



CANADIAN TIRE RELEASES SECOND QUARTER EARNINGS – ADJUSTED NET EARNINGS UP 8.8%; QUARTERLY DIVIDEND MAINTAINED AT 21 CENTS

(Toronto, Ontario), August 13, 2009: Canadian Tire Corporation, Limited (CTC, CTC.a) released its second quarter results today. Despite softer retail sales due to challenging market conditions and unseasonable weather, the Company reported an 8.8% increase in adjusted net earnings compared to the same period last year. The growth in earnings year-over-year reflects healthy margins across the retail businesses and lower operating expenses.

“Our focus on maintaining our gross margins and managing our operating expenses has allowed us to deliver modest growth in earnings this quarter compared to 2008 despite a challenging retail environment,” said Stephen Wetmore, President and CEO, Canadian Tire. “However, a significant amount of our annual earnings are achieved in the third and fourth quarters and our performance for the balance of the year will be very much influenced by the economy and, of course, seasonal weather patterns.”

Consolidated Highlights⁽¹⁾:	2009 2nd Quarter	2008⁽²⁾ 2nd Quarter	Change
CTC retail sales	\$2.79 billion	\$2.95 billion	(5.4)%
Gross operating revenue	\$2.32 billion	\$2.45 billion	(5.1)%
Adjusted earnings before income taxes (excludes non-operating gains and losses) ⁽³⁾	\$151.5 million	\$140.4 million	8.0 %
Net earnings	\$103.7 million	\$97.7 million	6.1%
Adjusted net earnings (excludes non-operating gains and losses) ⁽³⁾	\$103.0 million	\$94.7 million	8.8%
Basic earnings per share	\$1.27	\$1.20	5.9%
Adjusted basic earnings per share (excludes non-operating gains and losses) ⁽³⁾	\$1.26	\$1.16	8.6%

(1) All dollar figures in this table are rounded.

(2) The 2008 earnings figures have been restated for implementation, on a retrospective basis, of the CICA HB 3064 – Goodwill and Intangible Assets and the amendments to CICA HB 1000 – Financial Statement Concepts. Please refer to Note 2 in the Consolidated Financial Statements.

(3) Non-GAAP measure. Please refer to section 15.0 of Management's Discussion and Analysis.

Business Overview

CANADIAN TIRE RETAIL

(\$ in millions)	Q2 2009	Q2 2008 ⁽¹⁾	Change	YTD 2009	YTD 2008 ⁽¹⁾	Change
Retail sales ⁽²⁾	\$2,153.2	\$2,174.5	(1.0)%	\$3,421.1	\$3,393.3	0.8%
Same store sales ⁽³⁾ (year-over-year % change)	(2.7)%	(0.5)%		(0.8)%	(1.8)%	
Gross operating revenue	\$1,550.0	\$1,562.1	(0.8)%	\$2,649.3	\$2,633.4	0.6%
Net shipments (year-over-year % change)	(1.4)%	3.2%		(0.1)%	1.8%	
Earnings before income taxes	\$95.2	\$85.1	12.0%	\$128.0	\$128.7	(0.5)%
Less adjustment for:						
Non-operating gains and losses ⁽⁴⁾	(0.3)	0.1		(0.7)	4.0	
Former CEO retirement obligations	-	0.5		0.5	0.9	
Adjusted earnings before income taxes and minority interest ⁽⁵⁾	\$95.5	\$84.5	13.0%	\$128.2	\$123.8	3.6%

(1) 2008 figures have been restated for implementation, on a retrospective basis, of the CICA HB 3064 Goodwill and Intangible Assets and the amendments to CICA HB 1000- Financial Statement Concepts. Please refer to Note 2 in the Consolidated Financial Statements.

(2) Includes sales from Canadian Tire stores, PartSource stores and the labour portion of CTR's auto service sales.

(3) Same store sales include sales from all stores that have been open for more than 53 weeks.

(4) Includes fair market value adjustments and impairments on property and equipment.

(5) Non-GAAP measure. Please refer to section 15.0 in Management's Discussion and Analysis.

Canadian Tire Retail's sales decreased 1.0% from the same quarter in 2008 with unseasonably cool wet weather impacting some seasonal categories such as outdoor living and climate control and challenging economic conditions impacting other categories including tools and electronics. Despite overall softer sales, Canadian Tire Retail did see an increase in sales in home repair and maintenance and paint reflecting a focus by customers on repair projects.

The second quarter was also impacted by the timing of the Easter and Canada Day holidays which reduced sales and same store sales by approximately 0.6%.

Canadian Tire Retail's second quarter adjusted earnings before taxes were \$95.5 million, up 13.0% compared to a year ago due to strong margins and well-managed operating expenses, offset slightly by increased expenses from the new Eastern Canada Distribution Centre and continued investments in productivity initiatives.

Canadian Tire Retail opened five Smart stores in the quarter, two of which contain a full-size Mark's Work Wearhouse offering, and closed one traditional store, bringing the total number of stores in the network to 475.

Customer reaction to both the Smart store and Small Market store continues to be very positive. Both concepts are generally performing above expectations with higher than projected traffic count and basket size.

PartSource experienced double-digit year-over-year sales increases driven by both the continued expansion of the network and improved product assortment. PartSource opened one new store in the quarter bringing the network total to 88 locations.

CANADIAN TIRE PETROLEUM (Petroleum)

(\$ in millions)	Q2 2009	Q2 2008	Change	2009 YTD	2008 YTD	Change
Sales volume (millions of litres)	435.1	429.6	1.3%	843.9	843.4	0.1%
Retail sales	\$425.7	\$541.9	(21.4)%	\$779.1	\$990.9	(21.4)%
Gross operating revenue	\$390.8	\$514.8	(24.1)%	\$712.7	\$937.6	(24.0)%
Earnings before income taxes	\$7.8	\$8.0	(2.7)%	\$13.8	\$13.0	6.2%
Less adjustment for:						
Non-operating losses ⁽¹⁾	(0.3)	-		(0.3)	(0.2)	
Adjusted earnings before income taxes ⁽²⁾	\$8.1	\$8.0	1.0%	\$14.1	\$13.2	6.7%

(1) Includes asset impairment losses.

(2) Non-GAAP measure. Please refer to section 15.0 in Management's Discussion and Analysis.

While there was a slight increase in gasoline sales volume over the comparable period in 2008 due to lower prices at the pumps, Petroleum experienced declines of more than 20% in gross operating revenues and retail sales due to significantly lower retail gasoline prices.

Convenience store sales, however, were very strong this quarter due to an increase in convenience store traffic.

Despite significantly lower revenues, margins in the quarter were consistent year-over-year and Petroleum delivered another strong quarter based on continued effective execution of promotional programs and good expense management.

Petroleum replaced one gas station and closed one location during the quarter bringing the total number of gas bars in the network to 273.

MARK'S WORK WEARHOUSE (Mark's)

(\$ in millions)	Q2 2009	Q2 2008 ⁽¹⁾	Change	2009 YTD	2008 YTD ⁽¹⁾	Change
Total retail sales ⁽²⁾	\$210.2	\$233.1	(9.8)%	\$378.7	\$405.6	(6.6)%
Same store sales ⁽³⁾ (year-over-year % change)	(11.3)%	0.9%		(8.2)%	(2.8)%	
Gross operating revenue ⁽⁴⁾	\$182.2	\$200.6	(9.2)%	\$329.3	\$348.1	(5.4)%
Earnings before income taxes	\$7.1	\$7.3	(2.7)%	\$2.2	\$3.9	(43.4)%
Less adjustment for:						
Non-operating losses	(0.1)	(0.1)		(0.3)	(0.1)	
Adjusted earnings before income taxes ⁽⁵⁾	\$7.2	\$7.4	(1.3)%	\$2.5	\$4.0	(36.2)%

(1) 2008 figures have been restated for implementation, on a retrospective basis, of the CICA HB 3064 Goodwill and Intangible Assets and the amendments to CICA HB 1000 - Financial Statement Concepts. Please refer to Note 2 in the Consolidated Financial Statements.

(2) Includes retail sales from corporate and franchise stores.

(3) Mark's same store sales exclude new stores, stores not open for the full period in each year and store closures.

(4) Gross operating revenue includes retail sales at corporate stores only

(5) Non-GAAP measure. Please refer to section 15.0 in Management's Discussion and Analysis.

Mark's second quarter total retail sales were \$210.2 million down 9.8% from the \$233.1 million recorded a year ago, reflecting lower sales in all parts of the country due to softer economic conditions, with Ontario and Alberta posting the largest decreases. At the category level, while corporate store sales in ladies wear experienced a modest decline, ladies accessories and health wear posted double digit increases. Corporate store sales in

industrial wear, men's casual and casual footwear, however, were all down significantly year-over-year.

Adjusted pre-tax earnings were \$7.2 million down 1.3% from the \$7.4 million recorded the previous year. The adjusted pre-tax earnings were similar to a year ago because the gross margin rate improved significantly by 470 basis points principally due to a lower shrink expense during 2009 compared to the prior year. Operating expenses were also well-managed.

During the quarter, Mark's opened two new stores, relocated three stores, renovated one store and closed one store, bringing the total number of stores in the network to 375.

CANADIAN TIRE FINANCIAL SERVICES (Financial Services)

(\$ in millions)	Q2 2009	Q2 2008 ⁽¹⁾	Change	2009 YTD	2008 YTD ⁽¹⁾	Change
Total managed portfolio end of period				\$4,109.9	\$3,926.7	4.7%
Gross operating revenue	\$232.9	\$201.5	15.6%	\$450.2	\$410.2	9.8%
Earnings before income taxes	\$42.3	\$44.4	(4.7)%	\$74.8	\$98.6	(24.2)%
Less adjustment for:						
Non-operating losses	(0.1)	-		(0.2)	-	
Net effect of securitization activities ⁽²⁾	1.7	3.9		2.2	16.8	
Adjusted earnings before income taxes ⁽³⁾	\$40.7	\$40.5	0.5%	\$72.8	\$81.8	(11.0)%

(1) 2008 figures have been restated for implementation, on a retrospective basis, of the CICA HB 3064 Goodwill and Intangible Assets and the amendments to CICA HB 1000 - Financial Statement Concepts. Please refer to Note 2 in the Consolidated Financial Statements.

(2) Includes initial gain/loss on the sale of loans receivable, amortization of servicing liability, change in securitization reserve and gain/loss on reinvestment.

(3) Non-GAAP measure. Please refer to section 15.0 in Management's Discussion and Analysis.

Financial Services' total managed portfolio of loans receivable was \$4.1 billion at the end of the second quarter, a 4.7% increase over the \$3.9 billion portfolio at the end of the comparable 2008 period.

Financial Services' gross operating revenue was \$232.9 million in the quarter, a 15.6% increase over the \$201.5 recorded in the prior year, reflecting an increase in yield resulting from various pricing initiatives and slowing of customer payments.

Adjusted pre-tax earnings were relatively flat for the second quarter with higher revenues and well-managed operating expenses offset by increases in provision for credit losses and an increase in interest expense caused by the substantial increase in broker deposits. However, last year's earnings were impacted by a \$9.7 million investment in the Options MasterCard re-issue. Excluding these re-issue costs, adjusted pre-tax earnings for the quarter were 19.0% lower than the same quarter in 2008, reflecting the impact of the higher write-offs and bankruptcies noted below.

The net write-off rate for the total managed portfolio on a rolling 12-month basis was 6.82%, compared to 5.98% in the comparable 2008 period. Overall aging of past due accounts deteriorated by 46 basis points. While bankruptcy costs increased, analysis of Financial Services' performance versus national statistics indicates that Financial Services continues

to experience lower bankruptcies than would be expected due to its effective credit risk strategies.

Financial Services continued its investment in the retail banking pilot and at quarter-end had more than \$541 million in retail deposits, \$167 million in mortgages and approximately \$1.6 billion in broker deposits. The average term of maturity for the broker deposits is approximately 30 months.

2009 COMMENTARY

CTC plans to continue with its long-term productivity and efficiency investments in Automotive Infrastructure, CTR Marketing Change Program and IT Renewal projects. These programs are now expected to cost approximately \$40 million in 2009 (net of benefits realized).

FUNDING AND LIQUIDITY

While the term securitization market through Glacier remains closed, Financial Services continues to have access to multiple sources of funding including:

- Operating cash flow
- Broker deposits
- High interest savings accounts

In addition, more than \$800 million of the total \$1.2 billion of the Corporation's committed bank lines are available to Financial Services.

By the end of the second quarter, Financial Services had pre-funded approximately \$680 million of the approximately \$1.0 billion which is expected to be required during the balance of the year to repay maturing short-term GIC deposits and finance the increase in receivables that will result when Glacier term notes mature. The cost of this conservative approach was approximately \$4.2 million for the quarter.

At the CTC level, \$200 million of Medium Term Notes were issued in the quarter for seven years at 5.65% to pre-fund maturing corporate debt in 2010.

Overall, Management remains confident that given the various sources of funding available, particularly for Financial Services, the Corporation has more than sufficient cost-effective funding to support its businesses for the foreseeable future.

CAPITAL EXPENDITURES

As a result of adjustments to the timing of projects and lower actual project costs, Management now expects capital expenditures for the 2009 fiscal year to be approximately \$326 million, down from the originally planned \$390 million and approximately \$30 million lower than the capital forecast provided at the end of the first quarter.

QUARTERLY DIVIDEND

Canadian Tire Corporation has declared a quarterly dividend of \$0.21 per share on each Common and Class A Non-Voting share. The dividend is payable December 1, 2009 to Common and Class A shareholders of record as of October 30, 2009. The dividend is considered an “eligible dividend” for tax purposes.

FORWARD-LOOKING STATEMENTS

This disclosure contains statements that are forward-looking. Actual results or events may differ materially from those forecasted in this disclosure because of the risks and uncertainties associated with Canadian Tire’s business and the general economic environment. Risks and uncertainties are disclosed in other public filings by the Company, such as Management’s Discussion and Analysis (“the MD&A”) and the 2008 Financial Report and include, but are not limited to: changes in interest, currency exchange and tax rates; the ability of Canadian Tire to attract and retain quality employees, Dealers, Petroleum agents and PartSource and Mark’s Work Wearhouse store operators and franchisees; and the willingness of customers to purchase the Company’s merchandise, financial products and services.

Risk factors associated with the assumptions that underlie Canadian Tire’s expected performance in 2009 that have the potential to affect the operating performance and financial results of the Company’s divisions are outlined in Section 11.0 of the MD&A.

REVIEW BY BOARD OF DIRECTORS

The Canadian Tire Board of Directors, on the recommendation of its Audit Committee, has approved the contents of this disclosure.

CONFERENCE CALL

Canadian Tire will conduct a conference call to discuss information included in this news release and related matters at 4:30 p.m. EDT on August 13, 2009. The conference call will be available simultaneously and in its entirety to all interested investors and the news media through a webcast at <http://corp.canadiantire.ca/EN/investors>, and will be available through replay at this website for 12 months.

Canadian Tire Corporation, Limited (TSX: CTC.a, CTC), operates more than 1,200 general merchandise and apparel retail stores and gas stations in an inter-related network of businesses engaged in retail, financial services and petroleum. *Canadian Tire Retail*, Canada's most shopped general merchandise retailer, with 475 stores operated by Dealers across Canada offers a unique mix of products and services through three specialty categories in which the organization is the market leader — Automotive, Sports and Leisure, and Home Products. www.canadiantire.ca offers Canadians the opportunity to research more than 25,000 products online. *PartSource* is an automotive parts specialty chain with 88 stores designed to meet the needs of purchasers of automotive parts – professional automotive installers and serious do-it-yourselfers. *Canadian Tire Petroleum* is one of the country's largest and most productive independent retailers of gasoline, operating 273 gas bars, 267 convenience stores and kiosks, and 73 car washes. *Mark's Work Warehouse* is one of the country's leading apparel retailers operating 375 stores in Canada. Under the Clothes that Work™ marketing strategy, Mark's sells apparel and footwear in work, work-related, casual and active-wear categories, as well as health-care and business-to-business apparel. www.marks.com offers Canadians the opportunity to shop for Mark's products online. *Canadian Tire Financial Services* has issued over five million Canadian Tire MasterCard credit cards and also markets related financial products and services for retail and petroleum customers. Canadians can also access Financial Services online at www.ctfs.com. More than 57,000 Canadians work across Canadian Tire's organization from coast-to-coast in the enterprise's retail, financial services, and petroleum businesses.

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