



CANADIAN TIRE

Gilbert S. Bennett
Chairman of the Board

November 29, 2004

Mr. John Stevenson, Secretary
Ontario Securities Commission
20 Queen Street West
Suite 1900, Box 55
Toronto, ON M5H 3S8

Dear Mr. Stevenson:

RE: PROPOSED NATIONAL POLICY 58-201

This letter is written in response to the Request for Comments on Proposed National Policy 58-201 Corporate Governance Guidelines ("Proposed Policy 58-201") and Proposed National Instrument 58-101 Disclosure of Corporate Governance Practices ("Proposed Instrument 58-101").

The concern I have is that the definition of "independent" used in Proposed Policy 58-201 and Proposed Instrument 58-101 will make it virtually impossible for any larger issuer to comply with Guideline 3.2 of Proposed Policy 58-201 (which Guideline specifies, amongst other things, that the chair of the board should be an independent director). The basis for my concern is as follows:

1. the definition of "independent" for purposes of Proposed Policy 58-201 and Proposed Instrument 58-101 is found in section 1.4 of Multilateral Instrument 52-110 Audit Committees, as that Instrument is proposed to be amended ("Amended Instrument 52-110");
2. an individual is considered not to be independent under section 1.4(3)(f) of Amended Instrument 52-110 if the individual received more than \$75,000 in direct compensation from an issuer during any 12-month period in the last three years;
3. a director of a larger issuer who is otherwise independent (as defined) but who is the chair of the board of that issuer will almost certainly have been receiving direct compensation from the issuer at a rate in excess of \$75,000 per year for acting as chair;

CANADIAN TIRE CORPORATION, LIMITED.

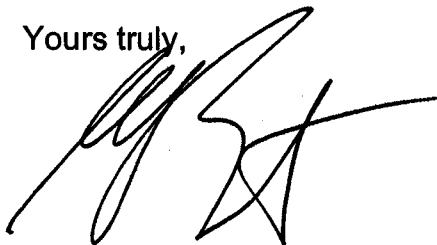
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4. while section 1.4(6)(a) excludes from direct compensation any remuneration for acting as a member of the board or any board committee of an issuer, that section does not exclude remuneration for acting as the chair of the issuer's board;
5. the only other provision of section 1.4 of Amended Instrument 52-110 which addresses in any way the independence of a non-executive chair is section 1.4(7)(b), but while that provision effectively excludes a part-time chair or vice-chair of a board or board committee from the ambit of section 1.4(3)(a), it does not exclude such an individual from the application of section 1.4(3)(f).

If Proposed Policy 58-201 is not intended to designate as "not independent" any board chair who receives more than \$75,000 in annual remuneration for acting as board chair, then a further amendment to section 1.4 of Amended Instrument 52-110 appears to be required. Such an amendment could be accomplished by adding to section 1.4(6)(a) the words "or as part-time chair or vice-chair of the board or any board committee".

Yours truly,

A handwritten signature in black ink, appearing to be 'G. S. Bennett', written in a cursive style.

G. S. Bennett