CANADIAN TIRE CORPORATION, LIMITED

2018 Annual Information Form

February 13, 2019

ANNUAL INFORMATION FORM

CANADIAN TIRE CORPORATION, LIMITED

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This document contains trade names, trade marks and service marks of CTC and other organizations, all of which are the property of their respective owners. Solely for convenience, the trade names, trade marks and service marks referred to herein appear without the ® or ™ symbol.

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 “Financial Services segment” and the “CT REIT segment”.

The Retail segment refers to the businesses operated under CTC’s retail banners, which include Canadian Tire, SportChek, Mark’s and Helly Hansen.

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

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

“Canadian Tire” refers to the general merchandise retail and services businesses carried on under the Canadian Tire name and trademarks, unless the context requires otherwise.

“Helly Hansen” refers to the international wholesale and retail businesses carried on under the Helly Hansen and other related names and trademarks.

“Mark’s” refers to the retail business carried on by Mark’s Work Wearhouse Ltd. under the Mark’s, Mark’s Work Wearhouse and L’Équipeur names and trademarks.

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

“SportChek” refers to the retail businesses carried on by FGL Sports Ltd. under the SportChek, Sports Experts, Atmosphere, National Sports, Sports Rousseau and Hockey Experts names and trademarks, unless the context requires otherwise.

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

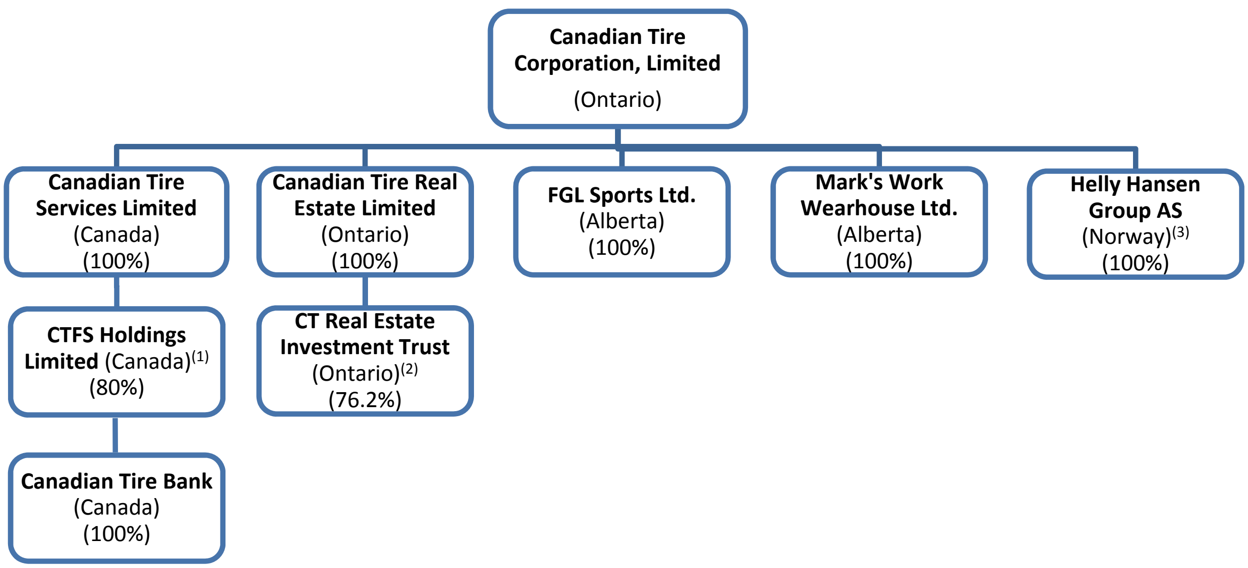
Unless otherwise specified herein, the information in this Annual Information Form is presented as at December 29, 2018 (the last day of CTC’s most recently completed financial year) and all dollar amounts are expressed in Canadian dollars.

This Annual Information Form contains statements that are forward-looking and may constitute “forward-looking information” within the meaning of applicable securities legislation. Actual results or events may differ from those forecast and from statements regarding the Company’s plans or aspirations 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 principal, registered and head 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:



NOTES:

1. The 20% interest in CTFS Holdings Limited not owned by the Company is held by The Bank of Nova Scotia ("Scotiabank").

2. CT REIT is an unincorporated closed-end real estate investment trust established on July 15, 2013 pursuant to a Declaration of Trust as amended and restated as at October 22, 2013 under, and governed by, the laws of Ontario ("Declaration of Trust"). CTC holds its interest in CT REIT indirectly through its ownership of 44,519,508 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.

3. Helly Hansen Group AS, which owns Helly Hansen, is indirectly owned by CTC through its wholly owned subsidiary, CTC Triangle B.V., a company incorporated pursuant to the laws of the Netherlands.

2. DESCRIPTION OF THE BUSINESS

CTC has been in business for over 95 years. The Company operates through three reportable segments – the Retail segment, the Financial Services segment and the CT REIT segment.

The Retail segment comprises Canadian Tire, SportChek, Sports Experts, National Sports, Pro Hockey Life, Atmosphere, Mark's, PartSource and Gas+, which are leading retail banners in Canada offering a wide range of products and services. The Retail segment includes the Consumer Brands division which supports the retail banners in the development and acquisition of unique and exclusive brands and products. The Retail segment also includes Helly Hansen, a leading global brand with an international wholesale and retail business, acquired in 2018.

The Financial Services segment provides financial and other ancillary products and services, including credit cards, in-store financing, insurance products, and retail and broker deposits. In addition, Financial Services provides payment processing services to Canadian Tire and its affiliates.

The CT REIT segment comprises CT REIT and its primary business is owning, developing and leasing income-producing real estate properties across Canada. CT REIT's geographically-diversified portfolio of properties comprises stand-alone properties, primarily occupied by Canadian Tire stores, multi-tenant properties primarily anchored by a Canadian Tire store and/or stores operating under other CTC retail banners, distribution centres, a mixed-use commercial property and properties acquired for development.

2.1 Retail Segment

Guided by CTC's vision to become the #1 retail brand in Canada by 2022, the businesses in the Retail segment focus on preparing customers for the "Jobs and Joys of Life in Canada" through personalized connections, unique products and convenient shopping experiences across all banners. Best practices and management tools, with respect to consumer promotions, product design, digital and electronic commerce ("eCommerce"), planning and analytics functions, and technology, among others, are shared across the retail banners, enabling the Company to operate more efficiently and effectively in meeting the needs of its customers.

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 3,200 retail square feet to approximately 134,000 retail square feet and, as at the end of 2018, totalled approximately 21.9 million retail square feet across 503 stores.

As at the end of 2018, the number of Canadian Tire stores located in each of the provinces and territories in Canada was as follows:

Province or Territory*	Number of Canadian Tire stores
British Columbia	54
Alberta	57
Saskatchewan	16
Manitoba	15
Ontario	203
Quebec	100
New Brunswick	19
Nova Scotia	22

Prince Edward Island	2
Newfoundland and Labrador	13
Yukon	1
Northwest Territories	1
Total	**503**

* There are no Canadian Tire stores in Nunavut.

Except in limited circumstances, the premises on which Canadian Tire stores are located are either owned by CTC, including through its subsidiary Canadian Tire Real Estate Limited (“CTREL”), or leased to CTREL indirectly by CT REIT or third party landlords. Of the 503 Canadian Tire stores, 309 are owned by CT REIT, 54 are owned by CTC and the remaining 140 are leased from third parties.

Canadian Tire stores offer consumers a wide range of products from an assortment which includes over 160,000 stock keeping units (SKUs) in the Automotive, Living, Fixing, Playing, and Seasonal & Gardening divisions. The majority of Canadian Tire stores also provide a variety of automotive services, ranging from oil changes and tire installations to brake and engine repairs. In addition to the products and automotive services offered in store, Canadian Tire also offers online shopping through www.canadiantire.ca and its mobile application. For online purchases, Canadian Tire offers both Click-and-Collect and Deliver-to-Home order fulfilment.

Canadian Tire Dealers – Canadian Tire’s 503 stores, including approximately 5,620 automotive service bays, are operated by independent third parties, known as Associate Dealers (“Dealers”). Each Dealer owns the fixtures, equipment and inventory of the store they operate, employs the store staff and is responsible for the store’s operating expenses. 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. 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 best efforts to manage his or her Canadian Tire store at its maximum capacity and efficiency. Individual Dealer contracts are all in a standard form, each of which generally expires on December 31, 2024. Each Dealer agrees to comply with the policies, marketing plans and operating standards prescribed by Canadian Tire, which among other things, includes purchasing merchandise primarily from Canadian Tire and offering merchandise for sale to consumers at prices not exceeding those set by Canadian Tire.

In return for operating the Canadian Tire stores, Canadian Tire performs a variety of functions to support the Dealers, including category business management, marketing and distribution of products. One of the core functions of Canadian Tire is to curate an assortment of products that serve the “Jobs and Joys of Life in Canada”. The curation process is governed by a comprehensive framework which guides assortment decisions, from product and brand selection to purchasing, pricing, marketing and distribution. Canadian Tire also supports Dealers with administrative, financial and information technology services, as well as operational support, which include programs to improve the in-store customer experience, retail concept implementation, monitoring of operational and financial performance and managing Dealer mobility and changeover. Canadian Tire also provides Dealers with access to Franchise Trust, a program offering financing to Dealers for their store operations. Franchise Trust is a third party bank sponsored special purpose entity that originates and services loans to qualified Dealers for their purchases of inventory and fixed assets. Additional information concerning Franchise Trust can be found under Note 9 of the notes to CTC’s Consolidated Financial Statements for the fiscal year ended December 29, 2018.

Canadian Tire Category Business Management **–** Canadian Tire is responsible for the category business management and procurement of more than 160,000 products which are housed under 191 product categories. Canadian Tire employs category management teams (internally known as merchants) who build compelling, seasonally-relevant assortments through category reviews and also continuously refine the product selection and introduce new, innovative and often exclusive brands and product assortments. Once product selections are finalized, the category management teams determine the optimal sales and distribution channel, forecast Dealer and consumer demand and execute the purchasing and ordering of products which ultimately make their way onto store shelves and online, and then into the hands of consumers. The teams also use in-season management tools to proactively manage and adapt to any changes from their original demand forecast and assumptions. This comprehensive process enables the merchants to actively manage the business during each season.

Canadian Tire Divisions

Canadian Tire's **Automotive** division includes the automotive products and services offered at Canadian Tire as well as the PartSource, Petroleum and Canadian Tire Roadside Assistance businesses. The Automotive division includes categories such as automotive maintenance products, parts, tires and accessories.

Canadian Tire's **Living** division includes kitchen, home organization, decor and essentials, home electronics, pet, cleaning and consumable categories. Canadian Tire has focused on delivering innovative assortments in the non-seasonal kitchen and cleaning categories while also expanding its presence in storage and organization assortments.

Canadian Tire's **Fixing** division is comprised of products in the tools, hardware, paint, electrical, plumbing and home environment categories. Canadian Tire is focused on providing customers with the tools they need to repair and maintain their homes.

Canadian Tire's **Playing** division is comprised of products in the outdoor recreation, exercise, footwear and apparel, hunting, fishing, camping, sporting goods categories and kids toys and games. Canadian Tire strives to be locally relevant with its customers by having customized fishing and hunting assortments for their regional needs. Pro Hockey Life, which is also managed within the Playing division, is a specialty retailer that sells high-end hockey assortments focused on the latest and greatest brands and products. There are 16 Pro Hockey life stores located in Ontario, Alberta, British Columbia and Nova Scotia.

Canadian Tire's **Seasonal & Gardening** division includes fall and winter categories, such as seasonal décor, Christmas lights, yard care and maintenance, and snow removal equipment and spring and summer categories featuring patio furniture, barbeques, backyard games, outdoor tools and gardening.

Canadian Tire Competitive Conditions – Canadian Tire competes against international, national and regional retailers in all markets across Canada. There are few retailers that compete directly with all the product and service categories offered at Canadian Tire, although many competitors are in one or more of the product categories in which Canadian Tire operates. These competitors include department stores, discount and warehouse stores, specialty marketers and pure online retailers of automotive products and services, hardware, housewares, sporting goods, building supplies, home improvement products and solutions, and seasonal products. Canadian Tire holds strong market share positions in many of the product lines within its Automotive, Living, Fixing, Playing and Seasonal & Gardening divisions, with particular strength in automotive parts, hardware, kitchen and certain seasonal and sporting goods assortments. On a geographic basis, the market share of Canadian Tire is strongest in central and eastern Canada but Canadian Tire also maintains a significant presence in the western provinces.

Canadian Tire's competitive conditions with respect to eCommerce are continuously evolving and have been intensifying in recent years. With no real estate boundaries, market share can be captured by a wider range of speciality online operators. Each year, Canadians are expanding the range of products they buy online. While the vast majority of industry sales in Canada continue to come from the brick-and-mortar channel, a greater proportion of sales are increasingly coming from eCommerce. Some of Canadian Tire's categories are more susceptible than others to increased eCommerce penetration. These include toys and games, outdoor recreation, sporting goods and footwear and apparel. Canadian Tire's continued focus on strengthening its products, brands and services offering is intended to help it satisfy evolving customer needs.

PartSource – PartSource is a chain of specialty stores that offer brand name automotive parts targeted to medium to heavy "do-it-yourselfers", automotive enthusiasts and commercial installers. PartSource is managed as part of Canadian Tire's Automotive division and there are 89 PartSource stores, all of which are operated by the Company. PartSource stores typically comprise over 8,300 square feet and offer a broad selection of auto parts and accessories, with access to tens of thousands of products, generally available on a same-day basis. PartSource also supplies auto parts to Canadian Tire stores and satellite locations in small to mid-sized markets through its "hub" format stores known as PartSource Hub Stores, which are designed to carry a broader assortment of products. PartSource store locations are generally owned or leased by CTC.

Competitors of PartSource include several international, national, regional and local auto parts retailers and distributors, online retailers and automotive dealerships. PartSource provides a friendly and knowledgeable retail experience and a unique commercial value proposition which includes exclusive offers for Canadian Tire stores and Gas+.

As at the end of 2018, the number of PartSource stores located in each of the provinces in Canada was as follows:

Province	Number of PartSource stores
British Columbia	-
Alberta	15
Saskatchewan	6
Manitoba	6
Ontario	59
Quebec	-
New Brunswick	-
Nova Scotia	3
Prince Edward Island	-
Newfoundland and Labrador	-
Total	**89**

Petroleum – Petroleum is one of Canada's largest independent retailers of gasoline with 297 retail gas bars, many of which are located adjacent to Canadian Tire stores. Petroleum also operates 20 gas bars and associated convenience stores located at "ONroute" rest stops on major Ontario highways (Highway 401 and Highway 400). Canadian Tire gas bar sites are generally owned or leased by CTC and all of the gas bars are operated under the Canadian Tire and Gas+ names and trademarks by independent retailers pursuant to agreements governing the sale of petroleum products.

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 fuel.

Petroleum competes with other national and regional operators of gas bars, convenience stores and car washes. Petroleum sells approximately 1.8 times more gasoline per site than the Canadian industry average, which CTC attributes to the attractiveness of the Canadian Tire brand, the Triangle Rewards program, the success of Petroleum's cross-merchandising programs with Canadian Tire stores and the quality of Petroleum's customer service. For additional information with respect to Triangle Rewards, see section 2.1 under "Retail Segment – Triangle Rewards Loyalty Program".

As at the end of 2018, the number of Petroleum stores located in each of the provinces in Canada was as follows:

Province	Number of Petroleum sites
British Columbia	4
Alberta	19
Saskatchewan	6
Manitoba	6
Ontario	168
Quebec	59
New Brunswick	15
Nova Scotia	9
Prince Edward Island	-
Newfoundland and Labrador	11
Total	**297**

SportChek

SportChek operates a group of sporting goods and active wear retailers in Canada offering a comprehensive assortment of national and owned brand products through a network of corporately owned and franchised stores and eCommerce websites. Its primary retail banners are SportChek, Sports Experts, National Sports and Atmosphere, all of which provide online shopping through their eCommerce websites located at www.sportchek.ca, www.sportsexperts.ca, www.nationalsports.com and www.atmosphere.ca. These websites provide a customized and inspiring shopping experience in addition to up-to-date product information, pricing and customer reviews. Stores operated under the SportChek banners are primarily leased from third parties.

Corporate Store Operations – The corporate-owned retail stores operate under the SportChek, Atmosphere and National Sports banners:

- SportChek is a leading national retailer offering a wide assortment of athletic, outdoor, leisure, and recreational footwear and apparel, and sports equipment. Its brand positioning, category breadth and in-store experience target customers of all ages looking to lead a healthy active lifestyle.

- Atmosphere is a specialty retailer of high-end, outdoor technical gear, casual clothing and footwear and accessories, with both national and owned brand representation.

- National Sports is an Ontario-based discount sporting goods retail chain focusing on footwear, sports equipment and apparel, with a strong position in the hockey, licensed apparel and team sports categories.

As at the end of 2018, the number of SportChek's corporate stores in each of the provinces in Canada was as follows:

	Corporate Retail Banners		
Province	SportChek	Atmosphere	National Sports
British Columbia	33	9	-
Alberta	34	9	-
Saskatchewan	11	2	-
Manitoba	8	1	-
Ontario	86	2	18

Quebec	-	-	-
New Brunswick	5	-	-
Nova Scotia	10	-	-
Prince Edward Island	2	-	-
Newfoundland and Labrador	5	-	-
Total	**194**	**23**	**18**

Franchise Operations – SportChek also operates a franchise division for a number of its retail banners, including Sports Experts, 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 national and owned brand products, including equipment, apparel and footwear.

- Atmosphere, which operates as a corporate-owned 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 stores offering high-end hockey assortments exclusively in Quebec.

As at the end of 2018, the number of SportChek's franchise stores in each of the provinces and territories in Canada was as follows:

Franchise Retail Banners

Province or Territory*	Sports Experts	Atmosphere	Hockey Experts	Sports Rousseau/ L'Entrepôt du Hockey
British Columbia	2	-	-	-
Alberta	6	-	-	-
Ontario	1	-	-	-
Quebec	90	43	13	12
New Brunswick	4	-	-	-
Newfoundland and Labrador	1	-	-	-
Yukon	1	-	-	-
Total	**105**	**43**	**13**	**12**

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

In addition to the franchise operated stores, there are a number of third-party operated stores that have "buying member" status in SportChek's franchise program with access to products for their businesses. These "buying members" typically undertake their own merchandising, purchasing, advertising, transportation and general administration.

SportChek Competitive Conditions – The sporting goods retail industry is highly fragmented and very competitive in terms of price, quality, service, selection and fashion, as well as online presence and store location and environment. SportChek competes through its online and brick-and-mortar channels with independent specialty retailers, mass merchants as well as vendor-direct and outlet channels. SportChek is distinguished from its competitors through broad geographic coverage provided by its corporate and franchise stores in Canada, the merchandise and brands it offers, the compelling in-store experience, and its strategic sports partnerships and sponsorships. Within its stores, SportChek offers an extensive range of active apparel and sporting goods at various price points to appeal to a broad consumer looking to lead a healthy active lifestyle. SportChek's objective is to articulate the strength of the categories in which it competes. As brand affinity changes with the consumer over time, SportChek maintains a balance of strong national brands while developing and growing equally strong owned brands which help to insulate its banners from direct to consumer offerings. SportChek's vision is to empower Canadians to live an active, healthy lifestyle by offering products and services across all demographics and geographies to inspire them to achieve their unique goals. SportChek strives to employ individuals who become ambassadors for the brand and connect with customers through a shared passion for activity.

Mark's

Mark's is one of Canada's largest specialty apparel retailers offering men's and women's casual and industrial apparel, footwear and accessories through its owned brand and national brand assortments. Mark's is a Canadian market leader in industrial apparel and has significant market share in men's casual apparel and denim. Mark's core differentiator is its specialized assortment which focuses on durability, strength of character and wearing it well. Key owned brands include Denver Hayes, Dakota, WindRiver and Helly Hansen Workwear, accompanied by exclusive licensed brands. Together they account for approximately 70% of retail sales at Mark's. These brands are complemented by nationally recognized brands (e.g., Levi's, Silver, Carhartt, Merrell, Timberland, Columbia, Skechers, Kodiak). Mark's operates under the banners "Mark's" and "L'Équipeur" in Quebec, and offers online retailing through its websites at www.marks.com and www.lequipeur.com. Mark's eCommerce websites have become a significant source of product information for consumers, providing up-to-date product features, benefits, pricing and customer reviews, and are also major traffic drivers to Mark's and L'Équipeur's stores. Most of Mark's stores are leased from third parties.

As at the end of 2018, the number of Mark's corporate and franchise stores in each of the provinces and territories in Canada was as follows:

	Corporate Retail Banners		Franchise Retail Banners	
Province or Territory*	Mark's	L'Équipeur	Mark's	L'Équipeur
British Columbia	48	-	11	-
Alberta	63	-	2	-
Saskatchewan	14	-	2	-
Manitoba	13	-	-	-
Ontario	137	-	7	-
Quebec	-	40	-	7
New Brunswick	12	-	1	-
Nova Scotia	17	-	-	-
Prince Edward Island	2	-	-	-
Newfoundland and Labrador	5	-	3	-
Yukon	1	-	-	-
Northwest Territories	1	-	-	-
Total	**313**	**40**	**26**	**7**

*There are no Mark's stores in Nunavut. Two franchises operating under the "Mark's Work Wearhouse" banner are listed under Mark's.

Mark's Commercial – Mark's also conducts a business-to-business operation under the name "Mark's Commercial", selling a variety of its assortment to small and large businesses with a focus on industrial employee needs.

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. Mark's also 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 in order to enhance product selection for its customers and by offering products across varying price points.

Helly Hansen

Acquired by CTC in 2018, Helly Hansen is a leading global brand with an international wholesale and retail business in outerwear, baselayer and workwear, based in Oslo, Norway. With this acquisition, CTC has added a premium international brand to its owned brands portfolio and has created a platform for future global growth opportunities across the more than 40 countries in which Helly Hansen products are sold. Helly Hansen's core markets include Norway, Sweden, Canada, the United Kingdom and the United States which it serves through its two primary distribution centres located in the United States and the Netherlands.

Founded in 1877, Helly Hansen is known for its professional grade gear and for being a leader in designing innovative and high quality technical performance products developed for the harshest outdoor conditions. Within its core categories of sailing, skiing, mountain, urban, rainwear and workwear, Helly Hansen designs and delivers products used by professionals and outdoor enthusiasts around the world.

Over the past 141 years Helly Hansen has been developing and testing technologies with the input of professionals living and working in some of the world's toughest environments. Many professionals rely on Helly Hansen's products and innovative fabrics to keep them safe, protected and warm in some of the most challenging conditions. Helly Hansen introduced the 3-layer system to the industry in the early 70s and has been evolving it ever since by constantly implementing new technologies in its gear.

Helly Hansen also owns the Musto brand, which was acquired in 2017. Musto provides a differentiated product offering that operates alongside Helly Hansen as a premium specialist brand. With over 50 years of heritage, Musto is a leader in specialized technical apparel in the sailing, equestrian, hunting, lifestyle and adventure categories.

Helly Hansen Wholesale Operations – Helly Hansen sportswear and workwear products are sold across the world through its own dedicated sales team and distributors, with sales efforts targeted at core markets, supported by emerging markets. Helly Hansen's wholesale channels consist of specialty sporting goods, workwear and department store retailers.

Helly Hansen Retail Operations – In addition to its wholesale operations, Helly Hansen operates 58 branded retail stores and outlets in Canada, the United States and across Europe. The stores showcase the Helly Hansen brand and broad assortment of leading products for the outdoor, industrial and lifestyle categories.

Helly Hansen eCommerce Operations – Helly Hansen operates branded sportswear and workwear transactional eCommerce sites in Canada, the United States and across Europe. The websites offer a broad assortment of goods which can be shipped directly to consumers' homes upon purchase.

Helly Hansen Competitive Conditions – Helly Hansen competes directly or indirectly with specialty brands. Helly Hansen differentiates itself by focusing on both its brand positioning and its product to create a consistent identity that resonates with the customer. Helly Hansen believes the most important brand attributes to customers are fit, authenticity, value for money, and product performance. The outdoor sports apparel and footwear market is fragmented and composed of large global brands, mid-sized companies and a long tail of niche players. Helly Hansen believes its technically advanced products, innovation, professional quality and brand authenticity distinguish it from its competitors. Through its wholesale partners, retail locations and eCommerce websites, Helly Hansen offers a broad and deep assortment of jackets, tops, pants, middle layers, base layers, footwear and accessories to consumers looking to enjoy the outdoors in all weather conditions. Helly Hansen also competes in the industrial workwear market, which is highly fragmented with a limited number of international players due to different climates and regulations across regions. Within this market, Helly Hansen competes against European and North American players that offer premium, functional and stylish protective wear. Helly Hansen believes its innovative, high performance, lightweight and comfortable work wear distinguishes it from its competitors. Through its wholesale partners and key accounts, Helly Hansen offers an assortment of protective outerwear, safety footwear, floatation devices, gloves, tops, middle layers and base layers to customers living and working in the world's harshest environments. Helly Hansen's vision is to be the consumer's reference for professional grade gear on mountains, oceans and worksites as well as on the street and to be the brand that professionals trust, use and recommend.

Consumer Brands Division

Established in 2016, the Consumer Brands division supports the retail banners with their owned brand strategies, provides expertise in brand management, product development and design, and creates unique and exclusive products. This division also has responsibility for the identification and acquisition of brands that would be a logical complement or extension to CTC's existing owned brand portfolio. The exclusive owned brands developed or acquired by the Consumer Brands division provide the Company with a competitive advantage and a core differentiator in its product assortment, which increases customer engagement and loyalty. The Company's key owned brands which are sold at Canadian Tire, SportChek and Mark's include NOMA, Mastercraft, Motomaster, Canvas, Paderno, Ripzone, Outbound, Woods, Sher-Wood, Denver Hayes, Dakota, WindRiver, Shambhala and Matrix. For additional information on the Consumer Brands division and recent brand acquisitions, see section 3 entitled "General Development of the Business".

Marketing

CTC's brand promise is to provide Canadians with the solutions for the "Jobs and Joys of Life in Canada". CTC's marketing strategy is to continually evaluate and expand the elements that fit that promise, such as product assortment and services, external partnerships and categories that are relevant for various customer segments.

CTC's Marketing function strives to create world-class brands and lifetime customer relationships through traditional and digital marketing, increasingly personalized and one-to-one communications and world-class and efficient content. The Triangle Rewards program and the Company's continued focus on data and analytics enhances Marketing's capability to provide marketing communications to the right customer, at the right time, in the right channel with the right message to create enhanced customer relevance. Marketing also uses data to inform promotional optimization efforts, customer journey enhancements and continual test and learn.

CTC employs a breadth of marketing mediums to build customer awareness and traffic in stores and online. These mediums include weekly promotional print and digital flyers across all banners, catalogues, radio, television, digital and social media, newspapers and magazines.

CTC's Marketing function plays a key role supporting the Company's vision to become the #1 retail brand in Canada by 2022 through its evolving mandate to drive sustainable growth by representing the voice of the customer. Marketing is leading the implementation of Net Promoter Score as the primary measure of the Company's customer experience efforts and progress towards achieving its vision.

Triangle Rewards Loyalty Program

The Company's customer loyalty program, Triangle Rewards, is a platform for engaging with CTC customers and providing them with a connected shopping experience. Triangle Rewards launched in April 2018 as the evolution of the My Canadian Tire Money program, one of Canada's most well-known loyalty programs. Triangle Rewards offers an enhanced value proposition to customers shopping across the CTC marketplace, enabling customers to collect and redeem My Canadian Tire Money across CTC's banners.

With over 12 million members, Triangle Rewards is a key enabler to achieving sustained cross banner customer engagement and provides valuable insights to better understand customers' shopping habits and build retail strategies, assortments and marketing programs that prepare customers for the "Jobs and Joys of Life in Canada" and create lasting customer relationships.

CTC uses customer insights from Triangle Rewards to connect with customers in a more personalized way with approximately seven million customers receiving targeted product and service offers each week.

As part of the Triangle Rewards program, CTB offers Triangle-branded credit cards through which cardholders can earn and redeem My Canadian Tire Money for use across CTC's retail banners. See section 2.2 entitled "Financial Services Segment" for additional information on CTB's credit card business.

Technology and Innovation

CTC's Information Technology function is an enterprise-wide function which supports the retail banners and ensures enterprise-wide efficiency and effectiveness. Information Technology's priority is to link technology to business strategies and corporate objectives, to ensure future growth while maintaining operational stability.

The Company has various technology systems which process orders, monitor inventory levels and enable the distribution and transportation of goods from global vendors into and through the store network. The Company also centrally manages its digital properties, including its websites, mobile applications and in-store sales tablets. Digital capabilities such as search optimization, site navigation, user experience and eCommerce processes are key focus areas, intended to enable a world-class customer experience.

The Information Technology team is responsible for the smooth operational performance of the Company's systems and digital properties, and is focused on developing and implementing technological capabilities that will drive an enhanced retail experience for CTC's customers.

The Company continues to make progress in the design and implementation of powerful analytical capabilities that assist its merchandising, procurement and logistics functions. Business processes continue to be examined and redefined to make effective use of the flow of information (big data) provided from stores.

Retail Sourcing

The Company sources merchandise globally. In 2018, approximately 40%, 7% and 51% of the value of inventory purchases of Canadian Tire, SportChek and Mark's, respectively, were sourced directly from vendors outside North America, primarily from Asia and denominated in U.S. dollars. The majority of Helly Hansen's purchases are from vendors in Asia and are denominated in U.S. dollars and Euros.

Canadian Tire operates offices in Hong Kong, Shanghai, Shenzhen, and Vietnam and is supported by third party sourcing service providers in India and Mexico, as well as a dedicated quality assurance, quality control and sourcing team in Bangladesh. The Company also has a subsidiary that has wholesale operations based in the United States, including warehouse facilities in the state of Washington. All of these operations provide access to foreign manufacturers and import sourcing support for the Company's retail banners.

CTC uses its own 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 stores. Similar to other retailers who source products internationally, the Retail segment is exposed to risks associated with foreign suppliers which may include, but are not limited to, currency fluctuations, stability and safety of manufacturing operations in other countries and transportation and port disruptions. The Company 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 the Retail segment's foreign operations and foreign suppliers.

Retail Distribution Network

The Supply Chain function is responsible for managing the flow of products between suppliers, its supply chain partners and the Company's distribution centres and retail stores operating across Canada. The Supply Chain function is also responsible for online order fulfillment, which is performed out of both stores and distribution centres, and is supported by sophisticated Distributed Order Management technology to facilitate timely, cost effective shipments.

The Supply Chain function uses a number of distribution channels, facilities and modes of transportation including common carriers and railway transit and is involved in most aspects of product replenishment and product information flow.

CTC's Supply Chain is committed to sustainability and management works closely with the Company's transportation partners to minimize the impact on the environment. For example, CTC successfully completed the certification of the world's first 60' domestic rail container which has the capacity to move more volume with similar costs and minimal additional impact on the environment.

The Company's products are distributed to stores from its large network of distribution centres occupying more than 8 million square feet of warehouse space across Canada. As at the end of 2018, the Company's distribution centres across Canada were as follows:

City	Province	Area (Sq ft)	Servicing Banner(s)
Brampton - Airport Road	Ontario	1,118,360	Canadian Tire/Mark's
Brampton - Goreway Drive	Ontario	1,148,972	Canadian Tire
Brampton - Hereford Street	Ontario	195,230	SportChek
Caledon - Healey Road	Ontario	1,442,347	Canadian Tire
Calgary - 114th Avenue SE	Alberta	954,813	Canadian Tire
Calgary - 64th Street SE	Alberta	24,363	Marks
Calgary - 68th Avenue SE	Alberta	454,977	SportChek/Marks
Calgary - Dufferin Place	Alberta	630,067	Canadian Tire/ SportChek
Coteau-du-Lac - Dupont	Quebec	1,658,165	Canadian Tire
Mississauga - Marcove Road	Ontario	475,517	SportChek
Mississauga - Millrace Court	Ontario	27,192	Mark's
Vaughan - Express Auto Parts	Ontario	224,190	Canadian Tire
Total		**8,354,193**	

In addition to the Canadian distribution network, the Company operates three international distribution centres, two in Seattle, Washington servicing SportChek and Helly Hansen, and one in the Netherlands servicing Helly Hansen.

Seasonality of the Retail Segment

CTC derives a significant amount of its retail revenue from the sale of seasonal merchandise, with the largest percentage of sales typically occurring in the fourth quarter. As a result, CTC can experience a degree of sales volatility from abnormal weather patterns. The retail businesses mitigate this risk, to the extent possible, through the breadth of their product mix, careful merchandise planning, the strengthening of non-seasonal categories and efficient marketing campaigns, as well as effective procurement and inventory management practices to factor in 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.

(C$ in millions)	2018					2017[1]				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
Canadian Tire's Quarterly Results										
Revenue	$1,388.90	$1,916.60	$1,781.80	$2,121.70	$7,209.00	$1,389.50	$1,900.90	$1,710.00	$2,090.30	$7,090.70
% of full year Revenue	19.27%	26.59%	24.72%	29.43%	100.00%	19.60%	26.81%	24.12%	29.48%	100.00%
SportChek's Quarterly Results										
Revenue	$421.20	$441.20	$528.50	$602.50	$1,993.40	$408.90	$449.60	$527.20	$592.40	$1,978.10
% of full year Revenue	21.13%	22.13%	26.51%	30.22%	100.00%	20.67%	22.73%	26.65%	29.95%	100.00%
Mark's Quarterly Results										
Revenue	$233.80	$278.90	$265.50	$469.00	$1,247.20	$228.30	$273.60	$251.50	$461.80	$1,215.20
% of full year Revenue	18.75%	22.36%	21.29%	37.60%	100.00%	18.79%	22.51%	20.70%	38.00%	100.00%
Helly Hansen's Quarterly Results										
Revenue	n/a	n/a	$181.70	$165.90	$347.60	n/a	n/a	n/a	n/a	n/a
% of full year Revenue	n/a	n/a	52.27%	47.73%	100.00%	n/a	n/a	n/a	n/a	n/a
Petrolelum + others Quarterly Results										
Revenue	$461.60	$541.50	$549.60	$454.70	$2,007.40	$411.00	$460.50	$481.50	$478.50	$1,831.50
% of full year Revenue	22.99%	26.98%	27.38%	22.65%	100.00%	22.44%	25.14%	26.29%	26.13%	100.00%

NOTE:

1. Revenue figures for all quarters in 2017 were restated as a result of adjustments due to IFRS 15 - *Revenue from Contracts with Customers*. Refer to Note 2 of the notes to CTC's Consolidated Financial Statements for the fiscal year ended December 29, 2018.

2.2 Financial Services Segment

Financial Services includes CTFS Holdings and its subsidiaries Canadian Tire Bank and CTFS Bermuda. As at December 29, 2018, CTC held an 80% interest in CTFS Holdings, which is the holding company of the operating entities comprising the Financial Services segment; the remaining 20% interest is owned by The Bank of Nova Scotia ("Scotiabank").

CTB is a federally regulated Schedule I bank that is the marketer and issuer of CTC-branded consumer credit cards including the newly launched Triangle MasterCard and Triangle World Elite MasterCard. It also markets creditor and personal accident insurance and identity theft products to CTB's Canadian credit card holders. 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 creditor insurance and accidental death and dismemberment insurance that is marketed by CTB as well as a closed block of warranty business. Further information about CTFS Bermuda is set out in this section under "Financial Services Foreign Operations".

Financial Services Competitive Conditions – CTC'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 newer 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 represents a further opportunity to drive customers to the Company's retail banners. CTB-branded deposit products also 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.

Securitization of Receivables – CTB sells undivided co-ownership interests in a revolving pool of CTB credit card receivables to Glacier Credit Card Trust ("GCCT"), a special purpose entity that was created 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 note purchase facilities under which Scotiabank has committed to purchase up to $2.0 billion of GCCT notes. The Company has determined that, from an accounting perspective, 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. GCCT is a reporting issuer and information prepared by it may be found on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com, which is not incorporated herein by reference.

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 underwrite, or have previously underwritten, insurance products to CTC's customers. 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 its operations.

2.3 CT REIT Segment

CT REIT is an unincorporated closed-end real estate investment trust, which was formed in October 2013 to own, develop and lease income-producing commercial properties located primarily in Canada. As at December 29, 2018, CTC held a 76.2% effective interest in CT REIT.

Overview of the Property Portfolio – As at December 29, 2018, CT REIT's portfolio was comprised of 342 properties across Canada. The portfolio consisted of 326 retail properties, four distribution centres, one mixed-use commercial property and 11 development properties. The retail properties, distribution centres and mixed-use commercial property contain approximately 26.5 million square feet of gross leasable area ("GLA"). The retail properties are made up of 268 single tenant retail properties (255 of which are Canadian Tire single tenant properties and 13 of which are other third party single tenant properties), 52 multi-tenant properties anchored by a Canadian Tire store (six of which are enclosed malls) and six multi-tenant properties not anchored by a Canadian Tire store. The 309 Canadian Tire locations owned by CT REIT (two of which are classified as development properties but remain operational) range in size from 12,000 square feet of GLA to 198,000 square feet of GLA. CTC is the REIT's most significant tenant with Canadian Tire stores, stores operated under other CTC retail banners, CTC's head office and three CTC distribution centres representing approximately 92.7% of CT REIT's annualized base minimum rent and 94.4% of gross leasable area.

Description of the Property Portfolio – CT REIT's properties are well located within their respective markets and have stable characteristics, which include high occupancy, staggered lease maturities and strong retailing attributes, including location, traffic, visibility, frontage and parking. The properties are generally located in commercial areas and are often co-located with, or located in close proximity to, supermarkets and other large-scale retailers, attracting a high volume of customers to the properties.

CT REIT Competitive Conditions – The REIT competes with other investors, managers and owners of properties for the purchase of desirable real estate properties to lease or develop, and for stable investment grade tenants. Competition for real estate assets is primarily based on financial and other resources as well as operating flexibility. While certain competitors may have greater financial and other resources and/or greater operating flexibility than CT REIT, the REIT has the advantage of having and maintaining an established relationship with its most significant anchor tenant, Canadian Tire. The REIT also relies on its sites which are generally well-located with favourable retailing attributes and a strong balance sheet in order to compete in the Canadian real estate sector. To compete for tenants, real estate entities typically differentiate themselves by location, age and condition of building, operational efficiency and the ability of the owner to provide adequate maintenance at competitive costs.

The Company may be considered a “promoter” of CT REIT within the meaning of applicable Canadian securities legislation. Additional information about CT REIT’s business can be found under section 2 entitled “Description of the Business” of CT REIT’s 2018 Annual Information Form available on SEDAR at www.sedar.com and on CT REIT’s website at www.ctreit.com, which is not incorporated herein by reference.

2.4 Intangible Properties

All intellectual property and associated rights, which include the Canadian Tire trademarks and numerous other trademarks associated with CTC’s owned brands as well as the trademarks relating to Financial Services, Petroleum, PartSource, SportChek, Helly Hansen and Mark’s, are considered to be important assets of CTC and are defended vigorously where appropriate. The Company’s trademarks have expiry dates ranging from 2019 to 2033 with further renewals at the Company’s election and discretion. Protection of the Company’s intellectual property is a high priority and CTC has established procedures to protect intellectual property that is material to the business. CTC licenses the use of certain trademarks to Canadian Tire Services Limited, CT REIT, 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 sports organization trademarks in connection with marketing, advertising and promotional activities. CTB also has an agreement with MasterCard International Incorporated that permits CTB to use the MasterCard trademark in connection with the MasterCard credit cards that CTB issues.

2.5 Economic Dependence

There are no contracts upon which CTC's business is substantially dependent. CTC has entered into a standard form contract with each of its 484 active Dealers who operate the 503 Canadian Tire stores, each of which expires on December 31, 2024 unless terminated earlier in accordance with terms of the contract. CTC is not dependent upon any one of these contracts with any Dealer. For information concerning CTC’s relationship with its Dealers, see section 2.1 under “Retail Segment – Canadian Tire”.

2.6 Lending

CTB grants credit to its customers on the Company’s branded credit cards. CTB also has a 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 including credit-scoring models to manage credit risk. CTB constantly monitors the creditworthiness of customers by 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.

2.7 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), public and private securitization of credit card receivables, and credit facilities available through major Canadian banks. Additional information concerning CTC, CT REIT and CTB's financing sources can be found under section 8.5 entitled "Liquidity and Financing" of CTC's MD&A for the year ended December 29, 2018.

Committed Bank Lines of Credit – As at the end of fiscal 2018, CTC had a $1.975 billion committed bank line of credit under a five-year senior unsecured, revolving credit facility with a syndicate of 11 banks. As at the end of fiscal 2018, CT REIT had a $300 million committed bank line of credit under a five-year senior unsecured revolving credit facility with a syndicate of seven banks. As at the end of fiscal 2018, CTB's credit facilities with Scotiabank include a $250 million three-year committed unsecured revolving credit facility, a $1.5 billion committed note purchase facility and a $500 million committed note purchase facility.

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). As at the end of fiscal 2018, CTB had approximately $1.9 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 2018, the amount of retail deposits held by CTB was approximately $575 million.

Medium Term Notes – Information concerning CTC's medium term notes can be found under section 3 entitled "General Development of the Business" and section 4.4 entitled "Debt Securities".

2.8 Risk Factors

Enterprise Risk Management Framework – Taking risks is an integral part of conducting business, enabling CTC to achieve its strategic objectives and business goals. Balanced risk-taking and effective risk management create valuable business returns and shareholder value, market opportunities and competitive advantages, which support profitable growth. The effective management of risk within CTC is a key priority for the Board and senior management and, to this end, CTC has adopted an Enterprise Risk Management Framework ("ERM Framework") for identifying, assessing, monitoring, and mitigating key risks.

The ERM Framework is designed to:

- Safeguard CTC's brand and reputation.
- Support the achievement of CTC's strategic objectives, including financial aspirations.
- Support business planning and operations by providing a cross-functional perspective to risk management integrated with strategic planning and reporting processes across all lines of business.

Risk Governance – The foundation of CTC's ERM Framework is a governance approach that includes a committee structure and a comprehensive set of policies approved by the Board to ensure that all Principal Risks are identified, assessed, monitored, mitigated and reported on a timely basis. Risk governance is comprised of a three lines of defence operating model supported by a risk governance structure and strong risk culture.

Fundamental to risk governance at CTC is the Enterprise Risk Committee ("ERC") which is the senior management committee of CTC that is responsible for the oversight of all principal and emerging risks faced by CTC. The purpose of the ERC is to assist the CEO in discharging responsibilities with respect to managing strategies in alignment with CTC's risk appetite, recommending various risk related policies for the Board's approval and evaluating the effectiveness of controls CTC has in place to mitigate risk and support the Company's strategy.

CTC monitors its risk exposures to assess that its business activities are operating within approved limits or guidelines, CTC's strategies and risk appetite. Breaches, if any, of these limits or guidelines are reported to the ERC, CEO and to the Audit Committee and the Board, as appropriate.

Principal Risks – A key element of the ERM Framework is the identification and assessment of CTC's Principal Risks. A Principal Risk is defined as one that, alone or in combination with other interrelated risks, could have a significant adverse impact on CTC's brand, financial position, and/or ability to achieve its strategic objectives. Principal Risks are enterprise-wide in scope and represent strategic, financial, and operational risks. Management has identified mitigation plans for each of the Principal Risks which are reviewed regularly by the ERC and reported to the Audit Committee and the Board. Management has completed its formal annual review of CTC's Principal Risks as set out below, which have been presented to and approved by the Audit Committee and the Board.

- Global and Domestic Marketplace – Risks arising from changes 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.
- Strategy – 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.
- 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.
- People – External pressures and/or ineffective internal human resource practices can negatively impact CTC's ability to attract and retain sufficient appropriately-skilled people who have the expertise to support the achievement of CTC's strategic objectives.
- Technology Innovation and Investment – Lack of innovation and timely investment in technology in order to maintain capabilities aligned with evolving customer expectations and competitive trends.
- Key Business Relationships – CTC relies on key business relationships in all aspects of business ranging from dealer network, procurement, product and service delivery, and customer service. Failure to effectively manage these relationships may have a negative impact on business operations.
- Cyber – CTC relies on information technology systems in all areas of operations, some of which are subject to cyber threats. Any cyber-attack that results in a breach of sensitive information or results in service disruption could have a negative impact on CTC.
- Information – Loss of integrity and reliability of information for decision-making, inappropriate disclosure or misappropriation of sensitive information.
- Operations – Risk of failure in internal processes or systems, human interactions or external events that could impact CTC's ability to effectively conduct business operations.
- Financial – CTC has risk exposures relating to significant volatilities in exchange rates and interest rates.
- Financial reporting – Risk of failure to adhere to financial accounting and presentation standards and securities regulations relevant to financial reporting or failure to maintain an effective system of internal controls.

- 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.
- 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.

Further information about the above noted Principal Risks and the Company's strategies to mitigate these risks can be found under section 12 entitled "Risks and Risk Management" of CTC's MD&A for the year ended December 29, 2018, which is incorporated herein by reference. In addition, the Company has identified specific operating risks relating to each of its reportable segments that have the potential to affect CTC's operating performance. Such risks are described in sections 7.2.4 entitled "Retail Segment Business Risks", 7.3.2 entitled "CT REIT Segment Business Risks" and 7.4.3 entitled "Financial Services Segment Business Risks" of CTC's MD&A for the year ended December 29, 2018, which is incorporated herein by reference.

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.

2.9 Employees

As at the end of fiscal 2018, 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	1,865	19
Canadian Tire	4,035	1,136
Financial Services	1,325	342
SportChek	3,735	12,197
Mark's	1,679	4,123
Helly Hansen	1,096	134
Total	13,735	17,951

*Note: Canadian Tire employees include PartSource store employees. Employees of CT REIT, Dealers, SportChek and Mark's franchisees and Petroleum retailers are not included in the above table.

CTC employs highly qualified individuals specializing in areas such as category management, marketing and supply chain to drive and sustain its core retail business. Recently CTC has been acquiring talent to support future growth in key areas such as product and brand development as well as digital and data analytics. 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 certain 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. Financial Services also employs highly qualified individuals in credit risk management.

Expertise is gained through internal training programs, including the Triangle Learning Academy, 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. Through the Triangle Learning Academy, employees are able to accelerate their learning and development and gain expertise through curated content on various subjects. Teachings are developed around core retail and leadership principles and are offered through digital, in-class and hands-on learning experiences.

CT REIT is managed and operated by an experienced internal executive team comprised of CT REIT's President and Chief Executive Officer, Senior Vice President and Chief Financial Officer, and Senior Vice

President, Real Estate. As at December 29, 2018, CT REIT had fifteen employees, including the above-noted executives.

2.10 Environmental and Social Responsibility

CTC prides itself on being a trusted Canadian brand and an integral part of Canadian communities, with a strong commitment to improving environmental and social outcomes for Canadians, its communities and the planet. CTC's environmental and social strategy is aligned with and contributes to the United Nations Sustainable Development Goals. CTC's initiatives are intended to deliver improved outcomes in the areas of climate risk mitigation, product and packaging, sourcing and inclusion. CTC identifies, measures and reports on environmental and social benefits that result from these initiatives.

Climate – 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, buildings, 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) 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, income generated, energy used, greenhouse gas emissions, waste and water. CTC discloses its business sustainability performance and environmental footprint annually. The Company has developed aspirational targets for changes in two key segments of its business operations: (i) transportation; and (ii) business and retail operations.

Product and Packaging – 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. The Company has a designated quality assurance team that works with the merchandising groups to improve product quality to extend its life and improve processes that report and act on consumer feedback about product quality. CTC reduces harmful chemicals in its products where appropriate alternatives exist, reduces the size and improves the sustainability of packaging, and seeks to develop uses for the second life of tires and certain other products. CTC actively participates in over 80 provincial product environmental stewardship programs that contribute to the safe disposal and/or recycling of many products when consumers have finished using them. Through its own initiatives and collaboration with other leading organizations, the Company has committed to supporting Canada's movement from a linear economy in which products are manufactured, used and then disposed of as "waste", to a circular economy in which products are designed and manufactured so that they can be reused or recycled in a closed loop.

Sourcing – The Company's Supplier Code of Conduct ("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 their agreement and periodic assessments of suppliers' facilities against globally recognized audit standards such as the Business Social Compliance Initiative audit standard. 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. Additionally, CTC has made significant financial contributions to, and has actively participated in, international business efforts to improve factory safety in Bangladesh through the remediation of issues found during factory inspections, ongoing fire safety training of factory workers and security guards, and the operation of a helpline to give workers a voice in identifying safety issues to be resolved.

Inclusion – CTC supports a variety of social causes, but the largest single beneficiary is Canadian Tire Jumpstart Charities ("Jumpstart"). Jumpstart is an independent organization committed to making play and sport more accessible to Canadian kids who face barriers. Since 2005, Jumpstart has been assisting Canadian families overcome the financial barriers to accessing play and sport. Jumpstart has also expanded its mandate to help remove barriers for kids with disabilities. In September 2017, CTC announced a $50 million five-year funding initiative in support of accessible playgrounds, infrastructure and programming to provide Canadian kids with disabilities greater access to sport and play through Jumpstart's "Play Finds a Way" movement. In 2018, this initiative led to the construction of four accessible playgrounds in Calgary, Winnipeg, Charlottetown and Toronto. A fifth playground built in Prince Albert, Saskatchewan is expected to open in the spring of 2019. Additional information regarding Jumpstart is available on their website at: http://jumpstart.canadiantire.ca.

Additionally, CTC invests in initiatives that promote active, healthy living and showcases the Company's 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.

Employees – CTC has an internal Code of Conduct (the "Code") which addresses the ethical business standards and expectations of its directors, officers and all of the Company's employees and independent contractors 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. Compliance with the Code and the Supplier Code is monitored, investigated where appropriate, and reported in accordance with internal directives. 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: Ethics Office. The codes are also available online at www.corp.canadiantire.ca and on SEDAR at www.sedar.com.

Compliance – The Company's environmental and social strategy is underpinned by its comprehensive Legislative Compliance Framework. The Company has in place policies and operating directives to manage all of its significant legal and regulatory risks, including, in addition to ethical conduct, environmental, human rights, consumer protection, health and safety, and other risks. Each such policy sets out accountabilities for managing compliance as well as escalation and other procedures. The Legislative Compliance department provides oversight of these policies and directives.

Additional information is available on CTC's corporate website, www.corp.canadiantire.ca, under the "Sustainability" tab.

3. GENERAL DEVELOPMENT OF THE BUSINESS

CTC's vision is to become the #1 retail brand in Canada by 2022, as measured by the Company through the eyes of its customers, shareholders and employees. The Company's primary focus is serving customers and markets across Canada, while developing new customers internationally. CTC is committed to deepening its relationship with its customers and acquiring new customers by strengthening its purpose of preparing Canadians for the "Jobs and Joys for Life in Canada".

While the role CTC plays in the lives of Canadians is its foundation, the Company is evolving customer experiences and the "how we do it" to stay relevant as the retail market and consumer preferences evolve. CTC has begun operating as One Company, with strong individual banner brands and a shared platform of services and capabilities aligned to serve One CTC Customer. The Company believes that each of its retail banners and brands are stronger together, as part of a CTC marketplace focused on a common CTC customer. By sharing capabilities, platforms, tools, and data across CTC, all banners and brands are enabled to deliver unique, personalized, and compelling experiences.

The business and finance developments set out below highlight the Company's progress towards achieving its vision to become the #1 retail brand in Canada by 2022.

3.1 2018 General Developments of the Business

Business Developments

- CTC completed the acquisition of Helly Hansen for $985 million in July 2018. The acquisition resulted in the addition of a global brand and leader in sportswear and workwear that professionals use and trust. Helly Hansen strengthens CTC's core outdoor and workwear businesses across multiple retail banners and also accelerates the Company's ability to distribute current and future owned brands internationally. See section 2.1 under "Retail Segment – Helly Hansen" for further information concerning Helly Hansen.

- The Company evolved its iconic loyalty program, Canadian Tire Money, with the introduction of Triangle Rewards, which enables members to collect and redeem My Canadian Tire Money across CTC banners. See section 2.1 under "Retail Segment – Triangle Rewards Loyalty Program" for further information concerning the Triangle Rewards program. As part of the Triangle Rewards program, CTB began offering Triangle-branded credit cards through which cardholders can earn and redeem My Canadian Tire Money for use across CTC's retail banners. See section 2.2 entitled "Financial Services Segment" for additional information on CTB's credit card business.

- Canadian Tire completed the national roll-out of Deliver-To-Home order fulfillment. With that milestone completed, Canadian Tire, SportChek and Mark's are all now enabled with a home delivery service.

- The Company continued to refine its strategy, evolving its key initiatives under the following five areas of focus: i) brand and product portfolio; ii) customer experience; iii) financial discipline; iv) talent; and v) platforms. The Company is focused on delivering an innovative portfolio of brands and products and a first class customer experience, supported by strong financial discipline and its investments in talent and powerful enterprise platforms.

- SportChek changed its focus to driving growth of its existing store network by utilizing the talent, capabilities and operational excellence programs already established at Canadian Tire. Management began to shift its merchandising strategy of athletic and outerwear departments by category instead of by brand. Additionally, SportChek embarked on expanding the appeal of the brand by launching a new ad campaign with a positioning that seeks to encourage all Canadians to live a healthy active lifestyle. The marketing campaign which launched in the fall of 2018 was themed "Find What Moves You".

- The Company launched a partnership with Husky Energy under its Triangle Rewards program, which provides Canadians with the ability to earn My Canadian Tire Money on fuel purchases at more than 400 Husky sites. Given Husky's presence in western Canada, the addition of the Husky sites broadens the reach of the Triangle Rewards program.

- The Company announced a partnership with Petco, a leading global pet specialty retailer. Under the partnership, Canadian Tire exclusively offers a variety of premium pet products, including Petco's assortment of food, treats and accessories, online and in stores. The partnership marks Canadian Tire's entry into the premium pet category and reinforces the Company's dedication to offering customers and pet parents high quality products.

- To enhance its digital experience, Canadian Tire began testing new eCommerce solutions that put customer convenience at the heart of online shopping. Canadian Tire was the first-ever Canadian retailer to introduce new, automated, 16-foot Self-Serve Pick-Up Towers at five locations across Canada in Vancouver, Calgary, Saskatoon and Toronto. Customers at these locations enjoy the convenience of quickly collecting their online purchases using the new pick-up towers. CTC also introduced a fleet of self-serve lockers and automated check-in terminals. These new in-store options make the online order pick-up faster and more convenient enhancing the customer experience.

- The Company completed the acquisition of Sher-Wood Athletics Group Inc.'s global hockey trademarks with a global network of partners. The roll-out of this well-known hockey brand in CTC's retail banners will help to solidify CTC's position as the ultimate hockey destination.

- The Company launched eVoice, an employee engagement tool, to all corporate employees across the Company, which is providing new insights into the drivers of engagement to facilitate action planning across the organization.

- The Company completed the implementation of a Distributed Order Management system at Mark's, allowing the business to better manage, inventory, product margin and shipping costs as well as to improve the customer experience.

- CT REIT completed 13 acquisitions, one development and six intensifications and made investments in ongoing developments for a total of $170.5 million.

Finance Developments

- CT REIT issued $200 million of senior unsecured debentures in February 2018 with a 9.8-year term and a coupon rate of 3.865% per annum (Series F).

- CTC issued $650 million of unsecured medium term notes in July 2018. The note issuance included $250 million principal amount of unsecured medium term notes due July 6, 2020, with a coupon rate of 2.646% per annum (Series E) and a $400 million principal amount of unsecured medium term notes due July 6, 2023 with a coupon rate of 3.167% per annum (Series F).

- CTC and CT REIT completed a "bought-deal" joint offering for $265 million of CT REIT units in November 2018. CT REIT issued 5,179,000 units from treasury for gross proceeds of $65 million and CTC sold 15,936,000 CT REIT units for gross proceeds of $200 million. The offering supported the Company's continued investment in its owned brand strategy, including the acquisition of Helly Hansen, ongoing developments at existing properties and paying down the Company's credit facility. The offering reduced CTC's current effective interest in CT REIT from 85.5% to 76.2%. CTC intends to remain the majority unitholder of CT REIT over the long term.

- The Company approved an increase in its annual dividend from $3.60 to $4.15 per share, commencing with the quarterly dividend to be paid on March 1, 2019.

- The Company completed a $550 million share buyback program of its Class A Non-Voting Shares.

- The Company announced its intention to purchase $300 to $400 million of its Class A Non-Voting Shares by the end of 2019, subject to regulatory approval of the renewal of the Company's normal course issuer bid ("NCIB").

3.2 2017 General Developments of the Business

Business Developments

- During 2017, CTC continued to strengthen its product and brand portfolio through the acquisition of a number of important brands:

    - CTC acquired the Paderno brand in Canada, a premium kitchenware brand. Since acquiring this brand, the Consumer Brands division has designed, developed and launched innovative products in the cookware, bakeware and kitchen textile product lines.

    - CTC acquired Vermont Castings, a premium international barbeque and accessories brand which is expected to launch at Canadian Tire in the spring of 2019.

    - CTC acquired the Golfgreen brand in North America, a professional quality fertilizer brand, which was rolled out at Canadian Tire in 2018.

- The Company began implementing a One Company, serving One Customer strategy which seeks to consolidate the Company's functions and capabilities across the enterprise to leverage strengths and gain operating efficiencies with a single view of the customer across all of CTC's businesses.

- The Company made significant progress towards implementing its One Company strategy, including consolidating all of CTC's retail business functions (Marketing, Merchandising, Information Technology, Digital Retail, Store Operations and Consumer Brands) for Canadian Tire, SportChek and Mark's under Allan MacDonald, Executive Vice-President, Retail.

- To further strengthen its customer experience, Canadian Tire launched a Deliver-To-Home service at ten stores in the Ottawa area. Canadian Tire also expanded its online search capabilities with the launch of a new search engine which improved the digital experience and path to purchase.

- CTC commenced operations at its newest distribution centre, the Bolton Distribution Centre, located in Caledon, Ontario. The facility provides distribution automation and technology for the Company, improving productivity and workplace health and safety. The systems and processes in the distribution centre are designed to be equally productive filling large store replenishment orders and individual customers' online orders.

- Mark's repositioned its brand, using the tagline "Well Worn". Assortments were re-merchandised to improve the customer experience with Mark's owned brands, along with select national brands. In Quebec, the repositioning of the brand as a casual apparel destination was launched by L'Équipeur under the brand campaign, "Equipé Pour Tout". The campaign took on a multi-channel approach that included TV spots, digital video, digital displays, billboards and outdoor advertising in Montreal.

- CTB enhanced its in-store financing program with a view to acquiring new accounts while supporting the core retail business of the Company. CTB introduced customer card acquisition programs and in-store financing for purchases of $200 or more at both the Mark's and SportChek banners.

- The Tested for Life in Canada program, which uses a panel of ordinary Canadians to test Canadian Tire's most recommended products, expanded and saw the number of products tested increase by 600% to 7,500, with an increase in the number of testers to 65,000, up from 15,000 in 2016.

- The Company launched Triangle Learning Academy, offering online and in-person courses to provide extended learning and training to employees. The program has gained significant popularity among employees and is developing a culture of continuous learning within the Company.

- SportChek implemented a Distributed Order Management system with product fulfilment for online orders being deployed from the closest location to a customer, allowing the business to better manage inventory, product margin and shipping costs as well as to improve the customer experience.

- 33 Intersport stores were rebranded to Sports Experts to take advantage of the Sport Experts brand awareness in the Quebec market and to provide access to a greater product assortment and the marketing program that is in place at Sports Experts. This rebranding was in furtherance of SportChek's efforts and strategy to drive operational efficiencies in core business.

- Mark's enhanced its eCommerce platform with additional functionality, such as 360 degree video, as well as Click & Collect and True Fit, to support a better customer experience.

- CT REIT completed 31 acquisitions, including the acquisition of five multi-tenant properties from a third party, one development and 14 intensifications and made investments in ongoing developments for a total of $314.8 million.

Finance Developments

- CT REIT issued $175 million of senior unsecured debentures in June 2017 with a 10-year term and a coupon rate of 3.469% per annum (Series E).

- The Company approved an increase in its annual dividend from $2.60 to $3.60 per share, commencing with the quarterly dividend paid on March 1, 2018.

- The Company announced its financial aspirations for fiscal years 2018 to 2020. Achievement of these aspirations will contribute to the consistent increase of total shareholder return from 2018 to 2020. Information concerning the financial aspirations is provided in section 5.1 entitled "Three-Year (2018 to 2020) Financial Aspirations" of CTC's MD&A for the year ended December 29, 2018.

- The Company completed a $550 million share buyback program of its Class A Non-Voting Shares.

3.3 2016 General Developments of the Business

Business Developments

- In July 2016, Stephen Wetmore was re-appointed as President and Chief Executive Officer to lead the Company during a time of unprecedented change in the retail industry.

- CTC established the Consumer Brands division to develop and grow the Company's owned brand portfolio, product development capabilities and to identify and acquire suitable brands to complement its existing brands and assortments. See section 2.1 under "Retail Segment – Consumer Brands Division" for further information concerning the Consumer Brands division.

- Canadian Tire launched the WOW Guide, an online and print catalogue, to drive awareness of Canadian Tire's products and brands. The WOW Guide has played an integral role in connecting with consumers and highlights the Company's owned brands assortments, demonstrating the quality, breadth and depth of Canadian Tire's product offering. The WOW Guide continues to be an important part of the Company's marketing strategy today.

- Canadian Tire synchronized its in-store and digital experience by making national flyer offers available online. As well, a number of dedicated 'cyber events' were successfully executed, further enhancing the customer experience.

- As part of its operational efficiency program, Canadian Tire implemented, redesigned and improved processes for procuring merchandise and non-merchandise services, and invested in new, promotional planning analytics to optimize enterprise sales and profitability associated with promotional offers.

- To further strengthen its digital platform, Mark's rolled out a new point of sales system that facilitates the capture of transactional and customer data, which enables Mark's to better market to, and digitally interact, with customers.

- CT REIT completed 16 acquisitions, three developments and ten intensifications and made investments in ongoing developments for a total of $597.7M.

Finance Developments

- CT REIT issued $350 million of senior unsecured debentures in two series in May 2016. The debenture issuance included $150 million principal amount of senior unsecured debentures with a five-year term and a coupon rate of 2.159% per annum (Series C) and $200 million principal amount of senior unsecured debentures with a ten-year term and a coupon rate of 3.289% per annum (Series D).

- The Company approved an increase in its annual dividend from $2.30 to $2.60 per share, commencing with the quarterly dividend paid on March 1, 2017.

- The Company completed a $550 million share buyback program of its Class A Non-Voting Shares.

4. CAPITAL STRUCTURE

4.1 Equity Securities

The authorized capital of CTC consists of 100,000,000 Class A Non-Voting Shares and 3,423,366 Common Shares, of which 59,524,060 Class A Non-Voting Shares and 3,423,366 Common Shares were issued and outstanding as at December 29, 2018. For additional information with respect to CTC's outstanding share capital, see section 9 entitled "Equity" of the MD&A and Note 25 of the notes to CTC's Financial Statements for the year ended December 29, 2018.

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 9, 2019 and on the appointment of auditors. Each Common Share carries one vote. In addition, each holder of Common Shares 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 9, 2019. 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, one-fifth of the directors of CTC, calculated to the nearest whole number; (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. Subject to the foregoing, each Class A Non-Voting Share carries one vote. 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 Common Shares and the holders of 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 December 29, 2018, the Class A Non-Voting Shares would represent approximately 94.9% of the aggregate voting rights attached to the Common Shares and 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.

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 Class A Non-Voting Shares and the holders of Common Shares shall be paid or distributed equally share for share to the holders of Class A Non-Voting Shares and to the holders of 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 Equity 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 high and low reported trading price and volumes of Common Shares and Class A Non-Voting Shares of CTC on the TSX for each month of the 2018 fiscal year were as follows:

Common Shares (CTC)

	High ($)	Low ($)	Volume Traded
January 2018	258.90	231.00	5,356
February 2018	255.00	239.00	6,774
March 2018	269.90	246.50	2,157
April 2018	267.00	248.00	2,308
May 2018	268.70	241.41	7,179
June 2018	260.63	242.08	3,706
July 2018	248.94	248.02	2,117
August 2018	263.30	240.00	8,659
September 2018	250.50	230.98	4,898
October 2018	239.00	225.20	5,129
November 2018	241.80	226.00	5,344
December 2018	234.98	204.79	3,469

Class A Non-Voting Shares (CTC.a)

	High ($)	Low ($)	Volume Traded
January 2018	175.73	163.48	4,204,502
February 2018	180.21	157.60	4,975,866
March 2018	175.32	164.33	4,335,243
April 2018	177.50	165.34	3,472,100
May 2018	177.44	161.43	5,322,604
June 2018	176.96	164.00	3,955,802
July 2018	178.50	169.05	2,724,249
August 2018	183.93	161.40	4,505,593
September 2018	163.75	151.14	4,925,033
October 2018	152.96	145.23	4,685,154
November 2018	167.40	146.71	6,595,822
December 2018	153.07	137.10	5,075,684

4.3 Normal Course Issuer Bid

Each year, the Company files an NCIB with the TSX which allows it to purchase its Class A Non-Voting Shares in the open market to effect its share buyback program and anti-dilution policy.

CTC's current NCIB commenced on March 2, 2018 and is in effect until March 1, 2019. Under the NCIB, the Company has the ability to purchase up to 5.9 million Class A Non-Voting Shares by means of open market transactions through the facilities of the TSX and/or alternative trading systems at the market price of the Class A Non-Voting Shares at the time of purchase or as otherwise permitted under the rules of the TSX or securities regulatory authorities. Class A Non-Voting Shares acquired by CTC pursuant to the NCIB are restored to the status of authorized but unissued shares. CTC intends to renew its normal course issuer bid in 2019, subject to TSX approval.

4.4 Debt Securities

As at December 29, 2018, CTC had an aggregate principal amount of $1,200 million medium term notes outstanding. CTC has issued various series of medium term notes and each series is governed by a trust indenture ("Trust Indenture"). The medium term notes are subject to certain covenants, are unsecured obligations of CTC and rank equally and pari passu with all other existing and future unsecured and unsubordinated indebtedness of CTC.

Pursuant and subject to the terms of the Trust Indentures, CTC may redeem, in whole or in part, medium term notes with terms greater than two years. In addition, in the event of a change of control, CTC must make an offer to repurchase the medium term notes.

In connection with its medium term note program, CTC has obtained various credit ratings. Information concerning CTC's credit ratings is set out in section 6 entitled "Security Ratings".

Issuances During 2018

During fiscal 2018, CTC completed the offering of two series of medium term notes, which are detailed in the following tables:

Series E Notes	
Size of Offering	$250,000,000
Original Issue Date	July 3, 2018
Maturity Date	July 6, 2020
Coupon Rate	2.646%
Issue Price	$1,000 per $1,000 principal amount

Series F Notes	
Size of Offering	$400,000,000
Original Issue Date	July 3, 2018
Maturity Date	July 6, 2023
Coupon Rate	3.167%
Issue Price	$1,000 per $1,000 principal amount

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. In November 2017, CTC increased its targeted dividend payout ratio to approximately 30% to 40% (previously 25% to 30%) of prior year's normalized earnings, after giving consideration to the period end cash position, future cash flow requirements, capital market conditions, and investment opportunities. Normalized earnings for this purpose exclude non-recurring items but include gains and losses on the ordinary course disposition of property and equipment.

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

Year	Annual Dividend Declared Per Share	Annual Dividend Paid Per Share
2016	$2.3750	$2.3000
2017	$2.8500	$2.6000
2018	$3.7350	$3.6000

In 2018, the Board of Directors approved an increase in the quarterly dividend per share (on each Common and Class A Non-Voting Share) from $0.9000 to $1.0375 per quarter, commencing with the dividend to be paid on March 1, 2019.

The dividends declared in 2016, 2017, and 2018 are as follows:

Dividend Amount	Declaration Date	Payable to Holders of Record As Of	Payable Date
$0.575	February 17, 2016	April 30, 2016	June 1, 2016
$0.575	May 12, 2016	July 31, 2016	September 1, 2016
$0.575	August 4, 2016	October 31, 2016	December 1, 2016
$0.650	November 9, 2016	January 31, 2017	March 1, 2017
$0.650	February 15, 2017	April 30, 2017	June 1, 2017
$0.650	May 11, 2017	July 31, 2017	September 1, 2017
$0.650	August 10, 2017	October 31, 2017	December 1, 2017
$0.900	November 9, 2017	January 31, 2018	March 1, 2018
$0.900	February 14, 2018	April 30, 2018	June 1, 2018
$0.900	May 9, 2018	July 31, 2018	September 1, 2018
$0.900	August 8, 2018	October 31, 2018	December 1, 2018
$1.0375	November 7, 2018	January 31, 2019	March 1, 2019

The June 4, 1993 Trust Indenture pursuant to which CTC issued medium term notes due in 2028 and 2034, contains 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 2020, 2023 and 2035 do not contain any restrictions concerning CTC's ability to declare and pay dividends.

6. SECURITY RATINGS

CTC and its debt securities have been rated by DBRS Limited ("DBRS") and S&P Global Ratings, acting through Standard & Poor's Ratings Services (Canada), a business unit of S&P Global Canada Corp. ("S&P"), as follows (all with a stable outlook):

	DBRS	S&P
Issuer Credit Rating	BBB (high)	BBB+
Medium Term Notes	BBB (high)	BBB+

The following information relating to credit ratings is based on information made available to the public by the rating agencies.

A credit rating generally provides an indication of the risk that the borrower will not fulfill its full obligations in a timely manner with respect to both interest and principal commitments. Rating categories for DBRS and S&P range from highest credit quality (generally "AAA") to default in payment (generally "D").

A credit rating of "BBB (high)" by DBRS is within the fourth highest of ten categories and is assigned to debt that is considered to be of adequate credit quality, where capacity for the payment of financial obligations is considered acceptable but the issuing entity may be vulnerable to future events. The assignment of a "(high)" or "(low)" modifier within each rating category indicates relative standing within such category. The assignment of a "Positive", "Stable" or "Negative" trend modifier provides guidance in respect of DBRS's opinion regarding the outlook for the rating in question. The rating trend indicates the direction in which DBRS considers the rating is headed should present tendencies continue.

A credit rating of BBB+ by S&P is within the fourth highest of ten categories and indicates that the obligor exhibits adequate capacity to meet financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation. A credit rating of “BBB−” or higher is an investment grade rating. The addition of a plus (+) or minus (−) designation after a rating indicates the relative standing within a particular rating category. The addition of a rating outlook modifier, such as “Positive”, “Stable”, “Negative” or “Developing” assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). An outlook is not necessarily a precursor of a rating change.

There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, withdrawn or revised by either or both of DBRS or S&P if, in their judgment, circumstances so warrant.

The rating of any debt securities is not a recommendation to buy, sell or hold such securities, inasmuch as such ratings do not comment as to market price or suitability for a particular investor.

The Company has paid fees to DBRS and S&P to obtain its credit rating and expects to pay similar fees in the future pursuant to the rating agency’s services agreements entered into with such credit rating organizations. CTC has also paid fees to DBRS and S&P in 2018 for rating evaluation services provided with respect to CTC’s acquisition of Helly Hansen and the issuance of medium term notes. There have been no other services provided by such credit rating organizations to the Company within the last two fiscal years.

Information regarding the credit ratings applicable to CT REIT can be found under section 11 entitled “Credit Ratings” of CT REIT’s Annual Information Form which is not incorporated herein by reference.

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 Montreal (Quebec), Calgary (Alberta) and Vancouver (British Columbia).

CIBC Mellon Trust Company 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 following table sets out, as of the date hereof, the names, provinces or states and countries of residence, year first elected or appointed, and present principal occupations of the directors of CTC:

Name, Province or State and Country of Residence	Year First Elected/Appointed as a Director[1]	Present Principal Occupation[2]
Maureen J. Sabia Ontario, Canada	1985	Non-Executive Chairman of the Board of CTC; President, Maureen Sabia International, a consulting firm; and Corporate Director

Name, Province or State and Country of Residence	Year First Elected/Appointed as a Director[1]	Present Principal Occupation[2]
Eric T. Anderson Illinois, U.S.A	2016	Hartmarx Professor of Marketing, Northwestern University, Kellogg School of Management and Director of the Centre for Global Marketing Practice
Martha G. Billes Alberta, Canada	1980	President, Tire 'N' Me Pty. Ltd., 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
Patrick J. Connolly California, U.S.A	2016	Co-Founder, Managing Partner of SleepScore Ventures, LLC, an early stage investor in companies developing products and services to improve sleep, and Corporate Director
David C. Court Ontario, Canada	2015	Corporate Director and Director Emeritus, McKinsey & Company, a management consulting firm
Mark E. Derbyshire Ontario, Canada	2016	Independent Management Consultant and Corporate Director
John A. F. Furlong British Columbia, Canada	2011	Corporate Director
James L. Goodfellow Ontario, Canada	2010	Corporate Director
Norman Jaskolka Quebec, Canada	2018	President, Aldo Group International and Deputy Chairman, Aldo Group, an international retailer of fashion footwear and accessories
Claude L'Heureux Ontario, Canada	2011	President, Gestion Claude L'Heureux, which operates a Canadian Tire store
Donald A. Murray Alberta, Canada	2017	President, Donald A. Murray Holdings Ltd., which operates a Canadian Tire store
Anatol von Hahn Ontario, Canada	2015	Venture Capitalist in the fintech space and Corporate Director
Stephen G. Wetmore Ontario, Canada	2003	President and Chief Executive Officer of CTC

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.

2. Prior to serving in their present principal occupations, the following directors of CTC have held other principal occupations during the past five years, as noted below:

   (a) P.J. Connolly, who from July 2014 until July 2016 was Executive Vice-President, Chief Strategy and Business Development Officer, Williams-Sonoma, Inc. and from 2000 to 2014 was Chief Marketing Officer, Williams-Sonoma, Inc.
   (b) D.C. Court, who prior to November 2016 was a Director (Senior Partner) of McKinsey & Company.
   (c) M.E. Derbyshire, who from January 2010 until September 2016 served as President and CEO of Holt Renfrew & Co., Limited.
   (d) A. von Hahn, who prior to June 2015 was Group Head, Canadian Banking, Scotiabank.

(e) S.G. Wetmore, who between December 1, 2014 and July 12, 2016 served as Non-Executive Deputy Chairman of the Board of the Company, prior to December 1, 2014 served as Chief Executive Officer of the Company, and prior to November 7, 2013 served as Chief Executive Officer and President of the Company.

3. P. Boivin served on the board of directors of Toptent Inc. ("Toptent") from August 2007 until November 2009. During the 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

The Board of Directors has 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:

Audit Committee	MRC Committee	Governance Committee	Brand and Community Committee
D.L. Chant (Chairman)	J.L. Goodfellow (Chairman)	M.J. Sabia (Chairman)	P.J. Connolly (Chairman)
P. Boivin	E.T. Anderson	M.G. Billes	M.G. Billes
D.C. Court	P. Boivin	D.L. Chant	O.G. Billes
J.L. Goodfellow	D.C. Court	P.J. Connolly	M.E. Derbyshire
N. Jaskolka	M.E. Derbyshire	J.L. Goodfellow	J.A.F. Furlong
A. von Hahn	J.A.F. Furlong		N. Jaskolka
	A. von Hahn		C. L'Heureux
			D.A. Murray

Audit Committee

The Audit Committee Mandate is attached hereto as Schedule A. As noted above, the Audit Committee is comprised of Diana L. Chant (Chairman), Pierre Boivin, David C. Court, James L. Goodfellow, Norman Jaskolka and Anatol von Hahn. The education and experience of each Audit Committee member that is relevant to the performance of his or her responsibilities as an Audit Committee member is described below:

Member	Experience
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 its financial services industry practice. 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 of directors and audit committee of Industrial and Commercial Bank of China (Canada) and the board of directors 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.
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 board of directors 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 Corporate Director and Director Emeritus, McKinsey & Company ("McKinsey"). As a former Director (Senior Partner) of McKinsey's Dallas, Texas office Mr. Court led McKinsey's global Technology, Communications and Knowledge practice and

Member	Experience
	also served as a member of the firm's board of directors and global operating committee. He also 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. While at McKinsey, Mr. Court 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 Brookfield Business Partners LP, the Public Sector Pension Investment Board and National Geographic Ventures. Mr. Court has authored various articles and professional publications.
James L. Goodfellow	Mr. Goodfellow is a Chartered Professional Accountant with over 40 years of 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 a 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 and financial reporting. He has authored various articles and professional publications.
Norman Jaskolka	Mr. Jaskolka is a Chartered Professional Accountant, President of ALDO Group International and Deputy Chairman of The ALDO Group. Mr. Jaskolka joined The ALDO Group in 1995 and occupied the positions of Vice-President Corporate Development and Vice-President Information Technology before founding the ALDO Group's international business in 2000 which has expanded to over 100 countries. He is a member of The ALDO Group's Enterprise Risk Management Committee, oversees all merger and acquisition activities and has also led The ALDO Group's annual budgeting process. Mr. Jaskolka is the CEO of Sweet Park Holdings Inc., the company that manages the investments of the Bensadoun family, including The ALDO Group. He also serves on the board of Triotech Amusement Inc., a privately held company based in Montreal which develops and markets immersive and interactive out-of-home cinemas and platforms across more than 50 countries. He is Co-Chairman of the Advisory Board of the Bensadoun School of Retail Management at McGill University. In 1997, Mr. Jaskolka was awarded the title of Fellow of the Order of Chartered Accountants of Quebec in recognition for his services and leadership in the accounting profession.
Anatol von Hahn	Mr. von Hahn is a senior international banker with over 30 years of board, chief executive officer and executive management experience in North America, Latin America and Asia. Mr. von Hahn previously served as Group Head, Canadian Banking and Head of Retail Commercial and Small Business in Canada for Scotiabank where he was responsible for defining and implementing strategic direction, goals and values for Canadian Banking and the shared services group, in line with the bank's strategy. Mr. von Hahn joined Scotiabank in 1984 where he held progressively senior positions in both Canadian and international banking, including roles as the Head of Latin America, Scotiabank (2007 to 2009), CEO, Scotiabank Mexico (2000 to 2007) and CEO, Banco Quilmes Argentina (1997 to 2000). In addition, Mr. von Hahn has served as Chairman and a director of several Canadian and international banks and trust companies where he was also a member of and/or chaired the executive, credit and risk, reputational, and crisis management committees. Mr. von Hahn holds a Bachelor of Commerce degree with a major in Accounting from Concordia University and participated in the Advanced Management Program at Harvard University.

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 within the meaning of 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 following table sets out, as of the date hereof, the names, provinces and country of residence, and present principal occupations of the executive officers of CTC:

Name, Province and Country of Residence	Present Principal Occupation[1]
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	President and Chief Executive Officer
Dean C. McCann Ontario, Canada	Executive Vice-President and Chief Financial Officer
Allan A. MacDonald Ontario, Canada	Executive Vice-President, Retail
James R. Christie Ontario, Canada	Executive Vice-President, CTC, Strategic Advisor and General Counsel
Mahes S. Wickramasinghe Ontario, Canada	Executive Vice-President and Chief Corporate Officer
Iain Kennedy Ontario, Canada	Executive Vice-President, Enterprise Technology and Supply Chain
Gregory G. Craig Ontario, Canada	President, Canadian Tire Financial Services
Jane E. Nakamachi Ontario, Canada	Senior Vice-President, Talent

NOTE:

1. Each of the executive officers 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 I. Kennedy who from May 2015 to May 2017 served as Global Chief Information Officer of Blackberry Limited and from September 2013 to May 2015 served as Global Head Supply Chain, Procurement and Manufacturing Operations of Blackberry Limited.

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

As at December 29, 2018, the directors and executive officers of CTC, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 2,101,177 Common Shares of CTC (representing approximately 61.4% of the issued and outstanding Common Shares of CTC) and 834,154 Class A Non-Voting Shares of CTC (representing approximately 1.4% of the issued and outstanding Class A Non-Voting Shares of CTC). The Common Shares held by this group include 2,101,150 Common Shares beneficially owned, controlled or directed by Ms. Billes through two privately held companies, Tire 'N' Me Pty. Ltd. and Albikin Management Inc.

The above 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 Company's shares held in relation to the CTC DPSP. As at December 29, 2018, 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 663,288 of the Class A Non-Voting Shares of CTC (representing approximately 1.1% of the issued and outstanding Class A Non-Voting Shares of CTC) held in relation to the CTC DPSP. As at December 29, 2018, the directors and executive officers of CTC, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 76,325 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 of the Company or its subsidiaries has an existing or potential material conflict of interest with CTC or any entities controlled by it. Three directors are currently 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. McCann, the Executive Vice-President and Chief Financial Officer of CTC, and Mr. Hicks, the President of Canadian Tire Retail, 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. The following table sets forth the aggregate fees billed for professional services rendered by Deloitte LLP to the Company and its subsidiaries for the fiscal years ended December 29, 2018 and December 30, 2017, respectively:

	Year Ended December 29, 2018	**Year Ended December 30, 2017**
Audit Fees[(1)]	$5,444,000	$5,025,000
Audit-Related Fees[(2)]	$1,254,000	$1,279,000
Tax Fees[(3)]	$57,000	$97,000
All Other Fees[(4)]	$112,000	$188,000
Total	**$6,867,000**	**$6,589,000**

NOTES:

1. "Audit Fees" are the aggregate fees billed by CTC's external auditors for audit services.
2. "Audit-Related Fees" are 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 under "Audit Fees" in the table above. In the 2017 and 2018 fiscal year, these services related to translations, accounting advisory and due diligence on various projects.
3. "Tax Fees" include the aggregate fees billed by CTC's external auditors for professional services related to tax compliance, tax advice and tax planning. In the 2017 and 2018 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.
4. "All Other Fees" are aggregate fees billed by CTC's external auditors for services, other than the services reported under "Audit Fees", "Audit-Related Fees" and "Tax Fees" in the table above. In the 2017 and 2018 fiscal year, these services related to various consulting projects.

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 2018, (i) there have been no penalties or sanctions imposed against the Company 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 the Company that would likely be considered important to a reasonable investor in making an investment decision, and (iii) the Company 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 10, 2018, 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 December 29, 2018, 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" within the meaning of applicable securities legislation 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
- Retail Sourcing on page 12;
- Environmental and Social Responsibility on pages 20 to 21;

Section 3 – General Development of the Business
- General Development of the Business on pages 22 to 26;

Section 4 – Capital Structure
- Normal Course Issuer Bid on page 28; and

Section 10 – Legal Proceedings and Regulatory Actions
- Legal Proceedings and Regulatory Actions on pages 36 and 37.

Forward-looking statements provide information about management's current expectations and plans and allow 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.

Certain statements included or incorporated by reference 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 material assumptions and management's beliefs, which may prove to be incorrect include, but are not limited to, the effectiveness of certain performance measures, current and future competitive conditions and CTC's position in the competitive environment, expectations around CTC's core capabilities and the availability of sufficient liquidity to meet CTC's contractual obligations. Although CTC believes that the forward-looking information in this Annual Information Form is 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, but may cause actual results to differ from the results expressed by forward-looking information, 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 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 owned brands, or CTC's financial products and services; (d) CTC's margins and sales and those of its competitors; (e) the changing consumer preferences and expectations related to eCommerce, online retailing, and the introduction of new technologies; (f) the possible effects on CTC's business from international conflicts, political conditions and developments, including changes relating to or affecting economic or trade matters; (g) 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; (h) CTC's capital structure, funding strategy, cost management programs and share price; and (i) the Company's ability to obtain all necessary regulatory approvals.

The material 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 2.8 entitled "Risk Factors" and also in CTC's MD&A for the year ended December 29, 2018: section 7.2.4 entitled "Retail Segment Business Risks", 7.3.2 entitled "CT REIT Segment Business Risks", 7.4.3 entitled "Financial Services Segment Business Risks" and section 12 entitled "Risks and Risk Management" and all subsections thereunder. For more information, please also 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. The forward-looking information in this Annual Information Form is based on certain factors and assumptions as of the date hereof and does 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. 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.

SCHEDULE A

CANADIAN TIRE CORPORATION, LIMITED
AUDIT COMMITTEE MANDATE

The Board of Directors (the "Board") of Canadian Tire Corporation, Limited (the "Corporation") has established the Audit Committee (the "Committee").

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

1. Purpose of the Committee

The purpose of the Committee is to assist the Board in fulfilling its oversight accountabilities with respect to:

(a) financial reporting and disclosure including gaining reasonable assurance as to:

- (i) the integrity of the financial statements of the Corporation and the soundness of the Corporation's accounting principles and significant judgments;
- (ii) the compliance by the Corporation with legal, regulatory and other requirements relating to its financial statements and disclosures;
- (iii) the adequacy and effectiveness of the Corporation's internal financial and disclosure control systems and procedures and the sufficiency of periodic testing thereof;
- (iv) the effectiveness of oversight functions including the Corporation's internal audit and risk management functions; and
- (v) the qualifications, independence and performance of the Corporation's external auditor.

(b) the development and implementation of a comprehensive enterprise risk management policy and enterprise risk management program that appropriately identify, assess, monitor and manage the Corporation's risks; and

(c) legislative and regulatory compliance, including gaining reasonable assurance that the business and affairs of the Corporation are conducted in a manner that limits the exposure of the Corporation, its directors and employees to financial penalties or civil or criminal liability or to issues that may negatively impact the reputation of the Corporation.

2. Composition of the 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) One of the Committee members shall be designated by the Governance Committee as the Committee Chairman.

3. Member Qualifications

All members of the Committee shall be financially literate which requires that all Committee members 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. Member Appointment and Removal

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

5. 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:

(i) 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 ("GAAP"); and

(ii) 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.

6. Approval of Non-Audit Services

(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.

7. Responsibilities of the Committee

To fulfill its responsibilities and duties, the Committee shall:

(a) Financial Reporting

(i) 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 "MD&A"), the Annual Information Form and CEO/CFO 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;

(ii) review the external auditors' reports on their review of the annual and quarterly financial statements;

(iii) review a copy of the representation letter provided to the external auditors from management and any additional representations required by the Committee;

(iv) review and, if appropriate, recommend to the Board for approval all public disclosure documents containing material audited or unaudited financial information, including the Annual Information Forms, the annual and interim MD&As, 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;

(v) review and, if appropriate, recommend to the Board for approval all prospectuses, take-over bid circulars, issuer bid circulars and directors' circulars;

(vi) 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

(vii) 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.

(b) Accounting Policies

(i) review with management and the external auditors the appropriateness of the Corporation's accounting policies and principles, disclosures, reserves, key estimates and judgments, including changes or variations thereto and obtain reasonable assurance that they are presented fairly in accordance with GAAP, and report thereon to the Board;

(ii) 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

(iii) review with management and the external auditors the degree of conservatism of the Corporation's underlying accounting policies, key estimates and judgments and reserves.

(c) Internal Control over Financial Reporting

(i) satisfy itself that the Corporation has designed and maintains a system of internal control over financial reporting ("ICFR") and an appropriate control environment to provide reasonable assurance over the reliability of financial reporting;

(ii) satisfy itself that the Chief Executive Officer and the Chief Financial Officer have conducted an annual evaluation of the effectiveness of ICFR and disclosed in the annual MD&A their conclusions about the effectiveness of ICFR;

(iii) review the plans of the executive who manages the internal audit function (the "Internal Auditor") and the external auditors with respect to ICFR; and

(iv) receive regular reports from management, the Internal Auditor and the external auditors on the effectiveness of ICFR, including any indication of fraud and the corrective activity undertaken in respect thereto.

(d) Disclosure Controls and Procedures

(i) satisfy itself that management has designed and maintains a system of disclosure controls and procedures ("DC&P") to provide reasonable assurance that information required to be disclosed by the Corporation in its continuous disclosure or other filings under securities legislation is recorded, processed, summarized and reported appropriately;

(ii) satisfy itself that the Chief Executive Officer and the Chief Financial Officer have conducted an annual evaluation of the effectiveness of DC&P and disclosed in the annual MD&A their conclusions about the effectiveness of DC&P; and

(iii) receive regular reports from management, the Internal Auditor and the external auditors on the effectiveness of DC&P, including any indication of fraud and the corrective activity undertaken in respect thereto.

(e) Other Financial Matters

(i) 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;

(ii) 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; and

(iii) reviewing and approving the adequacy of insurance coverages maintained by the Corporation and reporting thereon to the Board.

(f) Risk Management

(i) annually review and recommend to the Board for approval the principal risks of the Corporation; and

(ii) recommend to the Board a comprehensive enterprise risk management policy and report to the Board on the enterprise risk management program established by management.

(g) Compliance with Laws and Regulations

(i) review regular reports from management with respect to the Corporation's compliance with laws and regulations having a material impact on the Corporation's financial statements and financial condition including:

(A) tax and financial reporting laws and regulations;

(B) tax withholding requirements;

(C) requirements of governments, regulatory agencies and stock exchanges relating to financial reporting and disclosure; and

(D) other laws and regulations which expose directors to liability;

(ii) review the status of the Corporation's tax filings and assessments and those of its subsidiaries;

(iii) review and recommend to the Board for its approval 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:

(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 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 behaviour or other breaches of the Code of Business Conduct;

(iv) 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;

(v) 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; and

(vi) 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.

(h) Compliance with Policies

(i) 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

(ii) review and recommend to the Board for approval proposed changes to all Board level policies that manage financial risk from time to time.

(i) Relationship with External Auditors

(i) recommend to the Board the nomination of the external auditors;

(ii) approve the terms of engagement of and, subject to the approval of the shareholders authorizing the Board to do so, determine the remuneration to be paid by the Corporation to the external auditors with respect to the conduct of the annual audit, and report thereon to the Board;

(iii) if necessary, recommend the removal by the shareholders of the current external auditors and replacement with new external auditors;

(iv) review the performance of the external auditors annually or more frequently as required;

(v) 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;

(vi) 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;

(vii) 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;

(viii) 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;

(ix) 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;

(x) 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;

(xi) 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;

(xii) oversee the work of the external auditors and the resolution of disagreements between management and the external auditors with respect to financial reporting; and

(xiii) 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.

(j) Internal Auditor

(i) review and approve the Internal Auditor's terms of reference;

(ii) review and approve the annual plan of the Internal Auditor;

(iii) 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;

(iv) review and approve the reporting relationship of the Internal Auditor to ensure that independence and objectivity are maintained and that the Internal Auditor is aware of his or her obligation to report directly to the Committee on matters affecting the Committee's duties, irrespective of his or her other reporting relationships; and

(v) approve the appointment, replacement, reassignment or dismissal of the Internal Auditor, and review the terms of the Internal Auditor's compensation.

(k) Other Key Responsibilities

(i) 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;

(ii) 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, including consultants and systems;

(iii) review in advance the appointment of the Corporation's Chief Financial Officer, the Controller and the Treasurer of the Corporation;

(iv) investigate any matters that, in the Committee's discretion, fall within the Committee's duties;

(v) review periodic reports from the Internal Auditor on its review of compliance with the Corporation's Code of Business Conduct and other applicable policies;

(vi) review and approve the Corporation's policy with respect to the hiring of partners, employees and former partners and employees of the current and former external auditors, in compliance with the external auditor's independence guidelines;

(vii) establish and periodically monitor procedures for (1) the confidential receipt, retention and treatment of complaints received by the Corporation regarding the Corporation's accounting, internal accounting controls or auditing matters, and (2) the confidential anonymous submission, retention and treatment of concerns by employees regarding questionable accounting or auditing matters, and require that all such matters be reported to the Committee together with a description of the resolution of the complaints or concerns;

(viii) in consultation with management and the external auditors, schedule continuing education opportunities on important financial topics;

(ix) annually review and approve a report of the Committee's activities for inclusion in the Corporation's management information circular; and

(x) perform such other responsibilities and duties that are delegated by the Board to the Committee pursuant to the "Delegation of Board Duties to Committees".

8. Operating Procedures

(a) The Committee shall meet four times annually and as many additional times as necessary to carry out its duties effectively. Committee meetings shall be held at the call of the Committee Chairman, 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.

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

(c) The Committee Chairman shall develop the agenda for all meetings of the Committee as well as an annual work plan responsive to the Committee's responsibilities as set out in this Mandate and its strategic priorities, all in consultation with Committee members, management and the external auditors, as appropriate.

(d) Unless the Committee otherwise specifies, the Secretary of the Corporation (or his or her designate) shall act as secretary of the meetings of the Committee, and minutes shall be kept for each Committee meeting.

(e) The Committee Chairman shall conduct all meetings of the Committee at which he or she is present. In the absence of the Committee Chairman, the Committee members shall appoint an acting Chairman.

(f) 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.

(g) The Chairman of the Committee may invite any officer or employee of the Corporation or any other person to attend any Committee meetings to participate in the discussion and review of the matters considered by the Committee.

(h) A copy of the minutes of each meeting of the Committee shall be provided to each Director.

9. Operating Principles

(a) 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.

(b) 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.

(c) 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.

10. Reporting to the Board

The deliberations, decisions and recommendations of the Committee, including with respect to the most significant matters discussed by the Committee, shall be reported to the Board at the Board's next regular meeting.

11. Evaluation and Assessment of this Mandate, the Committee and its Compliance with this Mandate

(a) Every three years, the Committee shall review and assess the appropriateness of this Mandate taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by regulators or stock exchanges with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Mandate to the Governance Committee for recommendation to the Board for its approval, except for minor technical amendments to this Mandate, authority for which is delegated to the Secretary or Assistant Secretary of the Corporation, who will report any such amendments to the Committee and the Board at their next regular meetings.

(b) Every two years, the Committee shall conduct a review and evaluation of the Committee's performance including its ability to meet the requirements of this Mandate, in accordance with the evaluation process developed–and approved by the Governance Committee, and provide the results of the performance evaluation to the Governance Committee and the Board.

(c) The Committee shall develop and recommend to the Governance Committee a position description for the Chairman of the Committee. Every three years, the Committee shall review and update as necessary the Chairman's position description and recommend any changes thereto to the Governance Committee for its approval.

12. Advisors

The Committee may at the expense of the Corporation retain and terminate external advisors having particular expertise for the purposes of fulfilling its Mandate, and shall be entitled to rely in good faith upon any report by any advisor. The Committee shall also have the authority to approve the proposed fees of these external advisors and any other terms of engagement.

APPENDIX A
Board Level Policies

Financial Risk Management Board Policy
Legal Risk Management Board Policy
Financial Reporting Board Policy
Enterprise Risk Management Board Policy
Business Continuity Board Policy
Ethical Business Conduct Board Policy