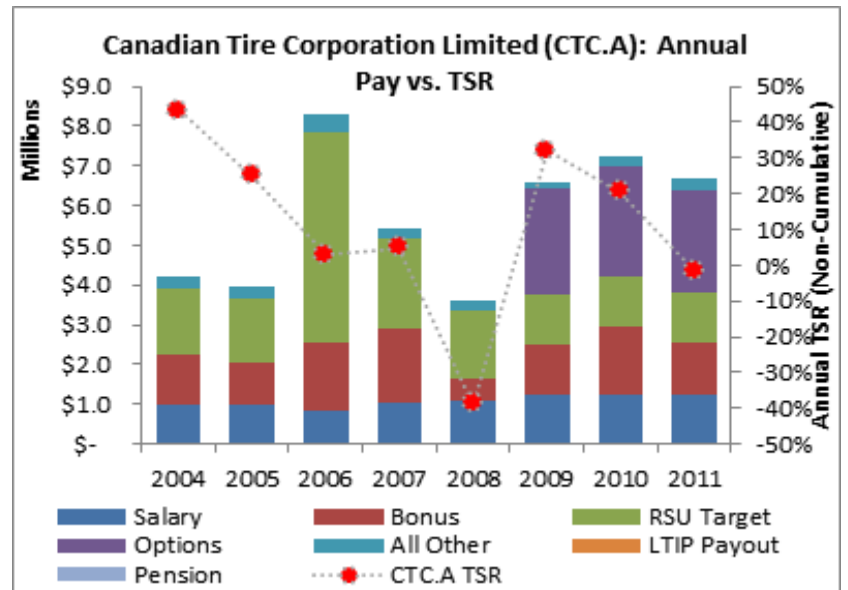
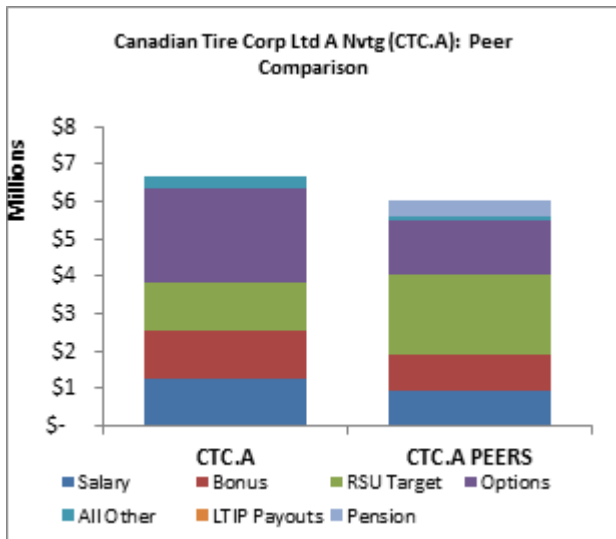


Canadian Tire Corp Ltd (CTC.A): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 3	4 YEAR = 0	6 YEAR = 3	8 YEAR = 8	TOTAL: 14/24

Currently, CTC's annual CEO bonus is based entirely on earnings results. As a result, we do not observe a close alignment between TSR and bonus throughout our observations. Market performance among CTC's peers in 2011 was not strong, with only 3 of 11 posting positive results - CTC ranked 4th with -1.6%. **Under the current plans, granting of options and PSU is only partly based on performance - other determining factors are salary, position and potential - and as such have remained mostly static since the introduction of CEO options in 2009. This means that bonus has been the most variable pay component in recent years. On an ongoing basis, we do not expect to see strong pay/TSR alignment under the current compensation scheme.**

Nonetheless, CTC's pay and TSR have moved in the same direction in our 1-, 6- and 8-year observations, resulting in a Pay for Performance Score of 14.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:AC.B	Air Canada
TSE:GIL	Gildan Activewear Inc.
TSE:PJC.A	Jean Coutu Group (PJC) Inc.
TSE:MFI	Maple Leaf Foods Inc.
TSE:TPX.B	Molson Coors Canada
TSE:RON	RONA Inc.
TSE:SCC	Sears Canada Inc.
TSE:BAM.A	Brookfield Asset Management Inc
TSE:CP	Canadian Pacific Railway Ltd.
TSE:ENB	Enbridge Inc.

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:ENB	39.7%	TSE:PJC.A	35.4%	TSE:PJC.A	21.7%
2	TSE:PJC.A	29.2%	TSE:GIL	17.8%	TSE:GIL	12.5%
3	TSE:CP	8.9%	TSE:ENB	12.7%	TSE:TPX.B	5.4%
4	TSE:CTC.A	-1.6%	TSE:CP	12.3%	TSE:CP	4.0%
5	TSE:MFI	-3.6%	TSE:BAM.A	10.7%	TSE:CTC.A	3.8%
6	TSE:TPX.B	-8.0%	TSE:CTC.A	10.6%	TSE:MFI	2.9%
7	TSE:GIL	-10.5%	TSE:MFI	9.5%	TSE:ENB	2.9%
8	TSE:BAM.A	-14.1%	TSE:TPX.B	8.8%	TSE:BAM.A	2.0%
9	TSE:RON	-31.0%	TSE:AC.B	6.2%	TSE:SCC	-2.1%
10	TSE:SCC	-40.9%	TSE:SCC	-4.1%	TSE:AC.B	-2.6%
11	TSE:AC.B	-71.3%	TSE:RON	-4.9%	TSE:RON	-3.2%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	TSE:TPX.B	\$11,620,292	TSE:AC.B	\$1,400,000	TSE:ENB	\$2,396,000	TSE:ENB	\$3,665,750	TSE:TPX.B	\$8,063,785
2	TSE:ENB	\$8,361,087	TSE:ENB	\$1,269,750	TSE:MFI	\$1,524,253	TSE:CTC.A	\$2,564,562	TSE:CP	\$4,871,883
3	TSE:CP	\$6,974,095	TSE:CTC.A	\$1,250,000	TSE:GIL	\$1,414,144	TSE:MFI	\$2,529,253	TSE:MFI	\$4,122,789
4	TSE:MFI	\$6,735,655	TSE:TPX.B	\$1,030,281	TSE:CTC.A	\$1,314,562	TSE:TPX.B	\$2,276,914	TSE:CTC.A	\$3,801,610
5	TSE:CTC.A	\$6,672,204	TSE:MFI	\$1,005,000	TSE:TPX.B	\$1,246,634	TSE:GIL	\$2,188,998	TSE:ENB	\$3,632,824
6	TSE:AC.B	\$4,945,360	TSE:CP	\$985,873	TSE:PJC.A	\$937,156	TSE:PJC.A	\$1,826,207	TSE:BAM.A	\$2,910,921
7	TSE:BAM.A	\$3,928,718	TSE:PJC.A	\$889,051	TSE:BAM.A	\$495,425	TSE:AC.B	\$1,725,000	TSE:AC.B	\$2,899,860
8	TSE:GIL	\$3,109,890	TSE:RON	\$876,413	TSE:SCC	\$450,000	TSE:BAM.A	\$995,350	TSE:RON	\$952,857
9	TSE:PJC.A	\$2,383,660	TSE:GIL	\$774,854	TSE:AC.B	\$325,000	TSE:CP	\$985,873	TSE:GIL	\$794,735
10	TSE:RON	\$1,827,911	TSE:BAM.A	\$499,925	TSE:RON	\$87,641	TSE:RON	\$964,054	TSE:PJC.A	\$393,353
11	TSE:SCC	\$942,916	TSE:SCC	\$487,879	TSE:CP	\$0	TSE:SCC	\$937,879	TSE:SCC	\$0

PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

