



CANADIAN TIRE CORPORATION, LIMITED
2015 Annual Information Form

February 17, 2016

ANNUAL INFORMATION FORM
CANADIAN TIRE CORPORATION, LIMITED
TABLE OF CONTENTS

1. Corporate Structure	2
2. Description of the Business	3
2.1 Retail Segment	3
2.2 CT REIT Segment	12
2.3 Financial Services Segment	12
2.4 Real Estate Management	13
2.5 Seasonality of the Business	14
2.6 Intangible Properties	14
2.7 Economic Dependence	15
2.8 Lending	15
2.9 Financing of the Business	15
2.10 Risk Factors	15
2.11 Employees	17
2.12 Corporate Citizenship	17
3. General Development of the Business	19
3.1 Retail Business Developments	19
3.2 CT REIT Business Development	25
3.3 Financial Services Business Developments	25
3.4 Other Business Developments	26
4. Capital Structure	28
4.1 Description of Capital Structure	28
4.2 Market for Securities	29
5. Dividends	30
6. Security Ratings	31
7. Transfer Agents and Registrar	31
8. Directors and Officers	32
9. Interests of Experts	36
10. Legal Proceedings and Regulatory Actions	37
11. Additional Information	37
12. Forward Looking Information	37
Annex A - Audit Committee Mandate and Charter	i

Certain brands mentioned in this report are the trademarks of Canadian Tire Corporation, Limited, Mark's Work Warehouse Ltd., FGL Sports Ltd. or used under license. Others are the property of their respective owners.

ANNUAL INFORMATION FORM

CANADIAN TIRE CORPORATION, LIMITED

In this document, the terms “Company” and “CTC” refer to Canadian Tire Corporation, Limited, its predecessor corporations and all entities controlled by it and their collective businesses unless the context otherwise requires. This document also refers to CTC’s three reportable operating segments: the “Retail segment”, the “CT REIT segment” and the “Financial Services segment”.

The Retail segment comprises businesses operated under CTC’s retail banners, which include Canadian Tire[®], PartSource[®], Petroleum[®], Mark’s[®], Sport Chek[®], Sports Experts[®], Atmosphere[®] and Pro Hockey Life[™].

“Canadian Tire” refers to the general merchandise retail and services businesses carried on under the “Canadian Tire” name and trademarks and the business carried on under the “PartSource” name and trademarks.

“Canadian Tire stores” and “Canadian Tire gas bars” refer to stores and gas bars (which may include convenience stores, car washes and propane stations), respectively, operated under the “Canadian Tire” and “Gas +[®]” names and trademarks.

“CT REIT” or the “REIT” refers to the business carried on by CT Real Estate Investment Trust and its subsidiaries, including CT REIT Limited Partnership (“CT REIT LP”).

“FGL Sports” refers to the retail business carried on by FGL Sports Ltd. and its subsidiaries, and “FGL Sports stores” includes stores operated under the “Sport Chek”, “Sports Experts”, “Atmosphere”, “Hockey Experts[®]”, “National Sports[™]” and “Pro Hockey Life” names and trademarks.

“Financial Services” refers to the business carried on by the operating subsidiaries of CTFS Holdings Limited namely Canadian Tire Bank[®] (“CTB” or the “Bank”) and CTFS Bermuda Ltd. (“CTFS Bermuda”).

“Mark’s” refers to the retail business carried on by Mark’s Work Wearhouse Ltd., and “Mark’s stores” includes stores operated under the “Mark’s”, “Mark’s Work Wearhouse[®]”, and “L’Equipeur[®]” names and trademarks.

“PartSource stores” refers to stores operated under the “PartSource” name and trademarks.

“Petroleum” refers to the retail petroleum business carried on under the “Canadian Tire” and “Gas +” names and trademarks.

Other terms that are capitalized in this document are defined the first time they are used.

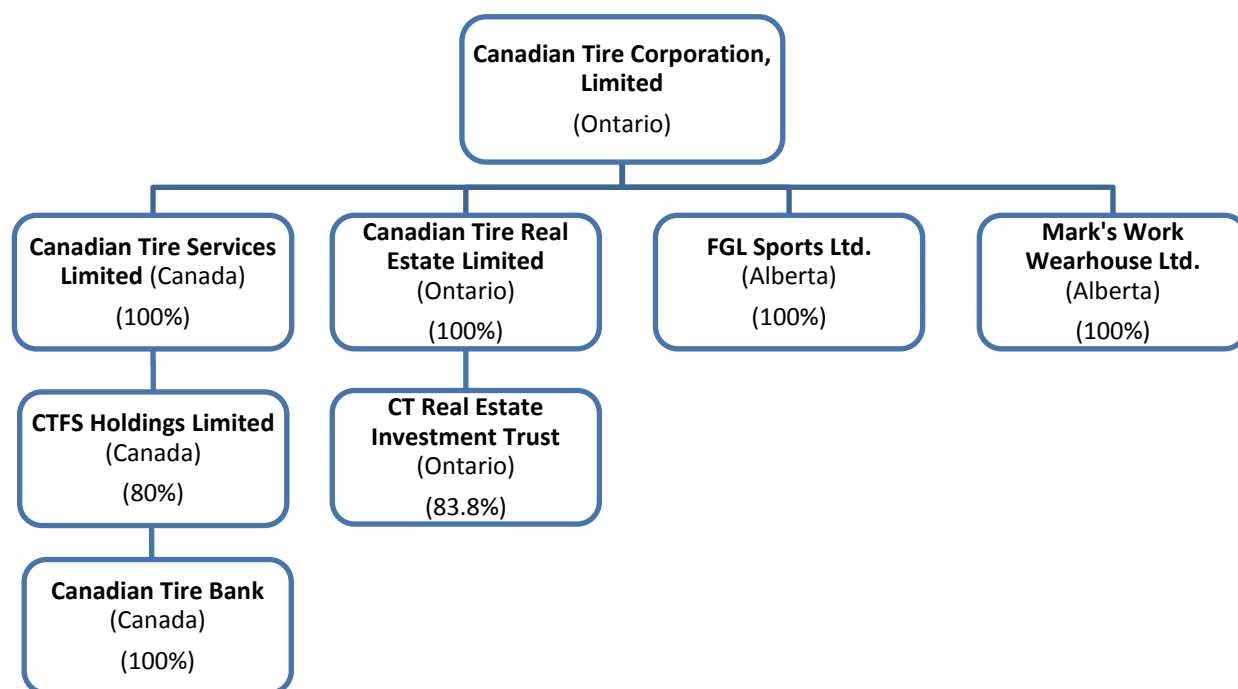
Unless otherwise specified herein, the information in this Annual Information Form is presented as at January 2, 2016 (the last day of CTC’s most recently completed financial year) and all dollar amounts are expressed in Canadian dollars.

This Annual information Form contains statements that are forward-looking. Actual results or events may differ from those forecast and from statements of the Company’s plans or aspirations that are made in this Annual Information Form because of the risks and uncertainties associated with the Company’s business and the general economic environment. The Company cannot provide any assurance that any forecast financial or operational performance, plans or financial aspirations will actually be achieved or, if achieved, will result in an increase in the price of the Company’s shares. See section 12 entitled “Forward Looking Information” for a more detailed discussion of the Company’s use of forward-looking statements.

1. CORPORATE STRUCTURE

Canadian Tire Corporation, Limited was incorporated under the laws of Ontario by letters patent dated December 1, 1927 and is governed by the *Business Corporations Act* (Ontario). CTC was amalgamated with four of its wholly owned subsidiaries pursuant to Articles of Amalgamation which became effective January 1, 1980. CTC's articles were amended effective December 15, 1983 to reorganize the capital structure of CTC, among other things.

The registered and principal office of CTC is located at 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario, M4P 2V8. CTC's corporate website address is www.corp.canadiantire.ca. Set out below are the principal legal entities through which CTC conducts its businesses, their applicable governing corporate jurisdictions and the percentage of their voting securities which are beneficially owned, or controlled or directed, directly or indirectly by CTC:



Each of Canadian Tire Services Limited (formerly, Canadian Tire Financial Services Limited), Canadian Tire Real Estate Limited ("CTREL"), FGL Sports and Mark's is wholly owned by CTC. As at the end of fiscal 2015, CTC held, indirectly, an approximate 83.8% effective interest in CT REIT, an unincorporated closed-end real estate investment trust established on July 15, 2013 pursuant to a Declaration of Trust under, and governed by, the laws of Ontario, as amended and restated as at October 22, 2013. CTC's interest in CT REIT is through its ownership of 59,711,094 Units of CT REIT and all of the Class B limited partnership units of CT REIT LP, which are economically equivalent to and exchangeable for Units of CT REIT. CTC holds an 80% interest in CTFS Holdings Limited, which is the holding company of the operating entities comprising the Financial Services business, with the remaining 20% interest being owned by The Bank of Nova Scotia ("Scotiabank").

2. DESCRIPTION OF THE BUSINESS

CTC has been in business for over 90 years. It offers a range of products and services to Canadians through a portfolio of the leading retail banners in Canada, including Canadian Tire, various FGL Sports banners, with the largest being Sport Chek, Sports Experts and Atmosphere, Mark's, PartSource and Petroleum. CTC's retail business is supported and strengthened through its Financial Services business which markets financial and other products and services including credit cards, in-store financing, product warranties and retail and broker deposits. CT REIT's primary business is owning, developing and leasing income-producing commercial properties. CT REIT's geographically-diversified portfolio of properties is comprised largely of stand-alone Canadian Tire stores, retail developments anchored by a Canadian Tire store and/or stores operating under other CTC retail banners, two distribution centres, a mixed-use commercial property and development lands.

2.1 Retail Segment

Canadian Tire

Canadian Tire is one of Canada's most recognized general merchandise retail banners. Its stores are easily identified by the Canadian Tire name and trademark and have established a strong reputation and high recognition throughout the communities they serve. The retail selling space of Canadian Tire stores ranges from approximately 3,155 square feet to approximately 134,020 square feet and, as at the end of fiscal 2015, totaled approximately 20.9 million retail square feet across all 498 stores. Canadian Tire stores are located in each of the provinces and territories in Canada as follows:

Province or Territory*	Number of Canadian Tire stores
British Columbia	53
Alberta	56
Saskatchewan	16
Manitoba	14
Ontario	202
Quebec	99
New Brunswick	19
Nova Scotia	22
Prince Edward Island	2
Newfoundland and Labrador	13
Yukon	1
Northwest Territories	1
Total	498

* There are no Canadian Tire stores in Nunavut.

Canadian Tire has created a distinctive design for Canadian Tire stores. The stores offer consumers over 150,000 stock keeping units ("SKUs") in the Living, Fixing, Playing, Automotive and Seasonal categories. Substantially all Canadian Tire stores also contain automotive service bays. The products sold at Canadian Tire stores are primarily those of national brands, although over 27% of retail sales at Canadian Tire stores are comprised of products marketed under brand names controlled by Canadian Tire.

Canadian Tire Associate Dealers – Canadian Tire stores are operated by independent third parties known as Associate Dealers ("Dealers"). Canadian Tire's relationship with each Dealer is governed by an individual Dealer contract pursuant to which each Dealer agrees to operate the retail business of a Canadian Tire store under the Canadian Tire name and to use his or her best efforts personally to manage his or her Canadian Tire store at its maximum capacity and efficiency. Each Dealer owns the fixtures, equipment and inventory of, and is responsible for the store staff and operating expenses for, the Canadian Tire store he or she operates. Each Dealer agrees to comply with the policies, marketing plans

and operating standards prescribed by Canadian Tire, including purchasing merchandise primarily from Canadian Tire and offering merchandise for sale at prices not exceeding those set by Canadian Tire. In return, Canadian Tire supports Dealers with marketing, supply chain management, purchasing, administrative, financial, information and technology services. Except in limited circumstances, the premises on which the Canadian Tire stores are located are owned or leased by CTC and licensed to individual Dealers. Individual Dealer contracts are all in a standard form, each of which generally expires on December 31, 2024.

Canadian Tire provides store and operations support to Dealers, including training and programs to improve the in-store customer experience, retail concept implementation, store operational support and training, monitoring operational and financial performance of Dealers, managing the Dealer mobility and changeover process, and developing and executing on the Dealer performance audit process. Canadian Tire also provides specified support for a financing program that enables Dealers to access the majority of the financing they require for their store operations. Franchise Trust is a legal entity sponsored by a third party bank that originates and services loans to qualified Dealers for their purchases of inventory and fixed assets. Qualified Dealers financed through Franchise Trust typically include those with equity ownership positions of less than 25%.

Canadian Tire Marketing – Canadian Tire is engaged in a broad range of marketing activities which includes advertising and promotional programs, customer loyalty programs, market research and various ancillary marketing support services. In conjunction with Dealers, Canadian Tire builds customer awareness and traffic in Canadian Tire stores by distributing weekly promotional flyers, electronic flyers available over the internet and catalogues, advertising through radio, television, social media, newspaper, magazine and internet media, and through event and sports sponsorships. The weekly flyer is one of Canadian Tire's most significant sales drivers and one of Canada's most highly read flyers, with delivery to over 12 million households each week. Canadian Tire's website, www.canadiantire.ca, and its mobile application, enable online shopping and have also become a significant source of product information for consumers, providing broad access to information about product assortment, including up-to-date product features, benefits, pricing and customer reviews.

Canadian Tire Loyalty Program – The Canadian Tire 'Money'[®] loyalty program was first introduced in 1958 to enhance customer affinity for Canadian Tire stores and Canadian Tire gas bars. In October 2014, the Company completed the national rollout of its new loyalty program, "My Canadian Tire 'Money'[™]", which introduced electronic Canadian Tire 'Money' ("e-CT 'Money'") as an alternative to traditional paper bills. My Canadian Tire 'Money' has over 8 million active members and remains one of Canada's most well-known loyalty programs. With customer data collected from the loyalty program, Canadian Tire is able to personalize direct marketing campaigns to loyalty members. Additional information about the My Canadian Tire 'Money' loyalty program is provided in section 3.1 entitled "Retail Business Developments – Canadian Tire – Other Key Initiatives – Customer Loyalty Program".

Canadian Tire Distribution – Canadian Tire's supply chain function is responsible for managing the flow of information and goods among Canadian Tire's suppliers, its supply chain partners and Canadian Tire stores and PartSource stores across Canada. The supply chain function uses a number of distribution channels, facilities and modes of transportation and is involved in most aspects of product replenishment and product information flow at Canadian Tire and PartSource. Most of Canadian Tire's products are distributed through two distribution centres in Brampton, Ontario (A.J. Billes and Brampton), both of which are operated by Canadian Tire, and through the distributions centres in Montreal, Quebec and Calgary, Alberta, which are operated by a third-party logistics company. Canadian Tire intends to replace the Brampton facility with a new distribution centre in Bolton, Ontario, which is expected to be fully operational in 2017. Canadian Tire engages other third party logistics companies to provide distribution capability in Toronto, Halifax and Vancouver and utilizes additional space that it owns or leases primarily for product storage and returns processing. Canadian Tire operates three auto parts distribution centres located in Calgary, Montreal, and the Greater Toronto Area. These facilities provide overnight order processing six nights per week for nearly all Canadian Tire stores and provide order delivery to most store locations on an expedited basis. To facilitate the prompt distribution of its products, Canadian Tire owns or leases approximately 2,211 trailers, 4,711 chassis and 6,178 intermodal containers. Canadian Tire

uses various modes of transportation, including common carriers and railway transit, to facilitate inbound and outbound deliveries on a timely basis throughout its network.

New Canadian Tire Products – Canadian Tire’s objective is to launch new products with innovative features at compelling prices that enhance its unique mix of products. To this end, Canadian Tire empowers its category business managers to collect customer and other feedback on products to develop unique product concepts or designs for implementation by vendors as well as improve product quality. As an example of this capability, in 2015 Canadian Tire worked with the testing panel under its “Tested for Life in Canada” marketing program to understand the issues around Christmas outdoor lighting, and used the insights received to build an exclusive assortment of NOMA Starlight Laser Projection lighting that shower the home with thousands of laser starlights without requiring a ladder for installation. Tailored for Canadian winters, the products feature a heated lens to help melt snow, remote control functionality for setting colours, brightness and lighting effects and an expandable post to elevate the laser from snow banks. As another example, Canadian Tire introduced the Vitamix brand into its blender assortment under its Living category. This award winning brand, known for high quality and performance, was traditionally available only at department or kitchen specialty stores. The kitchen line merchant team has continued to evolve its product assortment in the “better and best price” category through the establishment of partnerships with vendors of premium brands, such as Vitamix.

Canadian Tire Competitive Conditions – Canadian Tire competes against global, national and regional retailers in all markets across Canada. There is no single retailer (traditional bricks-and-mortar or online) that competes directly with all product and service categories of Canadian Tire stores, although many competitors are in one or more of the product categories in which the stores operate. These competitors, a number of which are internationally-based retailers and have an online presence, include department stores, discount and warehouse stores and specialty marketers of automotive products and services, hardware, housewares, sporting goods, building supplies, home improvement products and solutions and seasonal products. Canadian Tire stores hold strong market share positions in many of the product lines within its Automotive, Living, Fixing, Playing and Seasonal categories, with particular strength in automotive parts, hardware, kitchen and certain seasonal and sporting goods products. On a geographic basis, the market share of Canadian Tire is strongest in central and eastern Canada with a solid presence in the western provinces. Additional information on the competitive position of the Retail segment is provided in section 2.2 (Competitive landscape) of CTC’s Management’s Discussion and Analysis (“MD&A”) for the year ended January 2, 2016.

Canadian Tire Foreign Operations – In 2015, approximately 44% of the value of Canadian Tire’s inventory purchases was sourced directly from vendors outside North America, primarily from Asia. CTC operates representative offices in Hong Kong and Shanghai which provide access to foreign manufacturers and import sourcing support for Canadian Tire. Canadian Tire’s supply chain uses internal resources and third party logistics providers to manage supply chain technology and the movement of foreign-sourced goods from suppliers to distribution centres and to Canadian Tire stores and PartSource stores. Like other retailers who source products internationally, Canadian Tire is exposed to risks associated with foreign suppliers which can include, but are not limited to, currency fluctuations, the stability and safety of manufacturing operations in other countries and transportation and port disruptions. Canadian Tire requires suppliers to comply with CTC’s Supplier Code of Business Conduct in the provision of goods and services. Canadian Tire uses internal resources and third party quality assurance providers to proactively manage product quality and business conduct with vendors in the foreign sourcing regions. CTC believes that its business practices are appropriate to mitigate the risks associated with Canadian Tire’s foreign operations.

Canadian Tire Innovation and Technology – Canadian Tire’s technology systems are a complex set of integrated systems which process orders, monitor inventories and enable the distribution and transportation of goods from global vendors into and through the Canadian Tire store network. While ensuring these systems continue to enable viable business operations is paramount, Canadian Tire is strategically focused on developing technological capabilities that will drive the omni-retail experience for its customers. New digital technologies have been implemented to enhance Canadian Tire’s eCommerce platforms and in-store experiences. The Canadian Tire innovation lab located at Communitech in

Kitchener-Waterloo, Ontario contributes to the customer experience by introducing leading edge solutions for field testing. In addition, in 2015 Canadian Tire established a “Digital Garage” also located in Kitchener-Waterloo, Ontario which focuses on the creation of new technology solutions to support the Company’s digital transformations. CTC’s also established a data centre located in Winnipeg, Manitoba in 2014, which serves as the core digital hub for Canadian Tire as well as Mark’s, FGL Sports, PartSource, Petroleum and Financial Services and also houses a digital content warehouse, application lab, testing lab and high performance data centre. This data centre allows the Company to provide greater digital services to its customers, suppliers, employees and partners. Canadian Tire continues to make progress in the design and implementation of powerful analytical capabilities to assist its buying and logistics functions. Business processes have been examined and redefined to make more efficient use of the information provided from Canadian Tire stores. Significant changes to Canadian Tire’s technology infrastructure continue to be implemented through CTC’s internal technology capabilities as well as through foreign service providers so as to achieve the desired functions and processes that are key to future cost improvements and enhanced customer experience at Canadian Tire stores. Additional information regarding Canadian Tire’s digital technologies and initiatives is provided in section 3.1 entitled “Retail Business Developments – Canadian Tire – Transitioning to Digital”.

PartSource – PartSource is a chain of automotive parts specialty stores that offer brand name auto parts targeted to medium to heavy “do-it-yourselfers”, automotive enthusiasts and commercial installers who may not typically purchase their automotive parts at a Canadian Tire store. There are 91 PartSource stores, all of which are operated by Canadian Tire. PartSource stores typically comprise over 7,200 square feet and offer a broad selection of brand name auto parts and accessories, with access to tens of thousands of additional products generally available on a same-day basis. PartSource also supplies auto parts to Canadian Tire stores through its “hub” format stores (“PartSource Hub Stores”) which are designed to carry a broader assortment of products.

Competitors of PartSource include several national, regional and local auto parts retailers and distributors as well as tire specialty shops and automotive dealerships. PartSource is competing on the basis that it has a unique price, product and service offering to its particular target markets.

Petroleum – Petroleum is one of Canada’s largest independent retailers of gasoline with 298 retail gas bars including 20 state-of-the-art gas bars and associated convenience stores located along major Ontario highways (Highway 401 and Highway 400). Canadian Tire gas bar sites are generally owned or leased by CTC. For the 2015 and 2014 financial years, the sale of petroleum to end consumers by Petroleum accounted for approximately 13.8% and 16.4% of CTC’s total consolidated revenues, respectively.

Petroleum currently sources its fuel from three primary suppliers at competitive prices. Like other independent retailers in the industry, Petroleum is exposed to a number of risks in the normal course of its business that have the potential to affect its operating performance, including those relating to the availability and pricing of adequate fuel supply.

Petroleum competes with other gas bars, convenience stores and car washes. Petroleum sells approximately 1.6 times more gasoline per site than the Canadian industry average, which CTC attributes to the attractiveness of the Canadian Tire ‘Money’ and My Canadian Tire ‘Money’ loyalty programs, the success of Petroleum’s cross-merchandising programs with Canadian Tire stores, its partnership with Financial Services in connection with the Gas Advantage[®] MasterCard[®], and the quality of Petroleum’s customer service.

Real Estate – Except in limited circumstances, the premises on which Canadian Tire stores, PartSource stores and Petroleum gas bars are located are either owned by CTC, including through CTREL, or leased to CTREL indirectly by CT REIT or third party landlords. Additional information about CT REIT is provided in sections 2.2 and 3.2 entitled “CT REIT Segment” and “CT REIT Business Development”, respectively, and additional information about the Company’s real estate expertise is provided in section 3.0 (Core capabilities - Real estate expertise) of CTC’s MD&A for the year ended January 2, 2016.

FGL Sports

FGL Sports is a leading national retailer of sporting goods and active wear in Canada, offering a comprehensive assortment of brand name and private label products through a network of corporately owned and franchise retail banners. FGL Sports' primary retail banners are Sport Chek, Sport Experts and Atmosphere. Sport Chek and Sport Experts are supported by interactive websites which provide customers with store and merchandise information and the ability to shop online for sporting goods and apparel. Atmosphere plans to launch its eCommerce website in 2016. INA International Ltd. ("INA"), a subsidiary of FGL Sports, operates a wholesale business pursuant to which it sells products to other retailers. Additional information about INA is provided in section 2.1 entitled "Retail Segment – FGL Sports – FGL Sports Wholesale Operations".

FGL Sports Corporate Store Operations – FGL Sports' corporately owned retail stores operate under four banners: Sport Chek, Atmosphere, National Sports and Pro Hockey Life. Sport Chek is a specialty retailer of sports equipment and athletic, leisure and recreational footwear and apparel, offering an assortment of brand name, private label, and licensed brand products. Sport Chek's apparel merchandising standards and marketing strategies target a youthful demographic as well as sport enthusiasts. Some Sport Chek stores also include Nevada Bob's Golf[®], Hockey Experts, and soccer "concept stores" within the larger Sport Chek format. Atmosphere is a specialty retailer of brand name, high-end, outdoor technical gear, casual clothing, footwear and accessories, and private label apparel. National Sports is an Ontario-based sporting goods retail chain focusing on footwear, sports equipment and apparel with a strong position in the hockey, licensed apparel and team sports categories. Pro Hockey Life refers to the retail business carried on by Pro Hockey Life Sporting Goods Inc., a wholly-owned subsidiary of FGL Sports acquired in 2013. Pro Hockey Life operates high-end hockey stores mostly in "big box" retail formats located in urban centres in four provinces.

As at the end of fiscal 2015, the number of stores in each province operating under a corporate owned retail banner was as follows:

Province*	Corporate Owned Retail Banners			
	Sport Chek	Atmosphere	Pro Hockey Life	National Sports
British Columbia	31	9	-	-
Alberta	32	9	4	-
Saskatchewan	11	2	-	-
Manitoba	9	1	1	-
Ontario	85	5	9	18
New Brunswick	5	-	-	-
Nova Scotia	10	-	1	-
Prince Edward Island	2	-	-	-
Newfoundland and Labrador	5	-	-	-
Total	190	26	15	18

*There are no FGL Sports corporate store operations in Quebec or the territories.

FGL Sports Franchise Operations – FGL Sports acts as a franchisor, administering five retail franchise banners within its franchise division: Sports Experts, Intersport[®], Atmosphere, Hockey Experts and Sports Rousseau/L'Entrepôt du Hockey. Sports Experts is the largest sporting goods retailer in Quebec, offering a broad assortment of branded and private label products, including equipment, apparel and footwear. Intersport offers a smaller scale assortment of branded and private label products with more depth in certain categories to tailor to local market needs. Atmosphere, which operates as a corporate banner in other provinces, is a franchise operation in Quebec. Hockey Experts specializes in hockey equipment, apparel and related merchandise and accessories. Sports Rousseau[®]/L'Entrepôt du Hockey[®] operates high-end hockey stores exclusively in Quebec.

As at the end of fiscal 2015, the number of stores in each province and territory operating under a franchise retail banner was as follows:

Franchise Retail Banners

Province or Territory*	Sports Experts	Intersport	Atmosphere	Hockey Experts	Sports Rousseau/ L'Entrepôt du Hockey
British Columbia	1	1	-	-	-
Alberta	2	5	-	-	-
Ontario	5	1	1	-	-
Quebec	63	32	42	15	9
New Brunswick	1	3	-	-	-
Newfoundland and Labrador	-	1	-	-	-
Yukon	1	-	-	-	-
Total	74	43	43	15	9

*There are no franchise locations in Saskatchewan, Manitoba, Nova Scotia, PEI, Northwest Territories or Nunavut.

FGL Sports negotiates a franchise agreement with prospective franchisees that generally has an initial term of ten years, with a minimum term of five years, and sets forth the terms upon which a franchisee is entitled to operate one or more franchise store locations under that banner. Generally, the agreements obligate the franchisee to purchase merchandise from FGL Sports, adhere to company policies, participate in certain marketing and merchandising programs, and operate the franchise location in accordance with standards established by FGL Sports. FGL Sports' franchisees are contractually obligated to pay a royalty based on a percentage of their retail sales. Franchisees pay additional fees to FGL Sports for services rendered for buying, distribution and administration services. FGL Sports' operations and real estate teams assist franchisees with store appearance and merchandise displays and also provide full accounting services to approximately 149 franchise stores.

In addition to the franchisee operated stores, there are an additional 25 third party operated stores selling merchandise under the S3[®], Tech Shop[®], Nevada Bob's Golf, Econosports[®] and Coast Mountain Sports banners that have "buying member" status only and do not participate in all of the other programs offered to franchisees of FGL Sports. The buying member agreement typically allows the buying member to purchase products required for the operation of their business, subject to availability, in accordance with policies established by FGL Sports. Buying members typically undertake their own merchandising, purchasing, advertising, transportation and general administration.

FGL Sports Wholesale Operations – INA, a subsidiary of FGL Sports, operates a wholesale business through which it develops, sources and imports private label brands and exclusive licensed brands for FGL Sports for sale in the North American market. FGL Sports' private label and exclusive licensed brand business is developed through INA in conjunction with Intersport International Corporation, one of the world's largest buying groups and retailers of leisure apparel, athletic apparel and sports equipment, of which FGL Sports is a member. Through this arrangement, and through direct ownership of certain trademarks, INA offers a number of different hardgoods, apparel and footwear products under private label brand names which are currently available at Sport Chek, Sports Experts, Intersport, Atmosphere, National Sports, Canadian Tire stores and Mark's stores as well as through certain third party retail customers serviced by INA. INA also undertakes FGL Sports' "opportunity-buy" businesses through which it sources, purchases and subsequently re-sells excess capacity product.

FGL Sports Marketing – FGL Sports is engaged in a broad range of marketing activities which includes advertising and promotional programs, customer loyalty programs and market research with a strong focus on its core banners, Sport Chek and Sport Experts. FGL Sports builds customer awareness and traffic in its stores by distributing digital flyers, advertising through television, internet media, digital media, social media, newspaper, magazine and in-store channels and through community events and sports sponsorships. In collaboration with its vendors, media partners and sport organizations, FGL Sports is able to source and distribute marketing content that supports its brand goals. Its ongoing customer research and consumer data analytics allow FGL Sports to deliver personalized marketing communications to its targeted consumers. The launch of the new Sport Chek and Sports Experts eCommerce sites, www.sportchek.ca and www.sportsexperts.ca, in 2015 and the Atmosphere

eCommerce site, www.atmosphere.ca, which is expected to launch in 2016, have been designed to provide a personalized and inspiring shopping experience in addition to providing up-to-date product information, benefits, pricing and customer reviews.

FGL Sports Distribution – FGL Sports’ warehousing and distribution operations for franchise and corporate stores are consolidated in Mississauga, Ontario in a leased facility of approximately 475,000 square feet. FGL Sports operates a second leased facility in Brampton, Ontario, of approximately 195,000 square feet, for corporate distribution overflow and INA wholesale Canadian distribution operations. INA, through its wholly owned subsidiary, Golden Viking Sports LLC, leases two warehouse facilities in Kent, Washington of approximately 46,000 and 60,000 square feet, respectively. In January 2015, the Company completed the internal building construction necessary to operate its new leased Calgary distribution centre of approximately 455,000 square feet. This new distribution centre has provided FGL Sports with new distribution capacity in western Canada and also replaced the former Mark’s distribution centre in Calgary. The movement of goods from suppliers to the distribution centres and FGL Sports stores is managed by the FGL Sports’ supply chain team through the Company’s network of third party logistics companies.

New FGL Sports Products – FGL Sports continuously introduces new and enhanced products from the leading brands and suppliers in the industry as technological improvements are put into production. In 2015, there were a variety of new products and technologies introduced across FGL Sports’ stores including: (i) Athos, the world’s first “smart fitness apparel” that measures muscle activity and output as well as heart rate in real time; (ii) SMS Audio, a sport headphone that measures and communicates heart rate through audio voice-over during physical activity; (iii) Muse, a brain sensing headband that syncs music to brain activity to assist with meditation; (iv) FitBit Surge GPS smart watches, which integrates GPS as well as automatic and continuous heart rate tracking along with real-time work out statistics designed to make the most of an athlete’s training; and (v) Goal Zero portable solar power products that power a variety of devices.

FGL Sports Competitive Conditions – The sporting goods retail industry is highly fragmented and very competitive in terms of price, quality, service, selection, fashion, location and store environment. FGL Sports competes directly or indirectly with independent specialty shops, mass merchants, U.S.-based retailers, and vendor-direct online and outlet store sales channels. FGL Sports operates a combination of “big box” general sporting goods stores, with several specialty “small box” banners, in both corporate and franchise environments. FGL Sports has also developed flagship stores which include many enhancements that provide consumers with access to world leading digital technology, an unparalleled array of leading brands and products, and a personalized shopping experience that connects consumers to the sports they are passionate about. Within its stores, FGL Sports offers a full range of sporting goods and active apparel at various price points in order to appeal to a range of sporting goods consumers. The merchandise offered by FGL Sports includes, in most cases, one or more of the leading manufacturers in each category. FGL Sports’ objective is not only to offer leading brands, but a full range of products within each brand, including several premium items in various categories. FGL Sports strives to employ active individuals who are passionate sports enthusiasts and who become ambassadors for the brand and connect with customers through a shared passion for sports and activity. FGL Sports believes that the broad geographic coverage provided by its corporate and franchise stores in Canada, the merchandise and brands it offers, and its strategic sports partnerships and sponsorships distinguish it from its competitors. Additional information on the competitive position of the Retail segment is provided in section 2.2 (Competitive landscape) of CTC’s MD&A for the year ended January 2, 2016.

FGL Sports Foreign Operations – FGL Sports, through its subsidiary INA, has wholesale operations based in the U.S. including warehouse facilities in the state of Washington. In 2015, approximately 6% of the value of FGL Sports’ inventory purchases was sourced directly from vendors outside North America, primarily from Asia. As with Canadian Tire, FGL Sports is exposed to risks associated with foreign suppliers including but not limited to currency fluctuations, the stability and safety of manufacturing operations in other countries, transportation and port disruptions. CTC believes that its business practices are appropriate to mitigate these risks.

FGL Sports Technology – The FGL Sports technology department is accountable for the support of existing technology and enabling new technology to support business strategies. FGL Sports leverages internal technology capabilities and practices shared with Canadian Tire and Mark's across common technology platforms. FGL Sports maintains technology systems production facilities for corporate stores at its office in Calgary, Alberta and, in the case of National Sports, Toronto, Ontario. FGL Sports also maintains a secondary non-production systems facility in Calgary. All corporate and franchise stores have point-of-sale terminals, with price look-up capabilities, and transmit sales results daily. Price changes can be transmitted by FGL Sports on a daily basis, if necessary. FGL Sports maintains inventory status by product, size, colour and location which is updated daily upon receipt of sales data. The franchise network operates its inventory management processes on a proprietary software system maintained in Laval, Quebec. FGL Sports maintains warehouse management systems in its Mississauga, Ontario and Calgary distribution centres that fully automate the process of distributing product to its corporate retail stores.

FGL Sports continues to invest heavily in digital technologies and initiatives, including its websites, eCommerce platforms and in-store experiences, in support of its business strategies which are discussed in more detail in section 3.1 entitled "Retail Business Developments – FGL Sports".

Mark's

Mark's is one of Canada's largest specialty apparel retailers committed to outfitting Canadians with the confidence to look and feel their best for life in Canada. Mark's offers men's and women's industrial and casual apparel, footwear and accessories under its private label program and nationally recognized brands. Mark's has a significant market share in industrial apparel, is a leader in men's casual apparel and is the destination of choice for jeans in the Canadian retail marketplace. Mark's core differentiator is its private label program with a focus on quality, comfort, durability and functionality (e.g., Dakota[®], Denver Hayes[®], WindRiver[®]), which is complemented by nationally recognized brands (e.g., Silver, Buffalo, Levi's, Merrell, Timberland, Columbia, Kodiak) and exclusive licensed brands (e.g., Helly Hansen, Alfred Sung). Mark's operates under the banners "Mark's" and "Mark's Work Wearhouse", as well as "L'Équipeur" in Quebec, and offers online retailing through its websites at www.marks.com and www.lequipeur.com. Mark's also conducts a business-to-business operation under the name "Imagewear, a division of Mark's Work Wearhouse".

Mark's operates 380 stores across Canada under the Mark's, Mark's Work Wearhouse and L'Équipeur banners. As at the end of fiscal 2015, the number of stores in each province or territory operating under each Mark's retail banner was as follows:

Province or Territory*	Retail Banners		
	Mark's	Mark's Work Wearhouse	L'Équipeur
British Columbia	54	4	-
Alberta	62	2	-
Saskatchewan	14	1	-
Manitoba	13	-	-
Ontario	139	4	-
Quebec	-	-	45
New Brunswick	13	-	-
Nova Scotia	17	-	-
Prince Edward Island	2	-	-
Newfoundland and Labrador	7	1	-
Yukon	1	-	-
Northwest Territories	1	-	-
Total	323	12	45

*There are no Mark's stores in Nunavut.

Mark's Franchise Operations – Mark's acts as a franchisor, administering three retail franchise banners within its franchise division: Mark's, Mark's Work Wearhouse and L'Equipeur. Mark's previously carried on business under the Work World banner but completed its phase out of that banner in 2014. Mark's has a legacy franchise business that historically enabled it to access certain markets that it may otherwise not have accessed. New franchise opportunities are no longer offered. As at the end of fiscal 2015, Mark's franchise operations were comprised of 33 stores. Generally, each Mark's franchisee owns only one store; however, there are a limited number of franchisees who operate multiple franchise locations.

Mark's Marketing – Mark's is engaged in a broad range of marketing activities which include advertising and promotional programs. Mark's builds customer awareness and traffic in Mark's stores by distributing weekly promotional flyers and electronic flyers available over the internet and advertising through radio, television, social media, newspaper, and internet media. The weekly flyer is one of Mark's most significant sales drivers, with delivery to over 7.4 million households. Mark's eCommerce websites, www.marks.com, and in Quebec, www.lequipeur.com, enable online shopping and have become a significant source of product information for consumers, providing up-to-date product features, benefits, pricing and customer reviews.

Mark's Distribution – Mark's engages a third party logistics company to transport its product shipments to eastern Canada stores from a leased distribution centre of approximately 250,000 square feet located in Brampton, Ontario. In January 2015, the Company completed the internal building construction necessary to operate its new leased Calgary distribution centre of approximately 455,000 square feet. This new distribution centre replaced the former Mark's distribution centre in Calgary and has also provided FGL Sports with new distribution capacity in western Canada. The movement of goods from suppliers to distribution centres and Mark's stores is managed by the Mark's supply chain team through the Company's network of third party logistics companies.

New Mark's Products – Mark's continuously introduces new and improved apparel and footwear products from leading brands and suppliers in the industry as well as from its own private label program. In 2015, Mark's introduced new products and innovations such as Well-Max[®] Bioceramic socks that improve circulation, high abrasion materials in WorkPro[®] and Helly Hansen industrial footwear, and T-Max[®] aerogel foam insulation and heat linings in footwear. Mark's also made technological improvements to existing products such as its Tarantula Antislip[®] footwear and driWear[™] technology. The FarWest[®] brand, a leading Canadian brand with outdoor enthusiasts that was acquired by Mark's in 2014, expanded its product offering in outerwear, apparel, winter accessories and footwear. Additionally, Mark's added to its current offering of nationally branded products with Columbia, Merrell, Skechers and Clark's and expanded the assortment of products under its exclusively licensed brands such as Alfred Sung (to include sunglasses, jewellery and other accessories) and Helly Hansen (to include new industrial footwear and safety glasses). In addition, Mark's acquired the Ripzone brand in 2015 and products under this label will be marketed in 2016. During 2015, Mark's worked on several new technological advancements such as new waterproof membranes and antislip technologies in footwear, protective high impact materials in gloves and footwear, and temperature regulating materials in apparel, that are expected to be released in 2016.

Mark's Competitive Conditions – Mark's is one of the largest retailers in Canada for work, safety and industrial apparel and footwear, and competes against many retailers of casual and business casual apparel and footwear. These retailers include mass merchants, department stores, discount stores and other specialty apparel stores, some of which are online and many of which are large U.S. or internationally based retailers. As well, Mark's competes with other domestic and international business-to-business vendors and online vendors. Mark's addresses its competitive challenges by continually developing and introducing new and innovative products to enhance product selection for its customers and by offering products across most price points. Additional information on the competitive position of the Retail Business is provided in section 2.2 (Competitive landscape) of CTC's MD&A for the year ended January 2, 2016.

Mark's Foreign Operations – In 2015, approximately 41% of the value of Mark's inventory purchases was sourced from vendors outside North America, primarily from Asia, either directly or indirectly through

INA. Since 2014, Mark's has been transitioning its merchandising activities to INA (as described in section 2.1 entitled "Retail Segment – FGL Sports – FGL Sports Wholesale Operations") to improve margins as well as its sourcing and quality control functions. The utilization of INA's sourcing and quality control capabilities also facilitates increased oversight of the business conduct of Mark's vendors. Mark's engages the same third party logistics providers as Canadian Tire to manage its supply chain and the movement of goods for most of the product sourced by Mark's in Asia. CTC believes that Mark's business practices are appropriate to mitigate the risks associated with supply from Asia. In addition, Mark's has the capacity to source some of its merchandise from alternate areas including Europe as well as from domestic and U.S. manufacturers.

Mark's Technology – Mark's technology department is accountable for the support of existing technology and enabling new technology to support business strategies. In 2014, Mark's completed the transition from an external technology partner model to internal technology teams. The internal technology teams leverage technology capabilities and practices shared with Canadian Tire and FGL Sports across common technology platforms. Mark's maintains its technology systems facilities for all stores at the CTC data centre located in Winnipeg, Manitoba, with a secondary facility located in Calgary, Alberta. All corporate and franchise stores have POS terminals, with price look-up capabilities, and transmit sales results daily. Price changes can be transmitted by Mark's on a 24 to 48 hour basis if necessary. Mark's maintains continuous inventory status by product, size, colour and location which is updated upon receipt of sales data. Mark's maintains its own distribution centre in Brampton and shares the warehouse management system at the Calgary distribution centre with FGL Sports. The warehouse management system at the Calgary distribution centre fully automates the process of distributing product to its western Canada retail stores. See section 3.1 entitled "Retail Business Developments – Marks" for additional information on digital technologies and initiatives.

2.2 CT REIT Segment

As at the end of fiscal 2015, CTC held an approximate 83.8% effective interest in CT REIT, an unincorporated closed-end real estate investment trust established to own, develop and lease income producing commercial properties located primarily in Canada. As at the end of fiscal 2015, CT REIT's portfolio was comprised of 287 properties. The portfolio consists of 282 retail properties across Canada, two distribution centres, a one-third interest in a mixed-use commercial property and two development properties. The retail properties, distribution centres and mixed-use commercial property contain approximately 21.5 million square feet of gross leasable area. The retail properties are made up of properties with a stand-alone Canadian Tire store, multi-tenant properties anchored by a Canadian Tire store and multi-tenant properties not anchored by a Canadian Tire store. CTC is the most significant tenant with Canadian Tire stores, stores operated under other CTC retail banners, an office and two distribution centres representing approximately 96.7% of the REIT's annualized base minimum rent. The REIT competes with other real estate investors, managers and owners of properties for tenants and for the purchase and development of desirable real estate properties. An increase in the availability of funds for investment or an increase in interest in real estate property investments may increase the competition for attractive real estate property investments, thereby increasing purchase prices and reducing yields. Additional information about CT REIT's business can be found under Section 2 (Description of the Business) of CT REIT's 2015 Annual Information Form available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, which is not incorporated herein by reference.

2.3 Financial Services Segment

As at the end of fiscal 2015, CTC held an 80% interest in CTFS Holdings Limited, which is the holding company of the operating entities comprising the Financial Services segment; the remaining 20% interest is owned by Scotiabank. Financial Services comprises CTFS Holdings Limited and its subsidiaries, including CTB and CTFS Bermuda. CTB is a federally regulated bank that is the issuer of Canadian Tire's consumer MasterCard portfolios. CTB markets a range of Canadian Tire-branded credit cards, including the Canadian Tire Options[®] MasterCard[®], Canadian Tire Options[®] World MasterCard[®], Cash Advantage[®] MasterCard, Gas Advantage MasterCard and Sport Chek MasterCard. It also markets

various insurance and identity theft products to Canadian Tire customers and has an existing block of warranty products. As a deposit taking institution, CTB offers and markets high interest savings accounts and guaranteed investment certificates (“GICs”) both within and outside tax free savings accounts and offers GICs through third party brokers.

CTFS Bermuda reinsures the risk associated with creditor insurance and warranty coverages purchased by Canadian Tire credit card customers as well as Accident and Dismemberment Insurance. Further information about CTFS Bermuda is set out in this section under “Financial Services Foreign Operations”.

New Financial Services Products – CTB launched the Canadian Tire mPay&Play app to provide customers with mobile account services, special offers, rewards and payments at Canadian Tire stores. The mobile application is completely integrated with the My Canadian Tire ‘Money’ loyalty program and offers. In addition, CTB re-launched the creditor insurance program associated with its credit card, including enhancing the benefits available under the coverage.

Financial Services Competitive Conditions – The Company’s branded credit cards issued by CTB compete with other general purpose credit cards issued by banks and other financial institutions in the highly regulated and competitive Canadian credit card market. Non-traditional entrants and new technologies such as mobile payments are impacting the competitive landscape in the credit card industry. With the increasing number of credit cards available, consumers are looking for relationships with organizations that offer good value, exceptional service and programs that reward them for their loyalty. Growth of the credit card portfolio and the continued strength of the Canadian Tire brand provides an opportunity to increase the number of credit card customers that purchase other Canadian Tire products and services. Canadian Tire branded deposit products compete with comparable products offered by banks and other financial institutions and are issued on terms and conditions that are competitive with such other products. In addition, Financial Services markets a number of insurance and identity theft products to Canadian Tire customers and has an existing block of warranty products.

Additional information on the competitive position of the Financial Services segment is provided in section 2.2 (Competitive landscape) of CTC’s MD&A for the year ended January 2, 2016.

Financial Services Foreign Operations – CTFS Bermuda is a Bermuda based reinsurance company which is regulated by the Bermuda Monetary Authority. CTFS Bermuda has entered into reinsurance agreements with three insurers with significant Canadian operations that currently offer or have previously offered insurance products to Canadian Tire customers. Management of CTFS Bermuda has retained established and reputable actuarial and administrative service organizations to assist in the evaluation of the portfolio’s risk and management of CTFS Bermuda’s operations and CTC is of the view that this risk is appropriately managed.

Financial Services Technology – Financial Services is supported by a centrally-managed technology department. The majority of the technology functions for Financial Services are outsourced. Financial Services uses Acxiom Corporation for data warehousing services in connection with analyzing customer data for the purposes of credit risk and marketing decisions, and Total System Services, Inc. to provide transaction processing services for its credit card business. Financial Services currently operates payment processing platforms for Canadian Tire, PartSource, and Petroleum and a project is underway to migrate FGL Sports and Mark’s to the same platform.

See section 3.3 entitled “Financial Services Business Developments” for additional information on digital technologies and initiatives.

2.4 Real Estate Management

CTC’s strong in-house real estate management team manages the entire network of owned and leased properties for CTC, and provides CT REIT with property management services pursuant to a property management agreement. The Company’s expertise in real estate enables it to quickly and efficiently

identify properties that are ideally suited for development or re-development and to secure high-traffic, sought after locations for its retail outlets. For additional information regarding the Company's real estate expertise see section 3.0 (Core capabilities – real estate expertise) of CTC's MD&A for the year ended January 2, 2016.

2.5 Seasonality of the Business

CTC derives a significant amount of its retail revenue from the sale of seasonal merchandise and, accordingly, derives a degree of sales volatility from abnormal weather patterns. Canadian Tire mitigates this risk, to the extent possible, through the breadth of its product mix and effective marketing campaigns, as well as effective procurement and inventory management practices. Similarly, the FGL Sports and Mark's businesses are seasonal with the strongest results typically in the fourth quarter. FGL Sports and Mark's attempt to minimize the impact of the seasonality of their businesses through detailed sales reporting, merchandise planning modules and by altering their merchandise mix at certain times of the year to reflect consumer demand. Any decrease in retail sales due to a slower holiday shopping season, unseasonable weather conditions, economic conditions or otherwise, could adversely affect business performance within the Retail segment. The following tables show the quarterly revenue performance within the Retail segment over the last two years.

Canadian Tire's Quarterly Results

(C\$ in millions)	2015					2014 ¹				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Revenue ²	\$1,217.9	\$1,821.0	\$1,593.9	\$1,719.5	\$6,352.3	\$1,219.5	\$1,704.9	\$1,517.9	\$1,826.3	\$6,268.6
% of full year Revenue	19.2%	28.7%	25.1%	27.0%	100.0%	19.5%	27.2%	24.2%	29.1%	100.0%

FGL Sport's Quarterly Results

(C\$ in millions)	2015 ¹					2014				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Revenue	\$405.0	\$440.0	\$589.5	\$594.0	\$2,028.5	\$379.4	\$398.8	\$508.8	\$618.5	\$1,905.5
% of full year Revenue	20.0%	21.7%	29.0%	29.3%	100.0%	19.9%	20.9%	26.7%	32.5%	100.0%

Mark's Quarterly Results

(C\$ in millions)	2015 ¹					2014				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Revenue	\$209.6	\$250.6	\$230.4	\$402.0	\$1,092.6	\$204.3	\$244.7	\$222.5	\$450.1	\$1,121.6
% of full year Revenue	19.2%	22.9%	21.1%	36.8%	100.0%	18.2%	21.8%	19.8%	40.2%	100.0%

Footnotes

(1) The 2014 period reflects the 53-weeks ended January 3, 2015, as such, Q4 2014 includes 14 weeks of revenue compared to 13 weeks in Q1 - Q3.

(2) Includes revenue from Canadian Tire, PartSource and Franchise Trust.

2.6 Intangible Properties

CTC has established procedures to protect the trademarks which are material to the business carried on by it, including the trademark Canadian Tire and numerous other trademarks associated with CTC's retail brands. Protection of its intellectual property is a high priority of CTC. All intellectual property and associated rights including those relating to Financial Services, Petroleum, PartSource, FGL Sports and Mark's are considered to be important assets of CTC and are defended vigorously where appropriate. CTC licenses the use of certain trademarks to Canadian Tire Services Limited, CTB and certain other entities.

CTC owns a number of domain names, which generally reflect its trademarks. The domain names are used in connection with its various retail, financial services and other activities. The registrations for these trademarks and domain names are renewable. Procedures are in place to ensure timely renewals.

CTC has agreements in place with the Canadian Olympic Committee and a number of Canadian sport organizations that permit CTC and its affiliates to use the Canadian Olympic Committee, Canadian Olympic Team and sport organization trademarks in connection with marketing, advertising and promotional activities.

CTB has an agreement with MasterCard International Incorporated that permits CTB to use the MasterCard trademark in connection with CTC branded MasterCard credit cards.

2.7 Economic Dependence

There are no contracts upon which CTC's business is substantially dependent. Canadian Tire has entered into a standard form individual contract with all of its 478 active Dealers who operate the 498 Canadian Tire stores, each of which generally expires on December 31, 2024. CTC is not dependent upon any one of these contracts with any Dealer. See section 2.1 entitled "Retail Business – Canadian Tire – Canadian Tire Associate Dealers" for further information.

Petroleum sources fuel from leading Canadian suppliers. See section 2.1 entitled "Retail Business – Canadian Tire – Petroleum" for further information.

2.8 Lending

CTB grants credit to its customers on Canadian Tire branded credit cards. CTB also has a very small closed block of personal loans and lines of credit. With the granting of such credit, CTB assumes certain risks with respect to the ability and willingness of its customers to repay debt. CTB manages this risk in an effort to optimize profitability and has established comprehensive policies and sophisticated systems and processes to manage credit risk, including employing sophisticated credit-scoring models to constantly monitor the creditworthiness of customers, managing and limiting credit exposure to certain geographic areas, using the latest technology to make informed credit decisions for each customer account to limit credit risk exposure, adopting technology to improve the effectiveness of the collection process, and monitoring the macroeconomic environment, especially with respect to consumer debt levels, interest rates, employment levels and income levels.

2.9 Financing of the Business

CTC and CT REIT fund their activities through a combination of financing sources including internal cash generation and accessing the public and private financial markets, as appropriate. CTB funds its growth through a combination of GICs offered through deposit brokers, retail deposits including high interest savings accounts and GICs (both of which can be held in tax free savings accounts), securitization of credit card receivables, and a credit facility available through a major Canadian bank. Additional information concerning CTC, CT REIT and CTB's financing sources can be found under section 8.5 (Liquidity and Financing) of CTC's MD&A for the year ended January 2, 2016.

2.10 Risk Factors

CTC is exposed to a variety of risk factors and has identified 13 principal risks inherent in its businesses. The relative seriousness of these inherent principal risks is impacted by the external environment and CTC's business strategies and, therefore, will vary from time to time.

- Global and Domestic Marketplace – Change in economic conditions, competitive landscape, domestic and global political environments, the demographics of the Canadian population, consumer behaviour, weather patterns, and the introduction of new technologies may result in a negative impact on CTC's financial position, brand and/or ability to achieve its strategic objectives.

-
- Strategy – External risks inherent in the business environment within which CTC operates, as well as the risk of potential loss if CTC is unable to address those external risks effectively as a result of inaction, ineffective or poor implementation of strategies, could adversely impact CTC's financial position, brand and/or ability to achieve its strategic objectives.
 - Brand – CTC's reputation and consequently its brand may be negatively affected by various factors, some of which may be outside of CTC's control. Should these factors materialize and diminish CTC's brand equity, it may negatively affect CTC's financial position, brand and/or ability to achieve its strategic objectives.
 - People – External pressures and/or ineffective internal human resource practices can negatively impact CTC's ability to attract and retain sufficiently appropriately skilled people who have the expertise to support the achievement of CTC's strategic objectives. Failure to manage people risk may negatively affect CTC's financial position, brand and/or ability to achieve its strategic objectives.
 - Technology Innovation and Investment – CTC's choices of investments in technology may support its ability to achieve its strategic objectives, or may negatively affect its financial position, brand and/or ability to achieve its strategic objectives.
 - Key Business Relationships – The scope, complexity, materiality and/or criticality of key business relationships can affect customer service, procurement, product and service delivery, and expense management. Failure to effectively manage these relationships may have a negative impact on CTC's financial position, brand and/or ability to achieve its strategic objectives.
 - Cyber – CTC relies on IT systems in all areas of operations, some of which are subject to cyber threats. Should a cyber-attack be successful, and a breach of sensitive information or service disruption occur, CTC's financial position, brand and/or ability to achieve its strategic objectives may be negatively affected.
 - Information – The lack of integrity and reliability of information for decision-making, loss or inappropriate disclosure or misappropriation of sensitive information could negatively affect CTC's financial position, brand and/or ability to achieve its strategic objectives.
 - Operations – Inadequate or failed internal processes or systems, human interactions or external events may negatively affect CTC's financial position, brand and/or ability to achieve its strategic objectives.
 - Financial – Failure to develop, implement and execute effective strategies to manage risks associated with: (i) tight capital markets and/or high cost of capital; (ii) significant volatility in exchange rates; and (iii) significant volatility or change in interest rates may result in insufficient capital to absorb unexpected losses and/or decreases in margin and/or changes in asset value, negatively affecting CTC's financial position, brand and or ability to achieve its strategic objectives.
 - Financial reporting – Failure to adhere to financial accounting and presentation standards and securities regulations relevant to financial reporting, failure to maintain an effective system of internal controls, or inadequate explanation of CTC's operating performance may result in regulatory related issues, or may negatively impact CTC's financial position, brand and or/ability to achieve its strategic objectives.
 - Legal and Litigation – CTC is or may become subject to claims, disputes, and legal proceedings arising in the ordinary course of business. The outcome of litigation cannot be predicted or guaranteed. Unfavourable rulings may have a material adverse effect on CTC's financial position, brand and/or ability to achieve its strategic objectives.

- Credit – Failure to effectively manage the risk of financial loss due to a customer or counterparty failing to meet its obligations in accordance with contractual terms may negatively impact CTC's financial position, brand and/or ability to achieve its strategic objectives.

Further information about the above noted risks, including the mitigation strategies by which CTC manages them, and other risk factors that may cause actual results or events to differ materially from those forecast, can be found under sections 7.2.4 (Retail segment business risks), 7.3.3 (CT REIT segment business risks), 7.4.3 (Financial Services segment business risks), 12.2 (Principal Risks), 12.3 (Financial risks), and 12.4 (Legal risk) of CTC's MD&A for the year ended January 2, 2016.

CTC cautions that the preceding discussion of risks is not exhaustive. When considering whether to purchase or sell securities of CTC, investors and others should carefully consider these factors as well as other uncertainties, potential events and industry specific factors that may adversely impact CTC's future results.

2.11 Employees

As at the end of fiscal 2015, the number of full-time and part-time employees (excluding temporary help) of CTC was approximately as follows:

	Full-Time Employees	Part-Time Employees
CTC – Corporate Centre	1,643	19
Canadian Tire	2,963	17
PartSource	662	976
Financial Services	1,134	312
Petroleum	55	0
Mark's	1,559	2,965
FGL Sports	3,882	11,585
Total	11,898	15,874

*Note: Dealer and franchisee store employees are not included above.

CTC employs highly qualified individuals specializing in marketing, category management, supply chain, store operations and design, technology, finance, and customer service. Financial Services also employs highly qualified individuals in credit risk management. Expertise is gained through internal training programs, industry involvement and academic achievements which are enhanced by internal leadership forums. Ongoing professional development is made available to employees through internal and external courses.

2.12 Corporate Citizenship

CTC prides itself as being a trusted Canadian brand and an integral part of Canadian communities. Highlights of CTC's social and environmental policies and practices that contribute to its profile as a responsible corporate citizen are included below.

Corporate Philanthropy – CTC supports a variety of social causes but the largest single beneficiary is Canadian Tire Jumpstart Charities. This charity is an independent organization committed to assisting financially challenged families in communities across Canada by funding costs associated with children participating in organized sport and physical activity.

Community Support – CTC invests in initiatives that promote active and healthy living and showcase its commitment to helping Canadian families and communities thrive. Contributions are made from across the enterprise and include support for local initiatives, regional activations that assist communities in times of need, and support to national organizations that promote sport. In 2015, the Company's "We all Play for Canada™" campaign continued to create a rallying cry for Canadians to get kids more active and

to bring back play. The Company also partnered with the Canadian Forces' Morale and Welfare Services division to extend its community support to military families, including through the donation of sporting equipment as well as the offering of discounts at many of the Company's retail banners. The Company is also working with the Canadian Forces' Soldier On program to institute a program to reduce the cost of sporting equipment used in rehabilitation efforts.

Employees – CTC has an internal Code of Business Conduct (the “Code”) which addresses the ethical business standards and expectations of its directors, officers and all employees in relation to compliance with laws and commitment to integrity, honesty and respect when dealing with each other, business partners and communities. Each director, officer and employee must acknowledge that they have read, understood and will commit to abide by the standards and expectations set out in the Code. Each officer of CTC is accountable for ensuring that the Code is 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 Code. CTC's Business Conduct Compliance Office monitors compliance with both the Code and the Supplier Code of Business Conduct. Copies of each of the above mentioned codes may be obtained without charge by contacting Canadian Tire Corporation, Limited, 2180 Yonge Street, P.O. Box 770, Station K, Toronto, Ontario, M4P 2V8, Attention: Business Conduct Compliance Office. The codes are also available online at www.corp.canadiantire.ca and on SEDAR at www.sedar.com.

Safety – CTC works diligently to assure product safety for its customers. This is achieved through proactive product quality management processes and working with suppliers to deliver products that are safe, with operating manuals that enable safe operation and use, and ensuring products and their materials are legislatively compliant and meet industry standards. When a safety issue does arise, CTC manages the incident centrally, from initial investigation through to final resolution. CTC's product safety compliance processes are an integral part of its operations.

Responsible Sourcing – CTC's Supplier Code of Business Conduct (the “Supplier Code”) sets out the social compliance principles and practices of ethical business conduct that CTC expects of its suppliers of goods and services. The Supplier Code addresses bribery, child labour, forced labour, discrimination, freedom of association, wages and benefits, working hours, health and safety and disciplinary actions. CTC mitigates social compliance risk through a combination of ensuring all suppliers have signed the Supplier Code as evidence of agreement and periodic assessments of suppliers' facilities, including industry standard third party audits where appropriate. CTC reviews all factory audit findings and, where circumstances warrant, works with suppliers on corrective action plans. CTC reserves the right to terminate its business relationship with any supplier who fails to implement corrective actions or refuses to comply with the Supplier Code. In 2015, CTC continued its active participation in the Alliance for Bangladesh Worker Safety program which is focused on the remediation of issues found during factory inspections, the launch of a worker helpline, delivering fire training for security guards and piloting worker safety committees. Additional information on the Alliance can be found at: www.bangladeshworkersafety.org.

Environmental Sustainability – CTC is committed to environmental sustainability with four primary imperatives: (i) optimize productivity throughout the product and operations value chain; (ii) innovate to design more sustainable processes, products and services; (iii) protect and enhance banner brands and corporate reputation; and (iv) engage employees and inspire integration of sustainable business practices into everyday business operations. The specific sustainability measures derived from CTC's business sustainability strategy are reported in relation to three key segments of the business operations: (i) product and packaging; (ii) product transportation; and (iii) business and retail operations. Within these areas, CTC reports on the implementation of process improvements and upgrades and the realized annual economic and environmental benefits they have delivered related to annual avoided cost, energy used, greenhouse gas emissions, waste and water. CTC discloses its business sustainability performance and environmental footprint annually. CTC has established policies and practices to ensure compliance with applicable environmental legislation and works to develop and implement appropriate environmental programs across its business. CTC actively participates in over 65 provincial product environmental stewardship programs that contribute to the safe disposal and/or recycling of many products when consumers have finished using them.

Environmental protection requirements related to CTC do not, and are not expected to, have a significant financial or operational effect on the capital expenditures, earnings or competitive position of CTC during 2016. Additional information about environmental risks can be found under section 7.2.4 (Retail segment business risks – Environmental risk) of CTC’s MD&A for the year ended January 2, 2016.

Additional information about corporate citizenship is available on CTC’s corporate website, www.corp.canadiantire.com, under the “Corporate Citizenship” tab.

3. GENERAL DEVELOPMENT OF THE BUSINESS

CTC’s vision is to be the most innovative retailer in the world. This vision is the foundational element of the Company’s strategy, informs every key initiative and decision made throughout the Company, and is a reflection of the Company’s commitment to meet the changing expectations of the consumers’ retail experiences. The Company has developed a three-year strategy in support of the vision which is currently comprised of the following four imperatives:

1. Strengthen brands and enhance customer experiences (connections);
2. Transition to the new world of omni-retail where digital complements the physical;
3. Drive growth and productivity in core businesses; and
4. Create an agile and high-performing corporate culture.

The first three of the strategic imperatives are evident in each of the Company’s major business units and are described below. The fourth imperative of creating an agile and high performing corporate culture is a necessary element for fulfilling the previous three and underscores the Company’s commitment to attracting and retaining world-class talent across the enterprise in key areas such as digital retailing, marketing and data analytics. The Company believes that meeting each of the objectives underlying the four strategic imperatives as well as its financial aspirations is dependent on having the right team and the right corporate culture in place.

Further information regarding CTC’s three-year financial aspirations and growth strategy can be found under sections 5.0 (Three Year (2015 to 2017) Financial aspirations) and 6.0 (2015 and 2016 Strategic imperatives and objectives) of CTC’s MD&A for the year ended January 2, 2016.

3.1 Retail Business Developments

Canadian Tire

Strategic Initiatives – Highlights of developments at Canadian Tire include the results from its initiatives relating to brand, customer experience and digitization, and driving growth and productivity into its core heritage businesses.

Strengthening the Brand – The Canadian Tire brand is the Company’s most valuable asset and is foundational to all of the Company’s activities – from the quality and safety of Canadian Tire products to in-store and digital customer experiences.

In addition to the day-to-day interactions with customers, business partners and communities that highlight the power of the Canadian Tire brand, Canadian Tire continues to make significant direct investments into strengthening the value of the brand in the eyes of Canadians. In doing so, Canadian Tire has focused its marketing and branding efforts on making ‘the jobs and joys of everyday Life in Canada’ easier through investments in the Automotive, Living, Fixing, Playing, and Seasonal categories, and has continued to evolve its integrated approach to brand and product marketing. Over the past three years, Canadian Tire’s marketing efforts have been primarily anchored by two advertising campaigns designed to support its retail and brand aspirations.

The first campaign, entitled “Canada’s Store”, featured rigorous testing of products within the Automotive, Living, Fixing, Playing and Seasonal categories as part of Canadian Tire’s “Tested for Life in Canada” program. The program, which uses a panel of 15,000 ordinary Canadians to test the Company’s most recommended products, was launched in 2013 and is the first of its kind for a major Canadian retailer. Under the program, products that earn a 4+ star rating from the testing panel are awarded the “Tested for Life in Canada” badge and all feedback, both positive and negative, is provided to Canadian Tire’s buyers to continuously improve the utility and quality of the products tested. The “Canada’s Store” campaign features many of the “Tested for Life in Canada” products each quarter through multi-media channels, including television, print and digital.

The second marketing campaign entitled “We All Play for Canada” supports the Company’s community activities and sports sponsorships and is rooted in the belief that physical activity through sport and recreation is critical to the success of kids, families, and communities and, ultimately, the country as a whole. The “We All Play for Canada” campaign is often featured in national sporting events which, in 2014, included the Canadian Broadcasting Corporation’s broadcast of the Sochi Winter Olympics.

The “We all Play for Canada” marketing campaign is further supported through the Company’s sponsorship of over 60 amateur and professional sports organizations, including partnerships with some of Canada’s most influential sport leaders, such as the Canadian Olympic Committee, the Canadian Paralympic Committee, Hockey Canada, Skate Canada and the National Hockey League. In addition to its sports partnerships, the Company supports high performance athletes who represent the Company’s core values and embody spirit, passion and excellence within the world of sports.

In addition, Canadian Tire has focused considerable efforts into developing a strong and sustainable portfolio of exclusive, national and private label brands to build credibility and expertise in each of Canadian Tire’s categories as well as support the Canadian Tire brand with high quality and innovative products. The strength of Canadian Tire’s product assortment is evident in its brand selection. The last three years have been transformative for Canadian Tire’s private label brands with the introduction of FRANK™, CANVAS™, MAXIMUM® and WOODS®, as well as the continued investment in brands such as Mastercraft®, MotoMaster® and Yardworks®, which are pillars of the Canadian Tire assortment.

Enhancing Customer Experience – Over the past three years, Canadian Tire has continued the roll out of its Store Renewal Program to upgrade the store network through building, replacing, retrofitting or expanding Canadian Tire stores. A key driver of the Program is the “Smart” store format which highlights Canadian Tire’s category strength in key heritage businesses, including automotive, sporting goods and tools, and provides an improved customer experience with a focus on sales and productivity. The Smart store format features a “racetrack” floor plan and incorporates better signage and more logical product adjacencies with added features such as in-aisle product locator devices, “price look-up” kiosks, customer assistance stations, product-selection tools in the Automotive category and improved technology throughout the store. Canadian Tire has completed 169 store upgrades in the past three years and, as at the end of 2015, had 385 Smart stores in operation.

During the last three years, the Store Renewal Program has been augmented by Canadian Tire’s operational excellence program which is designed to enhance in-store operations. The program has included key operational improvements relating to the simplification of the returns process and the development and deployment of mobile applications and devices for store employees. Canadian Tire has also continued to broaden its product offerings through its online and in-store pick-up channels, while also focusing on expedient pick-up at stores. Canadian Tire has also focused on improving product quality which has resulted in a significant reduction in product defect rates and store returns.

In 2015, Canadian Tire opened a showcase store in Edmonton, Alberta which is intended to highlight recent innovations in store design and digitization. The showcase store represents Canadian Tire’s largest and most digitally advanced store. Key design elements from this store will be applied to future Canadian Tire store retrofits.

Transitioning to Digital – Canadian Tire's eCommerce and digital initiatives are a significant part of the overall Canadian Tire customer experience and are designed to draw on the national reach and scale of the existing network of Canadian Tire stores. In 2013, Canadian Tire implemented a project to improve capabilities as an online retailer by establishing sound foundations in platforms and online retail capabilities as well as developing organizational talent to build digital interactions. This included significant upgrades and improvements to the Canadian Tire website, www.canadiantire.ca, and underlying foundational technology platforms. The site is designed to serve as a launch point for targeted and mass customer outreach. Customers can customize the site to focus on their preferred Canadian Tire store and can confirm local product availability. In 2015, there were more than 190 million visits to the website and 30 million visits to the digital flyer. Canadian Tire continues to expand its online offering and has expanded its marketing efforts to include a fully interactive mobile application and social media vehicles like Facebook, where it has achieved 1.2 million followers. In addition, the Company's mobile application enables customers to participate in Canadian Tire's customer loyalty program directly on their mobile device. Additional information about the customer loyalty program is provided in sections 2.1 entitled "Retail Segment – Canadian Tire – Canadian Tire Loyalty Program" and 3.1 entitled "Retail Business Developments – Canadian Tire – Other Key Initiatives – Customer Loyalty Program".

In 2014, Canadian Tire introduced its Pay & Pick Up eCommerce program which allows customers to purchase products online and pick them up at their local Canadian Tire store. In 2015, Canadian Tire expanded its eCommerce capabilities to include an online clearance section designed to help stores sell discontinued inventory, the ability to transact through the Canadian Tire mobile application and an expanded offering of products that are exclusively for purchase online. Ongoing enhancements to the eCommerce program are planned throughout 2016 as the Company continues to develop this important component of its business with a focus on improving customer experience and eCommerce capabilities.

The Canadian Tire store is the cornerstone of the business and the Company is focused on enhancing the in-store experience through the addition of digital channels and technological solutions to best serve the evolving Canadian Tire customer. To further build upon improved customer experience in its stores, Canadian Tire has introduced more than 4,000 mobile handheld devices for use by store employees within the store environment. The devices access a suite of mobile applications which better enable store employees to quickly find relevant product and inventory information to support customers' needs, as well as an improved ability to perform critical in-store operations functions. Additional mobile applications and devices are planned for 2016.

Growth and Productivity – Canadian Tire reviews opportunities for significant productivity improvements on an ongoing basis. Canadian Tire has redesigned and improved certain processes for procuring merchandise and non-merchandise services. Canadian Tire continues to focus significant efforts on optimizing its product assortment, pricing promotion and category mix.

Other Key Initiatives – Over the last three years, Canadian Tire has also had a number of other key initiatives which have influenced the development of its business.

Customer Loyalty Program – In October 2014, the Company launched the digital evolution of its customer loyalty program, My Canadian Tire 'Money'. Members collect e-CT 'Money' on purchases of merchandise and automotive services at Canadian Tire stores and online at www.canadiantire.ca using their Canadian Tire mobile application, program card or key fob with their method of payment, or by paying with a Canadian Tire Options MasterCard, including using the Canadian Tire mPay & Play application. As with the paper Canadian Tire 'Money' program, e-CT 'Money' has no expiry date and can be shared with other members.

The program offers members exclusive benefits such as personalized product and category offers, weekly flyer product bonuses and events like "Big Bonus Days" that allow members to collect bonus e-CT 'Money' on their purchases. Members have the ability to track their e-CT 'Money' balance and personalized offers online at www.canadiantire.ca or through the Canadian Tire mobile application. The data collected is used to better understand key customers and their shopping habits, which in turn is being used to build retail strategies and relationships with Canadian Tire's loyal customers. My Canadian

Tire 'Money' will continue to evolve and innovate, while leveraging technology to offer customers a more personalized experience through both brick and mortar and digital channels.

Dealer Arrangements – In 2013, CTC entered into contracts with each Dealer. Individual Dealer contracts are all in a standard form, each of which generally expires on December 31, 2024. Further information about the Dealer contract is provided at section 2.1 entitled “Canadian Tire – Canadian Tire Associate Dealers”.

Category Development – Through its development of a strong portfolio of exclusive, national and private label brands, Canadian Tire has built market share in key product lines within its Automotive, Living, Fixing, Playing and Seasonal categories.

Canadian Tire’s “Automotive” category includes the automotive businesses of Canadian Tire and PartSource. Over the past three years, Canadian Tire has continued to focus on strengthening the automotive businesses and improving the automotive customer experience by: (i) significantly expanding the automotive parts assortment and replacing aging assortment planning technology with the best commercially available decision rule and predictive modeling based solution; (ii) upgrading Canadian Tire’s automotive retail operating systems with the introduction of automotive management software, parts application and data management technology; and (iii) creating a national network of PartSource Hub Stores and super satellite stores across Canada to enhance supply of auto parts at the local market level and training Canadian Tire front-line automotive staff on associated new processes. Canadian Tire has also worked to expand its reach beyond automotive enthusiasts by sourcing and developing exclusive and innovative products that meet the needs of Canadian drivers. Canadian Tire has continued to invest in new technology and supply chain infrastructure, including expanding the warehouse capacity of designated PartSource stores across Canada. PartSource is currently used by Canadian Tire stores for emergency auto parts deliveries further leveraging these stores as an extension of Canadian Tire’s supply chain.

Canadian Tire’s “Living” category, which includes cookware, kitchen, home organization and storage, home electronics, pet, cleaning and consumable product lines, is core to the Canadian Tire business as it is a fundamental part of the shopping experience Canadians have come to expect from Canadian Tire. While continuing to bring Canadians the latest and most innovative product assortment, Canadian Tire is also focused on evolving the in-store customer experience by investing in the physical layout of the Canadian Tire store to ensure that the strength of its exclusive, national and private label brands are highlighted. Canadian Tire has continued to focus on organization solutions by expanding the presence and impact of storage and organization assortments. In 2013, a new strategy focusing on the “home manager” was rolled out with expanded assortments, inspirational displays and improved product adjacencies. In 2014, Canadian Tire launched new private label brands, FRANK and CANVAS, and expanded the product assortment under both labels in 2015, further enhancing the style and design perceptions of Canadian Tire. Canadian Tire has also continued to invest in developing existing private label brands that have shown strong customer loyalty.

Canadian Tire’s “Fixing” category is comprised of products in the Tools, Home Repair and Paint subcategories. Over the past three years, key priorities within this category have been the introduction of new and innovative products and programs, improving product quality and driving growth in seasonal products. In 2014, the MAXIMUM brand was launched exclusively at Canadian Tire stores in the Tools subcategory and features over 100 product types that are built to withstand the demands of trade professionals and heavy do-it-yourselfers. A new and more relevant hardware assortment was rolled out in 2015. The Company has also focused its efforts on increasing growth in seasonal products in its Paint and Home Repair subcategories, such as stain and driveway sealers. Canadian Tire continues to focus on home repair innovations, equipping customers to tackle everyday home improvement jobs by enhancing product assortments and expanding helpful online “how-to” videos in hardware, plumbing, and electrical.

Canadian Tire’s “Playing” category is comprised of products in the Outdoor Recreation, Camping and Sporting Goods subcategories. Under its Outdoor Recreation subcategory, Canadian Tire has continued

the roll-out of its hunting and fishing “store within a store” concept in key markets which are referred to as “ProShops”. These concepts have helped Canadian Tire be more locally relevant with its customers by having customized store assortments and floor plans for their regional needs. Camping has also been a key growth subcategory for Canadian Tire. In 2015, Canadian Tire launched programs under the WOODS and OUTBOUND brands, which are exclusive to Canadian Tire, further reinforcing Canadian Tire’s position as the destination for quality camping products. These brands, which also include footwear and apparel, have driven strong growth across the Outdoor Recreation and Camping subcategories and are expected to continue to build momentum in 2016 as they are expanded to include other products. Canadian Tire has also continued to expand its product selection under its Sporting Goods subcategory, with a strong emphasis on its bicycle and bicycle accessory product lines. As part of its focus on hockey merchandising, Canadian Tire benefits from the Company’s continued sponsorship arrangements with the National Hockey League® and with all-star hockey player, Jonathan Toews. Partnerships with the Canadian Olympic Committee and key sports associations entered into since 2013 are intended to help Canadian Tire build on its positioning in its heritage sports business.

Canadian Tire’s “Seasonal” category includes Fall to Winter subcategories, such as Seasonal décor, Christmas lights, Toys and snow throwers, and Spring to Summer subcategories featuring patio furniture, barbeques, backyard games, outdoor power equipment and grass seed. Over the last three years, one of Canadian Tire’s key priorities in its Seasonal category has been to build the capability to create retail innovation, address customer needs and continue to enhance customer value through the introduction of new products such as the NOMA Starlight Projection Lasers and Yardworks Polyurethane hose, which were tested through Canadian Tire’s “Tested for Life in Canada” product development program.

Petroleum – Over the past three years, Petroleum has opened new gas bar sites, re-branded gas bar sites of competitors, retrofitted convenience stores and upgraded gas bar kiosks. During that time, Petroleum also introduced new state-of-the-art gas bars and associated convenience centres located along Ontario highways (Highway 401 and Highway 400), of which 20 were in operation as at the end of 2015. Over the past three years, Petroleum has opened 10 new gas bars (including 4 highway locations), rebranded 5 competitor sites, upgraded branding at 77 locations and performed major rebuilds at 24 gas bars. As at the end of 2015, 298 gas bars, 293 convenience stores and kiosks, 83 car washes, 5 vehicle lubrication facilities and 81 propane stations operated under Canadian Tire banners. All of the gas bars are operated by independent retailers pursuant to agreements governing the sale of petroleum products under the Canadian Tire and Gas + names and logos.

FGL Sports

Strategic Initiatives – FGL Sports has continued its work toward the Company’s strategic imperatives relating to brand, customer experience, digitization and driving growth and productivity. These imperatives are imbedded in FGL Sports’ approach to marketing which is comprised of five key focus areas – content-led brand building, mass-personalization, data-driven decision making, return on investment maximization and creation of an authentic and inspiring customer experience – primarily in its core Sport Chek and Sports Experts banners.

Strengthening the Brand – FGL Sports has sought to strengthen the Sport Chek and Sports Experts brands by focusing on content-led initiatives, including marketing campaigns that include the production of unique video content distributed on social, digital, and in-store channels as well as on television to build a strong emotional connection with key customer groups. In doing so, FGL Sports has worked with vendors, media partners and sports organizations to source and distribute content intended to deliver an inspiring and consistent message that supports its brand goals. The live TSN broadcast studio which is located in a Sport Chek store at Maple Leaf Square in Toronto, Ontario is part of FGL Sports’ overall effort to continue to strengthen Sport Chek’s brand as “Canada’s Home of Sports”.

Enhancing Customer Experience – FGL Sports has focused on enhancing the customer experience through the creation of in-store and online experiences that are innovative and authentic. Over the past three years, it has established flagship stores in Burnaby, Edmonton, and more recently two in Toronto, and one in Laval which feature state-of-the-art innovations in retailing including a strong in-store digital

presence, a wide assortment of leading brands and products, and a personalized shopping experience that connects consumers to the sports about which they are passionate. In addition, through its sports partnerships, FGL Sports generates customer loyalty through public appearances and special promotions involving high profile athletes.

Transitioning to Digital – FGL Sports was an early adopter of digital and social media platforms as a means of communication with its key youth demographic. In 2014, FGL Sports launched its digital flyer which is becoming a foundational element of FGL Sports' advertising and marketing program. The digital flyer has enabled FGL Sports to use regional, demographic and behavioural attributes to personalize flyer communications based on the preferences of individual customers as well as events and circumstances relevant to a region or demographic. FGL Sports also focused on developing a social media profile using platforms such as Facebook to further develop brand affinity with its key youth demographic.

Over the past three years, FGL Sports has continued to focus on its digital technologies and initiatives. In 2014 and 2015, FGL Sports introduced flagship stores which feature digitally enabled shopping experiences such as touch screen product information tools, holograms, sports equipment testing facilities and enhanced, computer aided product displays. FGL Sports' development of its digital channels continued in 2015 with the launch of the new www.sportchek.ca and www.sportexperts.ca websites and the planned launch of the www.atmosphere.ca website in 2016. These websites feature enhanced marketing capabilities that enable the delivery of highly personalized and inspiring shopping experiences as well as dynamic and flexible promotional features, including flash sale capability, gift card redemptions, extended line offerings and, in the case of the SportChek and SportsExperts websites, a new hockey shopping experience.

Growth and Productivity – Over the past three years, FGL Sports has continued its growth strategy which has included the closure of over 100 retail locations in order to rationalize its retail banners operated under the FGL Sports umbrella and focus primarily on expanding its Sport Chek banner stores. This strategy includes the addition of over 100 new retail stores adding approximately 1.4 million square feet of net new retail selling space, after considering rationalized banners. Some of the stores include a "store within a store" concept for key categories. FGL Sports has used customer research and analysis to develop a marketing program that identifies and targets those points that are most influential in the customer purchase decision making process. This data-driven exercise has helped FGL Sports achieve higher levels of productivity in its marketing spend.

Other Key Initiatives – Over the last three years, FGL Sports has also had a number of other key developments that have influenced the development of its business.

SCENE Loyalty Program – In November 2014, Sport Chek entered into a long-term strategic marketing partnership with Cineplex and Scotiabank, enabling SCENE card members to earn and redeem points for products available at all Sport Chek locations across Canada. This represents a major opportunity for Sport Chek to build a strong connection with young individuals and families while driving additional sales to its stores.

Sports Partnerships – CTC's Canadian Olympic Team and Sports Association partnerships launched early in 2013 are intended to help FGL Sports solidify its positioning in the sporting goods market.

Mark's

Strategic Initiatives – Over the past three years, Mark's has continued to focus on the Company's strategic imperatives relating to brand, customer experience and driving growth and productivity.

Strengthening the Brand – The Mark's brand has historically been associated with industrial wear but has, over the past number of years, transitioned to increase its focus on men's and women's casual wear and footwear. As part of this transition, Mark's is continuing to shift its branding from "Mark's Work Warehouse" to "Mark's" and, more recently, has introduced select national and exclusively licensed brands, such as Helly Hanson, Merrell and Silver Jeans, to appeal to a younger demographic as a target

customer group. Mark's has complemented this transition with the successful launch of its "Ready for This™" campaign in 2014 which was aimed at positioning Mark's as a primary destination for men's casual apparel and footwear.

Enhancing Customer Experience – Over the past three years, Mark's has continued its work on enhancing the in-store customer experience through the creation of a "test" store in West Edmonton Mall, Alberta in which store enhancements such as in-store merchandising concepts and navigational signage are being thoroughly tested before being rolled out across the Mark's store network. Mark's has also introduced dedicated denim "shops" as well as improved footwear displays and fixtures at most Mark's store locations and continues to refresh its store network in Quebec.

Transitioning to Digital – Mark's recently launched its new eCommerce websites, www.marks.com and www.lequipeur.com, which provide customers with a new and compelling bilingual eCommerce shopping experience. Mark's has also been testing interactive digital tools within its stores to assist customers with product selection and product information and, in early 2016, plans to roll out a new POS system which will enable it to capture customer data in order to better market to and digitally interact with customers.

Driving Growth and Productivity – Over the past three years, Mark's has continued to strive for discipline, speed, adaptability and productivity in merchandising, supply chain, store operations and technology with a goal of end-to-end retail and eCommerce infrastructure fortification. Mark's has also been leveraging the capabilities of its affiliate, INA, to more effectively source and develop its products globally. In addition, the integration of shared services with CTC has provided Mark's with the scale to tap into leading technological and marketing resources, further increasing productivity and reducing cost. Mark's plans to continue the expansion of its network coverage in under-developed markets and increase store footprints where the opportunity arises, including in mall locations, which has not historically been a priority for Mark's stores.

3.2 CT REIT Business Development

CT REIT, an unincorporated closed-end, real estate investment trust established to own income producing commercial properties, primarily in Canada, commenced operations on October 23, 2013 with the completion of its initial public offering of units (the "Closing"). On Closing, CT REIT acquired from CTC 256 properties totaling approximately 19 million square feet of gross leasable area and representing 72% of CTC's owned real estate portfolio (measured by square feet) for a purchase price of \$3.5 billion. The portfolio consisted of 255 retail properties and one distribution centre. Subsequent to the initial purchase, CT REIT has acquired 31 properties (excluding four acquisitions of land adjoining existing REIT owned retail properties), including a distribution centre, a one-third interest in a mixed-use commercial property, 20 stand-alone Canadian Tire stores, three redeveloped Canadian Tire stores, five development properties and one redevelopment property. In addition, the REIT completed development activities on 25 Canadian Tire stores or other CTC retail banners. CTC held an approximate 83.8% interest in CT REIT as the end of fiscal 2015. Additional information about the development of CT REIT's business can be found under Section 3 (General Development of the Business) of CT REIT's 2015 Annual Information Form available on SEDAR at www.sedar.com, which is not incorporated herein by reference.

3.3 Financial Services Business Developments

During the past three years, Financial Services has continued to strengthen its Canadian Tire branded credit card portfolio by focusing on credit card growth through increasing average account balances, acquiring new accounts and expanding its in-store financing programs. During the period, CTB commenced issuing the Canadian Tire Options World MasterCard and Sport Chek MasterCard and expanded its deferred payment and equal payment programs with a view to supporting the core retail business of the Company. Financial Services also re-launched a new customer value proposition which is integrated with the CTC retail banners and the new My Canadian Tire 'Money' program and introduced a mobile wallet called, Canadian Tire mPay&Play, which allows credit card customers to manage their credit card and make purchases in Canadian Tire stores from their phone.

On October 1, 2014, CTC sold a 20% interest in its Financial Services business to Scotiabank. The Company has an option to sell up to an additional 29% equity interest to Scotiabank within the next 10 years at the then fair market value. Scotiabank also has an option to sell its shares in the Financial Services business back to CTC after 10 years at fair market value.

3.4 Other Business Developments

Capital Expenditures – During the last three years, CTC has focused capital investment on store network growth and digital technology platforms. With the completion of the technology infrastructure builds for the Automotive business and Winnipeg data centre and the launch of the My Canadian Tire ‘Money’ loyalty program, the Company’s technology project agenda for 2016 will continue to be focused on further investments in enterprise-wide infrastructure and digital initiatives, including enhancements to the Company’s retail eCommerce platforms, in-store digital experiences and legacy systems that support the Company’s operations.

Financing Developments – CTC funds its growth through a combination of financing sources. Recent developments relating to such sources are set out below.

Committed Bank Lines of Credit – As at the end of fiscal 2015, CTC had \$1.5 billion in committed bank lines of credit, of which \$1.2 billion is available under a syndicated credit agreement dated June 29, 2012, as amended by the first amendment dated May 22, 2013, and the second amendment dated July 25, 2014, and of which \$300 million of the lines have been established pursuant to bilateral credit agreements. The \$1.2 billion syndicated credit facility is available to CTC until July 2019 and can be extended by mutual agreement for an additional 364 day period in June 2016 and each year thereafter. The \$300 million bilateral credit lines are available to CTC until late 2016 and CTC may request that the term of each of the bilateral credit agreements be reset to 365 days. CT REIT has \$200 million of committed bank lines of credit available under a five-year senior unsecured revolving credit facility dated October 2013, as amended by the first amendment dated July 20, 2015, with an option to increase such lines by an additional \$100 million, expiring July 2020. A request to extend the facility can be made at any time, subject to agreement by all lenders. CTB has a credit card funding facility from Scotiabank of up to \$2.25 billion arising from the strategic partnership transaction in which Scotiabank acquired a 20% interest in the Company’s Financial Services business on October 1, 2014. The Scotiabank funding facility includes a \$2.0 billion note purchase facility and a \$250 million unsecured revolving credit facility available to CTB until October 2017. For more information on the Scotiabank note purchase facility, see section 3.4 entitled “Other Business Developments – Financing Developments - Securitization of Receivables”.

Medium Term Notes Program – On June 1, 2015, CTC repaid \$300 million of medium term notes that had matured and, on June 25, 2014, redeemed \$200 million of medium term notes which were set to mature on June 1, 2016. Medium term notes in the amount of \$550 million were outstanding as at the end of fiscal 2015. While CTC’s last short form base shelf prospectus dated March 11, 2013 has expired, CTC may at any time choose to file a new shelf prospectus with the securities regulatory authorities in each of the provinces and territories in Canada. CTC may issue medium term notes for such term and in such amount as determined by CTC, subject to receipt of all necessary regulatory approvals.

CT REIT Unsecured Debentures - On June 9, 2015, CT REIT completed the issuance of \$350 million aggregate principal amount of senior unsecured debentures in two series under CT REIT’s short form base shelf prospectus dated March 5, 2015. The debenture issuance included \$150 million principal amount of series A senior unsecured debentures with a seven-year term and a coupon rate of 2.85 percent per annum and \$200 million principal amount of series B senior unsecured debentures with a ten-year term and a coupon rate of 3.53 percent per annum. The short form base shelf prospectus filed on March 5, 2015 allows CT REIT to issue a combination of trust units, preferred trust units, debt securities, subscription receipts, or warrants, up to an aggregate amount of \$1.5 billion for 25 months.

CTB Deposit Products – Deposit products are a funding source available to CTB. As a member of the Canada Deposit Insurance Corporation (“CDIC”), CTB’s GIC broker and retail deposit products are eligible for CDIC insurance coverage. CTB’s GICs are offered in one-month to five-year terms and all issued broker GICs are non-redeemable prior to maturity (except in certain limited circumstances). By the end of fiscal 2015, CTB had approximately \$1.5 billion in short and long-term broker GIC deposits outstanding. Retail deposits consist of High Interest Savings Accounts, retail GICs, and Tax Free Savings deposits. As at the end of fiscal 2015, the amount of retail deposits held by CTB was in excess of approximately \$690 million. Retail deposits provide an alternative, cost-effective funding source to credit card securitization and broker deposits.

Securitization of Receivables – CTB sells undivided co-ownership interests in a revolving pool of Canadian Tire credit card receivables to Glacier Credit Card Trust[®] (“GCCT”), a special purpose entity that was created by the Company to buy and finance such co-ownership interests. GCCT issues debt to third party investors to fund its purchases of such co-ownership interests, including to Scotiabank pursuant to the note purchase facility under which Scotiabank has committed to purchase up to \$2.0 billion of GCCT notes. The Company and its subsidiaries do not have any share ownership in GCCT. However, the Company has determined that it has the ability to direct the relevant activities and returns of GCCT and has control over GCCT. As such, GCCT is consolidated for accounting purposes in the Company’s financial statements.

CTB has transferred undivided co-ownership interests in credit card loans receivable to GCCT but has retained substantially all of the credit risk associated with the transferred assets. Due to its retention of substantially all of the risks and rewards on these assets, CTB continues to recognize these assets within loans receivable.

For legal purposes, GCCT’s co-ownership interests in the receivables have been sold at law to GCCT and are not available to the creditors of CTB.

CTB has not identified any factors arising from current market circumstances that could lead to a need for CTB to extend liquidity and/or credit support to GCCT over and above the existing arrangements or that could otherwise change the substance of CTB’s relationship with GCCT. There have been no changes in the capital structure of GCCT since its consolidation.

GCCT is a reporting issuer and information prepared by it, which information is not incorporated by reference into the continuous disclosure of the Company, may be found on SEDAR at www.sedar.com. CTB may be considered to be a “promoter” of GCCT within the meaning of the securities legislation of certain provinces of Canada.

In 2013, GCCT repaid in full \$635 million in asset-backed term notes that matured and issued \$265 million of asset-backed term notes. In 2014, GCCT repaid in full \$253 million of asset-backed term notes that matured and issued \$500 million of asset-backed term notes. In 2015, GCCT repaid in full \$265 million of asset-backed term notes that matured and issued \$500 million of asset-backed term notes. As at the end of fiscal 2015, GCCT’s undivided co-ownership interests in the pool of receivables totaled approximately \$2.0 billion and GCCT had outstanding approximately \$1.9 billion of asset-backed term notes and approximately \$89 million of asset-backed commercial paper.

CTB will continue to assess securitization market conditions and may initiate additional sales of ownership interests to GCCT which will be financed by the issuance of new asset-backed securities or a draw under the Scotiabank Note Purchase Facility. The type of securities and number of issuances and draws will depend on various factors, including market demand, availability of a sufficient pool of eligible credit card receivables to back the securities, overall financial market conditions, the activities of competitors, and the cost of alternative financing and related services.

Re-Organizations – In January 2013, Canadian Tire Financial Services Limited (now Canadian Tire Services Limited), amalgamated with one of its subsidiaries, Canadian Tire Financial Services (Delaware) Inc. On October 1, 2014, CTC completed a strategic partnership transaction in which Scotiabank acquired

a 20% interest in the Financial Services business. As part of that transaction, CTC reorganized its Financial Services business by transferring substantially all of its domestic insurance, identity theft and other optional products businesses to CTB from Canadian Tire Financial Services Limited.

In July 2013, CTC established CT REIT, a closed-end real estate investment trust, formed to own income producing commercial properties, primarily in Canada. In October 2013, CTC sold 255 retail properties and one distribution centre for an aggregate purchase price of approximately \$3.5 billion. CTC holds an approximate 83.8% effective interest in CT REIT.

4. CAPITAL STRUCTURE

4.1 Description of Capital Structure

The authorized capital of CTC consists of 100,000,000 Class A Non-Voting Shares and 3,423,366 Common Shares, of which 70,137,358 Class A Non-Voting Shares and 3,423,366 Common Shares were issued and outstanding as at February 17, 2016. For additional information with respect to CTC's outstanding share capital, see section 9.0 (Equity) of the MD&A and Note 28 of the notes to CTC's Financial Statements for the year ended January 2, 2016.

Material Characteristics of Common Shares – The holders of Common Shares of CTC are entitled to vote at all meetings of holders of Common Shares and on the election of thirteen of the sixteen directors to be elected at the annual meeting of shareholders proposed to be held on May 12, 2016 and on the appointment of auditors. Each Common Share carries one vote. In addition, each holder of a Common Share at any time is entitled to have all or any number of the Common Shares held by such holders converted into Class A Non-Voting Shares on the basis of one Class A Non-Voting Share for each Common Share. The foregoing is a summary of certain of the conditions attached to the Common Shares of CTC. For a full statement of such conditions, reference should be made to CTC's articles of amendment dated December 15, 1983 which are available on SEDAR at www.sedar.com.

Material Characteristics of Class A Non-Voting Shares – The holders of Class A Non-Voting Shares of CTC are entitled to vote on the election of three of the sixteen directors to be elected at the annual meeting of shareholders proposed to be held on May 12, 2016. Each Class A Non-Voting Share carries one vote. With the exception of (i) the entitlement to vote for the election of three directors, or, if the number of directors of CTC exceeds 17, four directors; (ii) the entitlement to vote in the circumstances referred to under the heading "Change in Class A Non-Voting Shares and Common Shares" below; and, (iii) as provided under applicable law, the holders of Class A Non-Voting Shares are not entitled as such to vote at any meeting of shareholders of CTC. However, the articles of CTC provide that in the event an offer to purchase Common Shares is made to all or substantially all of the holders of Common Shares or is required by applicable securities legislation or by the Toronto Stock Exchange to be made to all holders of Common Shares in Ontario (other than an offer to purchase both Class A Non-Voting Shares and Common Shares at the same price per share and on the same terms and conditions) and a majority of the Common Shares then issued and outstanding are tendered and taken up pursuant to such offer, the Class A Non-Voting Shares shall thereupon and thereafter be entitled to one vote per share at all meetings of shareholders and thereafter the Class A Non-Voting Shares shall be designated as Class A Shares.

The Common Shares and Class A Non-Voting Shares are each voted separately as a class, except in clearly-defined circumstances as described above. Accordingly, 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, however, the holders of the Common Shares and the holders of the Class A Non-Voting Shares are entitled to vote together (rather than separately as a class), then based on the numbers of Common Shares and Class A Non-Voting Shares outstanding as at February 17, 2016, the Class A Non-Voting Shares would represent approximately 95.3% of the aggregate voting rights attached to the Common Shares and the Class A Non-Voting Shares. The foregoing is a summary of certain of the

conditions attached to the Class A Non-Voting Shares of CTC. For a full statement of such conditions, reference should be made to CTC's articles of amendment dated December 15, 1983 which are available on SEDAR at www.sedar.com.

Additional Dividend Rights – When fixed cumulative preferential dividends aggregating one cent per share per annum have been paid or declared and set apart for payment on all of the outstanding Class A Non-Voting Shares in respect of the current year and each preceding year and a non-cumulative dividend aggregating one cent per share per annum has been paid or declared and set apart for payment on all outstanding Common Shares in the current year, any and all additional dividends, including stock dividends or other distributions to shareholders, will be paid or declared and set apart for payment or otherwise distributed in equal amounts per share on all Class A Non-Voting Shares and all Common Shares at the time outstanding without preference or distinction or priority of one share over another. Information concerning CTC's dividend policy is set out in section 5 entitled "Dividends".

Rights Upon Liquidation, Dissolution or Winding-Up – In the event of the liquidation, dissolution or winding-up of CTC, whether voluntary or involuntary, or any other distribution of assets of CTC among its shareholders for the purpose of winding-up its affairs, all of the property of CTC available for distribution to the holders of the Class A Non-Voting Shares and the Common Shares shall be paid or distributed equally share for share to the holders of the Class A Non-Voting Shares and to the holders of the Common Shares without preference or distinction or priority of one share over another.

Change in Class A Non-Voting Shares and Common Shares – Except as provided above, neither the Class A Non-Voting Shares nor the Common Shares shall be changed in any manner whatsoever whether by way of subdivision, consolidation, reclassification, exchange or otherwise unless contemporaneously therewith the other class of shares is changed in the same manner and in the same proportion. Also, the authorized number of Common Shares and Class A Non-Voting Shares cannot be increased without the prior approval of the holders of at least two-thirds of the shares of each such class represented and voted at a meeting of shareholders called for the purpose of considering such an increase.

4.2 Market for Securities

The outstanding Common Shares and Class A Non-Voting Shares of CTC are listed on the Toronto Stock Exchange ("TSX") and are traded under the symbols CTC and CTC.a, respectively. The price ranges and volumes of Common Shares and Class A Non-Voting Shares of CTC traded on the TSX on a monthly basis from January 2015 to and including January 2016 were as follows:

	Common Shares (CTC)		
	High (\$)	Low (\$)	Volume Traded
January 2015	246.00	223.00	7,266
February 2015	244.85	230.00	8,606
March 2015	245.47	226.00	5,342
April 2015	241.00	225.00	5,145
May 2015	240.00	220.33	5,459
June 2015	238.30	218.00	4,002
July 2015	225.40	213.00	3,992
August 2015	235.00	180.00	4,930
September 2015	230.00	216.00	2,637
October 2015	230.00	215.00	4,936
November 2015	213.50	175.00	8,096
December 2015	208.00	185.69	5,394
January 2016	201.00	173.00	5,075

Class A Non-Voting Shares (CTC.a)

	High (\$)	Low (\$)	Volume Traded
January 2015	124.55	115.19	3,537,011
February 2015	133.69	115.30	4,312,716
March 2015	133.03	125.52	4,829,316
April 2015	137.48	126.55	3,198,987
May 2015	134.41	125.01	3,088,837
June 2015	137.40	129.52	4,526,904
July 2015	134.82	126.13	3,008,269
August 2015	133.42	109.05	5,130,337
September 2015	124.53	117.17	5,686,879
October 2015	122.05	113.40	5,048,343
November 2015	125.79	108.14	6,009,980
December 2015	130.05	117.50	5,969,455
January 2016	116.67	101.53	5,854,423

5. DIVIDENDS

Dividends are declared at the discretion of the Board of Directors of CTC after consideration of earnings available for dividends, financial requirements and other conditions prevailing from time to time. CTC's dividend policy, which has remained unchanged since November 2013, provides for dividend payments equal to approximately 25% to 30% of the prior year's normalized basic net earnings per share, after giving consideration to the period end cash position, future cash requirements, capital market conditions and investment opportunities. Normalized net earnings per share for this purpose exclude non-recurring items but include gains and losses on the ordinary course disposition of property and equipment.

CTC has declared the following dividends on its Common and Class A Non-Voting Shares during the last three years:

Year	Annual Dividend Per Share
2013	\$1.4875
2014	\$1.9625
2015	\$2.1500

On November 12, 2015, the Board of Directors approved an increase in the quarterly dividend per share (on each Common and Class A Non-Voting Share) from \$0.525 to \$0.575 per quarter effective commencing with the dividend to be paid on March 1, 2016.

The dividends declared in 2015 and 2016 to date are as follows:

Dividend Amount	Declaration Date	Payable to Holders of Record As Of	Payable Date
\$0.525	February 26, 2015	April 30, 2015	June 1, 2015
\$0.525	May 14, 2015	July 31, 2015	September 1, 2015
\$0.525	August 13, 2015	October 31, 2015	December 1, 2015
\$0.575	November 12, 2015	January 31, 2016	March 1, 2016
\$0.575	February 17, 2016	April 30, 2016	June 1, 2016

The June 4, 1993 Trust Indenture pursuant to which CTC issued medium term notes due in 2028 and 2034, as well as CTC's committed bank lines of credit, contain restrictions on the ability of CTC to declare and pay dividends. The financial position of CTC is such that these restrictions do not practically limit the

payment of dividends by CTC at this time. The March 14, 2005 Trust Indenture pursuant to which CTC also issued medium term notes due in 2035 does not contain any restrictions concerning dividend declarations and payment.

6. SECURITY RATINGS

CTC's securities have been rated by DBRS Limited ("DBRS") and Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("S&P") as follows (all with a stable outlook):

<u>Security</u>	<u>Rating</u>
Unsecured and Medium Term Notes	DBRS BBB (high)
Senior Unsecured Debt and Medium Term Notes	S&P BBB+

In 2015, at the request of the Company, DBRS and S&P withdrew their respective credit ratings on Canadian Tire's commercial paper program.

The following information relating to credit ratings is based on information made available to the public by the rating agencies. Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities. Each of the above rating agencies rate long term debt instruments, such as CTC's medium term notes, under rating categories ranging from a high of AAA to a low of D. A DBRS rating from AA to C may be modified by the addition of a "(high)" or "(low)" to indicate the relative standing within the major rating categories and the absence of either a "high" or "low" designation indicates the rating is in the "middle" of the category. A S&P rating from AA to CCC may be modified by the addition of a plus "+" or minus "-" sign to indicate the relative standing within the major rating categories.

Long term debt rated in the BBB category by DBRS is considered to be of adequate credit quality, with the obligor exhibiting acceptable capacity for the payment of its financial obligations. Companies rated in this category may be vulnerable to future events. Long term debt instruments rated in the BBB category by S&P exhibit adequate capacity by the obligor, subject to adverse economic conditions, to meet its financial commitments. Adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment.

The credit ratings are not recommendations to purchase, sell or hold the securities and do not address market price or suitability for a particular investor. The credit ratings assigned to the securities may not reflect the potential impact of all risks on the value of the securities. There can be no assurance that the credit ratings will remain in effect for any given period of time or that the credit ratings will not be revised or withdrawn entirely by either or both of DBRS and S&P in the future if, in their judgment, circumstances so warrant. If either such rating is so revised or withdrawn in relation to the Company's medium term notes program, CTC will disclose such revised or withdrawn rating in the pricing supplement(s) relating to subsequent sales of securities.

7. TRANSFER AGENTS AND REGISTRAR

Computershare Trust Company of Canada ("Computershare") is the registrar and transfer agent for the Common Shares and Class A Non-Voting Shares of CTC. Computershare keeps the Register of Holders and the Register of Transfers for both the Common Shares and Class A Non-Voting Shares at its principal stock transfer office in the City of Toronto (Ontario) and Branch Registers of Transfers at stock transfer offices in the cities of Halifax (Nova Scotia), Montreal (Quebec), Calgary (Alberta) and Vancouver (British Columbia).

CIBC Mellon Trust Company ("CIBC Mellon") c/o BNY Trust Company of Canada ("BNYTCC") is the registrar and transfer agent for CTC's medium term notes. BNYTCC keeps the Register of Holders and

the Register of Transfers for the medium term notes at its principal office in the City of Toronto (Ontario), and Branch Registers of Transfers at its office in the city of Montreal (Quebec), except for medium term notes issued pursuant to a trust indenture dated March 14, 2005, for which the Branch Register of Transfers is in the City of Toronto.

8. DIRECTORS AND OFFICERS

Members of the Board of Directors

The names, provinces or states and countries of residence, year first elected or appointed as a director, and present principal occupations of the directors of CTC as at February 17, 2016 are as follows:

Name, Province or State and Country of Residence	Year First Elected/Appointed as a Director¹	Present Principal Occupation²
Maureen J. Sabia Ontario, Canada	1985	Non-Executive Chairman of the Board of CTC; President, Maureen Sabia International, a consulting firm; and Corporate Director
Stephen G. Wetmore Ontario, Canada	2003	Non-Executive Deputy Chairman of the Board of CTC
Martha G. Billes Alberta, Canada	1980	President, Albikin Management Inc., an investment holding company
Owen G. Billes Ontario, Canada	2004	President, Sandy McTyre Retail Ltd., which operates a Canadian Tire Store
Pierre Boivin ³ Quebec, Canada	2013	President and Chief Executive Officer, Claridge Inc., a private investment firm
Diana L. Chant Ontario, Canada	2015	Corporate Director
David C. Court Texas, U.S.A	2015	Director (Senior Partner), McKinsey & Company, a management consulting firm
H. Garfield Emerson, Q.C. Ontario, Canada	2007	Principal, Emerson Advisory, an independent advisory firm; and Corporate Director
John A. F. Furlong British Columbia, Canada	2011	Corporate Director
Ronald E. Goldsberry Michigan, U.S.A	2014	Corporate Director
James L. Goodfellow Ontario, Canada	2010	Corporate Director
Claude L'Heureux Ontario, Canada	2011	President, Gestion Claude L'Heureux, which operates a Canadian Tire store
Timothy R. Price Ontario, Canada	2007	Chairman, Brookfield Funds, Brookfield Asset Management Inc., an asset management company
Michael B. Medline Ontario, Canada	2015	President and Chief Executive Officer of CTC
George A. Vallance British Columbia, Canada	2011	President, G.A. Vallance Holdings Limited, which operates a Canadian Tire store
Anatol von Hahn Ontario, Canada	2015	Corporate Director

NOTES:

1. Each director of CTC holds office until the next annual meeting of shareholders of CTC or until his or her successor is elected or appointed unless his or her office is earlier vacated in accordance with the by-laws of CTC.

2. Each of the directors of CTC has held the principal occupation indicated opposite his or her name during the past five years except:
- (a) P. Boivin, who prior to September 2011 was President and CEO of the Montreal Canadiens and evenko, an entertainment promotion and production company and a division of L'Aréna des Canadiens Inc.;
 - (b) D.L. Chant, who prior to July 2012 was a partner of PricewaterhouseCoopers LLP (Toronto) ("PwC") where she led PwC's financial services risk management consulting practice and its financial services industry practice;
 - (c) J.A.F. Furlong, who prior to December 2012 served as the Chief Executive Officer of the Vancouver Organizing Committee for the 2010 Vancouver Olympic and Paralympics Games;
 - (d) M.B. Medline, who between November 2010 and August 2011 served as a consultant to CTC;
 - (e) A. von Hahn, who prior to June 2015 was Group Head, Canadian Banking of Scotiabank; and
 - (f) S.G. Wetmore, who prior to December 1, 2014 served as Chief Executive Officer of CTC, and prior to November 7, 2013 served as Chief Executive Officer and President of CTC.
3. P. Boivin served on the board of directors of Toptent Inc. (*Toptent*) from August 2007 until November 2009. Within one year following his resignation from the board, Toptent filed a notice of intention to file a proposal with its creditors on April 30, 2010. On May 7, 2010, Toptent filed a commercial proposal under the *Bankruptcy and Insolvency Act* (Canada), which was subsequently accepted by Toptent's creditors on May 20, 2010. On August 3, 2010, Toptent was discharged from the proposal.

Committees of the Board of Directors

As at the end of fiscal 2015, the Board of Directors had four committees: the Audit Committee, the Management Resources and Compensation Committee ("MRC Committee"), the Governance Committee, and the Brand and Community Committee. The current members of these Committees are as follows:

<u>Audit Committee</u>	<u>MRC Committee</u>	<u>Governance Committee</u>	<u>Brand and Community Committee</u>
D.L. Chant (Chairman)	J.L. Goodfellow (Chairman)	M.J. Sabia (Chairman)	S.G. Wetmore (Chairman)
P. Boivin	P. Boivin	M.G. Billes	M.G. Billes
D.C. Court	J.A.F. Furlong	D.L. Chant	O.G. Billes
H.G. Emerson	T.R. Price	J.L. Goodfellow	J.A.F. Furlong
R.E. Goldsberry	A. von Hahn	T.R. Price	R.E. Goldsberry
J.L. Goodfellow			C. L'Heureux
			T.R. Price
			G.A. Vallance

Audit Committee

The Audit Committee Mandate and Charter is attached hereto as Annex A. As noted above, the Audit Committee is comprised of Diana L. Chant (Chairman), Pierre Boivin, David C. Court, H. Garfield Emerson, Ronald E. Goldsberry and James L. Goodfellow. The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member is described below:

<u>Member</u>	<u>Experience</u>
Diana L. Chant, Chairman	Ms. Chant is a corporate director and Fellow of the Chartered Professional Accountants of Ontario with over 30 years' experience providing professional services to Canadian financial institutions and major corporations in a consulting and audit capacity. She was a partner of PricewaterhouseCoopers LLP (PwC) where she was responsible for leading and growing PwC's financial services risk management consulting practice and prior to that, its financial services industry practice. Over the last decade, Ms. Chant has led numerous engagements for financial institutions in risk management (including market, credit and operational risk), corporate governance and board effectiveness, treasury operations, liquidity management, capital markets trading and operations, compliance and controls, and internal audit. Previously, she was an audit partner with experience in complex accounting, treasury management, public companies, broker dealers and pension funds. Ms. Chant serves on the Board and Audit Committee of Industrial and Commercial Bank of China (Canada) and the Board of The Roy Thomson Hall and Massey Hall Foundation and is a member of PwC's Investment Committee which oversees the investments of the PwC Income Security Program. She has served as a Governor of The Corporation of Massey Hall and Roy Thomson Hall and Chair of its Audit and Finance Committee.

Member	Experience
Pierre Boivin	Mr. Boivin is a corporate director with board and executive experience in multiple industries, including private investment, sporting goods and entertainment. Mr. Boivin is President and Chief Executive Officer of Claridge Inc., a private investment firm in Montreal, and serves on the Boards of CH Group, which owns the Montreal Canadiens, and the National Bank of Canada, where he is also a member of the Risk Management Committee. He is a former corporate director and chairman of the Audit Committee of Sirius XM Canada Holdings Inc. and served for five years as a corporate director and member of the Audit Committee of Questerre Energy.
David C. Court	Mr. Court is a Director (Senior Partner) of McKinsey & Company's Dallas office. He leads McKinsey's global Publishing, Communications and Knowledge and is a member of the firm's Board of Directors and Operating Committee. He previously led McKinsey's functional practices as well as its sales and marketing practice globally. He was also the Managing Director of McKinsey's Dallas office and a leader of McKinsey's retail and consumer practices. Since joining McKinsey in 1982, Mr. Court has served clients across a variety of consumer and industry-related businesses in Asia, Europe, Latin America, and the United States. Mr. Court's experience includes helping clients launch eCommerce businesses; leading brand and sub-brand strategies; developing and implementing sales skill-building programs in global companies; and creating new organization approaches for sales and marketing organizations. He is also a director of Click Fox, Inc. and National Geographic Ventures and has authored various articles and professional publications.
H. Garfield Emerson	As a securities and corporate lawyer, investment banker and corporate director, Mr. Emerson has over 45 years' experience in corporate finance, financial transactions, and reviewing and analyzing financial statements, including advising public corporations on financial reporting. He has served as the Vice-Chair of the Auditing and Assurance Standards Board and as chair and member of audit committees of public, private, not-for-profit and Crown corporations for over 25 years. As an investment banker advising public and Crown corporations, he provided financial advisory services, including evaluation of financial statements of large public corporations. Mr. Emerson is a graduate of the University of Toronto and the University of Toronto Law School, has been a member of the Law Society of Upper Canada since 1968, and is a faculty member of the Directors College, DeGroote School of Business, McMaster University.
Ronald E. Goldsberry	Dr. Goldsberry is a corporate director with board and executive experience on a number of public and private corporations. Dr. Goldsberry is Chairman of the Board of MBI, a subsidiary of Michigan State University Foundation. He held a number of positions with Ford Motor Company over a fourteen year period, was Chairman and CEO of OnStation Corporation (formerly known as Carstation.com), and has served on the Board of Unum Group, where he was a member of its Finance Committee and Chair of its Governance Committee. In these positions, Dr. Goldsberry has had the opportunity to oversee investment strategies, capital and financing plans and activities and related financial matters and associated risks.
James L. Goodfellow	Mr. Goodfellow is a Chartered Professional Accountant with over 40 years' experience in public accounting. He was a senior partner and Vice-Chairman of Deloitte & Touche LLP (now Deloitte LLP) and has also been an active contributor to the accounting profession. Mr. Goodfellow is past Chairman of the Canadian Institute of Chartered Accountants' Accounting Standards Board and 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. He is a frequent speaker on both governance issues and matters related to auditing financial reporting. He has authored various articles and professional publications.

Each member of the Audit Committee is financially literate within the meaning of such definition as set out in National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators (“NI-52-110”). Each member of the Audit Committee is also independent pursuant to NI 52-110.

The Audit Committee has a process for approval of services to be provided by its current auditors. The process requires that an annual client services plan be provided to and approved by the Audit Committee prior to commencement of services by the auditors. Any additional non-audit services required by management will be permitted provided that management is satisfied the auditors are the preferred supplier for such services, the proposed terms of engagement for the services are approved by the Chairman of the Audit Committee (or in consultation with the Audit Committee if the fees for such services exceed \$250,000 or the services are of a sensitive or unusual nature), and the Chairman of the Audit Committee advises the Audit Committee of all pre-approved non-audit services at its next meeting. The auditors are also responsible for ensuring that all services provided comply with professional

independence standards, and for disclosing to the Audit Committee all relationships between the auditors and CTC and its related entities that may reasonably be thought to bear on the auditors' independence and the total fees charged by the auditors for audit and non-audit services during the past year.

Executive Officers of CTC

The names, provinces and country of residence, and present principal occupations of the executive officers of CTC as at February 17, 2016 are as follows:

Name, Province and Country of Residence	Present Principal Occupation¹
Maureen J. Sabia Ontario, Canada	Non-Executive Chairman of the Board; President, Maureen Sabia International, a consulting firm; and Corporate Director
Stephen G. Wetmore Ontario, Canada	Non-Executive Deputy Chairman of the Board
Michael B. Medline Ontario, Canada	President and Chief Executive Officer
Dean McCann Ontario, Canada	Executive Vice-President and Chief Financial Officer
James R. Christie Ontario, Canada	Executive Vice-President
Allan MacDonald Ontario, Canada	Chief Operating Officer, Canadian Tire Retail
Chad McKinnon Alberta, Canada	Chief Operating Officer, FGL Sports
Mary L. Turner Ontario, Canada	President and Chief Executive Officer, Canadian Tire Bank, Chief Operating Officer, CTFS Holdings and Senior Vice-President, Finance Transformation, CTC
Rick White Alberta, Canada	Chief Operating Officer, Mark's
Robyn A. Collver Ontario, Canada	Senior Vice-President, Risk and Regulatory Affairs
Duncan Fulton Ontario, Canada	Senior Vice-President, Communications and Corporate Affairs
Robert Mongeau Ontario, Canada	Senior Vice-President, Real Estate
Douglas B. Nathanson Ontario, Canada	General Counsel, Chief Human Resources Officer and Secretary
Eugene Roman Ontario, Canada	Senior Vice-President and Chief Technology Officer
John Salt Ontario, Canada	Senior Vice-President, Supply Chain
Mahes S. Wickramasinghe Ontario, Canada	Chief Strategy Officer

1. Each of the executive officers who is not a director has held the principal occupation indicated opposite his or her name or other positions and offices within CTC, if applicable, during the past five years except:
 - (a) J.R. Christie, who prior to October 2013 was a senior partner of Blake, Cassels & Graydon LLP, a law firm;
 - (b) C. McKinnon, who from January 2010 to August 2011 served as Senior Vice-President, Corporate Operations of The Forzani Group Ltd., which was acquired by CTC in August 2011;
 - (c) E. Roman, who from 2009 to 2012 served as Chief Technology Officer of Open Text Corporation;
 - (d) R. White, who from July 2008 to August 2011 served as Chief Merchandising Officer of The Forzani Group Ltd., which was acquired by CTC in August 2011; and
 - (e) M.S. Wickramasinghe, who from October 2008 to November 2011 served as Chief Administrative Officer at CIBC First Caribbean International Bank and from July 2012 to September 2013 served as Senior Vice-President, Corporate Finance of Rogers Communication Inc.

Ownership, Control and Direction of Securities by Directors and Executive Officers

As at January 31, 2016, the directors and executive officers of CTC as a group beneficially owned, directly or indirectly, or exercised control or direction over 2,101,151 Common Shares of CTC (representing approximately 61.4% of the issued and outstanding Common Shares of CTC) and 870,594 Class A Non-Voting Shares of CTC (representing approximately 1.2% of the issued and outstanding Class A Non-Voting Shares of CTC). These figures do not include the Common Shares and Class A Non-Voting Shares held in connection with CTC's Deferred Profit Sharing Plan ("CTC DPSP"), in which certain of CTC's executive officers have rights under CTC's compensation program. One executive officer of CTC also serves as a member of CTC's DPSP Capital Accumulation Plan Committee (the "DPSP CAP Committee") with respect to the exercise of voting and various other rights of the shares held in relation to the CTC DPSP. As a result, as at January 31, 2016, the DPSP CAP Committee exercised control or direction over 419,280 of the Common Shares of CTC (representing approximately 12.2% of the issued and outstanding Common Shares of CTC) and 698,168 of the Class A Non-Voting Shares of CTC (representing approximately 1.0% of the issued and outstanding Class A Non-Voting Shares of CTC) held in relation to the CTC DPSP. As at January 31, 2016, the directors and executive officers of CTC as a group beneficially owned, directly or indirectly, or exercised control or direction over 91,025 Units of CT REIT (representing approximately 0.1% of the issued and outstanding Units of CT REIT).

Conflicts of Interest

Other than as described below, to the best of CTC's knowledge, no director or officer has an existing or potential material conflict of interest with CTC or any entities controlled by it. Three directors are currently Canadian Tire Dealers. CTC is a party to a contract with each such director pursuant to which each operates the retail business of a Canadian Tire store. Mr. Wetmore, Non-Executive Deputy Chairman of the Board of CTC and Mr. McCann, an executive officer of CTC, are trustees of CT REIT.

9. INTERESTS OF EXPERTS

Deloitte LLP are the auditors of CTC and are independent within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

Audit Fees – the aggregate fees billed by CTC's external auditors for audit services in the financial years ended January 3, 2015 and January 2, 2016 were \$3,742,000 and \$4,354,000, respectively. In the 2015 fiscal year, fees include \$395,900 related to the audit of CT REIT and \$820,700 related to the audit of Canadian Tire Bank.

Audit-Related Fees – the aggregate fees billed by CTC's external auditors for assurance and related services that were reasonably related to the performance of the audit or review of CTC's financial statements and were not reported in the preceding paragraph for the financial years ended January 3, 2015 and January 2, 2016 were \$993,000 and \$1,506,000, respectively. In the 2015 fiscal year, these services related to additional audit work on new corporate initiatives and information technology related testing.

Tax Fees – the aggregate fees billed by CTC's external auditors for professional services related to tax compliance, tax advice and tax planning for the financial years ended January 3, 2015 and January 2, 2016 were \$160,000 and \$491,000, respectively. In the 2015 fiscal year, these services related primarily to tax advice in connection with foreign operations and the Canadian tax implications thereof, transfer pricing, tax compliance, and tax planning.

All Other Fees – the aggregate fees billed by CTC's external auditors for services other than those reported above for the financial years ended January 3, 2015 and January 2, 2016 were nil and \$314,000, respectively. In the 2015 fiscal year, these services related primarily to human resource consulting.

In addition, the above audit and audit-related fees increased in 2015 versus 2014 in part due to the timing of fees billed.

10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

CTC and certain of its subsidiaries are party to a number of legal proceedings. CTC believes that each such proceeding constitutes a routine legal matter incidental to the business conducted by CTC. CTC cannot determine the ultimate outcome of all of the outstanding claims but believes that the ultimate disposition of the proceedings will not have a material adverse effect on its consolidated earnings, cash flow or financial position.

During the 2015 financial year: (i) there have been no penalties or sanctions imposed against CTC by a court relating to securities legislation or by a securities regulatory authority; (ii) there have been no other penalties or sanctions imposed by a court or regulatory body against CTC that would likely be considered important to a reasonable investor in making an investment decision; and (iii) CTC has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

11. ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration, principal holders of CTC's securities and securities authorized for issuance under CTC's equity compensation plans, where applicable, is contained in CTC's Management Information Circular prepared in connection with the Annual Meeting of Shareholders of CTC that was held on May 14, 2015, which is available on SEDAR at www.sedar.com. Additional financial information is provided in CTC's Consolidated Financial Statements and MD&A for the financial year ended January 2, 2016, which are also available on SEDAR at www.sedar.com. Other information relating to CTC may also be obtained on SEDAR at www.sedar.com.

12. FORWARD LOOKING INFORMATION

This Annual Information Form contains forward-looking information that reflects management's current expectations relating to matters such as future financial performance and operating results of CTC including all entities controlled by it and their collective businesses, unless the context otherwise requires. Specific forward-looking statements included in this Annual Information Form include, but are not limited to, statements with respect to:

Section 2 - Description of the Business

- Canadian Tire Distribution on page 4;
- FGL Sports Marketing on pages 8 and 9;
- New Mark's Products on page 11;

Section 2.12 – Corporate Citizenship

- Environmental Sustainability on pages 18 and 19;

Section 3 - General Development of the Business

- Canadian Tire's Business Developments on pages 19 to 23;
- FGL Sports' Business Developments on pages 23 and 24;
- Mark's Business Developments on pages 24 and 25;

Section 3.4 – Other Business Developments

- Capital Expenditures on page 26; and
- Securitization of Receivables on page 27.

Forward-looking statements provide information about management's current expectations and plans and allowing investors and others to get a better understanding of the anticipated financial position, results of operations and operating environment of CTC. Readers are cautioned that such information may not be appropriate for other purposes.

All statements in this Annual Information Form other than statements of historical facts may constitute forward-looking information, including but not limited to, statements concerning management's current expectations relating to possible or assumed future prospects and results, CTC's strategic goals and priorities, its actions and the results of those actions, and the economic and business outlook for CTC. Often, but not always, forward-looking information can be identified by the use of forward-looking terminology such as "may", "will", "expect", "intend", "believe", "estimate", "plan", "can", "could", "should", "would", "outlook", "forecast", "anticipate", "aspire", "foresee", "continue", "ongoing" or the negative of these terms or variations of them or similar terminology. Forward-looking information is based on the reasonable assumptions, estimates, analyses, beliefs and opinions of management made in light of its experience and perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable at the date that such statements are made.

By its very nature, forward-looking information requires management to make assumptions and is subject to inherent risks and uncertainties, which give rise to the possibility that management's assumptions, estimates, analyses, beliefs and opinions may not be correct and that CTC's expectations and plans will not be achieved. Examples of management's beliefs, which may prove to be incorrect include, but are not limited to, beliefs about the effectiveness of certain performance measures, beliefs about current and future competitive conditions and CTC's position in the competitive environment, beliefs about CTC's core capabilities and beliefs regarding the availability of sufficient liquidity to meet CTC's contractual obligations. Although CTC believes that the forward-looking information in this Annual Information Form are based on information, assumptions and beliefs that are current, reasonable and complete, this information is necessarily subject to a number of factors that could cause actual results to differ materially from management's expectations and plans as set forth in such forward-looking information. Some of the factors, many of which are beyond CTC's control and the effects of which can be difficult to predict, include: (a) credit, market, currency, operational, liquidity and funding risks, including changes in economic conditions, interest rates or tax rates; (b) the ability of CTC to attract and retain high quality employees for all of its businesses, Dealers, Canadian Tire Petroleum retailers and Mark's and FGL Sports franchisees, as well as CTC's financial arrangements with such parties; (c) the growth of certain business categories and market segments and the willingness of customers to shop at CTC's stores or acquire CTC's financial products and services; (d) CTC's margins and sales and those of its competitors; (e) the changing consumer preferences toward eCommerce, online retailing, and the introduction of new technologies; (f) risks and uncertainties relating to information management, technology, cyber threats, property management and development, environmental liabilities, supply chain management, product safety, changes in law, regulation, competition, seasonality, weather patterns, commodity prices and business disruption, CTC's relationships with suppliers, manufacturers, partners and other third parties, changes to existing accounting pronouncements, the risk of damage to the reputation of brands promoted by CTC, and the cost of store network expansion and retrofits; (g) CTC's capital structure, funding strategy, cost management programs and share price; and (h) the Company's ability to obtain all necessary regulatory approvals.

The key risks and uncertainties, and the material factors and assumptions applied in preparing forward-looking information, that could cause actual results to differ materially from predictions, forecasts, projections, expectations or conclusions are discussed in section 2.10 entitled "Risk Factors" and also in the following sections of CTC's MD&A for the year ended January 2, 2016: sections 7.2.4 (Retail segment business risks), 7.3.3 (CT REIT segment business risks) and 7.4.3 (Financial Services segment business risks) and all subsections thereunder. For more information on the risks, uncertainties and assumptions that could cause CTC's actual results to differ from current expectations, refer to CTC's public filings available on SEDAR at www.sedar.com and at www.corp.canadiantire.ca.

CTC cautions that the foregoing list of important factors and assumptions is not exhaustive and other factors could also adversely affect its results. Investors and other readers are urged to consider the foregoing risks, uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Statements that include forward-looking information do not take into account the effect that transactions or non-recurring or other special items announced or occurring after the statements are made, have on CTC's business. For example, they do not include the effect of any dispositions, acquisitions, asset write-downs or other charges announced or occurring after such statements are made. The forward-looking information in this Annual Information Form is based on certain factors and assumptions as of the date hereof. CTC does not undertake to update any forward-looking information, whether written or oral, that may be made from time to time by it or on its behalf, to reflect new information, future events or otherwise, except as is required by applicable securities laws.

Information contained in or otherwise accessible through the websites referenced in this Annual Information Form (other than CTC's profile on SEDAR at www.sedar.com) does not form part of this Annual Information Form and is not incorporated by reference into this Annual Information Form. All references to such websites are inactive textual references and are for information only.

ANNEX A

CANADIAN TIRE CORPORATION, LIMITED AUDIT COMMITTEE MANDATE AND CHARTER

I THE BOARD OF DIRECTORS' MANDATE FOR THE AUDIT COMMITTEE

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

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

- financial reporting and disclosure;
- risk management; and
- compliance with applicable laws and regulations.

(a) Financial Reporting and Disclosure Duties of the Board

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

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

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

- (A) the Corporation's accounting functions are performed in accordance with a system of internal financial controls designed to capture and properly record all of the Corporation's financial transactions;
- (B) material information about the Corporation including its consolidated subsidiaries is captured in accordance with a system of disclosure controls and procedures designed to provide reasonable assurance to management that information required to be disclosed by the Corporation in its filings under securities legislation is recorded, processed, summarized and reported in accordance with specified time periods;
- (C) the Corporation's internal financial controls and disclosure controls and procedures are regularly assessed for adequacy and effectiveness;
- (D) management undertakes a rigorous and disciplined process that aims to ensure the integrity of the Corporation's quarterly and annual financial statements;
- (E) the Corporation's quarterly and annual financial statements are reported on by an external auditor appointed by the shareholders of the Corporation; and
- (F) the financial components of the Corporation's Legal Risk Management Board Policy and Disclosure Corporate Operating Directive are complied with by management and the Board.

(b) Risk Management Duties of the Board

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

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

- (i) a policy which sets out the Risk philosophy and appetite of the Corporation and the expectations and accountabilities for identifying, assessing, monitoring, managing and responding to Risks (the "ERM Policy") is developed, implemented and maintained;
- (ii) the most significant Risks, including those Risks related to or arising from the Corporation's weaknesses, threats to the Corporation's business and the assumptions underlying the Corporation's strategic plan (the "Principal Risks") are regularly assessed and monitored;
- (iii) a formalized, disciplined and integrated enterprise risk management program supported by underlying processes (the "ERM Program") is developed and employed to appropriately identify, assess, monitor, manage and respond to Risks; and
- (iv) the ERM Policy and ERM Program are reviewed and, to the extent required, updated annually.

(c) Legislative and Regulatory Compliance Duties of the Board

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

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

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

(d) Activities of the Committee

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

2. Composition of Committee

- (a) The Committee shall be comprised of at least five directors, each of whom shall be an independent director as defined under the applicable requirements of the securities regulatory authorities as adopted or amended and in force from time to time. Officers of the Corporation, including the Chairman of the Board, may not serve as members of the Audit Committee.
- (b) All members of the Committee shall be financially literate as described in paragraph 3 of the Operating Principles.
- (c) One of the Committee members shall be designated by the Governance Committee as the Committee Chairman.
- (d) Committee members shall be appointed annually by the Governance Committee and from time to time thereafter to fill vacancies on the Committee. A Committee member may be removed or replaced at any time in the discretion of the Governance Committee.

3. Reliance on Management and Experts

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

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

principles; and

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

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

4. Limitations on Committee's Duties

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

II AUDIT COMMITTEE CHARTER

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

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

A. Operating Principles

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

(1) Committee Values

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

(2) Communications

The Chairman and members of the Committee expect to have direct, open and frank communications throughout the year with management, other Committee Chairmen, the external auditors, the Internal Auditor and other key Committee advisors as applicable.

(3) Financial Literacy

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

(4) Annual Audit Committee Work Plan

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

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

(5) Meeting Agenda

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

(6) Committee Expectations and Information Needs

The Committee shall communicate its expectations to management and the external auditors with respect to the nature,

timing and extent of its information needs. The Committee expects that written materials will be received from management and the external auditors at least one week in advance of meeting dates.

(7) External Resources

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

(8) In Camera Meetings

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

(9) Reporting to the Board

The deliberations, decisions and recommendations of the Committee shall be reported to the Board at the Board's next regular meeting.

(10) Committee Self-Assessment

(a) On a biennial basis, the Committee shall conduct a review and evaluation of the Committee's performance including its ability to meet the requirements of this Charter and Mandate, in accordance with the evaluation process developed and approved by the Governance Committee, and provide the results of the performance evaluation to the Governance Committee and the Board.

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

(11) The External Auditors

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

(12) Approval of Other Engagements of Audit Firms

(a) The Committee shall establish a policy under which management shall bring to the attention of the Chairman of the Committee all requests for non-audit services to be performed by the external auditors for the Corporation and its subsidiaries before such work is commenced. The Chairman is authorized to approve all such requests, but if any such service exceeds or is expected to exceed \$250,000 in fees, or the service is of a sensitive or unusual nature, the Chairman shall consult with the Committee before approving the service. The Chairman has the responsibility to inform the Committee of all pre-approved services at its next meeting.

(b) The Chairman of the Committee shall approve all engagements for accounting and tax advice proposed to be provided by an audit firm other than the external auditors before work under such engagements is commenced, provided however, if the services under any such engagements exceed or are expected to exceed \$100,000 in fees, or the engagement is of a sensitive or unusual nature, the Chairman shall consult with the Committee before approving the engagement. The Chairman has the responsibility to inform the Committee of all pre-approved engagements at its next meeting.

(13) Committee Chairman's Job Description

The Committee shall develop and recommend to the Governance Committee a job description for the Chairman of the Committee. The Committee shall review and update the Chairman's job description at least once every three years and recommend changes to the Governance Committee for its approval.

B. Operating Procedures

(1) The Committee shall meet at least four times annually and as many additional times as required to carry out its duties effectively. Committee meetings shall be held at the call of the Committee Chairman, upon the request of two Committee members or at the request of the external auditors, and a majority of the members of the Committee shall form a quorum.

(2) The powers of the Committee may be exercised at a meeting at which a quorum of the Committee is present in person or by telephone or other electronic means or by a resolution signed by all members entitled to vote on that resolution at a meeting of the Committee. Each Committee member (including the Chairman) is entitled to one vote in Committee proceedings. For greater certainty the Chairman does not have a second or casting vote.

- (3) The Committee may invite any officer or employee of the Corporation or any other person to attend any Committee meetings to participate in the discussion and review of the matters considered by the Committee.
- (4) Unless the Committee otherwise specifies, the Secretary (or his or her designate) or Assistant Secretary of the Corporation shall act as secretary of the meetings of the Committee and minutes shall be kept for each Committee meeting.
- (5) In the absence of the Committee Chairman, the Committee members shall appoint an acting Chairman.
- (6) A copy of the minutes of each meeting of the Committee shall be provided to each director.

C. Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Financial Reporting

- (1) review the Corporation's annual and quarterly financial statements with management and the external auditors to gain reasonable assurance that the statements present fairly the Corporation's financial position and performance and are in accordance with GAAP and together with management's discussion and analysis, the annual information form and associated officer certifications constitute a fair presentation of the Corporation's financial condition and report thereon to the Board before such financial statements are approved by the Board;
- (2) receive from the external auditors reports on their review of the annual and quarterly financial statements;
- (3) receive from management a copy of the representation letter provided to the external auditors and any additional representations required by the Committee;
- (4) review and, if appropriate, recommend approval to the Board all public disclosure documents containing material audited or unaudited financial information, except those referred to in paragraph (5) below, including annual information forms, annual and interim management's discussion and analysis, annual and interim CEO/CFO certifications of results, annual and quarterly earnings news releases, dividend declaration news releases, normal course issuer bid news releases, earnings guidance and associated news releases and rights offering circulars; in circumstances where events render it impractical for the Board or the Audit Committee to review any such news releases with management prior to issuing or filing such news releases, authority to review and approve such news releases may be exercised by the Chairman of the Audit Committee and the Chairman of the Board, acting together;
- (5) review and, if appropriate, recommend approval to the Board of prospectuses, take-over bid circulars, issuer bid circulars and directors' circulars;
- (6) satisfy itself that adequate procedures are in place for the review of the Corporation's disclosure of financial information extracted or derived from the Corporation's financial statements in order to satisfy itself that such information is fairly presented and periodically assess the adequacy of these procedures; and
- (7) review regularly with management, the external auditors and the Corporation's legal counsel, any legal claim or other contingency, including tax assessments, that could have a material effect upon the financial position or operating results of the Corporation and the manner in which these matters have been disclosed in the financial statements.

Accounting Policies

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

Risk

Enterprise Risk Management

The Committee shall gain reasonable assurance that Risks of the Corporation are identified in a timely manner and are being effectively and appropriately assessed, monitored, managed and responded to by:

A6

- (1) annually, reviewing and recommending to the Board for approval the ERM Policy (and Risk Appetite Statement) setting out the key principles (risk philosophy) and risk appetite of the Corporation and the expectations and accountabilities for identifying, assessing, monitoring, managing and responding to Risks;
- (2) annually, reviewing and recommending to the Board for approval the Principal Risks of the Corporation;
- (3) reviewing and approving the approach used to appropriately identify, assess, monitor, manage and respond to Risks;
- (4) conducting an annual review of the ERM Program and considering and approving any changes thereto;
- (5) as required, reviewing and approving policies regarding the management of the Corporation's Principal Risks;
- (6) quarterly obtaining from management a report addressing the Corporation's exposure to each Principal Risk;
- (7) obtaining from management an annual report on compliance with the ERM Policy and ERM Program, as well as any other policies of the Corporation that address the management of Risks;
- (8) obtaining from internal audit (consistent with its planned coverage) reports regarding management's implementation and maintenance of an effective ERM Program and the management of the Corporation's Principal Risks; and
- (9) reviewing the adequacy of insurance coverages maintained by the Corporation.

Financial Controls and Control Deviations

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

Disclosure Controls and Deviations

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

Compliance with Laws and Regulations

- (1) review regular reports from management and others (e.g., the Internal Auditor and the external auditors) with respect to the Corporation's compliance with laws and regulations having a material impact on the financial statements including:
 - (a) tax and financial reporting laws and regulations;
 - (b) legal withholding requirements;
 - (c) environmental protection laws and regulations; and
 - (d) other laws and regulations which expose directors to liability;
- (2) review the status of the Corporation's tax returns and those of its subsidiaries;
- (3) review regular reports from management and others with respect to the Corporation's compliance with laws and regulations and gain reasonable assurance that the Corporation's policies, procedures and programs in relation thereto are operating effectively and that the Corporation's provisions with respect to such matters are sufficient and appropriate;
- (4) approve a Code of Business Conduct that is comprised of standards reasonably designed to promote integrity and to deter wrongdoing and that addresses the following issues:

A7

- (a) conflicts of interest, including transactions and agreements in respect of which a director or member of management has a material interest;
 - (b) protection and proper use and exploitation of the Corporation's assets and opportunities;
 - (c) confidentiality of private information relating to the business and affairs of the Corporation;
 - (d) fair and ethical dealing with the Corporation's security holders, customers, suppliers, competitors and employees;
 - (e) compliance with applicable laws, rules and regulations; and
 - (f) reporting of any illegal or unethical behavior or other breaches of the Code of Business Conduct;
- (5) gain reasonable assurance that waivers of compliance with the Code of Business Conduct granted for the benefit of any director or executive officer are being granted only by the Board or an appropriately empowered Board committee;
 - (6) review annually the process for monitoring compliance with and communication of the Code of Business Conduct to the Corporation's employees and directors and gain reasonable assurance that such process is operating effectively;
 - (7) discuss with the General Counsel any significant legal, compliance or regulatory matters that may have a material effect on the financial statements or the business and affairs of the Corporation, or on the compliance policies of the Corporation.

Compliance with Policies

- (1) review regular reports from management and others (e.g., the Internal Auditor) with respect to the Corporation's compliance with all Board level policies that manage financial risk, and any corporate operating directives issued under such policies, that have been approved by the Board from time to time including the Board level policies set out in Appendix A to this mandate and charter; and
- (2) review proposed changes to all Board level policies that manage financial risk from time to time.

Relationship with External Auditors

- (1) recommend to the Board the nomination of the external auditors and the remuneration and the terms of engagement of the external auditors;
- (2) if necessary, recommend the removal by the shareholders of the current external auditors and replacement with new external auditors;
- (3) review the performance of the external auditors annually or more frequently as required;
- (4) augment the annual performance assessment of the external auditors by performing a comprehensive review of such auditors every five years or more frequently as required, resulting in a recommendation to either retain or replace the external auditors;
- (5) receive annually from the external auditors an acknowledgement in writing that the shareholders, as represented by the Board and the Committee, are their primary client;
- (6) receive a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services by the Corporation;
- (7) as required, discuss with management and the external auditors the timing and the process for implementing the rotation of the lead audit partner, the concurring partner and any other active audit engagement team partner;
- (8) review with the external auditors the scope of the audit, the areas of special emphasis to be addressed in the audit, the extent to which the external audit can be coordinated with internal audit activities and the materiality levels which the external auditors propose to employ;
- (9) meet regularly with the external auditors in the absence of management to determine, *inter alia*, that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditors or the reporting of their findings to the Committee;
- (10) establish effective communication processes with management and the Corporation's external auditors to assist the Committee to monitor objectively the quality and effectiveness of the relationship among the external auditors, management and the Committee;
- (11) oversee the work of the external auditors and the resolution of disagreements between management and the external auditors with respect to financial reporting; and

- (12) request that the external auditors provide to the Committee, at least annually, an oral and/or written report describing the external auditors' internal quality assurance policies and procedures as well as any material issues raised in the most recent internal quality assurance reviews, quality reviews conducted by the Canadian Public Accountability Board, or any inquiry or investigation conducted by government or regulatory authorities.

Internal Auditor

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

Other Responsibilities

- (1) prior to the declaration of any dividends, gain reasonable assurance that there are not reasonable grounds for believing that the Corporation is or, after the payment of the dividends, would be unable to pay its liabilities as they become due, and that the realizable value of the Corporation's assets would thereby be less than the aggregate of its liabilities and its stated capital of all classes, and confirm to the Board that it has gained such assurance before such dividends are declared;
- (2) gain reasonable assurance that the Corporation is able to repurchase, redeem or otherwise acquire or distribute securities and confirm to the Board that it has gained such assurance before such repurchase, redemption, acquisition or distribution is completed;
- (3) periodically review the form, content and level of detail of financial reports to the Board;
- (4) review annually the expenses of the Chairman of the Board and the Chief Executive Officer for the purpose of gaining reasonable assurance as to the reasonableness of such expenses;
- (5) after consultation with the Chief Financial Officer and the external auditors, gain reasonable assurance, at least annually, of the quality and sufficiency of the Corporation's accounting and financial personnel and other resources;
- (6) review in advance the appointment of the Corporation's Chief Financial Officer, the Chief Financial Officer's direct reports and the Treasurer of the Corporation;
- (7) investigate any matters that, in the Committee's discretion, fall within the Committee's duties;
- (8) review reports from the Internal Auditor, the external auditors, and/or other Committee Chairmen on their review of compliance with the Corporation's Code of Business Conduct, and the Corporation's policies on political donations and payments to suppliers or others;
- (9) review and approve the Corporation's policies with respect to the hiring of partners, employees and former partners and employees of the current and former external auditors;
- (10)
 - (a) establish procedures for:
 - (i) the confidential receipt, retention and treatment of complaints received by the Corporation regarding the Corporation's accounting, internal accounting controls or auditing matters; and
 - (ii) the confidential anonymous submission, retention and treatment of concerns by employees regarding questionable accounting or auditing matters; and
 - (b) require that all such matters be reported to the Committee together with a description of the resolution of the complaints or concerns;
- (11) perform such other responsibilities and duties that are delegated by the Board to the Committee pursuant to the "Delegation of Board Duties to Committees".

Accountability

- (1) review and assess this Mandate and Charter at least once every three years taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Mandate and Charter to the Governance Committee for recommendation to the Board for its approval, except for minor technical amendments to this Mandate and Charter, authority for which is delegated to the Secretary or Assistant Secretary of the Corporation, who will report any such amendments to the Committee and the Board at their next regular meetings;
- (2) from time to time, as requested by the Board, disclose its Mandate and this Charter in the Corporation's statement of corporate governance practices and in its annual information form; and
- (3) review and approve annually a report of the Committee's activities for inclusion in the Corporation's management information circular.

APPENDIX A
Board Level Policies

Leverage and Liquidity Risk Management Board Policy
 Interest Rate Risk Management Board Policy
 Securities and Derivatives Board Policy
 Foreign Exchange Risk Management Board Policy
 Equity Risk Management Board Policy
 Board Approved Limits on Guarantees of Canadian Tire Associate Dealers
 Legal Risk Management Board Policy
 Financial Reporting Board Policy
 Enterprise Risk Management Board Policy
 Business Continuity Board Policy
 Ethical Business Conduct Board Policy