

Glossary of Terms

Term	Definition	Term	Definition
Adjusted basic net earnings per common share	Basic net earnings per common share adjusted for items that affect the comparability of the financial results and are not a result of ongoing operations (see Non-GAAP Financial Measures on page 40).	Major expansion	Expansion of a store that results in an increase in square footage that is greater than 25% of the square footage of the store prior to the expansion.
Adjusted EBITDA	Adjusted operating income before depreciation and amortization (see Non-GAAP Financial Measures on page 40).	Market/book ratio at year end	Market price per common share at year end divided by book value per common share at year end.
Adjusted EBITDA margin	Adjusted EBITDA divided by sales excluding the impact of VIEs (see Non-GAAP Financial Measures on page 40).	Minor expansion	Expansion of a store that results in an increase in square footage that is less than or equal to 25% of the square footage of the store prior to the expansion.
Adjusted net earnings	Net earnings adjusted for items that affect the comparability of the financial results and are not a result of ongoing operations (see Non-GAAP Financial Measures on page 40).	Net debt	Bank indebtedness, commercial paper, long term debt due within one year, long term debt and debt equivalents less cash, cash equivalents and short term investments (see Non-GAAP Financial Measures on page 40).
Adjusted operating income	Operating income adjusted for items that affect the comparability of the financial results and are not a result of ongoing operations (see Non-GAAP Financial Measures on page 40).	Net debt to equity	Net debt divided by total shareholders' equity.
Adjusted operating margin	Adjusted operating income divided by sales excluding the impact of VIEs (see Non-GAAP Financial Measures on page 40).	New store	A newly constructed store, conversion or major expansion.
Annual Report	For 2006, the Annual Report consists of the Annual Summary and the Financial Report.	Operating income	Earnings before interest expense and income taxes.
Basic net (loss) earnings per common share	Net (loss) earnings available to common shareholders divided by the weighted average number of common shares outstanding during the year.	Operating margin	Operating income divided by sales.
Book value per common share	Shareholders' equity divided by the number of common shares outstanding at year end.	Price/net (loss) earnings ratio at year end	Market price per common share at year end divided by basic net (loss) earnings per common share for the year.
Capital investment	Fixed asset purchases.	Renovation	A capital investment in a store resulting in no change to the store square footage.
Capital investment per common share	Capital investment divided by the weighted average number of common shares outstanding during the year.	Retail sales	Combined sales of stores owned by the Company and those owned by the Company's independent franchisees.
Cash flows from operating activities per common share	Cash flows from operating activities divided by the weighted average number of common shares outstanding during the year.	Retail square footage	Retail square footage includes corporate and independent franchised stores.
Cash flows from operating activities to net debt	Cash flows from operating activities divided by net debt.	Return on average total assets	Operating income divided by average total assets excluding cash, cash equivalents and short term investments (see Non-GAAP Financial Measures on page 40).
Control label	A brand and associated trademark that is owned by the Company for use in connection with its own products and services.	Return on average shareholders' equity	Net (loss) earnings available to common shareholders divided by average total common shareholders' equity.
Conversion	A store that changes from one Company banner to another Company banner.	Sales excluding the impact of VIEs	Total sales less sales attributable to the consolidation of VIEs pursuant to AcG 15 (see Non-GAAP Financial Measures on page 40).
Corporate stores sales per average square foot	Sales by corporate stores divided by the average corporate stores' square footage at year end.	Same-store sales	Retail sales from the same physical location for stores in operation in that location in both periods being compared but excluding sales from a store that has undergone a conversion or major expansion in the period.
Diluted net (loss) earnings per common share	Net (loss) earnings available to common shareholders divided by the weighted average number of common shares outstanding during the period minus the dilutive impact of outstanding stock option grants at period end.	Variable interest entity ("VIE")	An entity that either does not have sufficient equity at risk to finance its activities without subordinated financial support or where the holders of the equity at risk lack the characteristics of a controlling financial interest (see Note 2 to the consolidated financial statements).
Dividend rate per common share at year end	Dividend per common share declared in the fourth quarter multiplied by four.	Weighted average common shares outstanding	The number of common shares outstanding determined by relating the portion of time within the year the common shares were outstanding to the total time in that year.
Free cash flow	Cash flows from operating activities less fixed asset purchases and dividends (see Non-GAAP Financial Measures on page 40).	Working capital	Total current assets less total current liabilities.
Gross margin	Sales less cost of sales and inventory shrinkage divided by sales.	Year	A fiscal year ends on the Saturday closest to December 31, usually 52 weeks in duration, but includes 53 weeks every 5 to 6 years. The year ended January 3, 2004 contained 53 weeks.
Interest coverage	Operating income divided by interest expense adding back interest capitalized to fixed assets.		