre Boivin	110,472	5,000	115,472
H. Garfield Emerson	156,500	5,100	161,600
John A.F. Furlong	161,000	–	161,000
James L. Goodfellow	183,872	–	183,872
Jonathan Lampe	166,500	5,000	171,500
Claude L'Heureux	149,000	5,000	154,000
Frank Potter	162,557	50,820	213,377
Timothy R. Price	169,000	5,100	174,100
Alan P. Rossy ⁽³⁾	49,607	–	49,607
Maureen J. Sabia (Chairman)	366,000	52,000	418,000
Peter B. Saunders	155,000	1,000	156,000
Graham W. Savage	197,500	54,500	252,000
George A. Vallance	161,000	5,000	166,000
Total			2,954,128

Notes

(1) This column includes annual retainers, meeting fees and travel fees which directors elected to receive in cash and/or DSUs.

(2) This column includes annual retainers and meeting fees paid to Miss Sabia (\$52,000) and Messrs. Billes (\$52,000), Potter (\$47,620) and Savage (\$49,500) for serving as directors of the Bank. This column also includes amounts that were donated by CTC to various charities to match charitable donations made by Ms. Billes and Messrs. Aitchison, Billes, Boivin, Emerson, Lampe, L'Heureux, Potter, Price, Saunders and Savage pursuant to CTC's donations policy. These matching donations were, in aggregate, \$50,000.

(3) Mr. Rossy ceased to be a director on May 9, 2013.



The table below shows a breakdown of the “Fees Earned” by directors in 2013 (as set out in the table on page 37) as between amounts paid in cash and/or DSUs at the election of each director.

Name	Fees Earned (\$)	Amount of Fees paid in Cash (\$)	Amount of Fees received in DSUs (\$)
Iain C. Aitchison	166,000	83,000	83,000
Martha G. Billes	200,000	200,000	–
Owen G. Billes	149,000	149,000	–
Pierre Boivin	110,472	71,736	38,736
H. Garfield Emerson	156,500	156,500	–
John A.F. Furlong	161,000	90,750	70,250
James L. Goodfellow	183,872	183,872	–
Jonathan Lampe	166,500	83,250	83,250
Claude L'Heureux	149,000	–	149,000
Frank Potter	162,557	102,557	60,000
Timothy R. Price	169,000	49,000	120,000
Alan P. Rossy	49,607	31,232	18,375
Maureen J. Sabia (Chairman)	366,000	366,000	–
Peter B. Saunders	155,000	77,500	77,500
Graham W. Savage	197,500	137,500	60,000
George A. Vallance	161,000	–	161,000

EXECUTIVE COMPENSATION

Table of Contents

Compensation Discussion and Analysis	39
• Introduction	39
• Executive Compensation Philosophy	40
• Role and Composition of the MRC Committee and Role of Management and Independent Advisors	41
• Components of CTC's Executive Compensation Program	43
• Competitive Benchmarking	44
• How CTC Makes Executive Compensation Decisions	46
• 2013 Executive Compensation Decisions	52
Statement of the MRC Committee	56
How Our Shares Have Performed and Relationship with Executive Compensation	57
2013 Compensation Tables	58
• Summary Compensation Table	58
• Outstanding Share-Based Awards and Option-Based Awards	60
• Incentive Plan Awards	61
Employment Agreements and Post-Employment Benefits	62
• CEO Employment Agreement	62
• Post-Employment Benefits	62

At CTC, the MRC Committee's approach to compensation is a rigorous one and is based on our Board's desire to build and retain great management teams. To that end, we are just as focused on attracting highly skilled management at every level, identifying high performers and developing top talent, as we are in designing a compensation structure that rewards employees' contributions to the success of the Company. The MRC Committee carefully considers qualitative as well as quantitative measures in the compensation decisions it makes. We pay significant attention throughout the year to structuring, refining and evaluating compensation practices that attract, develop and retain outstanding talent in a manner that, while not exposing CTC to undue risk, motivates our management to create long-term sustainable value. All of us are proud of our record year, and are confident that our management resource and compensation strategies have contributed significantly to our success in 2013.

The MRC Committee and the Board of Directors are committed to ensuring that our compensation philosophies, plans and programs are appropriate and that we explain our approach and decision making fully and clearly. The Executive Compensation section in this Management Information Circular provides details of our compensation regime and the processes and decisions that underlie it. We encourage you to review this information in order to appreciate the diligence that our organization exercises with respect to the proper oversight and governance of executive compensation.

Compensation Discussion and Analysis

Introduction

The following Compensation Discussion and Analysis (*CD&A*) is intended to provide CTC's shareholders with a description of the processes and decisions involved in the design, oversight and payout of its compensation programs for the Named Executive Officers (*NEOs*) for the 2013 financial year. While the focus of the CD&A is on NEO participation in the compensation programs, all members of CTC's executive team participate in the programs.

The NEOs during fiscal 2013 were as follows:

- Stephen G. Wetmore, Chief Executive Officer⁽¹⁾
- Dean C. McCann, Executive Vice-President and Chief Financial Officer
- Michael B. Medline, President⁽²⁾
- James R. Christie, Executive Vice-President⁽³⁾
- Allan A. MacDonald, Chief Operating Officer, CTR⁽⁴⁾

Notes

- (1) Prior to November 7, 2013, Mr. Wetmore held the position of President of CTC, in addition to his position as Chief Executive Officer.
- (2) Mr. Medline was appointed President of CTC effective November 7, 2013. Prior to this date, he served as President, FGL Sports and Mark's and as an Executive Vice-President of CTC.
- (3) Mr. Christie was appointed as an Executive Vice-President of CTC effective October 1, 2013.
- (4) Mr. MacDonald was appointed as the Chief Operating Officer of CTR effective May 10, 2013. Prior to this date, he served as Senior Vice-President, Automotive & Marketing.



Executive Compensation Philosophy

Principles

CTC's executive compensation practices are designed to attract, motivate and retain an outstanding leadership team as well as to align rewards with business results and individual performance. CTC's approach is to encourage management to make decisions and take actions that will create long-term sustainable growth and result in long-term shareholder value.

CTC's executive compensation program is based on the following principles:

- compensation must be guided by a pay for performance philosophy;
- compensation must be market competitive to attract and retain the leadership talent required to drive business results;
- compensation must incorporate an appropriate balance of short and long-term rewards;
- compensation must foster an environment of accountability, teamwork, and cross-functional collaboration;
- incentive programs must align leaders with the goals and objectives of CTC and its shareholders;
- compensation programs must not encourage leaders to take undue or excessive risks or permit inappropriate rewards; and
- all executives at the level of Senior Vice-President (*SVP*) and above must have a significant personal stake in CTC's success through share ownership.

Fixed versus Variable Compensation

The determination of total compensation for executives, including each NEO, is based on their level of job responsibility, Company performance, individual performance and market practice. Total compensation is comprised of both fixed and variable elements. The fixed elements include base salary, benefits, perquisites and a savings plan. CTC does not have a pension plan for any of its employees, including the NEOs.

Salaries for executives at the level of SVP and above are reviewed on an annual basis to ensure alignment within the market competitive range. In this CD&A we refer to NEOs and SVPs in the collective as *Executives*. Adjustments are only made to increase an Executive's base salary within the market competitive range as their skills and experience broaden, or if the market value of the role increases.

The variable elements of total compensation consist of an annual short-term incentive plan (*STIP*), a long-term incentive plan (*LTIP*) comprised of performance share units and stock options, and a profit sharing program (*CT Profit Sharing*). A significant portion (i.e. between 64% and 80%) of the total compensation paid to NEOs at target is contingent upon financial and share price performance and tied to these incentive plans. This percentage of performance-contingent compensation is consistent with that used by CTC's benchmarking peer group (which is described on page 44).

Relationship of Executive Compensation to Risk

As part of the MRC Committee's oversight of the design and administration of CTC's executive compensation programs, the MRC Committee reviews, identifies and considers design features, policies and processes that may potentially induce unnecessary or excessive risk-taking by executives or permit inappropriate rewards. The MRC Committee's review also includes an annual evaluation of the amount of total incentives relative to base salaries, the mix of short and long-term incentives, performance metrics and whether the goals are realistic or encourage excessive risk taking, and the use of other policies designed to mitigate risk such as vesting requirements, deferral periods and share ownership guidelines. The MRC Committee satisfies itself as to the adequacy of the information it receives and the independence of the review and reporting of financial results on which certain important compensation decisions (for example, the amount of annual incentive to be paid) are based. Recognizing that many compensation matters are directly tied to the financial results of the Company, the MRC Committee interacts with the Audit Committee in relation to risks associated with the accuracy and quality of financial data.

In addition, CTC has in place several policies and practices designed to mitigate risk including an incentive clawback provision related to its STIP and Performance Share Unit Plan (which are described on pages 46 and 49, respectively) and a prohibition against hedging changes in the value of the Company's equity securities in its Executive Share Ownership Guidelines (which are described on page 51). Both policies are applicable to Executives, including NEOs.

Periodically, CTC's Internal Audit Services and Enterprise Risk Management team conducts a formal review of CTC's executive compensation practices and programs to assess the nature and extent of the risks associated with those

programs. The last review, conducted in 2013, concluded that: (1) the extent and nature of the Board and MRC Committee's role in the risk oversight of the Company's compensation policies and practices is satisfactory; (2) the methods used to identify and mitigate compensation policies and practices that could potentially encourage executives to take excessive risks are satisfactory; and (3) there were no risks identified in the Company's compensation policies and practices that would be likely to have a material adverse effect on the Company.

The MRC Committee annually reviews the relationship between enterprise risk and the Company's executive compensation plans and policies as part of its annual work plan to confirm that the level of risk exposure continues to be acceptable.

Role and Composition of the MRC Committee and Role of Management and Independent Advisors

Role and Composition of the MRC Committee

The MRC Committee oversees CTC's executive compensation program on behalf of the Board of Directors, including the appointment and compensation of its NEOs and other executives at the level of SVP and above.

The MRC Committee reviews CTC's executive compensation program every year. As part of this review, the MRC Committee evaluates individual executive compensation, including annual base salary, short and long-term incentives, and perquisites. The MRC Committee believes that this review process allows for a thorough assessment of the executive compensation program's alignment with plan objectives and market practices.

In addition, the MRC Committee is responsible for executive succession planning. CTC has an ongoing commitment to identify and develop current and future leaders of the organization. Accordingly, the MRC Committee oversees the management of a succession planning process whereby leaders are identified for future roles in the organization and development plans are prepared and implemented to ensure key roles have appropriate back-up. As part of this process, the Company makes use of a professional assessment centre intended to provide members of the Executive team with specific and actionable development plans.

As part of the MRC Committee's mandate for executive succession planning, the Committee annually reviews its emergency succession plan and identifies individuals who would be called upon on an interim basis to fill key roles, such as the CEO position, in the event of an unplanned vacancy.

CTC's corporate governance practices require 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. The MRC Committee's composition meets both of these requirements. The Board of Directors believes that the MRC Committee collectively has the knowledge, experience and background required to fulfill its Mandate.

The current members of the MRC Committee are set out below together with a description of the education and experience of each member that are relevant to the performance of his or her responsibilities.

James L. Goodfellow

Mr. Goodfellow's business experience that is relevant to his responsibilities in compensation matters includes his roles at Deloitte & Touche LLP (now Deloitte) as a former senior partner, member of the firm's board of directors and Vice-Chairman. In these positions he was involved in the setting of pay for performance policies and the governance of profit distributions for the Chief Executive Officer, the senior management team and approximately 500 partners. Mr. Goodfellow also chaired the Deloitte board committee for the selection of the Chairman of the Board. Mr. Goodfellow has written and provided presentations on compensation related risks, risk governance and financial reporting matters.

Iain C. Aitchison

Mr. Aitchison's business experience that is relevant to his responsibilities in compensation matters includes his roles as President of "K" Line Total Logistics, LLC and President and CEO, Century Distribution Systems, Inc. During his 24 years as President and CEO of Century, he oversaw the development of compensation plans for that business and determined the application of those plans to executives and other employees.

Martha G. Billes

Ms. Billes has extensive experience on the Board of Directors of CTC, having served on the Board and its Committees for over 34 years and on the MRC Committee since 2009 and for a period of time prior to 2003. She is also a former member of the Human Resources Committee of the Board of Directors of the Toronto Organizing Committee for the 2015 Pan American and Parapan American Games. This experience has provided Ms. Billes with a comprehensive knowledge of the design and effect of compensation policies and has resulted in a disciplined approach to compensation decisions. A major shareholder who is not an employee, Ms. Billes is independent from



management and her interests in management compensation decisions are aligned with those of the shareholders at large. Her full participation and engagement in Board meetings and educational opportunities has allowed her to maintain a continuous understanding of compensation issues, CTC's culture, its practices, and the regulatory environment. In addition, Ms. Billes' interaction with the Company in her role as Chairman of Canadian Tire JumpStart Charities facilitates her understanding of the Company and its people.

Pierre Boivin

Mr. Boivin's business experience that is relevant to his responsibilities in compensation matters includes his roles as President and Chief Executive Officer of Claridge Inc. and as a member of the Human Resources Committee of the National Bank as well as his former roles as a member of the Compensation Committee of Sirius XM Canada Holdings Inc. and President and Chief Executive Officer of a number of companies, including the Montreal Canadiens and evenko, an entertainment promotion and production company and division of L'Aréna des Canadiens Inc. In these roles, Mr. Boivin has had the opportunity to oversee the development of various compensation plans and determine the application of these plans to executives and other employees.

Peter B. Saunders

Mr. Saunders' business experience that is relevant to his responsibilities in compensation matters includes his roles as Chairman of Jack Wills Ltd., Lead Director of Godiva Chocolatier, a director of Total Wine & More, former Chairman and Chief Executive Officer of The Body Shop International PLC and a past director of The Second Cup Ltd. He has been Chairman or served as a member of compensation committees since 1998. His ongoing involvement across various companies has provided him with international scope and experience in relation to changes and best practices in compensation policies and practices.

All members of the MRC Committee receive advice from the Board's independent compensation consultants during MRC Committee meetings and rigorously probe that advice before proceeding with compensation decisions. For further information about the MRC Committee, including its activities in 2013, see the *Management Resources and Compensation Committee Report* on page 31 of this Management Information Circular.

Role of Management in Compensation Decisions

The Senior Vice-President and Chief Corporate Strategy & Human Resources Officer assists the CEO in developing and presenting to the MRC Committee management's recommendations and supporting material pertaining to the compensation of Executives. In addition, he works with the Chairman of the MRC Committee to plan the MRC Committee meeting agendas and prepare presentations for each meeting of the MRC Committee. From time to time, management retains external consultants to provide advice on executive compensation. The CEO is invited to attend all regular meetings of the MRC Committee. At least one, normally two, "in-camera" session during which management is not in attendance is held during each regular MRC Committee meeting.

Role of Independent Advisor in Compensation Decisions

The MRC Committee, as set out in its Mandate, may retain advisors. Hugessen Consulting Inc. (*Hugessen*) has been retained directly by the MRC Committee since August 2006 to provide independent advice, compensation analysis and other information to support the MRC Committee in evaluating compensation recommendations and making effective decisions pertaining to executive compensation. Hugessen attends and contributes to MRC Committee meetings and reports directly to the MRC Committee. All work performed by Hugessen is at the direction of, and must be pre-approved by, the MRC Committee, including occasional work performed on behalf of the MRC Committee in conjunction with management. Services provided by Hugessen in 2013 included review and input on compensation program changes such as salary increases, incentive program design, and review and commentary related to CTC's 2013 proxy disclosure. Hugessen has no other mandates with CTC.

Hugessen, based on its experience and expertise, has confirmed to the MRC Committee that, to the best of its knowledge, the MRC Committee has undertaken appropriate analysis to properly inform itself of relevant information to assist in its decisions. The decisions taken by the MRC Committee remain its responsibility and may reflect factors and considerations in addition to the information and recommendations provided by Hugessen.

Compensation consultant fees paid to Hugessen in 2012 and 2013 are provided in the table below:

MRC Committee Advisor	Year	Executive Compensation-Related Fees	All Other Fees
Hugessen Consulting Inc.	2013	\$153,648	n/a
	2012	\$252,092	n/a



Components of CTC's Executive Compensation Program

The components of the executive compensation program are described in the table below. Each of these programs is described in more detail starting on page 46 of this Management Information Circular.

Compensation Component	Objectives	Form
Base Salary	<ul style="list-style-type: none"> Provide fixed compensation that reflects the market value of the role and the skills and experience of the Executive. 	Cash
Annual Short-term Incentive Plan	<ul style="list-style-type: none"> Reward Executives for their contribution to the achievement of annual business objectives and financial goals. 	Cash ⁽¹⁾
Long-term Incentive Plans <ul style="list-style-type: none"> Performance Share Unit Plan Stock Option Plan 	<ul style="list-style-type: none"> Align the interests of Executives with achievement of CTC's long-term business objectives as well as with the interests of shareholders. Rewards Executives for achieving consolidated operating earnings targets over a three-year period. Align the interests of Executives and shareholders by rewarding Executives for share price appreciation over a seven-year period. 	Performance Share Units Stock Options with a Tandem Share Appreciation Rights (<i>TSAR</i>) feature
Benefits	<ul style="list-style-type: none"> Promote general wellness and preventative care Reinforce Company affiliation 	Health and dental insurance; group life and accidental death and dismemberment insurance; short-term disability insurance; and employee-paid long-term disability insurance. Employee Store Discount
Retirement & Savings Plans	<ul style="list-style-type: none"> Assist Executives and other employees in achieving long-term retirement savings in the absence of a pension plan. 	CT Profit Sharing Share Purchase Plan (now CT Savings Plan)
Perquisites	<ul style="list-style-type: none"> Provide market competitive perquisites to Executives. 	Annual car allowance; company-paid parking; annual medical assessment; and an annual financial planning allowance that is intended to reinforce individual accountability for personal financial planning as CTC does not offer a pension plan.

Note

(1) CTC maintains Deferred Share Unit Plans for its Executives, including the CEO, pursuant to which they may elect to receive deferred share units (*DSUs*) for all or part of their respective short-term incentive plan awards. For more information see *Deferred Share Unit Plans for Executives* on page 51.

The compensation mix varies by executive level to reflect both market practice and the impact of more senior roles on overall Company performance. The base salary and CT Savings Plan portions of executive compensation are fixed, while the CT Profit Sharing award and the annual short-term and long-term incentive portions are performance-based. CTC sets its compensation mix to reflect, generally, that of companies in its peer group.



The target pay mix of the primary compensation components for each NEO's position for fiscal 2013 is shown in the following table. This percentage of pay at risk compensation is consistent with CTC's benchmarking peer group:

NEO	Percentage of Target Total Direct Compensation ⁽¹⁾				Percentage of pay at risk ⁽¹⁾
	Base salary	Short-term incentive	Long-term incentives ⁽²⁾		
			Performance Share Units	Stock Options	
	Fixed	Variable			
Stephen G. Wetmore	20%	20%	30%	30%	80%
Dean C. McCann	34%	22%	22%	22%	66%
Michael B. Medline	29%	22%	25%	25%	72%
James R. Christie	34%	22%	22%	22%	66%
Allan A. MacDonald	37%	22%	21%	21%	64%

Notes

(1) Target total direct compensation and related targets are based on positions held by NEOs as at December 28, 2013.

Percentages have been rounded to the nearest whole number.

(2) Commencing in 2014, the composition of LTIP awards granted to all Executives has been changed from 50% PSUs and 50% stock options to 60% PSUs and 40% stock options. See *2013 LTIP Grant* on page 55 for further details.

The overall design framework of CTC's 2013 NEO compensation program is summarized in the following table, based on each NEO's position held at the end of the 2013 fiscal year:

NEO	Salary (\$000's)	STIP Target (as % of salary)	LTIP Target (as % of salary)
Stephen G. Wetmore	\$1,250	100.0%	300.0%
Dean C. McCann	\$510	65.0%	127.5%
Michael B. Medline ⁽¹⁾	\$800	75.0%	170.0%
James R. Christie	\$525	65.0%	127.5%
Allan A. MacDonald ⁽¹⁾	\$450	60.0%	112.5%

Note

(1) The salaries, STIP and LTIP targets for Messrs. Medline and MacDonald increased during 2013 as a result of their appointments to their current positions of President of CTC and Chief Operating Officer, CTR, respectively.

Competitive Benchmarking

In order to attract and retain the leadership talent required to achieve its goals, CTC needs to ensure that its executive compensation programs remain market competitive. Market practices help to define the total compensation mix, as well as the range of pay opportunity, for our Executives and are based on information about the companies in the benchmarking peer group with which CTC competes for talent.

The group of companies against which CTC benchmarks its NEOs is listed in the table below. The list includes Canadian companies that are generally not subsidiaries of a foreign parent and are similar to us in terms of revenue and industry. The benchmarking group is comprised of companies from the consumer discretionary and consumer staples industries. The companies within this peer group have annual revenues generally between one-half to two times the revenues of CTC. By ensuring comparable executive compensation programs and compensation levels to these companies, CTC is well positioned to attract and retain the leadership talent required to achieve its goals.

Benchmarking Peer Group	
Aimia (formerly Groupe Aeroplan Inc.)	Molson Coors Canada
Air Canada	Rogers Communications Inc.
Alimentation Couche-Tard	RONA Inc.
Empire Company	Saputo Inc.
Gildan Activewear Inc.	Sears Canada Inc.
Jean Coutu Group	Shoppers Drug Mart Corp.
Loblaw Companies Ltd.	Telus Corp.
Maple Leaf Foods Inc.	Tim Hortons Inc.
Metro Inc.	

To ensure that we have sufficient data against which to benchmark our broader group of Executive roles (i.e., Associate Vice-President level and above), we supplement the benchmarking comparator group with an additional 11 companies selected from a cross-section of industries (including energy, financials, industrials, materials, etc.). These companies are also autonomous Canadian companies with revenues generally between approximately one-half to two times those of CTC.

Additional Companies in Broader Comparator Group	
Agrium Inc.	Industrial Alliance Insurance and Financial Services Inc.
Brookfield Asset Management	SNC-Lavalin Group
Canadian Pacific Railway Ltd.	Talisman Energy Inc.
Celestica Inc.	Teck Resources Ltd.
Enbridge Inc.	TransCanada Corp.
Finning International Inc.	

The following table summarizes the positioning of CTC's revenue against the comparator groups:

	Revenue (\$ millions)		CTC Rank
	Comparator Group (Median)	CTC (2013)	
Benchmarking Peer Group (17 comparator companies)	\$7,298	\$11,786	13 th (out of 18)
All Comparator Companies (28 comparator companies)	\$7,224		21 st (out of 29)

Source: Information is sourced from the companies' most recently published annual financial statements as of the date of this Management Information Circular.

Every two years, a comprehensive market review of compensation practices is undertaken. This review involves analysis of the compensation elements, levels and practices of this peer group of organizations. CTC selects the elements of its compensation programs to ensure a competitive compensation package for its Executives. It then targets its base salary, short and long-term incentives and total remuneration at the median of compensation levels for Executives in comparable roles in the peer group. The most recent review, conducted in August 2012, indicated that total remuneration (base salary ranges, short and long-term incentives, savings plans, benefits and perquisites) of CTC's Executives is positioned competitively relative to the defined comparator group. CTC will undertake its next review of compensation levels later this year.



How CTC Makes Executive Compensation Decisions

Base Salary

The overall objective of the base salary paid to CTC's Executives is to provide fixed compensation that reflects the market value of the role and the skills and experience an Executive must possess to make meaningful contributions to the organization. CTC's salary structure includes market competitive ranges for the Executives.

The MRC Committee takes the following into consideration when reviewing Executive salaries:

- the position of the Executive's salary within the salary range;
- the Executive's experience, knowledge, performance and potential;
- total compensation for each Executive; and
- the overall strategic importance of the role.

The MRC Committee recommends to the Board any annual salary changes for the CEO's direct reports, and approves any annual salary adjustments for the remaining Executives.

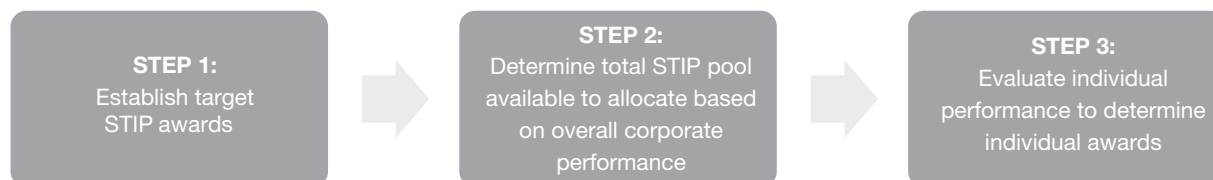
CTC does not make annual adjustments to Executive base salaries to reflect merit or inflation after they have reached a market-competitive base salary. Executive salaries are reviewed on an annual basis to ensure alignment within the market competitive range. Adjustments will only be made to increase an Executive's base salary within the market competitive range as their skills and experience broaden, or realign salary levels if the market value of the role increases.

Annual Short-term Incentive Plan

The objective of the annual STIP is to motivate and reward Executives and other CTC senior managers to achieve annual objectives and financial goals. Each year, the MRC Committee recommends for approval by the Board the STIP design and any related performance measures and targets.

2013 STIP Design

There are three key steps in determining annual STIP awards:



Step 1 – Establish target STIP awards

STIP targets, expressed as a percentage of base salary, are determined for each Executive based on competitive market practice for comparable roles and are reviewed as part of the biennial executive compensation review. The STIP target is the award that is earned for achieving target levels of performance. The maximum award that can be received is 200% of the target award.

The 2013 STIP awards payable to the NEOs at minimum, threshold, target and maximum levels of performance are shown in the table below:

NEO	STIP Award (% of base salary)			
	Minimum	Threshold	Target	Maximum
Stephen G. Wetmore	0%	17.50%	100.0%	200.00%
Dean C. McCann	0%	11.38%	65.0%	130.00%
Michael B. Medline ⁽¹⁾	0%	13.13%	75.0%	150.00%
James R. Christie	0%	11.38%	65.0%	130.00%
Allan A. MacDonald ⁽¹⁾	0%	10.50%	60.0%	120.00%

Note

(1) Messrs. Medline and MacDonald's actual STIP targets for 2013 were prorated based on time served in each of their two positions held in 2013.

Step 2 – Determine total STIP pool available to allocate based on overall corporate performance

CTC's target STIP earnings are established based on the Company's business plan (*Target STIP Earnings*), which is approved by the Board. At the end of the fiscal year, management reviews the Company's financial results and presents all matters affecting earnings that were not part of the business plan and that require interpretation or adjudication to the MRC Committee for review. After the MRC Committee decides on the appropriate treatment of those matters, the results (*Actual STIP Earnings*) are compared to the Target STIP Earnings and the Corporate Funding Percentage (described below), is calculated as set out below.

At the end of the year, the pool available for allocation to individual STIP awards is determined by multiplying the sum of the target STIP awards for all eligible Executives by a percentage (*Corporate Funding Percentage*). This funding percentage is based on the degree of achievement of Target STIP Earnings and is calculated as follows:

- The target is set at 100% of Target STIP Earnings. If the target is achieved, 100% of the pool is funded.
- The lower shoulder is the minimum level of earnings for which a threshold STIP pool is funded. The lower shoulder is 92% of Target STIP Earnings. If this lower shoulder is achieved, a threshold STIP pool of 35% of the target pool is funded. No STIP award is payable to any Executive if earnings are below this lower shoulder.
- The upper shoulder is the level of earnings for which a maximum STIP pool is funded. The upper shoulder is 108% of Target STIP Earnings. If the upper shoulder is achieved, or better, a maximum STIP pool of 175% of the target pool is funded.

For earnings that fall between minimum and target, or between target and maximum, a linear algebraic calculation is used to determine the Corporate Funding Percentage.

Step 3 – Evaluate individual performance to determine individual awards

Evaluation of individual performance is based on the achievement of established individual objectives that are aligned to key areas of strategic focus and are critical to the achievement of CTC's business strategy. Each objective is weighted such that the aggregate is 100% and actual performance is assessed based on these objectives. Based on these assessments, each Executive is assigned an individual performance multiplier between 0% and 150%.

Where appropriate, a discretionary adjustment may be made to the final STIP award for that Executive to ensure it accurately reflects his or her performance and contribution. The sum of individual awards cannot exceed the available pool.

While certain measures within individual objectives are quantifiable and a range of outcomes are considered at the beginning of the year, the evaluator (being the MRC Committee for the CEO and the CEO for the other Executives) does not use a formulaic approach to evaluate individual objectives and does not attach a fixed weighting to each measure used. Rather, the evaluator applies their informed judgment as to the relative importance of these measures at their year-end evaluation in order to complete each individual's assessment. Where qualitative measures are used, they are defined in as detailed a manner as possible so that the evaluator has sufficient information to complete the assessment.

CTC maintains Deferred Share Unit Plans pursuant to which Executives, including the CEO, may elect to receive DSUs for all or part of their respective STIP awards. For more information see *Deferred Share Unit Plans for Executives* on page 51.

CTC has implemented a clawback provision applicable to all Executives, which provides that in the event of a restatement of the Company's financial statements for any reason, the Board may in its discretion adjust or require repayment under the STIP using the restated financial statements. This policy would apply to any STIP awards impacted by the restatement in circumstances where the payment has not yet been made or where the restatement occurred within three years of the payment.

Long-term Incentive Plan

The primary objective of CTC's LTIP is to align the interests of Executives and other senior management with the achievement of CTC's long-term business objectives as well as with the interests of shareholders.

Annual LTIP Design and Allocation Process

Management makes a recommendation annually to the MRC Committee on the LTIP design for Executives. This recommendation includes the target LTIP award for each Executive (expressed as a percentage of salary), the award composition (for example, stock options and/or performance share units (*PSUs*), and the proportion of each),



and any associated performance conditions (for example, performance levels that must be achieved in order for the LTIP award to result in a payment). The LTIP design proposal is considered by the MRC Committee. The MRC Committee then determines the proposal to be made to the Board and recommends that proposal to the Board for its approval.

Management considers many factors when developing its annual LTIP design recommendations, including:

- current compensation trends, including those of the benchmarking peer group;
- current and new LTIP vehicles and designs;
- aspects of the plan design or features that could incent or mitigate risk;
- tax and accounting requirements;
- program costs at payout;
- expected value to be delivered to participants; and
- participant views and contractual commitments.

Once the LTIP design is finalized, management recommends the annual Executive LTIP allocations based on individual performance and potential to the MRC Committee for approval. Previous Executive LTIP allocations are not taken into consideration in determining current year allocations. Management's proposal is considered and, if appropriate, approved by the MRC Committee.

2010 – 2013 LTIP Design Summary

The 2013 LTIP design, as well as the LTIP designs that were in place from 2010 to 2012, are summarized in the following table:

Plan	Plan Objectives	Design Summary
Performance Share Unit Plan (2010 – 2013) <ul style="list-style-type: none"> • Long-term incentive awarded in 2010 that was paid out in 2013 • Long-term incentive awarded in 2011 to be paid out in 2014 • Long-term incentive awarded in 2012 to be paid out in 2015 • Long-term incentive awarded in 2013 to be paid out in 2016 	<ul style="list-style-type: none"> • Reward Executives for achieving consolidated operating earnings targets over a three-year period. 	<ul style="list-style-type: none"> • PSUs are paid in cash at the end of the performance period • The number of units awarded is based on salary, level, individual capabilities, performance and potential • Payment is linked to: <ul style="list-style-type: none"> – Three-year average corporate STIP payout percentage result that relates to CTC's consolidated operating earnings results – Value of Class A Non-Voting Shares
Stock Option Plan (2010 – 2013) <ul style="list-style-type: none"> • Long-term incentive awarded annually 	<ul style="list-style-type: none"> • Align the interests of Executives and shareholders by rewarding Executives for share price appreciation over a seven-year period. 	<ul style="list-style-type: none"> • Options to buy Class A Non-Voting Shares with a TSAR feature • The number of options awarded is based on salary, level, individual capabilities, performance and potential, using a Black-Scholes valuation approach • The value of the options is linked to the appreciation in the value of Class A Non-Voting Shares

2013 LTIP Design Features

The 2013 LTIP design for Executives was comprised of PSUs and stock options. The inclusion of stock options is common among CTC's comparator group in that 15 of the 17 proxy comparator companies and 26 of the 28 broader comparator companies include stock options as a component of their LTIP design.

The target 2013 LTIP award, expressed as a percentage of base salary, and the proportion of the award allocated in PSUs and stock options for the NEOs, where applicable, is shown in the following table:

NEO	2013 Target LTIP Grant (% of base salary) ⁽¹⁾		
	Total Target Award	PSUs	Stock Options
Stephen G. Wetmore	300.00%	150.00%	150.00%
Dean C. McCann	127.50%	63.75%	63.75%
Michael B. Medline ⁽²⁾	170.00%	85.00%	85.00%
James R. Christie ⁽³⁾	–	–	–
Allan A. MacDonald ⁽²⁾	112.50%	56.25%	56.25%

Notes

- (1) Commencing in 2014, the composition of LTIP awards granted to all Executives will be revised from 50% PSUs and 50% stock options to 60% PSUs and 40% stock options.
- (2) LTIP grants awarded to Messrs. Medline and MacDonald in 2013 were based on the LTIP target applicable to their positions held at the time of the annual grant, prior to their appointment to their current positions as President of CTC and Chief Operating Officer, CTR, respectively.
- (3) Neither PSUs nor stock options were allocated to Mr. Christie at the time of the 2013 LTIP grant to other executives as his appointment to Executive Vice-President of CTC occurred on October 1, 2013, after the annual LTIP grant. The amount of the share-based awards and compensation paid to Mr. Christie in 2013 was taken into account in this regard.

2013 Performance Share Units

PSUs, which are a form of restricted share unit, are awarded by the MRC Committee to Executives and other designated senior managers based on salary, individual capabilities, potential and performance. They vest at the end of a three-year performance period.

Each PSU awarded entitles the Executive to a cash payment equal to the weighted average price of one Class A Non-Voting Share during the 10-calendar day period that commences on the first business day following the end of the performance period, if performance conditions are met.

PSU awards are generally paid to Executives no later than the payroll date immediately following 90 days after the end of the performance period, less any applicable source deductions. In certain circumstances relating to termination of employment, payment of prorated awards is made before the end of the performance period.

PSUs awarded in 2013 are subject to a back-end multiplier (applied at the end of the three-year performance period) based on the three-year average corporate STIP payout percentage. The multiplier is calculated on a linear basis by reference to the following table:

	Below Threshold	Threshold	Target	Maximum
Three-year average corporate STIP payout percentage (2013-2015)	<50%	50%	100%	>=150%
Performance Multiplier	0.0	0.35	1.0	1.75

No payout of the 2013 PSUs will be earned if the average three-year corporate STIP payout percentage is below 50%.

In accordance with the terms of the 2013 Performance Share Unit Plan (*PSU Plan*), in the event (i) an Executive ceases to be an employee of CTC due to death or disability; or (ii) an Executive retires after age 60, having achieved ten years of service; or (iii) in circumstances set out in certain Executive employment agreements, the Executive will receive payment in respect of his or her PSUs calculated as if the Executive had been an active employee during the entire performance period.

Commencing with the 2013 PSU Plan, CTC implemented a clawback provision applicable to all Executives, including NEOs, which provides that in the event of a restatement of the Company's financial statements for any reason, the Board may in its discretion adjust the payments under the plan using the restated financial statements. This policy



would apply to any PSU payments impacted by the restatement in circumstances where the payment has not yet been made or where the restatement had occurred within three years of the payment.

Except as described herein or to the extent otherwise provided in an employment agreement, if payment is made prior to the end of the performance period, including upon termination triggered by a change of control of CTC, the amount payable to an Executive will be reduced to the period of active employment within the performance period and PSUs will be subject to a modified back-end multiplier. In the event the termination of the Executive occurs during the first fiscal year of the performance period, the multiplier will be deemed to be 1.0. If the termination of the Executive occurs during the second fiscal year of the performance period, the multiplier will be calculated based on the corporate STIP payout percentage for the previous fiscal year to a maximum multiplier of 1.0. If the termination of the Executive occurs during the third fiscal year of the performance period, the multiplier will be calculated based on the average corporate STIP payout percentage for the previous two fiscal years to a maximum multiplier of 1.0. If the termination of the Executive occurs subsequent to the third fiscal year but prior to the end of the performance period, the standard multiplier will apply.

The 2013 Performance Share Unit Plan also contains customary provisions in respect of adjustments to or reorganization of the capital structure of CTC. PSUs are not transferrable or assignable by an Executive other than by testamentary disposition or the laws of descent and distribution.

Stock Option Plan

CTC's Stock Option Plan was established to increase the alignment between compensation of Executives and other senior managers and the long-term performance of CTC's shares. The process for granting stock options is described starting on page 47.

Each option grant provides the optionee with the right to subscribe for one Class A Non-Voting Share at the weighted average price at which Class A Non-Voting Shares trade on the TSX during the 10-day period ending on the date immediately preceding the date that the option was granted (*the strike price*). All stock option agreements, including the 2013 option agreement, incorporate a Tandem Share Appreciation Rights feature whereby an optionee can elect to surrender his or her options, instead of exercising them, in exchange for a cash payment equal to the difference between the market price on the date of surrender and the strike price.

The change of control provisions in our 2013 stock option agreements are the same for all optionees. These provisions provide optionees early vesting only if a termination of their employment occurred within a period of time, the length of which was such that the termination could reasonably be linked to the change of control of CTC. For more information on the Company's Stock Option Plan see *Stock Option Plan* on page 66.

Restricted Share Units

CTC may award Restricted Share Units (*RSUs*) to retain an Executive until at least the award vests. The recipient is entitled to the number of RSUs awarded multiplied by the fair market value of Class A Non-Voting Shares, all as set out in the applicable RSU agreement. No RSU payment would be made if the Executive voluntarily left his or her employment prior to the date that the award vests.

Perquisites

CTC takes a conservative approach to perquisites and determines such programs by reviewing competitive market practices. Executives are provided with, but not limited to, perquisites in the form of an annual car allowance, company-paid parking, an annual medical assessment, as well as an annual financial planning allowance that is intended to reinforce individual accountability for personal financial planning as CTC does not offer a traditional pension plan.

Other Benefits

Executives participate in CTC's profit sharing and savings plans (see *CT Profit Sharing* and *CT Savings Plan* on pages 68 and 69 for a description of these plans), which are available to eligible full-time employees. The CT Savings Plan, which replaced the Share Purchase Plan effective January 1, 2014, and the CT Profit Sharing award serve to assist employees in achieving long-term retirement savings in the absence of a traditional pension plan. Executives 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 and employee-paid long-term disability insurance. An employee store discount program is also provided.

Deferred Share Unit Plans for Executives

CTC has a Deferred Share Unit Plan for Executives (*the Deferred Share Unit Plan for Executives*) whereby an Executive and any employee of an affiliate of the Company designated by the MRC Committee may elect to receive all or a portion of their STIP awards for any fiscal year in the form of DSUs. An Executive who has elected to participate in the Deferred Share Unit Plan for Executives may change or revoke his or her election, provided that such change or revocation will be effective with respect to STIP awards for fiscal years commencing after the change or revocation is filed with the Company.

The number of DSUs granted to an Executive is calculated by dividing the amount of the STIP award which the Executive has elected to receive in DSUs by the Fair Market Value (as hereinafter defined) of Class A Non-Voting Shares on the tenth business day following the release of CTC's financial statements for the year in respect of which the STIP award was earned. DSUs are also credited to an Executive's DSU account when the Company pays a dividend or other distribution on its Class A Non-Voting Shares, the number of which is determined by multiplying the number of DSUs in the Executive's account at the time such dividend or other distribution is paid by the amount of the dividend or other distribution, and dividing that amount by the Fair Market Value of Class A Non-Voting Shares on the day the dividend or other distribution is paid.

Pursuant to the terms of the Deferred Share Unit Plan for Executives, an Executive can elect to receive payment of his or her DSU account only after the Executive ceases to hold any position with CTC or an affiliate of CTC as a director, officer or employee. Payment must be received by no later than the last business day in December of the first calendar year following the calendar year in which the resignation or termination occurs on a business day within such period (*the Executive's Settlement Date*) to be determined by the Executive upon at least 30 days' prior written notice to the Company. The Executive will receive an amount that is equal to the number of DSUs credited to his or her account, including any dividends or other distribution paid by the Company on the Class A Non-Voting Shares that have accrued in the form of DSUs, multiplied by the Fair Market Value of Class A Non-Voting Shares on the Executive's Settlement Date. The amount is paid as a lump sum in cash, after deduction of any applicable taxes and other source deductions required to be withheld.

In the event an Executive ceases to be an Executive but otherwise remains a director, officer or employee of CTC, the Executive will continue to be entitled to his or her existing DSUs and to the benefits of the Deferred Share Unit Plan for Executives in respect of such DSUs, but will not be entitled to acquire further DSUs. DSUs may not be assigned by an Executive.

Under the Deferred Share Unit Plan for Executives, the Fair Market Value of Class A Non-Voting Shares on a particular date is equal to the weighted average price at which Class A Non-Voting Shares trade on the TSX during the five business day period prior to this date.

CTC also maintains a Deferred Share Unit Plan for the CEO pursuant to which Mr. Wetmore may elect to receive all or part of his annual STIP award in DSUs. The election is irrevocable for a fiscal year that has already commenced. The terms of the Deferred Share Unit Plan for the CEO are generally the same as the Deferred Share Unit Plan for Executives. For the 2013 financial year, Mr. Wetmore did not elect to receive any portion of his 2013 STIP award in DSUs.

Executive Share Ownership Guidelines

CTC has established share ownership guidelines (*SOGs*) that set out minimum levels of share ownership for the Executives. The SOGs are designed to align the interests of the Executives with the interests of shareholders, demonstrate that the Executives are financially committed to CTC through personal share ownership and promote the Company's long-standing commitment to sound corporate governance.

Within five years of appointment, the NEOs are expected to accumulate equity in CTC equal to a multiple of their annual salary, as follows:

NEO	Multiple of Annual Salary
Stephen G. Wetmore	3x
Dean C. McCann	2x
Michael B. Medline	2x
James R. Christie	2x
Allan A. MacDonald	2x



Class A Non-Voting Shares, Common Shares, DSUs and units held by the NEOs in the CTC Share Fund of CTC's Deferred Profit Sharing Plan are counted towards the minimum ownership requirement. Achievement of share ownership guidelines is calculated using the greater of the closing share price as reported on the TSX on the last business day of the calendar quarter prior to the fifth anniversary of the Executive's appointment as an Executive and the acquisition cost of the Common Shares, Class A Non-Voting Shares or units in the CTC Share Fund of CTC's Deferred Profit Sharing Plan, or, in the case of DSUs, the value of the DSUs at the time the units were credited to the Executive's account.

If an Executive is promoted to an executive level with a higher multiple, the Executive will be required to accumulate the new SOG requirement within five years from the effective date of the promotion. Notwithstanding the Executive's promotion, the Executive will be required to accumulate his or her SOG requirement that was in effect immediately prior to the effective date of the promotion by his or her original SOG achievement date.

Each year, management reviews and reports on each Executive's level of share ownership to the Executive and to the MRC Committee. All Executives who have passed the fifth anniversary of their respective appointment as an Executive have met the required level of share ownership, including the NEOs.

For further details on Mr. Wetmore's current equity holdings please see page 16 of this Management Information Circular.

The SOG policy includes a provision that addresses circumstances where an Executive's shareholdings fall below their SOG target and the date by which they are required to achieve the guideline has passed. In this circumstance, the MRC Committee may recommend remedial action for such Executive's non-compliance, which remedial action may include converting the after-tax value of the Executive's future short-term incentive plan awards into DSUs or withholding the granting of future long-term incentive plan allocations until such time as the Executive has achieved his or her SOG target.

Executives' Hedging Policy

CTC prohibits Executives from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds, that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by Executives.

2013 Executive Compensation Decisions

Impact of Business Performance on 2013 Executive Compensation

In 2013, CTC experienced record results across its businesses related to consolidated revenue, net earnings and earnings per share versus 2012. These consolidated results were driven by increased retail sales and revenues across all retail banners, including Canadian Tire, Mark's, Canadian Tire Petroleum and FGL Sports as well as strong performance within the Financial Services segment. As a result, Actual STIP Earnings came in above Target STIP Earnings and resulted in the highest level of Corporate Funding Percentage in many years of 163.7%. As a result, and in large part due to the strong 2013 STIP results, overall NEO total compensation increased from 2012 levels.

2013 Base Salary Increases

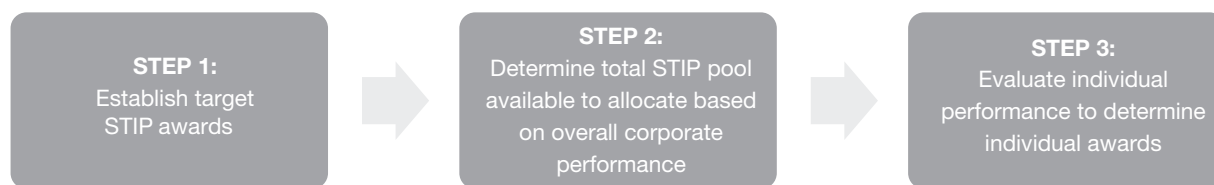
Consistent with the MRC Committee's approach to salary increases described on page 46, the following base salary increases were approved by the MRC Committee for 2013:

NEO	Base Salary Increase
Stephen G. Wetmore	0%
Dean C. McCann	2.0%
Michael B. Medline ⁽¹⁾	23.1%
James R. Christie	0%
Allan A. MacDonald ⁽¹⁾	28.6%

Note

(1) Messrs. Medline and MacDonald received salary increases as a result of their appointments to their current roles, effective in November and May 2013, respectively.

2013 STIP Payout



Step 1 was completed in December of 2013.

Steps 2 and 3 occur after the end of the fiscal year and are designed to ensure final STIP awards are aligned to overall corporate and individual performance.

Step 2 – Determine the total STIP pool available to allocate based on overall corporate performance

The following table summarizes the calculation of the Corporate Funding Percentage:

STIP Earnings ⁽¹⁾			Actual STIP Earnings ⁽²⁾	Actual STIP Earnings as a % of Target STIP Earnings	2013 Corporate Funding Percentage ⁽³⁾
Threshold (funds 35% of target STIP pool)	Target (funds 100% of target STIP pool)	Maximum (funds 175% of target STIP pool)			
\$507,625,868	\$551,767,247	\$595,908,627	\$589,250,661	106.8%	163.7%

Notes

(1) Target CTC net earnings after income taxes as calculated for STIP purposes.

(2) Actual CTC net earnings after income taxes as calculated for STIP purposes.

(3) The Corporate Funding Percentage of 163.7% is established using a linear algebraic formula based on Actual STIP Earnings as a percentage of Target STIP Earnings (106.8%) and the payout shoulders of 35% and 175%. See the *2013 STIP Design* section on page 46 for more information.



Step 3 – Evaluate individual performance to determine individual awards

The table below provides details on each NEO's individual objectives and actual performance.

NEO	Individual Performance Objectives	Individual Performance Multiplier
Stephen G. Wetmore Chief Executive Officer	<ul style="list-style-type: none"> • Achieve enterprise financial objectives • Advance operational and strategic initiatives • Advance implementation of the 2013 Dealer Contract • Build new strategic capabilities to strengthen CTC and each brand's market position • Strengthen heritage businesses and develop new business opportunities 	100%
Dean C. McCann Executive Vice-President and Chief Financial Officer	<ul style="list-style-type: none"> • Provide timely, effective public stakeholder financial communications • Improve financial controls environment at CTC • Support negotiation and implementation of finance systems changes for new Dealer Contract • Enhance financial flexibility – create CT REIT and pursue a partner for Financial Services business • Complete initial phase of Financial Systems and Processes reengineering • Pursue productivity initiatives to improve operating costs and return on invested capital 	100%
Michael B. Medline President	<ul style="list-style-type: none"> • Achieve FGL Sports financial objectives for 2013 • Achieve Mark's financial objectives for 2013 • Advance operational and strategic initiatives at FGL Sports and Mark's • Open innovative and experiential "lab store" and plan store design for flagship stores • Roll out new-to-market Sport Chek and Atmosphere stores 	100%
James R. Christie Executive Vice-President	<ul style="list-style-type: none"> • Oversee effective implementation of the 2013 Dealer Contract • Strengthen the effectiveness and efficiency of the Company's operating relationship with its Associate Dealers • Advance critical enterprise initiatives and projects • Oversee governance and strategic direction of Canadian Tire Bank as Chairman of its Board of Directors 	100%
Allan A. MacDonald Chief Operating Officer, CTR	<ul style="list-style-type: none"> • Achieve CTR's financial targets for revenue and profitability growth • Build and execute on-line and Customer Centric Data capabilities • Prepare for full operational implementation of the 2013 Dealer Contract • Address product and merchandising innovations across all segments and channels • Continue to build operational talent expertise at all levels 	100%

The table below provides details on each NEO's actual STIP award as a percentage of salary and as a percentage of target.

2013 STIP Award Paid in 2014					
NEO ⁽¹⁾	Target Award as a % of Salary	Components of STIP		Actual Award as a % of Salary	Actual Award as a % of Target
		Corporate Funding Percentage	Individual Performance Multiplier		
Stephen G. Wetmore	100%	163.7%	100%	164%	164%
Dean C. McCann	65%	163.7%	100%	106%	164%
Michael B. Medline ⁽¹⁾	67%	163.7%	100%	109%	164%
James R. Christie	65%	163.7%	100%	106%	164%
Allan A. MacDonald ⁽²⁾	58%	163.7%	100%	95%	164%

Notes

- (1) Upon his appointment to President of CTC, Mr. Medline's STIP target was increased from 65% to 75% and, as a result, the target for his 2013 STIP award was prorated based on time served in each of the two positions he held in 2013.
- (2) Upon his appointment to Chief Operating Officer, CTR on May 10, 2013, Mr. MacDonald's STIP target percentage was increased from 55% to 60% and, as a result, the target for his 2013 STIP award was prorated based on time served in each of the two positions he held in 2013.

No discretionary adjustment was made in determining individual NEO awards.

2013 LTIP Grant

In 2013, the composition of LTIP grants awarded to the NEOs was denominated equally in PSUs and stock options. The 2013 LTIP grants awarded to the NEOs are shown in the table below.

NEO	2013 Actual LTIP Grant (% of base salary) ⁽¹⁾		
	Total Award	PSUs	Stock Options
Stephen G. Wetmore	300.00%	150.00%	150.00%
Dean C. McCann	127.50%	63.75%	63.75%
Michael B. Medline	127.50%	63.75%	63.75%
James R. Christie ⁽²⁾	—	—	—
Allan A. MacDonald ⁽³⁾	85.00%	42.50%	42.50%

Notes

- (1) Actual LTIP grant as a percentage of salary is calculated using the base salary at time of allocation.
- (2) Mr. Christie did not receive an LTIP grant in 2013 in his capacity as Executive Vice-President of CTC. He received a share-based award in 2013 in his capacity as a consultant to CTC. See the *Summary Compensation Table* on page 58 for details on this and other share-based awards that were granted to Mr. Christie in each of the years that he served as a consultant to CTC.
- (3) In 2013, the LTIP grant awarded to Mr. MacDonald was based on his position held prior to his current role.

In addition, Messrs. Medline and MacDonald received interim grants of share-based awards during 2013. Mr. Medline received a grant in the form of RSUs and Mr. MacDonald received a grant in the form of PSUs. Please refer to the *Summary Compensation Table* on page 58 for further details.

As a result of a comprehensive market review the composition of LTIP grants in 2014 will be more heavily weighted to performance driven LTIP vehicles, specifically PSUs, whereby Executives will receive 60% of their LTIP grant in the form of PSUs and 40% in the form of stock options.



2013 LTIP Payout (vested value of 2010 PSU Grant)

The PSU awards that were granted to NEOs in 2010 paid out at 157% of the grant date value due primarily to the significant increase in the Company's stock price between 2010 and 2013. Payout amounts and percentages by NEO are shown in the table below.

NEO	2013 Actual LTIP Payout		
	2010 PSU Award ⁽¹⁾ (\$)	Payout ⁽²⁾ (\$)	Percentage of 2010 Award (%)
Stephen G. Wetmore	\$1,249,971	\$1,958,007	157%
Dean C. McCann	\$182,778	\$286,311	157%
Michael B. Medline ⁽³⁾	—	—	—
James R. Christie ⁽³⁾	—	—	—
Allan A. MacDonald	\$121,477	\$190,287	157%

Notes

- (1) The composition of the 2010 LTIP for the CEO was one-third PSUs and two-thirds stock options. The composition of the 2010 LTIP award for the other NEOs was 50% PSUs and 50% stock options. This column reflects the value of the PSUs at grant, based on the number of PSUs granted multiplied by the weighted average share price of a Class A Non-Voting Share during the 10-calendar day period ending on the day immediately preceding the MRC Committee meeting at which the grants were approved.
- (2) This column reflects the value of the 2010 PSUs at the time of payout in 2013, based on the number of PSUs granted multiplied by (a) the weighted average share price of a Class A Non-Voting Share during the 20-trading day period commencing on the first trading day following the release of the 2012 financial results; and (b) the performance multiplier of 1.21, which was determined based on the three-year average corporate STIP payout percentage for fiscal 2010 – 2012.
- (3) Messrs. Christie and Medline did not hold 2010 PSUs at the time of payout.

Perquisite and Benefit Programs

There were no changes made in fiscal 2013 to any of the perquisite and benefit programs in which the NEOs participated, other than the Share Purchase Plan, which was replaced by the CT Savings Plan, effective January 1, 2014. For more information, see *CT Savings Plan* on page 69.

Statement of the MRC Committee

The MRC Committee is satisfied that CTC's executive compensation policies and practices support CTC in achieving its strategic objectives, and that the programs are effective in attracting, retaining and motivating a skilled team of Executives to maximize shareholder value. The Chairman of the MRC Committee, James L. Goodfellow, will be available to answer questions relating to CTC's executive compensation practices at the Annual Meeting of Shareholders to be held on May 8, 2014.

Members of the MRC Committee:

James L. Goodfellow, *Chairman*
Iain C. Aitchison
Martha G. Billes
Pierre Boivin
Peter B. Saunders



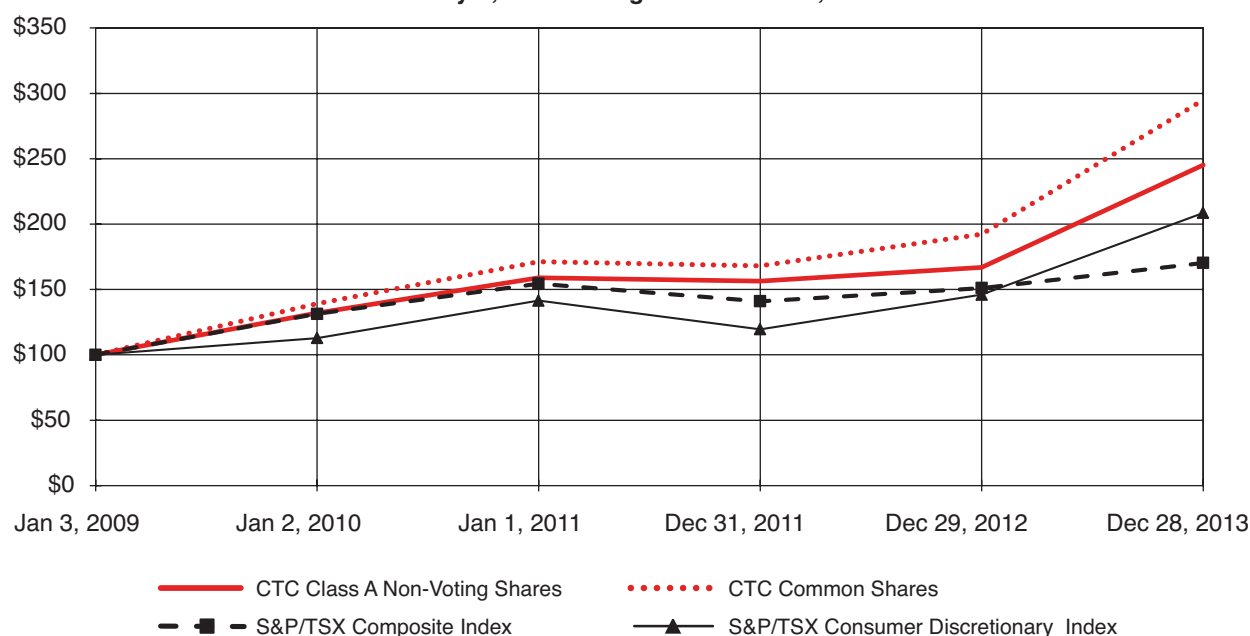
How Our Shares Have Performed and Relationship with Executive Compensation

The following chart compares the cumulative shareholder return on CTC's Class A Non-Voting Shares and Common Shares to the S&P TSX Composite Index and the S&P TSX Consumer Discretionary Index assuming \$100 was invested on January 3, 2009 and dividends were reinvested.

For the purpose of the below discussion, NEO Compensation is defined as aggregate annual compensation (i.e. the sum of base salary, annual incentive payouts and grant date fair value of share-based and option-based awards, but excluding "All other compensation" as set out in the *Summary Compensation Table* on page 58). The executive compensation values have been calculated for the NEOs based on the same methodology as disclosed in the *Summary Compensation Table*. This is a methodology adopted by CTC solely for the purposes of this comparison. It is not recognized or prescribed methodology for this purpose, and may not be comparable to any other methodologies used by other issuers for this purpose.

Over this five year fiscal period, CTC's total NEO Compensation (as defined above) has generally reflected the trend in cumulative shareholder return on the Company's Class A Non-Voting Shares. During 2009 and 2010, CTC's cumulative total shareholder return was 32% and 20%, respectively, while total NEO Compensation increased by 50% and 6%, respectively. In 2011, the Company's cumulative total shareholder return was -2% while total NEO Compensation declined commensurately by 7%. In 2012, the Company's cumulative total shareholder return was 7% while total NEO Compensation increased by 16%. In 2013, the Company's cumulative total shareholder return was 47% while total NEO Compensation increased by 1%.

**Cumulative Total Shareholder Return
January 3, 2009 through December 28, 2013**



Five-year Total Shareholder Return on \$100 investment:

Fiscal Year	Fiscal Year End Date ⁽¹⁾	Canadian Tire Corporation, Limited		S&P/TSX Composite Index	S&P/TSX Consumer Discretionary Index
		Class A Non-Voting Shares	Common Shares		
2008	January 3, 2009	\$100.00	\$100.00	\$100.00	\$100.00
2009	January 2, 2010	\$132.07	\$139.12	\$131.31	\$112.85
2010	January 1, 2011	\$158.95	\$171.15	\$154.43	\$141.44
2011	December 31, 2011	\$156.38	\$168.07	\$140.98	\$119.59
2012	December 29, 2012	\$166.97	\$192.34	\$151.11	\$145.97
2013	December 28, 2013	\$245.27	\$294.87	\$170.32	\$208.54

Note

(1) CTC's fiscal year-end is the Saturday closest to December 31 in any given year.



2013 Compensation Tables

Summary Compensation Table

The table below shows the compensation paid to the NEOs in respect of CTC's most recently completed financial year, which ended on December 28, 2013, as well as financial years 2011 and 2012, all in accordance with the Canadian Securities Administrators' requirements. Disclosure of compensation for prior years, in accordance with the then applicable requirements, is contained in the Company's previous Management Information Circulars which are available on SEDAR at www.sedar.com.

Name and Principal Position (a)	Year (b)	Salary (\$) (c)	Share based awards ⁽¹⁾ (\$) (d)	Option based awards ⁽²⁾ (\$) (e)	Non-equity incentive plan compensation (\$) (f)		Pension Value (\$) ⁽⁵⁾ (g)	All other compensation (\$) ⁽⁶⁾ (h)	Total compensation (\$) (i)
					Annual incentive plans ⁽³⁾ (f1)	Long-term incentive plans ⁽⁴⁾ (f2)			
Stephen G. Wetmore Chief Executive Officer	2013	1,250,000	1,874,975	1,874,991	2,046,250	–	–	381,159	7,427,375
	2012	1,250,000	1,249,994	2,499,993	1,651,250	–	–	321,888	6,973,125
	2011	1,250,000	1,249,989	2,499,989	1,314,562	–	–	306,032	6,620,573
Dean C. McCann Executive Vice-President and Chief Financial Officer	2013	504,904	318,684	318,744	535,811	–	–	184,124	1,862,267
	2012	462,019	302,805	302,811	389,002	–	–	154,920	1,611,557
	2011	380,000	202,465	202,499	247,650	–	–	107,109	1,139,723
Michael B. Medline⁽⁷⁾ President	2013	671,346	1,444,980	414,374	724,659	–	–	297,838	3,553,197
	2012	600,000	350,620	350,619	533,354	–	–	268,013	2,102,606
	2011	447,692	–	–	–	–	–	2,130,270	2,577,962
James R. Christie⁽⁸⁾ Executive Vice-President	2013	129,231	250,000	–	116,022	–	–	1,187,500	1,682,753
	2012	–	250,000	–	–	–	–	1,250,000	1,500,000
	2011	–	250,000	–	–	–	–	1,550,000	1,800,000
Allan A. MacDonald Chief Operating Officer, CTR	2013	413,846	473,638	148,739	390,822	–	–	61,742	1,488,787
	2012	325,003	112,438	112,496	211,260	–	–	43,882	805,079
	2011	292,500	126,089	106,871	107,450	–	–	39,917	672,827

Notes

- (1) The value in this column (d) includes PSUs, RSUs granted to Mr. Medline in 2013 and share-based awards granted to Mr. Christie during each of the years that he served as a consultant to CTC from January 1, 2011 until September 30, 2013. The grant date fair value of PSUs and Mr. Christie's share-based awards is based on the number of PSUs and share-based awards granted, multiplied by the weighted average share price of a Class A Non-Voting Share for the 10-calendar days ending on the business day immediately preceding the date on which the grants were approved. The value of Mr. Medline's RSUs was determined based on the closing price of a Class A Non-Voting Share on the grant date.
- (2) The value in this column (e) is based on the weighted average share price of a Class A Non-Voting Share for the 10-calendar days prior to the date of grant multiplied by a Black-Scholes factor of 16.0%, which is then multiplied by the number of options granted. The Black Scholes value ratio was determined using the following assumptions: an estimated volatility of 20.7% (based on daily historical share price for the three-year period ending on December 31, 2012), estimated dividend yield of 1.80%, interest rate of 1.38% and an expected life of five years of the seven-year option term. For accounting purposes, the fair value of option-based awards at the time of grant is not calculated due to the TSAR feature. CTC has chosen to use Black Scholes as the methodology for determining the number of options granted as it is an appropriate and commonly used methodology to value stock options.
- (3) This column (f1) discloses the amount earned under the STIP in the reporting financial year and includes any STIP cash amount the NEO elected to receive in DSUs. For the 2013 financial year, Mr. McCann elected to receive a portion of his 2013 STIP award in DSUs.
- (4) CTC does not have any long-term non-equity incentive plans.
- (5) CTC does not have a defined benefit or defined contribution pension plan.
- (6) This column (h) includes CT Profit Sharing awards and a Company match under the Share Purchase Plan for Messrs. Wetmore, McCann, Medline and MacDonald, as well as perquisites for Messrs. Wetmore and McCann, and additional amounts for Messrs. Medline and Christie, as described in footnotes (7) and (8). Mr. Wetmore received perquisites in the amount of \$110,511. Of this amount, \$69,996 is a perquisite allowance, and \$31,792 is related to home security provided under CTC's



executive protection program. This column also includes amounts that were not paid to Mr. Wetmore but were donated by the Company to match charitable donations made by Mr. Wetmore pursuant to the Company's donations policy. Mr. McCann received perquisites in the amount of \$85,965. Of this amount, \$54,000 is related to a transitional housing benefit, which Mr. McCann received for relocating when he was appointed to his current position, and \$21,600 is related to a car allowance. The value of perquisites for the other NEOs does not exceed \$50,000 in aggregate, or 10% or more of the NEO's annual salary, and is therefore not included in this column.

- (7) Mr. Medline received the final portion of a success fee in 2013 for the services he provided to CTC in connection with the acquisition of The Forzani Group Limited (now FGL Sports), which has been included in the "All other compensation" column.
- (8) All fees paid to Mr. Christie as a consultant to CTC have been included in the "All other compensation" column for the applicable year.



Outstanding Share-Based Awards and Option-Based Awards

The table below shows the total vested and unvested outstanding long-term incentive awards for each NEO as at December 28, 2013.

Name (a)	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#) (b)	Option exercise price (\$) ⁽¹⁾ (c)	Option expiration date ⁽²⁾ (d)	Value of unexercised in-the-money options (\$) ⁽³⁾ (e)	Number of shares or units of shares that have not vested (#) ⁽⁴⁾ (f)	Market or payout value of share-based awards that have not vested (\$) ⁽⁵⁾ (g)	Market or payout value of vested share-based awards not paid out or distributed (\$) (h)
Stephen G. Wetmore Chief Executive Officer	136,963	\$62.297	March 7, 2018	\$15,042,025	66,868	\$6,676,101	–
	128,953	\$63.668	March 12, 2019				
	169,814	\$69.009	March 11, 2020				
Dean C. McCann Executive Vice-President and Chief Financial Officer	4,253	\$71.903	March 7, 2014	\$3,322,786	12,624	\$1,260,380	–
	3,698	\$63.417	March 6, 2015				
	5,674	\$40.042	March 11, 2016				
	12,427	\$53.491	March 8, 2017				
	11,094	\$62.297	March 7, 2018				
	23,429	\$63.668	March 12, 2019				
Michael B. Medline President	27,128	\$63.668	March 12, 2019	\$2,138,331	26,511	\$2,646,858	–
	37,529	\$69.009	March 11, 2020				
James R. Christie⁽⁶⁾ Executive Vice-President	–	–	–	–	–	–	–
Allan A. MacDonald Chief Operating Officer, CTR	5,855	\$62.297	March 7, 2018	\$845,045	9,385	\$936,998	–
	5,803	\$63.668	March 12, 2019				
	13,471	\$69.009	March 11, 2020				

Notes

- (1) CTC's current policy for determining the exercise price for options with a TSAR feature is the 10-calendar day weighted average share price ending on the business day immediately preceding the date on which the grants are approved.
- (2) Options granted prior to 2006 have a 10-year term. Options granted in 2006 and subsequent years have a seven-year term.
- (3) This column contains the aggregate dollar value of in-the-money vested and unvested unexercised options as at December 28, 2013 using the December 27, 2013 closing share price of \$99.84.
- (4) This column contains the number of unvested PSUs and RSUs held by the NEOs on December 28, 2013.
- (5) This column contains the value of unvested PSUs and RSUs held by the NEOs as at December 28, 2013 using the December 27, 2013 closing share price of \$99.84. The 2011, 2012 and 2013 PSUs are reported assuming a performance multiplier equal to 1.0.
- (6) The share-based awards granted to Mr. Christie for each applicable year that he served as a consultant to CTC were vested and paid out in 2013 prior to his appointment as Executive Vice-President of CTC.

Incentive Plan Awards

The table below shows the incentive awards that vested or were earned by each NEO during the financial year ended December 28, 2013.

Name (a)	Option-based awards- Value vested during the year (\$) ⁽¹⁾ (b)	Share-based awards – Value vested during the year (\$) ⁽²⁾ (c)	Non-equity incentive plan compensation – Value earned during the year (\$) ⁽³⁾ (d)
Stephen G. Wetmore	\$2,912,930	\$1,958,007	\$2,046,250
Dean C. McCann	\$227,112	\$286,311	\$535,811
Michael B. Medline	\$41,250	–	\$724,659
James R. Christie ⁽⁴⁾	–	\$1,071,322	\$116,022
Allan A. MacDonald	\$98,076	\$190,287	\$390,822

Notes

- (1) This column includes the aggregate dollar value that would have been realized if stock options that vested in 2013 were exercised on the vesting date.
- (2) This column includes the value of the 2010 PSU plan payout upon vesting, which is described in the *2013 LTIP Payout (vested value of 2010 PSU Grant)* section on page 56.
- (3) This column includes the amount of the 2013 STIP payout, which is also included in the *Summary Compensation Table* on page 58.
- (4) The share-based awards granted to Mr. Christie in his role as a consultant were vested and paid in 2013. The amount paid is included in column (c).



Employment Agreements and Post-Employment Benefits

CEO Employment Agreement

An employment contract was established with Mr. Wetmore effective January 1, 2009. The key terms of the contract (other than with respect to post-employment benefits) are the following:

Base Salary	\$1,250,000
STIP	Mr. Wetmore's annual target STIP award is 100% of base salary if targets established by the Board for the CEO are met and up to 200% of base salary if such targets are exceeded by established amounts, subject to the terms of the STIP.
Deferred Share Unit Plan	Mr. Wetmore may elect annually to defer all or a portion of his STIP award and to direct that it be transferred into DSUs governed by his Deferred Share Unit Plan.
LTIP	<p>Mr. Wetmore is eligible to receive annual grants under the LTIP with a target value at the date of the grant of 300% of base salary, subject to the same performance factors applicable to the other participants in the LTIP.</p> <p>Mr. Wetmore is only entitled to a pro-rata grant for part years of employment. Accordingly, if Mr. Wetmore's termination date is prior to the end of a year, he will forfeit a portion of the award for that year determined as the number of days in the year subsequent to the termination date divided by 365.</p>
Monthly Perquisite Allowance	CTC provides Mr. Wetmore with a monthly perquisite allowance of \$5,833 to be spent at his discretion.
Other Benefits	Mr. Wetmore is entitled to benefits that are generally provided to CTC's Executives, such as participation in the Company's CT Profit Sharing program and CT Savings Plan.
Equity Ownership and Disposition Restrictions	Mr. Wetmore is required to achieve CTC's guidelines for equity ownership in the Company as they may be amended from time to time. Currently these guidelines require ownership of equity of the Company with a value equal to three times Mr. Wetmore's base salary within five years of his appointment. Mr. Wetmore is given full credit for any shares and DSUs of the Company that he owns in connection with such required equity ownership. As of the date hereof, Mr. Wetmore has achieved his equity ownership requirements. During the term of his agreement, Mr. Wetmore has agreed not to sell any shares of the Company which he owns (however acquired, including shares acquired on the exercise of options) and not to exercise any share appreciation rights without the consent of the Board, provided that the Board may not unreasonably withhold its consent.

Post-Employment Benefits

CEO

Mr. Wetmore is entitled to the following payments and benefits following a termination of his employment under the circumstances described below:

Involuntary Termination Without Cause or Resignation for Good Reason

In the event of involuntary termination without cause or resignation for "good reason", as defined in his agreement, Mr. Wetmore is entitled to:

- continuation of base salary for twelve months;
- continued entitlement to STIP for twelve months calculated based on the lesser of (i) the average of the STIP bonus paid to Mr. Wetmore in the two fiscal years immediately preceding the termination/resignation date; and (ii) the target STIP bonus for Mr. Wetmore for the fiscal year in which the termination/resignation date occurs;
- continued participation in CTC's employee health and other group insurance plans and annual executive medical assessment for 12 months, to the extent permitted by the terms of those plans;

- with respect to LTIP awards:
 - (i) immediate vesting of any unvested stock options and the right to exercise all outstanding stock options until the earlier of the third anniversary of the termination/resignation date and the expiry of the stock options under the applicable option agreements; and
 - (ii) payment of awards under the PSU or any equivalent plan, without acceleration of payment of such PSUs, as if Mr. Wetmore had continued to be employed by the Company during any term or performance period provided for under such plan.

Resignation without Good Reason

In the event of resignation without “good reason”, as defined in his agreement, Mr. Wetmore is entitled to base salary and expenses due and owing at the date of resignation. Unless the Board otherwise determines, no STIP payment will be made in respect of the year in which the resignation date occurs. With respect to his unvested LTIP awards, Mr. Wetmore is entitled to:

- payment of awards under the PSU or any equivalent plan as if he had continued to be employed by CTC during any term or performance period provided for under such plan; and
- the right to exercise stock options granted to Mr. Wetmore until the earlier of the third anniversary of the resignation date and the expiry of the stock options under the applicable option agreements, with the options continuing to vest during such period in accordance with the applicable option agreements.

LTIP awards granted to Mr. Wetmore in the year that he resigns without “good reason” shall be *prorated* to the resignation date.

Termination for Cause or Death

CTC may immediately terminate Mr. Wetmore’s employment contract at any time for cause. The contract is terminated automatically on death.

In the event of termination for cause, CTC is obligated to pay any base salary and expenses due and owing at the termination date. No STIP payment will be made in respect of the year in which the termination date occurs, and unvested PSUs and stock options will be forfeited.

In the event of death, the CTC is obligated to pay any base salary and expenses due and owing at the termination date. The Company will also pay STIP *pro rated* to the termination date. With respect to LTIP awards, Mr. Wetmore’s legal personal representatives are entitled to: (i) the immediate vesting of any unvested stock options and the right to exercise all outstanding stock options until the earlier of the third anniversary of the termination date and the expiry of the stock options under the applicable option agreements; and (ii) payment of awards under the PSU or any equivalent plan as if Mr. Wetmore had continued to be employed by the Company during any term or performance period provided for under such plan.

Non-Compete/Non-Solicit

The foregoing entitlements are conferred on Mr. Wetmore in part on the condition of his fulfillment of the following non-competition and non-solicitation obligations.

Mr. Wetmore may not during his employment and for one year thereafter:

- either alone or in any other capacity, directly or indirectly advise, manage, carry on, establish, control, engage in, invest in, offer financial assistance or services to, or permit his name to be used by any business which is the same as or substantially similar to or which competes with a significant line of business carried on by CTC in Canada or which is in the Company’s active contemplation as of the date of his departure; or
- solicit any officer, employee, agent or supplier of CTC or attempt to persuade any officer, employee, agent or supplier of the Company to discontinue their relationship with the Company.

Other NEOs

In addition, agreements with Messrs. Christie, MacDonald, McCann and Medline provide for the following payments and benefits following a termination of their employment without cause by CTC, in addition to their respective salaries and reimbursement of expenses to the date of termination and the payments and benefits to which they are entitled under various Company plans that apply generally to Executives:

- payment of an amount equal to their base salary for the period stipulated in each of their agreements, namely:
 - (a) 24 months in case of Mr. Christie, if his employment is terminated on or before September 1, 2015, or the greater of (i) the period between the end of his active employment and September 1, 2017, and (ii) the



minimum statutory notice period required under applicable law, if his employment is terminated after September 1, 2015; (b) 24 months in the case of Messrs. MacDonald and McCann, and (c) no less than 18 months in the case of Mr. Medline (in each case, *the Notice Period*), payable as salary continuance and subject to certain claw backs in the event new employment is secured (*the Claw back Conditions*);

- prorated payment of an award under CTC's STIP for the year in which termination of employment occurs and an additional payment in lieu of awards under the STIP at the target payout level during the applicable Notice Period, subject to the Claw back Conditions;
- in the case of Messrs. Christie, McCann and Medline, payment of awards under the PSU or any equivalent plan as if they had continued to be employed by CTC during any term or performance period provided for under such plan, and the right to exercise stock options until the earlier of the third anniversary of the termination date and the expiry of the options under the applicable option agreements, with the options continuing to vest during such period in accordance with the applicable option agreements;
- in the case of Mr. MacDonald, payment of awards under the PSU or any equivalent plan and the right to exercise previously granted stock options, all in accordance with the rules of the applicable plan documents;
- payment of employee health and other group insurance benefits (subject to certain exceptions) and annual executive medical assessments until the end of the applicable Notice Period or until alternative employment is obtained, whichever occurs first;
- payment of CTC automobile or perquisite allowance, as the case may be, during the applicable Notice Period, subject to the Claw back Conditions;
- prorated payment of a CT Profit Sharing award for the year in which termination of employment occurs and additional payment in lieu of CT Profit Sharing awards during the applicable Notice Period, subject to the Claw back Conditions;
- prorated payment of the corporate match under the Company's CT Savings Plan for the year in which termination of employment occurs and additional payment in lieu of the Company match under the CT Savings Plans during the applicable Notice Period, subject to the Claw back Conditions; and
- in the case of Messrs. Christie, MacDonald and McCann, entitlement to the Company financial planning benefit until the end of the applicable Notice Period or until alternative employment is obtained, whichever occurs first.

In the event of termination of employment without cause while living in Toronto, Mr. McCann is entitled to receive a monthly living allowance for the balance of the 36-month period that began from the date of his appointment as Chief Financial Officer.

In the event of Mr. Christie's resignation after September 1, 2017, any outstanding PSU awards and stock options will be treated in accordance with a termination of his employment without cause by CTC as described above.

Messrs. Christie, MacDonald, McCann and Medline have agreed to mitigation, non-competition and non-solicitation provisions in exchange for the termination payments and benefits referred to above.

Estimated Incremental Payments

The following table summarizes the estimated incremental payments to each of Messrs. Wetmore, McCann, Medline, Christie and MacDonald during the applicable notice period in the circumstances set out in their respective written employment contracts with the Company (as described above):

NEO	Compensation Component	Estimated Incremental Payments as at December 28, 2013 – Termination Without Cause or Resignation for Good Reason ⁽¹⁾ (\$)
Stephen G. Wetmore Chief Executive Officer	Base Salary	1,250,000
	STIP ⁽²⁾	1,250,000
	Continuation of annual executive medical assessment	1,495
	Total	2,501,495
Dean C. McCann Executive Vice-President and Chief Financial Officer	Base Salary	1,020,000
	STIP ⁽²⁾	663,000
	Payment in lieu of CT Profit Sharing award ⁽³⁾	102,000
	Payment in lieu of CT Savings Plan entitlement ⁽⁴⁾	51,000
	Continuation of financial planning, annual executive medical assessment, and car allowance	56,190
	Continuation of living allowance	61,346
	Total	1,892,190
Michael B. Medline President	Base Salary	1,200,000
	STIP ⁽²⁾	900,000
	Payment in lieu of CT Profit Sharing award ⁽³⁾	120,000
	Payment in lieu of CT Savings Plan entitlement ⁽⁴⁾	60,000
	Continuation of annual executive medical assessment, and perquisite allowance	107,243
	Total	2,387,243
James R. Christie Executive Vice-President	Base Salary	1,050,000
	STIP ⁽²⁾	682,500
	Payment in lieu of CT Profit Sharing award ⁽³⁾	105,000
	Payment in lieu of CT Savings Plan entitlement ⁽⁴⁾	52,500
	Continuation of financial planning, annual executive medical assessment, and car allowance	56,190
	Total	1,946,190
Allan A. MacDonald Chief Operating Officer, CTR	Base Salary	900,000
	STIP ⁽²⁾	540,000
	Payment in lieu of CT Profit Sharing award ⁽³⁾	90,000
	Payment in lieu of CT Savings Plan entitlement ⁽⁴⁾	45,000
	Continuation of financial planning, annual executive medical assessment, and car allowance	56,160
	Total	1,631,190

Notes

(1) As applicable.

(2) Assumes payout at target.

(3) Assumes that CT Profit Sharing awards are 10% of salary during the applicable Notice Periods.

(4) Assumes that CT Savings Plan awards are 5% of salary during the applicable Notice Periods.

No incremental payments are triggered upon a change in control of CTC. In addition, no incremental benefit would be received by Mr. Wetmore in respect of the accelerated vesting of his options if he was terminated without cause or resigned for good reason on the assumption that the discount rate applied to calculate the net present value of the accelerated entitlements would not be greater than the rate at which the Class A Non-Voting Shares would otherwise appreciate over the period of acceleration.



OTHER COMPENSATION INFORMATION

Securities Authorized for Issuance

The table below sets out information regarding the Class A Non-Voting Shares authorized for issuance under CTC's Stock Option Plan as at December 28, 2013. CTC does not have any compensation plans not previously approved by its shareholders under which equity securities of CTC are authorized for issuance.

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)
Equity Compensation Plans Approved by Securityholders			
Stock Option Plan	1,986,354	\$64.26	1,405,029

Stock Option Plan

Our Stock Option Plan was established for the purpose of rewarding certain officers and employees of CTC and for the purpose of encouraging such officers and employees to participate in the future growth, development and success of CTC's enterprises through ownership of shares of CTC. Directors of CTC are not eligible to receive options under its Stock Option Plan (other than the CEO in his capacity as an officer of CTC).

The aggregate maximum number of Class A Non-Voting Shares that were authorized for issuance on May 13, 2010 by the shareholders under the Stock Option Plan was 3,400,000, representing approximately 4.5% of the currently issued and outstanding Class A Non-Voting Shares. As at March 13, 2014, the number of outstanding and unexercised options to purchase Class A Non-Voting Shares is 2,175,581, representing approximately 2.9% of the issued and outstanding Class A Non-Voting Shares. Also as at March 13, 2014, an aggregate of 1,215,802 Class A Non-Voting Shares, representing approximately 1.6% of the issued and outstanding Class A Non-Voting Shares, are available for issuance under the Stock Option Plan.

A total of 737,209 stock options were awarded in 2013, which represented approximately 1% of the issued and outstanding Class A Non-Voting Shares (commonly referred to as the annual 'burn rate') as at December 28, 2013. The total number and terms of outstanding stock options, share appreciation rights, shares and units subject to restrictions on resale were taken into account in determining the total options available to be granted to all participants during 2013.

The Stock Option Plan states that no one person can receive options to buy more than 5% of the total number of issued and outstanding Class A Non-Voting Shares, which as at March 13, 2014 is equal to 3,814,118 Class A Non-Voting Shares. The grant of an option provides an optionee with the right to subscribe for a Class A Non-Voting Share at the weighted average price at which the Class A Non-Voting Shares trade on the TSX during the 10 calendar day period ending on the business day immediately preceding the date the option is granted. The Stock Option Plan states that no option shall extend for a period of more than 10 years from the date of grant except in circumstances in which the exercise period may be extended in the event of a black out period.

Options to subscribe for Class A Non-Voting Shares under the Stock Option Plan that were granted in 2007 generally vested at the rate of 33⅓% per year during the three years following the date the options were granted. Options granted from 2008 to 2011 generally vested three years after the date the options were granted. Options granted in 2012 and thereafter (*the 2012 and Later Options*) generally vest at the rate of 33⅓% per year during the three years following the date the options were granted. Exceptions to the general vesting requirements are included in the Stock Option Plan or option agreements in relation to circumstances involving incapacity, death, resignation, becoming a Canadian Tire Dealer or upon the cessation of employment for any other reason. Unexercised 2012 and Later Options expire immediately on the termination of the employment of an optionee for cause.

In addition to the basic vesting provisions referred to above, the stock option agreements contain an early vesting "double trigger" provision, which provides that if: (a) a qualified offer has been completed for all or substantially all



of the shares of CTC which includes an offer for the Class A Non-Voting Shares and a change of control has occurred; and (b) within two years of the change of control the employment of the optionee has been terminated without cause, then all of the options held by the optionee shall be deemed to have vested immediately prior to the date of termination.

Options have been granted under agreements which specify that they can be exercised for a period of up to seven years and outline the circumstances in which option rights will be terminated earlier. All outstanding option agreements provide that, at the election of the optionee, options can be exercised through payment of the option price or surrendered in exchange for a cash payment equal to the excess of the fair market value of the Class A Non-Voting Shares over the exercise price stipulated in the applicable stock option agreement, multiplied by the number of Class A Non-Voting Shares surrendered. The fair market value is the weighted average price at which the Class A Non-Voting Shares trade on the TSX on the trading day on which the election is made.

Any Class A Non-Voting Shares not taken up and paid for under any option agreement prior to the expiry or earlier termination thereof (including by virtue of the option expiring or being surrendered for cash or cancelled) may again be optioned by CTC pursuant to the Stock Option Plan and will not reduce the aggregate maximum number of Class A Non-Voting Shares that may be reserved for issuance under the Stock Option Plan.

If an employee becomes incapacitated, dies, resigns, has his or her employment terminated with or without cause or ceases to be employed by CTC for any other reason, the employee's options may only be exercised by the employee, or his or her personal representative as the case may be, or may be prohibited from being exercised, as follows:

- in the event of incapacity or death – All options may be exercised until the earlier of the expiration of the options and three years following the date of incapacity or death, or such longer period as is determined by the Board of Directors;
- in the event of resignation after age 60 – For option agreements entered into in connection with the 2012 and Later Options, the options may be exercised until the earlier of the expiration of the option and the date three years following the date of resignation if the optionee has at least 10 years of continuous service with CTC, with options vesting during such three year period. For option agreements entered into between 2007 and 2011, options may be exercised until either: (a) the earlier of the expiry date of the option and the date three years following the date of resignation if the optionee has at least 10 years of continuous service with CTC; or (b) the earlier of the expiry date of the option and the date that is one year following the date of such retirement in all other cases, with options vesting during such three or one year period, as the case may be;
- in the event of resignation to become a Canadian Tire Dealer – All options vested on the date of resignation may be exercised until the earlier of the expiration of the option and the date that is one year following the date of resignation or such longer period as is determined by the Board of Directors;
- in the event of termination without cause after age 60 with 10 years continuous service – 2012 and Later Options may be exercised until the earlier of the expiration of the option and the date that is three years following the termination of employment, with options vesting during such three year period;
- in the event of termination for cause – Unexercised 2012 and Later Options are prohibited from being exercised from and after the date of termination of employment or on such other terms and for such other period as is determined by the Board of Directors; and
- in the event of cessation of employment for any other reason – All options vested on the date of cessation of employment may be exercised until the earlier of the expiration of the options and the date 30 days following the date on which the optionee ceases to be employed or such longer period as is determined by the Board of Directors.

The Stock Option Plan allows the expiry date of options granted thereunder to be extended to the tenth business day following the end of a black out period imposed by CTC during which trading in securities of CTC is not permitted (*the Black Out Expiration Term*) if such options would otherwise expire during or immediately after such black out period. In the event the time or times during which options may be exercised by optionees expires immediately after the expiration of a black-out period, the Black Out Expiration Term will be reduced by the number of days between the expiration of the exercise time or times and the end of the black out period.

The Stock Option Plan (or an option agreement or entitlement subject to the Stock Option Plan) can be amended by the Board of Directors as recommended by the MRC Committee upon receipt of the requisite approval of the TSX and without the approval of shareholders for a number of enumerated purposes. However, the Board of Directors



may not without the approval of shareholders: (a) increase the maximum aggregate number of Class A Non-Voting Shares that may be optioned and issued under the Stock Option Plan; (b) reduce the exercise price for options held by optionees; (c) extend the term of options held by optionees; (d) remove or exceed the Insider Participation Limit (outlined below); (e) amend the amending provisions under the Stock Option Plan; (f) change the definition of “employee” under the Stock Option Plan to include non-employee directors or permit non-employee directors to be granted options under the Stock Option Plan; or (g) change the assignment and transfer restrictions under the Stock Option Plan. Additionally, the Stock Option Plan states that the Board of Directors may not make any amendments which prejudice the rights of optionees under existing option agreements without first obtaining the approval of the optionees who are parties to such option agreements.

The “*Insider Participation Limit*” generally limits the maximum number of Class A Non-Voting Shares: (a) issued to insiders of CTC, within any one year period; and (b) issuable to insiders of CTC at any time pursuant to the Stock Option Plan, in each case when combined with all other security based compensation arrangements of CTC, to 10% of the number of issued and outstanding Class A Non-Voting Shares. Each option is non-assignable and non-transferable other than for estate settlement purposes, including by will or the laws governing the devolution of property in the event of death of the optionee.

Stock option agreements entered into by CTC with executive officers generally reflect the same terms as are set out in the standard agreements described above. However, agreements with certain executive officers, including certain NEOs, have been modified from the standard agreements, in certain cases in a substantive manner, to reflect the terms of their respective employment agreements with CTC. With respect to the NEOs, see *Employment Agreements and Post-Employment Benefits* on page 62.

Other Compensation Plans

CT Profit Sharing

A retirement and savings program known as CT Profit Sharing rewards our employees and officers and those of participating subsidiaries and encourages them to participate in our growth, development and success. Every year we make a payment under the program of at least one percent of our previous year’s net profits after income tax and designate the award to be allocated to each of the employees and officers participating in the program. The first 6% of the award is designated as the *base award* and must be contributed into the Company’s Deferred Profit Sharing Plan (*the DPSP*), described below, up to the allowable maximum under the *Income Tax Act* (Canada). At the discretion of the participant, the remaining amount of the award or the *excess award* can be allocated into the DPSP (up to the allowable maximum under the *Income Tax Act* (Canada)), other available registered accounts, or received as cash. Currently, a minimum of 10% of the base award allocated to each employee or officer is invested in a Company share fund in the DPSP (*the CTC Share Fund*), which includes Common Shares and Class A Non-Voting Shares, with the balance invested as directed by each employee and officer.

The DPSP was established under a trust deed dated January 1, 1968 and amended from time to time thereafter. Sun Life Financial Trust Inc. (*Sun Life Financial*) is the trustee of the DPSP but is subject to the direction of the DPSP Capital Accumulation Plan Committee (*the DPSP CAP Committee*) in relation to the exercise of voting and various other rights of the shares held in relation to the DPSP. The members of the DPSP CAP Committee are Robyn A. Collver, Dean McCann, and Hugh Lynar, each of whom is an employee of CTC. Ms. Collver and Mr. McCann hold the positions of Senior Vice-President, Secretary and General Counsel and Executive Vice-President and Chief Financial Officer, respectively.

The money and securities held in connection with the DPSP (*the DPSP property*) have been and are transferred on an ongoing basis by Sun Life Financial, as trustee, to Sun Life Assurance Company of Canada (*Sun Life*). A portion of the DPSP property transferred to Sun Life on an ongoing basis is invested in Class A Non-Voting Shares which are purchased by Sun Life Financial in the market and form part of the underlying securities of the CTC Share Fund, with the balance of the DPSP property invested in the manner elected by participants from a variety of funds managed by a number of fund managers. 20% of the units held for plan participants vest after one full year of employment, with the remaining units vesting after two full years of employment. Sun Life has issued a group annuity policy to Sun Life Financial which provides plan participants with rights and benefits equivalent to those to which they would otherwise be entitled under the DPSP.



CT Savings Plan

The CT Savings Plan was established effective January 1, 2014 and replaced the Share Purchase Plan (*the SPP*). The new plan is intended to assist in attracting and retaining employees and executives to meet CTC's current and future business needs. The plan generally provides participating employees with dollar for dollar Company match payments, immediate vesting of all contributions, more flexibility in electing tax-deferred investments and a better opportunity to diversify their investments.

The plan provides for voluntary savings by our employees and those of participating subsidiaries. In most cases, contributions made to the plan by participating employees are matched by equal Company match payments, to a maximum of 5% of the eligible earnings of each participating employee. The employee contributions and Company match payments are invested in one or more investment alternatives elected by the employees. These include a number of equity, bond and money market funds and guaranteed investment certificates. Class A Non-Voting Shares may also be elected by participating employees to allow them to participate in the future growth, development and success of CTC's enterprises. Employee contributions can be invested in one or more of a non-registered account, a registered retirement savings plan or a tax-free savings account and Company contributions can be transferred at the election of the employee into any one or more of these accounts.

The SPP permitted participating employees to contribute a portion of their base salaries to the plan, thereby entitling the employees to a Company contribution which was invested in Class A Non-Voting Shares and vested over a period of up to ten years. The final employee contributions and related Company contributions under the SPP relate to the 2013 fiscal year of CTC. The SPP has been amended to provide that all of the investments under the plan became fully vested effective January 1, 2014 and the SPP will be formally terminated in due course.



OTHER INFORMATION

Liability Insurance for Directors and Officers

During the year ended December 28, 2013, CTC 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 the Company.

Each loss is subject to a deductible of \$250,000 (\$500,000 deductible for securities claims brought by, or on behalf of, a shareholder of the Company). The directors' and officers' liability insurance does not cover losses arising from illegal conduct, fraud or bad faith.

We paid \$474,157 in policy premiums for the period April 4, 2013 to April 4, 2014, 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

On February 21, 2014, the TSX accepted CTC's notice of intention to make a normal course issuer bid (*the 2014 NCIB*) to purchase, between February 26, 2014 and February 25, 2015, up to 2.5 million Class A Non-Voting Shares, representing approximately 3.4% of the public float of Class A Non-Voting Shares as at February 12, 2014. The Company's Common Shares are not part of the 2014 NCIB.

We have adopted a policy of purchasing Class A Non-Voting Shares to offset the dilutive effect of the issuance of Class A Non-Voting Shares under our stock option plan and dividend reinvestment plan. We intend to continue that policy. We may also purchase additional Class A Non-Voting Shares, if, after consideration of various factors, we determine that the purchase would be expected to be in the best interests of CTC and contribute to enhancing the value of the remaining Class A Non-Voting Shares. On February 13, 2014, we announced that we expect to utilize a minimum of \$100 million of our anticipated free cash flow in fiscal 2014 to purchase Class A Non-Voting Shares, in addition to those to be purchased pursuant to our anti-dilutive policy, under the remainder of the 2013 normal course issuer bid and the 2014 NCIB. We will not purchase more than 2.5 million Class A Non-Voting Shares, in aggregate, under the 2014 NCIB.

All purchases made through the 2014 NCIB will be made through the facilities of the TSX or alternative trading systems, if eligible. The Class A Non-Voting Shares acquired by the Company pursuant to the 2014 NCIB will, for as long as the Company has a limited number of authorized Class A Non-Voting Shares, be restored to the status of authorized but unissued shares.

During our 2013 normal course issuer bid, which commenced on February 26, 2013 and expired on February 25, 2014, we purchased 1,328,670 Class A Non-Voting Shares. This figure includes 1,259,550 Class A Non-Voting Shares that were purchased in addition to those purchased for anti-dilutive purposes. The weighted average price at which the purchases were made was \$87.07 per Class A Non-Voting Share.

Documents You Can Request

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

- Notice of intention to make the 2014 Normal Course Issuer Bid.
- Management's Discussion and Analysis and Consolidated Annual Financial Statements for the financial year ended December 28, 2013. These documents contain CTC's financial information.
- Annual Information Form for the financial year ended December 28, 2013 and the documents incorporated by reference.

To request any of these documents, please write to Robyn A. Collver, Senior Vice-President, Secretary and General Counsel at Canadian Tire Corporation, Limited, 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario M4P 2V8.

The Management's Discussion and Analysis, Consolidated Annual Financial Statements, Annual Information Form and other information about CTC are also available on SEDAR at www.sedar.com.

You can also visit our website at www.corp.canadiantire.ca. Click on the "*Investors*" tab for current and past annual reports, annual information forms, management information circulars, financial news releases, stock price information, dividend payment history, as well as investor presentations and webcasts.

Information contained in or otherwise accessible through the websites referenced in this Management Information Circular does not form part of this Management Information Circular and is not incorporated by reference into this Management Information Circular. All references to such websites are inactive textual references and are for information only.

The contents and the sending of this Management Information Circular have been approved by the Board of Directors of CTC.



Robyn A. Collver
Secretary

Toronto, Ontario
March 13, 2014



(This page has been left blank intentionally.)

APPENDIX A

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. The Board reserves the right to exercise any powers or authorities delegated to a Committee. The Board also has the right to revoke any of its powers or authorities delegated to a Committee, as well as to revoke or vary any decision of a Committee (to the extent that such decision has not been acted upon). Any Committee decision shall be reported to the Board at its meeting following the meeting of the Committee at which such decision was made.

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 Brand and Values 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. Company's Relationship with Dealers

- Overseeing the state of the Company's relationship with its Dealers through consideration of qualitative and quantitative measures in place from time to time, to ensure that the relationship is operating in support of the long term strategy of the Company, and that its contribution to the success of the Canadian Tire enterprise is being maximized.

4. 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.

5. 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.

6. 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.

7. 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.

8. 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 at least once every three years (or more frequently if necessary, or at the request of the Secretary or Assistant Secretary as a result of legislative or regulatory changes) to ensure it appropriately reflects the Board's stewardship responsibilities.



(This page has been left blank intentionally.)

(This page has been left blank intentionally.)

(This page has been left blank intentionally.)



Canadian Tire Corporation, Limited
2180 Yonge Street, P.O. Box 770, Station K,
Toronto, Ontario, Canada M4P 2V8

Visit our website at
www.corp.canadiantire.ca

Investor Relations
<http://corp.canadiantire.ca/EN/Investors>



MIX
Paper from
responsible sources
FSC® C004071