ANNUAL INFORMATION FORM

Canadian Tire Corporation, Limited
2180 Yonge Street
Toronto, Ontario
M4S 2B9

March 2, 2000

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CANADIAN TIRE CORPORATION, LIMITED

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Unless otherwise indicated herein, the information set out in this annual information form is current to March 2, 2000.

Incorporation

Incorporation of the Issuer

Canadian Tire Corporation, Limited (the "Corporation" or "Canadian Tire", which terms refer to Canadian Tire Corporation, Limited, its predecessor corporations and all of its Canadian subsidiaries unless the context otherwise requires) was incorporated under the laws of the Province of Ontario by letters patent dated December 1, 1927 and is governed by the Business Corporations Act (Ontario). The Corporation was amalgamated with four of its wholly-owned subsidiaries pursuant to Articles of Amalgamation which became effective January 1, 1980. The Corporation's articles were amended effective December 15, 1983 to reorganize the capital of the Corporation, among other things. The registered and principal office of the Corporation is located at 2180 Yonge Street, Toronto, Ontario, M4S 2B9.

Subsidiaries

All of the subsidiaries of Canadian Tire are beneficially wholly-owned, either directly or indirectly. The only subsidiaries of the Corporation whose total assets constituted more than 10% of the consolidated assets of the Corporation as at January 1, 2000 or whose total revenues constituted more than 10% of the consolidated revenues of the Corporation during 1999 are Canadian Tire Acceptance Limited, which was continued under the laws of Canada, Canadian Tire Real Estate Limited, which was incorporated under the laws of Ontario, and CTC Capital Corp., which was incorporated under the laws of Delaware. The business of each subsidiary or other entity under Canadian Tire's direction or control functions so as to contribute to the merchandising, financial and petroleum businesses carried on by the Corporation.

General Development of the Business

The business operations of Canadian Tire date back to 1922 when J.W. Billes and A.J. Billes founded the enterprise which was transferred to the Corporation on its incorporation in 1927. The Corporation is primarily engaged in the merchandising of automotive parts, accessories, tires and service, sports and leisure goods (including lawn and garden), and home products (including hardware and housewares) principally through a network of Canadian Tire Associate Stores (the "Associate Stores") which are operated by Canadian Tire Associate Dealers ("Associate Dealers"). The Associate Stores are well known throughout Canada and are located in all provinces and territories. The Corporation also markets gasoline and related products to the public through independent agents operating gas bars, mini convenience stores, car washes and quick oil change and lubrication centres in eight provinces. Canadian Tire Acceptance Limited ("Acceptance"), a subsidiary of the Corporation, is engaged in the financing of retail credit sales, the provision of insurance, telecommunications and financial products to Canadian Tire customers, third-party transaction processing and the operation of a nationwide emergency roadside service. The Corporation is in the process of rolling out *PartSource*, a national auto parts specialty retail chain operated by independent franchisees that may include Associate Dealers and that will focus on the unique needs of serious automotive "do-it-yourself" customers and professional auto parts installers. To date eight *PartSource* stores have been opened by the Corporation.

During recent years the Corporation has substantially expanded its storage, distribution and retail square footage in Canada. In 1994, the Corporation embarked on a program pursuant to which 350 Associate Stores are to be replaced or expanded by the year 2003. During 1999, 51 new-format Associate Stores were opened, bringing the total number of new-format stores that had been opened at the end of 1999 to 188. A total of 233 new-format stores are expected to be in operation by the end of 2000. The Corporation intends to accelerate the comparable store sales of new-format stores with the "Next Generation" concept of the Canadian Tire store. The Next Generation design builds on the Corporation's accumulated learning about store productivity and customer values to provide an enhanced customer experience. The concept includes more closely related groupings of products and departments, expanded assortments in key categories such as kitchen and hardware and more open sight lines and easier navigation throughout the store. All stores built in 2000 and subsequent years will be fitted with Next Generation improvements. In addition, the concept is easily transferable to new-format stores opened since 1994, many of which will be retrofitted with the improvements over the next three years.

To assist in the funding of its capital expenditures, the Corporation completed a public issue of long-term debt securities during 1990, established a public Medium Term Note program in 1991 and filed shelf prospectuses for debt securities and debt warrants in 1992, 1994, 1996 and 1998, together with prospectus supplements related to its Medium Term Note program. Medium Term Notes in an aggregate principal amount of $435 million were issued by the

Corporation under its shelf prospectus and Medium Term Notes prospectus supplement during 1999. In addition, Acceptance sold, without recourse, undivided co-ownership interests in a pool of credit charge receivables to Canadian Tire Receivables Trust (the "Trust") during 1995, 1996, 1997, 1998 and 1999. As at January 1, 2000, the Trust's undivided co-ownership interest in the pool of credit charge receivables was $741 million. The Trust had outstanding $497 million of Medium Term Asset-Backed Promissory Notes and $228 million of Asset-Backed Commercial Paper at year-end. The Trust is not owned or controlled by the Corporation, and as a result the financial statements of the Trust are not consolidated with those of the Corporation.

The Corporation intends to continue to fund its growth through a combination of internal cash generation and accessing the public and private markets, as appropriate. In addition, Acceptance intends to sell additional credit charge receivables to the Trust or other entities which will continue to finance the acquisition of such receivables by issuing securities to investors.

Statement of Purpose

During 1993, the Corporation's Statement of Purpose was developed. This document forms the framework for all current and future plans of Canadian Tire. The Statement of Purpose begins with the Corporation's vision for all of its businesses: *To be the best at what our customers value most.* From this vision is derived the Canadian Tire Retail mission: *To be the first choice for Canadians in automotive, sports and leisure, and home products, providing total customer value through customer-driven service, focused assortments, and competitive operations.*

These three elements of total customer value are the foundation on which Canadian Tire has developed its strategies. Customer-driven service places the customer at the centre of the decisions and activities of the enterprise. Focused assortments not only define what Canadian Tire stands for in the minds of its customers, but also determines the size and merchandising presentation of Associate Stores. Competitive operations place a continuing emphasis on reducing the costs of supplying goods and services to customers, which permits Canadian Tire to offer more value through lower prices and added services.

Narrative Description of the Business

Canadian Tire Retail

Canadian Tire Retail ("CTR"), a division of the Corporation, through Associate Stores located throughout Canada, offers consumers approximately 104,000 stock-keeping units of automotive parts and accessories, sports and leisure products and home products. CTR supports Associate Dealers with marketing, supply chain management, purchasing, administrative, financial and information services. It also performs the marketing function for the petroleum business of Canadian Tire ("Petroleum") as well as managing the operations of that business, utilizing independent agents. Real estate and construction services required by the Corporation are primarily provided by its wholly-owned subsidiary, Canadian Tire Real Estate Limited ("CTREL"). Associate Dealers are Canadian Tire retailers who own the fixtures, equipment and inventory of the stores they operate. At year-end there were 440 Associate Stores operated by 408 Associate Dealers.

A description of some of the various business units of CTR, which include Marketing, Supply Chain, Real Estate and Dealer Relations, is set out below. Further information as to recent and proposed activities of these business units is included in Management's Discussion and Analysis of Operations on pages 24 to 35 of Canadian Tire's 1999 Annual Report.

Marketing

The marketing activities of Canadian Tire encompass the selection and purchase of products and the planning and coordination of the presentation and offering of these products to the consuming public. The marketing division of the Corporation is engaged in a broad range of activities that includes the purchasing of products from domestic and international suppliers, inventory management, advertising and promotional programs, customer loyalty programs, market research and various ancillary marketing support services.

The products sold by the Corporation are primarily those of nationally known manufacturers and suppliers with which the Corporation generally has excellent relationships. A significant number of the products are retailed under Canadian Tire brand names, and the Corporation proposes to launch additional products under its brand names in selected product categories during 2000. The Corporation's purchasing activities are centralized at its home office in Toronto except for buying offices maintained and operated by subsidiaries of the

Corporation which assist the Corporation in the acquisition of products in markets outside of Canada.

To achieve a high level of consumer acceptance of Canadian Tire products, the Corporation controls the products sold by the Associate Dealers, their related warranties and after-sale service policies and sets the maximum prices to be paid by consumers for such products. Consumer confidence is also enhanced by the Associate Dealers' adoption of Canadian Tire concepts in merchandising, store fixturing and other operational procedures. In addition, the involvement of the Corporation and CTREL in site selection, construction and maintenance and store planning has contributed significantly to the consistency of the presentation of the Canadian Tire image to the consumer.

In order to promote the sale of its products, the Corporation annually publishes and distributes in excess of ten million copies of a merchandise catalogue printed in both English and French. CTR, in conjunction with the Associate Dealers, builds customer awareness and traffic in Associate Stores through weekly promotional flyers, electronic "flyers" distributed over the internet and by radio, television, newspaper, magazine and internet advertising and event sponsorship. Although the Corporation engages an advertising agency to coordinate television advertising, a great deal of the advertising initiative and material, including the form and content of the catalogue and most of the newspaper and flyer advertising, originates with Canadian Tire.

The Corporation is in the process of developing an electronic commerce business which is scheduled to be launched later in 2000.

A unique feature of Canadian Tire's marketing program involves the issuance of its well known cash bonus coupons which are given to customers paying by cash, cheque or debit card at the Corporation's gasoline outlets and at Associate Stores. The coupons are issued for a percentage of all cash purchases and may be used as a cash substitute in the purchase of merchandise at the Associate Stores.

The cross-marketing strategies of the Corporation's financial services and gasoline retailing operations encourage customers to make purchases at Associate Stores.

Acceptance has successfully implemented the *Options* bonus points program throughout Canada. The program awards points to holders of Canadian Tire retail credit cards based on purchases of goods and services at Associate Stores and to holders of the Canadian Tire *Options* MasterCard based on purchases of goods and services at Associate Stores and elsewhere. These points entitle the holders to discounts on purchases of merchandise or services at Associate Stores.

Acceptance and the Corporation have also entered into an arrangement with ING Bank of Canada pursuant to which automated bank machines have been installed in certain Canadian Tire locations throughout Canada. These machines enable Acceptance's cardmembers and others to initiate personal banking transactions within Canadian Tire stores.

Petroleum

In the late 1950s, in order to encourage customers to visit Associate Stores on a more frequent basis, the Corporation commenced marketing gasoline and related products on premises adjoining many Associate Stores and contemporaneously introduced the use of cash bonus coupons. As at January 1, 2000, the Corporation was responsible for the operation of 202 gas bars located in eight provinces, 117 of which are in Ontario and 45 of which are in Quebec.

Of these locations, 16 include separate facilities for lubrication services, 12 include car washes and 31 supply propane directly to customers. Many of the Corporation's gas bars also sell convenience products to the public. The Corporation also supplies propane to 85 Associate Stores, which retail the product directly to consumers. The overall business objectives and most of the major functions of Petroleum are integrated with those of CTR. All of the Corporation's gas bars are operated by independent agents pursuant to agreements governing the sale of petroleum products using the Canadian Tire name and logo.

The conversion to the agency method of doing business which took place in the late 1990's was the initial phase of a strategic plan to improve the profitability of Petroleum. At the same time management of Petroleum was integrated with management of CTR in order to leverage marketing and real estate synergies. The business was then aggressively relaunched under the *It Pays to Buy Gas Here* slogan.

In addition, Petroleum continues its program to upgrade, replace and expand its network of outlets in alignment with CTR's new-format image. In 1999, a total of 20 sites were upgraded or rebuilt, bringing to 62 the number of sites converted to larger, high-capacity facilities.

CTR is Canada's dominant provider of automotive parts and service and intends to build its share of this business at a faster rate of growth. Following three years of successful testing, CTR announced during 1999 that it will begin a national roll-out of up to 200 *PartSource* stores. *PartSource* stores are designed to appeal to serious “do-it-yourself” customers and professional installers who do not typically frequent a Canadian Tire Associate Store for their automotive needs. Three of these stand-alone, specialty automotive parts and accessories stores were opened in 1999 for a total of eight and up to 20 stores will be opened during 2000. *PartSource* will enable CTR to leverage its extensive infrastructure in acquisition, distribution and marketing to make a competitive proposition to this new market segment.

Supply Chain

Supply Chain is responsible for getting products from Canadian Tire suppliers to the shelves of Associate Stores with a combination of the best possible service and quality at the lowest possible cost. To accomplish these objectives, Supply Chain uses a combination of distribution channels. Supply Chain involves most aspects of product replenishment and the physical product and information flow at Canadian Tire.

Approximately 950 full-time employees are engaged in the physical distribution element of the Corporation’s operations. During 1999, approximately 805,000 tons of merchandise were shipped by the Corporation in approximately 58,000 loads.

Most of the Corporation’s products are presently distributed to Associate Dealers from the A.J. Billes Distribution Centre and the Brampton Distribution Centre. There are also Express Auto Parts Depots at 18 locations in Canada to provide fast local delivery of less frequently demanded auto parts. The Corporation from time to time utilizes additional warehouse space which it owns or leases.

The A.J. Billes Distribution Centre, which became operational in 1991, is located on a site owned by the Corporation and occupies an area of 1.2 million square feet. The facility includes a computer controlled pick-to-conveyor sortation system using bar code identification, a computer-driven, facility-wide in-floor towline system with radio frequency identification and tracking of carts, an automated storage and retrieval system and a computerized carousel system that simplifies the picking of products. The building is accessible to disabled persons and incorporates the latest safety and comfort features.

The Brampton Distribution Centre, which is located on another site owned by the Corporation, employs modern techniques in materials handling and at 1.4 million square feet is one of the largest facilities of its kind in Canada. The centre has interrelated processing areas for efficient flow of pallet loads and bulk product through receiving, picking and shipping functions.

The Corporation engages third party logistics companies to provide warehousing and material handling capability in Montreal and Edmonton.

To facilitate the prompt distribution of its products, Canadian Tire has a trucking fleet of 61 power units (consisting of Corporation-owned and owner-operated units) and 4,296 trailers (consisting of Corporation-owned and rented trailers as well as 807 domestic containers) that is utilized primarily in Ontario and Quebec. The Corporation supplements this fleet with hired carriers. Shipments from Ontario to the Atlantic provinces and Western Canada are usually loaded on piggyback trailers which are shipped by railway on flat cars to various railway points. Thereafter, the trailers are carried by truck to each store.

In 1999, CTR began the implementation of an extensive, multi-year upgrade to its supply-chain capabilities. These phased improvements will enable CTR’s supply chain to efficiently handle the increased volume of products its growth strategies are expected to generate while improving service to customers. During 2000, CTR intends to take the initial steps to improve multi-channel distribution capability. Ultimately, this will increase inventory turns, reduce product handling expense and lower transportation costs.

<u>Dealer Relations</u>

Dealer Relations provides support to the Corporation and the Associate Dealers by selecting and training new Associate Dealers and advising Associate Dealers in their efforts to develop and maintain high-quality business practices in areas such as merchandising, staff training, financial management and in securing financing. Dealer Relations is also responsible for monitoring the operating performance of Associate Stores and managing the Associate Dealer mobility and changeover process. In addition, Dealer Relations assists customers and Associate Dealers in resolving disputes through the customer relations department, located in Welland, which responds to both written and telephone requests for assistance.

During 1997, the Corporation facilitated the establishment of a finance program pursuant to which Associate Dealers are able to obtain core financing from a third party at favourable rates.

Further information concerning Associate Dealers is set out under the heading “Associate Stores and Associate Dealers”.

Real Estate and Construction

Commencing in the late 1950s, as the cost of suitable premises became too great for most new Associate Dealers to finance on their own, the Corporation became increasingly involved in the ownership and leasing of premises which in turn are rented to Associate Dealers. At year-end, the premises occupied by 408 of the 440 Associate Stores, including all of the newer and larger stores, were rented by Associate Dealers from the Corporation. Of these premises, the Corporation owned 317 and leased 91.

CTREL is involved in many aspects of the establishment of premises used for Associate Stores. These functions include the identification and leasing or acquisition of real estate suitable for new, replacement or expanded Associate Stores, the design and development of Associate Stores, property management and maintenance of completed stores and various accounting and administrative matters related to the ownership and leasing of the premises. CTREL acquires most new real property used for Associate Stores.

Associate Stores and Associate Dealers

Fundamental to the success of the Corporation are the Associate Stores which have become well-known retail outlets and automotive service centres. The Associate Stores are easily identified by the Canadian Tire name and trade-mark and have established a strong reputation and recognizability throughout the communities served. The Associate Stores contain service bays for automobiles which provide a significant revenue source for Associate Dealers as well as an outlet for automotive parts. The Corporation has attempted to create a distinctive image for the Associate Stores, that of retailers offering a balanced and interesting assortment of many staple and seasonal automotive, sports and leisure, and home products.

The arrangement between the Corporation and individual Associate Dealers permits Associate Dealers to own and operate the retail business of the Associate Stores under the Canadian Tire name. This relationship is unusual in that the Associate Dealers do not pay any initial or ongoing franchise fee or royalty to the Corporation and can participate in a yearly bonus incentive system of the Corporation which is based on numerous performance factors. In order to provide controls on the quality and range of products and services offered at the Associate Stores, each Associate Dealer agrees to purchase merchandise only from the Corporation and to offer merchandise for sale at prices not exceeding those set by the Corporation in advertising material or by notice to the Associate Dealer. Each Associate Dealer agrees to personally exert his or her best efforts to ensure the operation of the Associate Store at its maximum capacity and efficiency and that he or she will comply with the policies, marketing plans and operating standards prescribed by the Corporation.

The practice of the Corporation is to offer new Associate Dealers smaller stores and to advance them to larger locations from time to time. This policy provides an advancement opportunity for Associate Dealers and therefore tends to encourage them to strive for superior performance. The Associate Store concept combines the flexibility of an independent business with the advantages of a central marketing and purchasing organization.

The combined experience of Associate Dealers provides individual Associate Dealers, directly or through the Corporation, with a valuable source of assistance and guidance in all phases of store operations. Also, by combining their efforts, a number of Associate Dealers with the same objectives or problems are often able to conduct programs, study problems and undertake expenditures not practicable on an individual basis.

The Corporation divides the market for its merchandise into the sixteen regions listed below. The number of Associate Stores in each such region is also indicated below.

Region	**Number of Associate Stores**
Alberta	34
British Columbia, Yukon & Northwest Territories	49
Georgian Bay	19
Hamilton-Niagara	36
Mid-Canada	30
Montreal Regional	31
New Brunswick & Prince Edward Island	18
Northern Ontario	19
Nova Scotia & Newfoundland	31
Ottawa Valley	25
Peterborough & Belleville	18
Quebec Central	23
Quebec Regional	28
Southwest Ontario	27
Toronto	27
Toronto Suburbs	25

The retail selling space of Associate Stores ranges in size from approximately 3,000 square feet to approximately 63,000 square feet. New-format stores being built as part of Canadian Tire's replacement and expansion program have standardized store sizes as follows:

Store	Average Size
A	53,000 square feet
B	44,000 square feet
C	28,000 square feet
D	21,000 square feet
E	17,000 square feet

Canadian Tire Acceptance Limited

The Corporation's wholly-owned subsidiary, Acceptance, is engaged in financing and managing customer credit accounts that arise from the sale of goods and services at Associate Stores, gasoline outlets and at places that MasterCard is accepted. Acceptance is the issuer of Canadian Tire retail and commercial credit cards as well as the *Options* MasterCard (collectively "Canadian Tire credit cards"). Acceptance serves a broad geographical mix of cardholders, thus diversifying its risk across all economic regions of the country. In addition, Acceptance processes major bank credit card transactions in Associate Stores and gasoline outlets on behalf of the banks and has a revenue base from private label transaction processing and credit management, carried out in part by a subsidiary of Acceptance. Acceptance has entered into a technology services agreement with one of North America's largest processors of credit card transactions pursuant to which Acceptance's credit card processing facilities have been outsourced. Acceptance converted the processing of its credit card portfolios to the third party processor during 1998 and 1999.

Acceptance also operates an emergency roadside service for the Canadian Tire Auto Club and for third-party clients under the name "Professional Dispatch Group", and markets a variety of insurance, telecommunications and financial products to Canadian Tire customers.

On January 1, 2000, Acceptance and one of its subsidiaries managed credit charge receivables owned by Acceptance, by that subsidiary and by various third-party clients, including the Trust, in the aggregate amount of $1.2 billion, most of which relate to Canadian Tire credit cards.

The *Options* bonus points program, which has been in existence since 1994, awards points to Canadian Tire credit card customers based on purchases at Associate Stores. One of the credit cards issued by Acceptance, the Canadian Tire *Options* MasterCard, allows customers to accumulate *Options* points on their Canadian Tire *Options* MasterCard purchases at Associate Stores and other places that MasterCard is accepted. *Options* bonus points entitle the holders to discounts on purchases of merchandise or services at Associate Stores. More than 1,000,000 *Options* MasterCard credit cards have been issued to date and in 1999 sales on those cards exceeded $1 billion.

During 1998 Acceptance consolidated its call centres to what is effectively one facility and intensified training of representatives to respond to questions about Canadian Tire products and services.

PartSource

The Corporation is in the process of rolling out *PartSource*, a national auto parts specialty retail chain, operated by independent franchisees who will focus on the unique needs of serious automotive "do-it-yourself" customers and professional auto parts installers. The Corporation has already opened eight *PartSource* stores and plans to open up to 20 more stores in 2000 and up to 200 *PartSource* stores over the next five years. This would require an investment by the Corporation of between $150 million and $250 million, depending on whether the *PartSource* sites are leased or purchased by the Corporation. A market-by-market assessment process is underway which will determine markets and site locations within Canada. *PartSource* stores typically have 7,000 square feet of retail selling space offering a selection of approximately 15,000 brand name automotive parts and accessories with access to 60,000 products available on a same-day basis. Existing *PartSource* stores are conveniently located, feature highly competitive pricing and are staffed by expert auto parts professionals and licensed automotive technicians. Convenient shopping hours are offered to meet customer needs. Product assortment at *PartSource* stores is tailored to regional variations in ages and types of vehicles. *PartSource* stores also feature many value-added services such as loan-a-tool programs, brake drum and rotor turning and "look-up" systems to locate make/model-specific repair instructions.

Information Technology

CTR's Information Technology department provides systems development and support to the major functional areas of the Corporation, Associate Dealers, Express Auto Parts

Depots and Distribution Centres. With the exception of the Information Technology department servicing Acceptance, the various Information Technology groups within Canadian Tire were consolidated in 1997. The consolidation has provided improved economies of scale and better planning capabilities and will assist Canadian Tire in using Information Technology to improve its position in the marketplace.

For many years, the Associate Dealers have utilized point-of-sale scanners and terminals linked to in-store minicomputers. These systems provide online access to store inventories and prices and several years of history about each stock-keeping unit. The point-of-sale system is used to process credit card transactions, provide detailed information about buying patterns of Canadian Tire customers and analyze the effect of merchandising programs. This information is also being used in conjunction with the *Options* customer loyalty program.

The in-store system provides functionality to enable Associate Dealers to maximize sales and margins and to monitor service levels and costs. Automatic orders are calculated and transmitted to Canadian Tire over a communications network which also sends new product and price data from Canadian Tire to Associate Dealers.

Canadian Tire's information systems are a complex set of integrated systems which process orders, monitor inventories and handle the distribution and transportation of goods across the supply chain. The Corporation continues to make progress in the design and implementation of powerful analytical capabilities to assist the buying and logistics functions. Business processes have been examined and redefined to make more efficient use of the information from the Associate Stores. Significant changes to the Corporation's technology platforms, systems and software continue to be implemented so as to achieve the desired functions and processes, which are key to cost improvements and revenue enhancements.

Employees

Canadian Tire employs approximately 4,750 persons on a full-time basis and 875 persons on a part-time basis, as well as seasonal temporary help. These numbers do not include any employees of the Associate Dealers, who provide employment to over 30,000 persons.

The Corporation encourages employees to purchase and hold shares of the Corporation. Profit sharing plans have been established for employees of the Corporation and for employees of Associate Dealers. In addition, there is a stock purchase plan for employees of the Corporation pursuant to which Class A Non-Voting Shares of the Corporation are provided to employees and paid for with funds contributed by both the Corporation and the employee.

Most of the employees of the Corporation and its Canadian subsidiaries participate in the profit sharing or stock purchase plans or both.

Under the established profit sharing plans, trustees held 3,213,660 Class A Non-Voting Shares and 419,280 Common Shares of the Corporation on January 1, 2000. In respect of the fiscal year ended January 1, 2000, Canadian Tire and its wholly-owned Canadian subsidiaries allocated approximately $21.4 million to profit sharing plans and $7.4 million to employees to match part of their respective contributions to share purchase plans. A minimum of 10% of new profit sharing awards must be invested in Class A Non-Voting Shares of the Corporation and the remainder can be invested in an employee-determined mix of professionally managed funds of diversified investments qualified for pension plans in Canada. At the employee's option a portion of the award may be allocated to the Home Ownership Assistance Plan to assist employees in acquiring homes.

A profit sharing arrangement is in place for most employees of Associate Dealers. A portion of the funds held under the arrangement have been used to purchase Class A Non-Voting Shares of Canadian Tire. As at January 1, 2000, trustees held 4,747,696 Class A Non-Voting Shares of the Corporation under this profit sharing arrangement.

In 1988, the Corporation established a Stock Option Plan for the purpose of rewarding certain officers and employees of the Corporation and its subsidiaries and encouraging such officers and employees to participate in the future growth, development and success of the Corporation. As at January 1, 2000, an aggregate of 2.1 million Class A Non-Voting Shares of the Corporation were under option at prices ranging from $11.06 to $40.82 per share, being, in each case, the weighted average price at which Class A Non-Voting Shares of the Corporation traded on the Toronto Stock Exchange during the ten-day period prior to and including the business day prior to the date of granting of the Options. On January 1, 2000, 149 employees of the Corporation had outstanding Options to purchase Class A Non-Voting Shares of the Corporation.

Fixed Assets and Capital Expenditures

The investment of Canadian Tire and its subsidiaries in fixed assets as at January 1, 2000 was as follows:

FIXED ASSETS (Dollars in Thousands)	**Gross Investment**	**Accumulated Depreciation**	**Net Investment**
Store properties rented to Associate Dealers	$1,526,175	$319,517	$1,206,658
Gas bars	$155,080	$64,937	$90,143
Distribution centres	$300,450	$142,633	$157,817
Transportation equipment	$34,127	$24,990	$9,137
Other	$595,080	$194,747	$400,333
	$2,610,912	$746,824	$1,864,088

The following table summarizes the capital expenditures of Canadian Tire and its subsidiaries during the last five fiscal years (other than those associated with the growth of Acceptance credit charge receivables):

FISCAL YEAR ENDED

CAPITAL EXPENDITURES (Dollars in Thousands)	**Jan. 1, 2000**	**Jan. 2, 1999**	**Jan. 3, 1998**	**Dec. 28, 1996**	**Dec. 30, 1995**
Construction of new stores	$192,566	$96,970	$110,269	$97,642	$77,736
Additions and alterations to stores	$39,133	$50,105	$26,399	$24,713	$25,382
Construction of gas bars	$15,838	$11,185	$1,332	$6,881	$17,688
Distribution centres	$2,468	$9,910	$6,800	$14,217	$5,427
Transportation equipment	$5,396	$2,025	$1,803	$902	$715
Purchase of real property	$65,375	$49,038	$54,128	$46,427	$39,434
Other	$56,573	$83,825	$52,757	$29,946	$28,663
	$377,349	$303,058	$253,488	$220,728	$195,045

Business Development Proposals

In addition to the description of new initiatives set out under the heading "Canadian Tire Retail", reference is made to Management's Discussion and Analysis of Operations in Canadian Tire's 1999 Annual Report for a description of various business development proposals of the Corporation.

Competitive Conditions

Canadian Tire Retail

CTR is involved with many aspects of the operation by Associate Dealers of stores which compete against both national and regional retailers in all major markets across

Canada. There is no one organization or type of business that competes directly with the Associate Stores, although several are in one or more of the business segments in which the stores operate. These would include department stores, discount stores and specialty marketers such as hardware, paint and paint supplies, sporting goods, building supplies and seasonal products, including a number of high-volume retailers which have entered the Canadian marketplace in recent years. Additional competitors include automotive parts suppliers and automotive service outlets such as car dealerships and service station operators. For *PartSource*, competitors include a variety of regional automotive parts retailers and suppliers, although *PartSource* has a unique price, product and service offering to its particular target markets.

Canadian Tire Associate Stores hold strong market share positions in many of the product categories in which they do business with particular strength in automotive and hardware lines and certain seasonal and sporting goods categories. On a geographic basis, the market share of the stores is strongest in Central and Eastern Canada with greater share growth opportunity in the Western Provinces and Quebec.

The Corporation is also in the process of developing an electronic commerce business which is scheduled to be launched later in 2000.

A number of initiatives designed to maintain and enhance the competitive position of CTR are described in Management’s Discussion and Analysis of Operations in Canadian Tire’s 1999 Annual Report on pages 24 to 35 under the heading “Canadian Tire Retail”.

Petroleum

The major factors in determining the profitability of Petroleum are industry gross margins, average site productivity (litres per station) and the fixed operating cost structure.

Although industry prices and margins are influenced by the historically volatile nature of gasoline commodity pressures, the Canadian retail marketplace generally sustains the most efficient and productive retailers’ profitability over time. Petroleum is well positioned for sustainable and profitable growth as a result of its newly implemented cost-structure and business model, consisting of an industry-standard agent-operated method of business and CTR's extensive infrastructure in marketing, advertising and real estate. Petroleum’s productivity enhances the competitiveness of the cost structure. In addition, the current six-year fuel supply agreement with Imperial Oil Limited ensures access to industry-standard quality fuel at a very favourable acquisition cost.

A number of initiatives designed to maintain and enhance the competitive position of Petroleum are described in Management's Discussion and Analysis of Operations in Canadian Tire's 1999 Annual Report on pages 24 to 35 under the heading "Petroleum".

Canadian Tire Acceptance Limited

The only major private label cards that are accepted in Associate Stores and Canadian Tire's gasoline outlets are the retail and commercial cards issued by Acceptance. Competition for the credit business of Associate Stores is currently provided by credit cards issued by banks and other financial institutions, some of which are also accepted in Associate Stores and Petroleum outlets.

The *Options* MasterCard competes with other general purpose credit cards and is issued on terms and conditions that are competitive with such cards.

A number of initiatives designed to maintain and enhance Acceptance's competitive position are described in Management's Discussion and Analysis of Operations in Canadian Tire's 1999 Annual Report under the heading "Canadian Tire Financial Services".

Environmental Matters

Canadian Tire has established procedures to ensure that all material environmental requirements are known to it and complied with by it. However, environmental protection requirements related to the business of Canadian Tire do not have and are not expected to have a significant financial or operational effect on the capital expenditures, earnings or competitive position of Canadian Tire during the current year or in future years.

Evaluation of environment and product safety requirements is an integral part of the process of reviewing product lines. The Corporation offers customers a variety of environmentally responsible products such as car ramps made from recycled tires, low odour, low VOC (volatile organic compounds) paint and various energy and water conserving devices such as low-flow showerheads and low water consumption toilets.

In 1997, Canadian Tire launched the Canadian Tire Community Environmental Award Program. Fifteen monetary awards are given annually for local environmental projects such as shoreline cleanups and tree planting in communities across Canada where Associate Stores are located.

Canadian Tire is a leader in the proper management of waste generated by the Corporation and its customers. For example, participating Canadian Tire stores across the country support the used-oil recycling program for do-it-yourself customers. In partnership with CTR's automotive battery vendor, a scrap battery collection and recycling program is in place at Associate Stores across the country and during 1999 more than 22 million pounds of scrap batteries were collected and recycled. In addition, in partnership with "Charge Up to Recycle!", Canadian Tire stores across Canada now collect customers' spent nickel-cadmium batteries and send them for recycling. Canadian Tire is also participating with business and government task forces to develop guidelines and programs for the disposal of hazardous household waste such as paints, solvents, pesticides and oil filters.

Research and Development

Due to the nature of the business of the Corporation, minimal research and development expenditures in the conventional sense are made on product development. However, the Corporation is actively engaged in market research, information system development and a variety of related projects intended to enhance its competitive position.

Trade-Marks

Canadian Tire has established procedures necessary to protect trade-marks which are material to the business carried on by it, including the name Canadian Tire, the symbol associated with that name and a number of trade-marks identified with Canadian Tire's private label products. Protection of the Canadian Tire name and associated symbol is highly important to Canadian Tire. Other trade-marks and intellectual property rights associated with Canadian Tire's private label products are considered to be important assets of Canadian Tire and are defended vigorously where appropriate.

Canadian Tire owns and is in the process of applying for a number of domain names which may be used in connection with its proposed electronic commerce business.

Selected Consolidated Financial Information

Reference is made to pages 52, 53 and 57 of the 1999 Annual Report for information concerning the gross operating revenue, net earnings from continuing operations, total assets, total long-term debt, dividends paid per share and net earnings of the Corporation on a consolidated basis, including net earnings from continuing operations of the Corporation on a per share basis, for each of its last ten financial years, which information is incorporated herein by reference.

The gross operating revenue, earnings before extraordinary items and net earnings of the Corporation on a consolidated basis, including amounts on a per share basis for all figures except gross operating revenue for each of its last eight quarterly periods, are as follows:

QUARTER ENDED
(in thousands of dollars except per share amounts)

	Jan. 1, 2000	**Oct. 2, 1999**	**July 3, 1999**	**April 3, 1999**	**Jan. 2, 1999**	**Oct. 3, 1998**	**July 4, 1998**	**April 4, 1998**
Gross Operating Revenue	1,285,865	1,209,897	1,282,269	950,228	1,137,092	1,110,648	1,244,036	855,507
Earnings before Extraordinary Items	12,971	52,454	48,678	31,826	44,016	49,878	44,272	28,814
Earnings before Extraordinary Items per Class A Non-Voting and Common Share (1)	0.16	0.69	0.63	0.41	0.56	0.63	0.55	0.35
Net Earnings	12,971	52,454	48,678	31,826	44,016	49,878	44,272	28,814
Net Earnings per Class A Non-Voting and Common Share (1)	0.16	0.69	0.63	0.41	0.56	0.63	0.55	0.35

(1) In dollars, and calculated on a weighted average basis

Since January 1, 1997, Canadian Tire has paid cash dividends on each of its outstanding Class A Non-Voting Shares and Common Shares as follows:

Date of Payment of Dividend	Amount of Dividend per Class A Non-Voting and Common Share	Aggregate Amount of Dividend
March 1, 1997	.10	8,653,428
June 1, 1997	.10	8,296,005
Sept. 1, 1997	.10	8,178,615
Dec. 1, 1997	.10	8,204,650
March 1, 1998	.10	8,227,369
June 1, 1998	.10	8,087,003
Sept. 1, 1998	.10	7,965,938
Dec. 1, 1998	.10	7,771,769
March 1, 1999	.10	7,792,577
June 1, 1999	.10	7,628,433
Sept. 1, 1999	.10	7,698,363
Dec. 1, 1999	.10	7,725,571
March 1, 2000	.10	7,818,604

Trust Indentures dated May 10, 1990 and June 4, 1993 pursuant to which the Corporation issued 12.10% Debentures due May 10, 2010 and Medium Term Notes due at various dates to 2028 respectively, contain restrictions on the ability of the Corporation to declare and pay dividends. The financial position of the Corporation is such that these restrictions are not relevant at this time.

Management's Discussion and Analysis

Reference is made to the section entitled Management's Discussion and Analysis of Operations at pages 24 to 35 of Canadian Tire's 1999 Annual Report, which section is incorporated herein by reference.

Market for Securities

The outstanding Common Shares and Class A Non-Voting Shares of Canadian Tire are listed on the Toronto Stock Exchange.

Directors and Officers

The names, municipalities of residence, years of election as director and present principal occupations of the directors of the Corporation are as follows:

Name and Municipality of Residence	Year First Elected as a Director	Present Principal Occupation
Stephen E. Bachand Toronto, Ontario	1993	President and Chief Executive Officer of the Corporation
Gilbert S. Bennett Guelph, Ontario	1991	Chairman of the Board of the Corporation, Consultant and Corporate Director
Martha G. Billes Calgary, Alberta	1980	President, Tire 'N' Me Pty. Ltd.
Adam Bucci Terrebonne, Quebec	1999	President, Adam Bucci Ltée.
Gordon F. Cheesbrough Toronto, Ontario	1998	President and Chief Executive Officer, Altamira Investment Services Inc.
Lilia Clemente New York, New York	1998	Chairman and Chief Executive Officer, Clemente Capital Inc.
Austin E. Curtin Medicine Hat, Alberta	1998	President, Austin Curtin Sales Ltd.
James D. Fisher Toronto, Ontario	1998	Associate Dean and Adjunct Professor, Rotman School of Management, University of Toronto
H. Earl Joudrie Toronto, Ontario	1990	Chairman of the Board, Gulf Canada Resources Limited
Donald C. Lowe Toronto, Ontario	1986	Corporate Director
Rémi Marcoux, FCA Outremont, Quebec	1998	Chairman and Chief Executive Officer, GTC Transcontinental Group Ltd.
Ronald Y. Oberlander Westmount, Quebec	1987	Chairman of the Board, Abitibi-Consolidated Inc.
Frank Potter Toronto, Ontario	1998	Chairman, Emerging Market Advisors Inc.
Maureen J. Sabia Toronto, Ontario	1985	President, Maureen Sabia International and Corporate Director
Graham W. Savage Toronto, Ontario	1998	Managing Director, Savage Walker Capital Inc.
John M. Stransman Toronto, Ontario	1998	Partner, Stikeman Elliott

The names, municipalities of residence and present principal occupations of the officers of the Corporation are as follows:

Name and Municipality of Residence	**Present Principal Occupation**
Stephen E. Bachand Toronto, Ontario	President and Chief Executive Officer
Gilbert S. Bennett Guelph, Ontario	Chairman of the Board of the Corporation, Consultant and Corporate Director
Gerald S. Kishner Toronto, Ontario	Executive Vice-President, Finance and Administration and Chief Financial Officer
Wayne C. Sales Acton, Ontario	Executive Vice-President, Canadian Tire Retail
A. Mark Foote Mississauga, Ontario	Senior Vice-President, Marketing
John J. Rankin Burlington, Ontario	Senior Vice-President, Dealer Relations
Joseph J. Riordon Oakville, Ontario	Senior Vice-President, Human Resources
Ralph E. Trott Aurora, Ontario	Senior Vice-President, New Business Development
Andrew T. Wnek, Toronto, Ontario	Senior Vice-President , Information Technology and Chief Information Officer
Thomas K. Gauld Niagara-on-the-Lake, Ontario	President, Canadian Tire Acceptance Limited
Alan B. Goddard Grimsby, Ontario	Vice-President, Corporate Affairs
Stanley W. Pasternak Thornhill, Ontario	Vice-President and Treasurer
Cameron D. Stewart Toronto, Ontario	Vice-President, Secretary and General Counsel
J. Huw Thomas Mississauga, Ontario	Vice-President, Finance and Administration, Canadian Tire Retail
Bruce Allen Toronto, Ontario	President, *PartSource*
G. Michael Arnett Mississauga, Ontario	Vice-President, Sales, Advertising and Retail Brands

Name and Municipality of Residence	**Present Principal Occupation**
Bruce C. Johnson Richmond Hill, Ontario	Vice-President, Distribution and Express Auto Parts
C. Peter Kilty Newmarket, Ontario	Vice-President, Automotive Parts, Car Care and Accessories
Reginald J. McLay Burlington, Ontario	Vice-President, Leisure Products
David Roussy Toronto, Ontario	Vice-President, Home Products
Kenneth Silver Toronto, Ontario	Vice-President, Real Estate & Construction
Patrick R. Sinnott Toronto, Ontario	Vice-President, Supply Chain
Eymbert Vaandering Toronto, Ontario	Vice-President, Petroleum
Steven Willert North York, Ontario	Vice-President, Automotive Service, Tires & Fleet
Robyn Collver Oakville, Ontario	Assistant Secretary, Partner, Cassels, Brock & Blackwell LLP
Candace MacLean Toronto, Ontario	Assistant Treasurer

NOTES:

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

2. Except for offices held at an affiliated company, each of the directors of the Corporation has had the principal occupation indicated opposite his or her name during the past five years except:

   (a) G.F. Cheesbrough who prior to January 1998 was Chairman and Chief Executive Officer of ScotiaMcLeod Inc., a full service investment dealer;

   (b) J.D. Fisher who from October 1996 to February 1998 was President of Signature Brands Limited, a food processing company, and prior thereto was President of George Weston North American Bakeries Limited, a food processing company;

   (c) D.C. Lowe who prior to November 1998 was Chairman of the Board of Sedgewick Limited, insurance agents and brokers;

(d) G.W. Savage who from November 1996 to April 1998 was Managing Director, Parkview Capital Partners Inc. and prior thereto was Senior Vice-President, Finance and Chief Financial Officer of Rogers Communications Inc., a communications company.

3. With the exception of the holding of other offices at the Corporation or at Canadian Tire Acceptance Limited, each of the officers who is not a director has had the principal occupation referred to opposite his or her name during the past five years except:

   (a) C. MacLean who from May 1996 to December 1999 was Treasurer of Labatt Brewing Company, Ltd. and prior thereto was Director, Planning for Labatt Breweries of Canada;

   (b) J.J. Rankin who prior to September 1995 was President of George Brown College of Applied Arts and Technology, Toronto, Ontario;

   (c) J. Riordon who from August 1998 to January 2000 was Managing Director of Comet PLC, a retailer of consumer electronics, from April 1997 to August 1998 was Commercial Director of B & Q PLC, a retailer of home improvement products and prior thereto was Director of Operations at a division of that company;

   (d) D. Roussy who prior to October 1996 was Managing Director of KitchenAid Europa, Whirlpool Corporation, a manufacturer of household applicances;

   (e) C.D. Stewart who prior to May 1999 was a partner at Cassels Brock & Blackwell LLP, a law firm;

   (f) J.H. Thomas who from March 1996 to January 2000 was Vice-President, Finance of CTAL, and prior thereto was Vice-President, Finance of Southex Exhibitions Limited, a consumer and trade show company; and

   (g) R.E. Trott who from December 1996 until November 1998 was President and Chief Executive Officer of 2907047 Manitoba Limited, a consulting company, and prior thereto was President and Chief Executive Officer of Beaver Lumber Corporation.

4. On March 3, 2000, all directors and senior officers of the Corporation as a group beneficially owned, directly or indirectly, or exercised control or direction over 61.4% of the Common Shares of the Corporation and 1.1% of the Class A Non-Voting Shares of the Corporation. In addition, two officers of the Corporation act as trustees of profit sharing plans which hold 12.2% of the Common Shares of the Corporation and 4.3% of the Class A Non-Voting Shares of the Corporation.

5. The Corporation does not have an Executive Committee. The present members of the Corporation's Audit Committee are G. F. Cheesbrough, L. Clemente, A.E. Curtin, J.D. Fisher, F. Potter, M.J. Sabia (Chair) and G.W. Savage.

Additional Information

The Corporation will provide to any person, upon request to the Vice-President, Corporate Affairs or the Secretary of the Corporation, in either case at 2180 Yonge Street, 18th Floor, Toronto, Ontario, M4S 2B9:

1. a copy of this annual information form of the Corporation, together with a copy of any document, or the pertinent pages of any document, incorporated by reference herein;

2. a copy of the 1999 Annual Report which contains comparative financial statements of the Corporation for the 1999 financial year together with the accompanying report of the auditor and a copy of any interim financial statements of the Corporation issued thereafter;

3. a copy of the Annual Meeting Management Information Circular; and

4. a copy of any other documents that are incorporated by reference into any prospectus of the Corporation.

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and Options to purchase securities, and interests of insiders in material transactions, where applicable, is contained in the Annual Meeting Management Information Circular prepared in connection with the Annual Meeting of shareholders of the Corporation to be held on May 4, 2000. Additional financial information is provided in the Corporation's comparative financial statements for the financial year ended January 1, 2000 which are included in the 1999 Annual Report.

The information set out under the heading "Voting Shares and Principal Holders Thereof" in the Annual Meeting Management Information Circular, which contains a summary of certain of the conditions attached to the Class A Non-Voting Shares of the Corporation, is hereby incorporated by reference. A full statement of such conditions is set out in the Corporation's articles.