



Age of the Customer: *The New Era in Retail*

Windsor Chamber of Commerce

**Wayne Sales
President and Chief Executive Officer**



Let's get started



**Our founding fathers set out in 1922
with a dream and \$1,800.**



**More than 80 years later, Canadian Tire is still the
“store of first choice” with 97% brand recognition
and 60% of Canadians shopping our stores
every month.**



Let's get started

A Company with a History of Innovation ...

1928: first catalogue



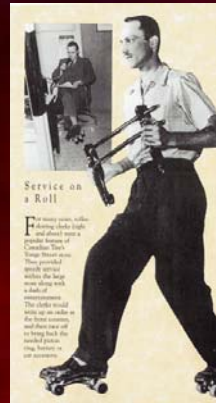
1944: Canadian Tire goes public



1958: Canadian Tire 'Money' introduced



1958: gas business started



Catalogues

Canadian Tire 'Money'

Gas Bars

Financial Services

Retail Dominance

Class Of

Next Generation

Mark's Work Wearhouse

Concept 20/20

Combo stores

1928 1958 1958 1961 1993 1994 1999 2002 2003 2004



Let's get started

Thinking Strategically

Tipping Points

1999/2000

Mid to late 90's

Late 80's
Early 90's

- Lack of strategic focus
- Age of the retailer
- Stores too small
- Inconsistent experience
- U.S. banners set to enter Canada

- Cultural shift - age of the consumer
- Store modernization program
- Petroleum Agent model
- Repositioning Financial Services
- U.S. retailers enter Canada

- Loss of sales and earnings momentum
- CEO retired
- Age of interrelatedness



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**In 2000, we found ourselves at the
crossroads to the company's future...**

*The question became 'How would we drive
Canadian Tire's growth and performance
in the next century'?*



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The New Age ...

- It took 5 years to accomplish what took 25 years in the U.S.
- Wave of U.S. banners peaking following >50 new entrants
- Retail became a “winner takes all” game with blurring of the lines and new formats
- The retail battle will be won or lost on the field of innovation & renewal



Let's get started

I am focused on two things ...

Strategy

People



Let's get started

Articulating what we stand for ...

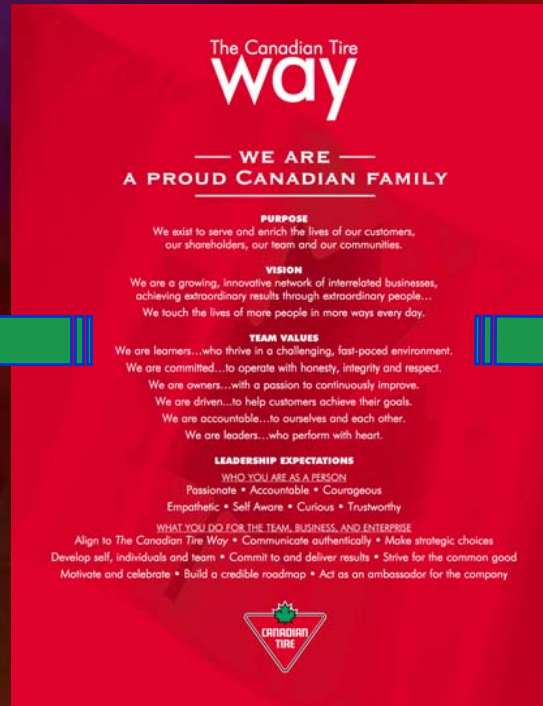
Statement of Purpose

We are a proud Canadian family ... We exist to serve and enrich the lives of our customers, our shareholders, our team and our communities.

Vision

We are a growing, innovative network of interrelated businesses, achieving extraordinary results through extraordinary people ...

We touch the lives of more people in more ways every day.



The Canadian Tire
way

— WE ARE —
A PROUD CANADIAN FAMILY


PURPOSE
We exist to serve and enrich the lives of our customers, our shareholders, our team and our communities.

VISION
We are a growing, innovative network of interrelated businesses, achieving extraordinary results through extraordinary people...
We touch the lives of more people in more ways every day.

TEAM VALUES
We are learners...who thrive in a challenging, fast-paced environment.
We are committed...to operate with honesty, integrity and respect.
We are owners...with a passion to continuously improve.
We are driven...to help customers achieve their goals.
We are accountable...to ourselves and each other.
We are leaders...who perform with heart.

LEADERSHIP EXPECTATIONS
WHO YOU ARE AS A PERSON
Passionate • Accountable • Courageous
Empathetic • Self Aware • Curious • Trustworthy

WHAT YOU DO FOR THE TEAM, BUSINESS, AND ENTERPRISE
Align to The Canadian Tire Way • Communicate authentically • Make strategic choices
Develop self, individuals and team • Commit to and deliver results • Strive for the common good
Motivate and celebrate • Build a credible roadmap • Act as an ambassador for the company



Team Values

- Learners
- Committed
- Owners
- Driven
- Accountable
- Leaders

Leadership Expectations

- Who you are as a person
- What you do for the team, business and enterprise



Let's get started

Our Strategic Plan starts with Clear Objectives & Measurable Targets

*Canadian Tire's goal is to achieve top quartile total return to shareholders**

Metric	Target
Gross operating revenue	10% CAGR
Comparable store sales**	3% - 4%
EBITDA	10% - 15%
ROIC	min. 10% after-tax
EPS	12% - 15% CAGR

* Stock appreciation plus dividends when compared with North American retailers

**Comparable store numbers apply to Canadian Tire Retail only.



Let's get started

Canadian Tire's strategic plan for growth in 2001-2005

#1

Strengthen and accelerate growth and performance in Canadian Tire Retail

#2

Pursue unexploited growth opportunities in Financial Services, Petroleum, PartSource and Mark's Work Wearhouse

#3

Explore and develop new business opportunities

#4

Enhance financial flexibility through capital and cost productivity



Let's get started

Highlights

How we're executing the Strategic Plan

Retail



- Concept 20/20
- Exciting, new and exclusive products
- Store revitalization - three quarters of the chain



- Superbranding strategy
- Accelerated new store openings
- Category growth
- Co-locations



- New store openings
- Operational excellence



Highlights

How we're executing the Strategic Plan

Petroleum



- Re-branding initiatives
- Expanding car wash
- Larger convenience store strategy

Financial Services



- Canadian Tire Bank
- Accelerated Options MasterCard growth
- Personal line of credit
- Personal term loans



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In Windsor, you have seen our strategic execution first hand



- New concept store never before seen in the market
- New store opened in May on Walker's Road
- Retail Petroleum offering never before seen in the Canadian market - Windsor will be one of two test sites



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Windsor continues to be a very important market for us



4 stores including Essex



2 stores



2 gas bars



2 stores



Thousands of MasterCard customers



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The question I always ask:

What are we at Canadian Tire doing to make sure we're one of the companies that thrives in the age of the consumer?



Let's get started

“The People”

**Visionary, aligned companies outperform
time and time again**



Let's get started

Leading... The Canadian Tire Way

**What you do
for the Team, Business,
and Enterprise**

Act as an
Ambassador for
the Company

Align to the
Canadian Tire
Way

**Who you are
as a person**

Motivate and
Celebrate

Make Strategic
Choices

Passionate

Develop Self,
Individuals
and Team

Courageous Accountable
Self Aware Empathetic
Trustworthy Curious

Commit
to and
Deliver Results

Communicate
Authentically

Strive for
Common Good

Build a
Credible Roadmap



*it starts
with you*



We continue to leverage our strengths and play our own game

- **Unique concepts within retailing**
- **Network of Associate Dealers, Agents and Franchisees**
- **Brand equity - special relationship with customers**
- **Locational convenience, core operational skills**
- **Loyalty program**
- **Synergies within network of interrelated businesses**



Let's get started



Let's get started