

Glossary

ADJUSTED DEBT

Funded debt plus capitalized value of operating lease payments, which is calculated as six times net annual operating lease payments

ADJUSTED DEBT TO CAPITAL

Adjusted debt divided by the sum of adjusted debt and shareholders' equity

BOOK VALUE PER SHARE

Shareholders' equity less preferred shares divided by Non-Voting Class A shares and Class B common shares outstanding

CAPITAL EXPENDITURE

Payments made for the acquisition of property and equipment

COMPANY-WIDE CAPITAL EXPENDITURES

Total investment in property and equipment, which includes investment financed by the Company, third party operating leases, landlords and franchise affiliates

EBITDA

Operating income plus depreciation and amortization

EXPANDED STORES

Stores that undergo construction resulting in a square footage increase during the year

FUNDED DEBT

All interest bearing debt, which includes bank loans, bankers' acceptances, long-term debt and liabilities relating to assets held for sale

FUNDS FROM OPERATIONS

Operating earnings plus depreciation

HEDGE

A financial instrument used to manage foreign exchange or interest rate risk by making a transaction which offsets the existing position

INTEREST COVERAGE

Operating income divided by interest expense

LETTERS OF CREDIT

Financial instruments issued by a financial institution to guarantee the Company's payments to a third party

NET DEBT TO TOTAL CAPITAL

Funded debt less cash and cash equivalents divided by funded debt less cash and cash equivalents plus shareholders' equity

ON BALANCE SHEET INVESTMENT

The Company's investment in property and equipment that is recorded on the balance sheet

OPERATING EARNINGS

Net earnings before capital gains (losses) and other items, net of tax

OPERATING INCOME

Operating earnings before minority interest, interest expense and income taxes

OPERATING MARGIN

Operating income divided by sales

PRIVATE LABEL

A brand of products that is marketed, distributed and owned by the Company

RENOVATED STORES

Stores that undergo construction, resulting in no increase in square footage

RETURN ON EQUITY

Net earnings divided by average shareholders' equity

SAME-STORE SALES

Sales from stores in the same location in both reporting periods

TOTAL CAPITAL

Funded debt plus shareholders' equity

VIE (VARIABLE INTEREST ENTITY)

An entity that does not have sufficient equity at risk to finance its activities without additional subordinated financial support, or where the equity holders lack the overall characteristics of a controlling financial interest

WEIGHTED AVERAGE NUMBER OF SHARES

Number of Non-Voting Class A shares plus Class B common shares outstanding adjusted to take into account the time the shares are outstanding in the reporting period