

Couche-Tard 

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Quarterly Report

FOR THE 12-WEEK PERIOD ENDED OCTOBER 12, 2008

Management's Discussion and Analysis

The purpose of this Management's Discussion and Analysis (MD&A) is, as required by regulators, to explain management's point of view on Alimentation Couche-Tard Inc.'s (Couche-Tard) financial condition and results of operations as well as the performance during the second quarter of the fiscal year ending April 26, 2009. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader's understanding of the quarterly consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Company", we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars (US dollars) and determined on the basis of Canadian generally accepted accounting principles (Canadian GAAP). The interim consolidated financial statements have not been audited nor have they been subject to a review engagement by the Company's auditors.

We also use measures in this MD&A that do not comply with Canadian GAAP. When such measures are presented, they are defined and the reader is informed. You should read the following MD&A in conjunction with the annual consolidated financial statements and related notes included in Couche-Tard's 2008 Annual Report (2008 annual report), which, along with additional information relating to Couche-Tard, including the latest Annual Information Form, is available on SEDAR at www.sedar.com, on the SEC's website at www.sec.gov and on the Company's website at www.couche-tard.com.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the U.S. *Private Securities Litigation Reform Act of 1995*. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "intend", "expect", "estimate" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at November 25, 2008, which are not guarantees of future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

Unless otherwise required by applicable securities laws, Couche-Tard disclaims any intention or obligation to update or revise the forward-looking statements, whether as a result of new information, future events or otherwise.

The foregoing risks and uncertainties include the risks set forth under "Business Risks" and "Other Risks" in our 2008 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada and the United States.

Our Business

We are the leader in the Canadian convenience store industry. With respect to our positioning in North America, we are the second-largest independent convenience store operator (whether integrated with a petroleum company or not) in terms of number of stores.

Our network is comprised of 5,416 convenience stores throughout North America, including 3,574 stores with motor fuel dispensing. We are present in 11 North American markets, including eight in the United States covering 33 states and three in Canada covering ten provinces. More than 46,000 people are employed throughout our network and at the service offices. As we stated before, we privilege the operation of networks with a maximum of approximately 600 company-operated stores per division. Therefore, since the beginning of fiscal year 2009, we implemented two new divisions in the U.S.: the Southwest division, which includes the states of Texas, Colorado, Oklahoma and New Mexico, and the Gulf division, which includes the states of Tennessee, Mississippi, Louisiana, Arkansas and the western Panhandle of Florida.

Our mission is to offer our clients the highest service by developing a customized and friendly relationship while still finding ways to surprise them on a daily basis. In this regard, we strive to meet the demands and needs of our clientele based on their regional requirements. To do so, we offer consumers food and beverage items, motor fuel and other high-quality products and services designed to meet clients' demands in a clean and welcoming environment. Our positioning in the industry stems primarily from the success of our business model, which is based on a decentralized management structure,

an ongoing assessment of best practices and operational expertise that is enhanced by our experience in the various regions of our network. Our positioning is also a result of our focus on in-store merchandise, as well as our continued investments in our IMPACT program and the technological development of our stores.

The convenience store sector is fragmented. Our industry is in a consolidation and restructuring phase following the stiff competition and major fluctuations in motor fuel margins. Economies of scale are now essential to succeed in this business sector. We are participating in this process through our acquisitions and we believe that it is still possible for industry participants with a good financial position such as Couche-Tard to maintain sustained growth through mergers and acquisitions, especially in the current difficult economic conditions. However, these acquisitions would have to be concluded at reasonable conditions in order to create value for the Company and its shareholders. Therefore, we do not favor store count growth to the detriment of profitability.

Exchange Rate Data

The Company reports in US dollars given the predominance of its operations in the United States and its US dollar denominated debt.

The following table sets forth information about exchange rates based upon the Bank of Canada closing rates expressed as US dollars per Cdn\$1.00:

	12-week periods ended		24-week periods ended	
	October 12, 2008	October 14, 2007	October 12, 2008	October 14, 2007
Average for period ⁽¹⁾	0.9458	0.9658	0.9679	0.9480
Period end	0.8469	1.0276	0.8469	1.0276

⁽¹⁾ Calculated by taking the average of the closing exchange rates of each day in the applicable period.

Overview of the Second Quarter of 2009

Partnership

In connection with our commercial partnership with Irving Oil put in place during the first quarter of 2009 and relating to 252 convenience stores, we have integrated seven Irving stores in Canada during the second quarter of fiscal 2009, bringing the integrated number of stores to 203 from the initial 252 (79 in Canada and 124 in the U.S.). We expect that the remaining stores included in the initial agreement will be integrated to our network before the end of fiscal year 2009. In addition, pursuant to the agreement, another 13 stores located in the United States were added to the initial 252 stores. These 13 stores were integrated with our network during the second quarter.

Corporate credit rating

Effective August 28, 2008, Standard & Poor's credit rating agency raised our long-term corporate credit rating from BB to BB+. The upgrade reflects our resilient operating performance and credit metrics during the current difficult market conditions. As per Standard & Poor's, the revised rating is supported by our strong market position in the North American convenience store segment, the solid performance of our merchandising programs and by management's proven track record of integrating acquisitions.

Dividends

On November 25, 2008, the Board of Directors declared a quarterly dividend of Cdn\$0.035 per share for the second quarter of fiscal 2009 to shareholders on record as at December 4, 2008, and approved its payment for December 12, 2008. This is an eligible dividend within the meaning of the *Income Tax Act* of Canada.

Share repurchase program

1) Program effective August 8, 2007, which expired August 7, 2008

Pursuant to this share repurchase program, we repurchased 8,800 Class A multiple voting shares during the second quarter at an average cost of Cdn\$10.91 and 1,904,100 Class B subordinate voting shares at an average cost of Cdn\$10.83. There were no shares repurchased during the first quarter. Since the implementation of the program, we have repurchased a total of 2,125,400 Class A multiple voting shares at an average cost of Cdn\$15.04 and 5,949,706 Class B subordinate voting shares at an average cost of Cdn\$15.18.

2) Program effective August 8, 2008, expiring at the latest on August 7, 2009

During the second quarter and since the implementation of the program, we have repurchased a total of 3,000 Class A multiple voting shares at an average cost of Cdn\$13.44 and 1,792,600 Class B subordinate voting shares at an average cost of Cdn\$13.79. Security holders may obtain a copy of the notice filed with the Toronto Stock Exchange, without charge, by contacting the Corporate Secretary of Couche-Tard at 1600, St-Martin Blvd. East, Tower B, 2nd Floor, Laval, Québec, H7G 4S7.

Outstanding shares and stock options

As at November 21, 2008, Couche-Tard had 53 727 412 Class A multiple voting shares and 139 355 236 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 8 998 675 outstanding stock options for the purchase of Class B subordinate voting shares.

Subsequent event

Effective November 7, 2008, we acquired, from Gate Petroleum Company, seven company-operated stores operating under the Gate banner in the Greensboro and Raleigh areas in North Carolina, United States.

Summary of changes in our stores during the second quarter and first half-year of 2009

The following table presents certain information regarding changes in our stores over the 12-week and 24-week periods ended October 12, 2008:

	12-week period ended October 12, 2008			24-week period ended October 12, 2008		
	Company-operated stores	Affiliated stores	Total	Company-operated stores	Affiliated stores	Total
Number of stores, beginning of period	4,339	1,056	5,395	4,068	1,051	5,119
Acquisitions	1	-	1	86	-	86
Openings / constructions / additions ⁽¹⁾	27	17	44	228	36	264
Closures / withdrawals	(15)	(9)	(24)	(30)	(23)	(53)
Number of stores, end of period	4,352	1,064	5,416	4,352	1,064	5,416

(1) Includes stores added to our network through the partnership agreement with Irving Oil.

During the quarter, we also implemented our IMPACT program in 32 company-operated stores (76 since the beginning of the fiscal year). As a result, 58.8% of our company-operated stores have now been converted to our IMPACT program.

Selected Consolidated Financial Information

The following table highlights certain information regarding our operations for the 12-week and 24-week periods ended October 12, 2008, and October 14, 2007:

(In millions of US dollars, unless otherwise stated)

	12-week periods ended			24-week periods ended		
	October 12, 2008	October 14, 2007	Variation %	October 12, 2008	October 14, 2007	Variation %
Statement of Operations Data:						
Merchandise and service revenues ⁽¹⁾ :						
United States	899.6	835.7	7.6	1,757.4	1,674.2	5.0
Canada	445.4	425.3	4.7	889.6	849.4	4.7
Total merchandise and service revenues	1,345.0	1,261.0	6.7	2,647.0	2,523.6	4.9
Motor fuel revenues:						
United States	2,748.9	1,954.4	40.7	5,371.4	3,976.7	35.1
Canada	462.5	284.4	62.6	857.0	573.0	49.6
Total motor fuel revenues	3,211.4	2,238.8	43.4	6,228.4	4,549.7	36.9
Total revenues	4,556.4	3,499.8	30.2	8,875.4	7,073.3	25.5
Merchandise and service gross profit ⁽¹⁾ :						
United States	290.5	277.4	4.7	568.4	551.2	3.1
Canada	153.0	149.2	2.5	310.4	296.7	4.6
Total merchandise and service gross profit	443.5	426.6	4.0	878.8	847.9	3.6
Motor fuel gross profit:						
United States	181.2	90.0	101.3	282.3	199.5	41.5
Canada	21.6	19.0	13.7	43.3	37.2	16.4
Total motor fuel gross profit	202.8	109.0	86.1	325.6	236.7	37.6
Total gross profit	646.3	535.6	20.7	1,204.4	1,084.6	11.0
Operating, selling, administrative and general expenses						
Depreciation and amortization of property and equipment and other assets	466.6	400.4	16.5	889.7	794.3	12.0
Operating income	138.6	94.1	47.3	230.7	211.5	9.1
Net earnings	97.6	54.2	80.1	144.8	123.3	17.4
Other Operating Data:						
Merchandise and service gross margin ⁽¹⁾ :						
Consolidated	33.0%	33.8%	(0.8)	33.2%	33.6%	(0.4)
United States	32.3%	33.2%	(0.9)	32.3%	32.9%	(0.6)
Canada	34.4%	35.1%	(0.7)	34.9%	34.9%	0.0
Growth (decrease) of same-store merchandise revenues ⁽²⁾⁽³⁾ :						
United States	(1.0%)	4.2%		(0.5%)	3.9%	
Canada	1.4%	6.6%		0.3%	6.0%	
Motor fuel gross margin ⁽³⁾ :						
United States (cents par gallon):	24.88	13.04	90.8	20.47	14.83	38.0
Canada (Cdn cents per litre)	4.66	5.06	(7.9)	5.05	5.03	0.4
Volume of motor fuel sold ⁽⁴⁾ :						
United States (millions of gallons)	753.6	723.2	4.2	1,429.2	1,408.4	1.5
Canada (millions of litres)	490.9	392.6	25.0	886.8	783.2	13.2
(Decrease) growth of same-store motor fuel volume ⁽³⁾ :						
United States	(10.6%)	1.3%		(7.7%)	(0.2%)	
Canada	2.2%	6.5%		2.5%	7.1%	
Per Share Data:						
Basic net earnings per share (dollars per action)	0.50	0.27	85.2	0.74	0.61	21.3
Diluted net earnings per share (dollars per action)	0.49	0.26	88.5	0.73	0.59	23.7
				October 12, 2008	April 27, 2008	Variation \$
Balance Sheet Data:						
Total assets				3,323.4	3,320.6	2.8
Interest-bearing debt				829.3	842.2	(12.9)
Shareholders' equity				1,283.0	1,253.7	29.3
Ratios:						
Net interest-bearing debt/total capitalization ⁽⁵⁾				0.34 : 1	0.33 : 1	
Net interest-bearing debt/EBITDA ⁽⁶⁾				1.26 : 1 ⁽⁷⁾	1.29 : 1	

1. Includes other revenues derived from franchise fees, royalties and rebates on some purchases by franchisees and licensees.

2. Does not include services and other revenues (as described in footnote 1 above). Growth in Canada is calculated based on Canadian dollars.

3. For company-operated stores only.

4. Includes volume of franchisees and dealers.

5. This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments, divided by the addition of shareholders' equity and long-term debt, net of cash and cash equivalents and temporary investments. It does not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by other public companies.

6. This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt, net of cash and cash equivalents and temporary investments, divided by EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization). It does not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by other public companies.

7. This ratio was standardized over a period of one year. It includes the results of the first quarter of the year ending April 26, 2009 as well as the second, third and fourth quarters of the year ended April 27, 2008.

Analysis of consolidated results for the second quarter and the first half-year of 2009

Revenues

Our revenues amounted to \$4.6 billion in the second quarter of 2009, up \$1.1 billion, for an increase of 30.2% compared to the second quarter of 2008, of which \$707.5 million is related to the increase in motor fuel retail prices and \$580.4 million is attributable to major acquisitions. These factors contributing to the increase were partially offset by a decrease in same-store motor fuel volume and a slight decrease in same-store merchandise revenues in the United States as well as a 2.1% depreciation of the Canadian dollar against its US counterpart.

For the first half-year, our growth in merchandise and services revenues was \$1.8 billion or 25.5%, which boosted our revenues to \$8.9 billion, of which \$1.4 billion comes from higher motor fuel retail prices, \$667.3 million is attributable to our major acquisitions and \$31.7 million come from the appreciation of the Canadian dollar. Once again, these positive items were partially offset by a drop in same-store motor fuel volumes and a slight decrease in same-store merchandise revenues in the United States. During the first two quarters, 80.3% of our revenues came from the United States compared to 79.9% last year.

More specifically, the growth of merchandise and service revenues for the second quarter was \$84.0 million, an increase of 6.7% compared to the same quarter last year, of which \$97.7 million was generated by major acquisitions, partially offset by a \$8.8 million depreciation of the Canadian dollar against its U.S. counterpart. Regarding internal growth, as measured by the growth in same-store merchandise revenues, it fell by 1.0% in the United States while increasing by 1.4% in Canada. The decrease in the U.S. illustrates the economic slowdown in some regions, especially in the southern part of the country. The situation was magnified by a significant rise of 34.4% in the average motor fuel retail price at the pump compared to the second quarter last year, leaving that much less margin on consumers' personal disposable income for in-store purchases. In-store sales in the U.S. were also affected by motor fuel supply issues and temporary store closures in some US-based business units in the wake of hurricanes. In the same manner, a tightened application of immigration laws in Arizona noticeably affected sales within the business unit whose stores had a strong concentration of Hispanic consumers. As for the Canadian market, our business units had the benefit of more favourable economic conditions than in the United States, allowing for growth in same-store merchandise revenues which were partially offset by the negative effect of smuggling on tobacco products.

In the first half-year, merchandise and services revenues rose by \$123.4 million compared to the same period last year, of which \$114.2 million stems from major acquisitions and \$17.3 million from a strong Canadian dollar as compared to last year. These results were partially offset by a slight decrease of 0.5% in our U.S. same-store merchandise revenues.

Motor fuel revenues increased \$972.6 million or 43.4% in the second quarter, of which 72.7% of the increase stems from a higher average retail price at the pump in our U.S. and Canadian company-operated stores, as shown in the following table, beginning with the third quarter of the year ended April 27, 2008:

Quarter	3 rd	4 th	1 st	2 nd	Weighted average
52-week period ended October 12, 2008					
United States (US dollars per gallon)	2.96	3.22	3.91	3.67	3.41
Canada (Cdn cents per litre)	95.92	103.69	122.66	114.37	108.96
52-week period ended October 14, 2007					
United States (US dollars per gallon)	2.26	2.52	2.98	2.73	2.61
Canada (Cdn cents per litre)	80.27	90.11	98.49	92.35	89.85

The major acquisitions contributed 131.7 million additional gallons in the second quarter, or \$482.7 million in revenues, partially offset by the depreciation of the Canadian dollar against its U.S. counterpart, resulting in a decrease in revenues of \$8.9 million. Same-store motor fuel volume fell 10.6% in the United States and rose 2.2% in Canada. In the United States, the negative performance is mainly due to poor economic conditions in the southern part of the country, to the overall decline in consumer demand resulting from the sharp increase in motor fuel retail prices at the pump as well as supply issues and temporary store closures in some US-based business units in the wake of hurricanes. For August only, as per the U.S. Federal Highway Administration (FHA) and considering the weighting of our stores in each U.S. state, the decrease in distance travelled on U.S. highways in concerned states is 6.8%. As for the problems related to hurricanes, the impact is a decrease in same-store motor fuel volumes of approximately 1.7%. However, very high gross margins in these areas largely made up for the drop in volumes. In Canada, the growth is considered to be acceptable taking into account the 23.8% increase in motor fuel retail prices as compared to the same period last year.

For the first two quarters, motor fuel revenues rose \$1.7 billion, up 36.9%. The increase in the motor fuel retail price at the pump accounts for \$1.4 billion of the increase, while the strong Canadian dollar accounts for \$14.4 million. Our major acquisitions contributed an additional 149.7 million gallons or \$553.1 million in sales. Finally, the same-store motor fuel volume dropped by 7.7% in the United States but rose by 2.5% in Canada, which adversely impacted overall motor fuel sales. This performance is generally driven by the same factors as those prevailing in the second quarter.

Gross profit

The merchandise and service gross margin fell to 33.0% in the second quarter of 2009 from 33.8% during the same period last year. In the United States, the gross margin was 32.3%, a decrease from 33.2% the previous year. This drop is due to three key factors: 1) a normal increase in inventory spoilage resulting from our strategy to boost our offer of fresh products in stores. This situation should stabilize itself once programs reach their maturity; 2) a pricing strategy in tune with market competitiveness and economic conditions within each market; 3) some major acquisitions that have a lower gross margin than the existing network also had a negative impact on the gross margin in the U.S., but it should progressively improve following the implementation of our integration strategies. In Canada, the margin fell to 34.4%, a 0.7% decrease due to factors similar to those influencing performance in the United States.

During the first half of the year, the merchandise and services gross margin was 33.2%. More specifically, it was 32.3% in the U.S., a decrease of 0.6%, and 34.9% in Canada, which is similar to last year. The reasons outlined for the quarter chiefly explain the performance registered in the first half-year.

During the second quarter, the motor fuel gross margin for our company-operated stores in the United States increased markedly by 11.84¢ per gallon, from 13.04¢ per gallon last year to 24.88¢ per gallon this year. In Canada, the margin fell, reaching Cdn4.66¢ per litre compared with Cdn5.06¢ per litre in the second quarter of 2008. The motor fuel gross margin of our company-operated stores in the United States as well as the impact of expenses related to electronic payment modes for the last eight quarters, beginning with the third quarter of the year ended April 27, 2008 were as follows:

(US cents per gallon)

Quarter	3 rd	4 th	1 st	2 nd	Weighted average
52-week period ended October 12, 2008					
Before deduction of expenses related to electronic payment modes	14.38	10.02	15.55	24.88	16.25
Expenses related to electronic payment modes	3.98	4.02	5.07	4.94	4.47
After deduction of expenses related to electronic payment modes	10.40	6.00	10.48	19.94	11.78
52-week period ended October 14, 2007					
Before deduction of expenses related to electronic payment modes	13.19	13.12	16.73	13.04	13.97
Expenses related to electronic payment modes	3.12	3.59	4.15	3.82	3.64
After deduction of expenses related to electronic payment modes	10.07	9.53	12.58	9.22	10.33

As for the 24-week period ending October 12, 2008, the motor fuel gross margin of our company-operated stores in the United States stood at 20.47¢ per gallon, compared to 14.83¢ per gallon during the first two quarters of last year. In Canada, the margin rose slightly to 5.05¢ per litre in the first half of the year compared to 5.03¢ per litre last year.

Operating, selling, administrative and general expenses

For the second quarter and the first half-year, operating, selling, administrative and general expenses rose 16.5% and 12.0%, respectively, compared with last year. For the second quarter, higher expenses related to major acquisitions, including Irving stores, account for 10.6% of the increase, the rise in electronic payment modes expenses accounts for 1.5%, while a 1.1% increase is due to the combined impact of the conversion expenses of certain motor fuel equipment in order to comply with ethanol distribution standards and of the increase in rental charges. The remaining difference of 3.3% is chiefly due to the normal increase of our operating expenses mainly caused by inflation. During the first half of the year, these same elements respectively account for 6.1%, 1.6% and 0.9% of the variation. The remaining variance of 3.4% for the first half of the year is also due to a normal increase in operating expenses caused by inflation.

Earnings before interests, taxes, depreciation and amortization [EBITDA] ¹

EBITDA was \$179.7 million for the second quarter and \$314.7 million for the first half-year, up 32.9% and 8.4% respectively compared with last year. Major acquisitions contributed to EBITDA for an amount of \$9.9 million during the quarter and \$11.9 million during the half-year.

Depreciation and amortization of property and equipment and other assets

For the quarter, depreciation expense remained stable because the additional depreciation from investments made in fiscal 2008 and in the first half-year of 2009 through acquisitions and the ongoing implementation of the IMPACT program in our network was offset by the impact of sale and leaseback transactions completed during fiscal 2008.

¹ Earnings before interests, taxes, depreciation and amortization is not a performance measure defined by Canadian GAAP, but management, investors and analysts use this measure to evaluate our operating and financial performance. Note that our definition of this measure may differ from the ones used by other public companies.

Financial expenses

For the second quarter, financial expenses decreased by \$4.5 million compared with last year while they decreased by \$9.7 million during the first half-year. These decreases are due to the combined decrease in our average borrowings and interest rates.

Income taxes

The income tax rate for the second quarter of 2009 is 24.5%, down from the 32.5% posted last year. This decrease comes in great part from the corporate reorganization we put in place at the beginning of the quarter which resulted in a non-recurring income tax expense of \$8.3 million during the first quarter. For the first half-year, the rate is 31.6%. As mentioned in the first quarter, the benefits of the reorganization should continue to positively impact the income tax rate during the next quarters.

Net earnings

We closed the second quarter of fiscal 2009 with net earnings of \$97.6 million, which equals \$0.50 per share (or \$0.49 per share on a diluted basis), compared with \$54.2 million last year, an increase of \$43.4 million or 80.1%. As for the first half-year, net earnings were at \$144.8 million compared to \$123.3 million last year.

Liquidity and Capital Resources

Our sources of liquidity remain unchanged compared with the fiscal year ended April 27, 2008, with the exception of our new term revolving unsecured operating credit of a maximum amount of \$310.0 million. For further information, please refer to the 2008 Annual Report.

We have interest rate swap agreements, which we entered into in 2004 with three banks. The terms of the agreements remain unchanged compared with the information provided in our 2008 Annual Report.

With respect to our capital expenditures and the acquisitions that we carried out in the first half-year, they were financed using available cash flow. We expect that our cash available from operations together with borrowings available under our revolving unsecured credit facilities, as well as potential sale and leaseback transactions, will meet our liquidity needs in the foreseeable future.

Our credit facilities have not changed with respect to their terms of use since April 27, 2008. As at October 12, 2008, \$478.1 million of the Company's term revolving unsecured operating credits had been used (\$440.0 million for the US dollars portion and \$38.1 million for the Canadian dollars portion) and the weighted average effective interest rate was 4.40% for the US dollar portion and 3.90% for the Canadian dollars portion. We also have a \$333.9 million subordinated unsecured debt (nominal value amounting to \$350.0 million, net of attributable financing costs of \$10.8 million, adjusted for the fair value of the interest rate swaps designated as a fair value hedge of the debt) bearing interest at an effective rate of 8.23% (6.56% taking into account the effect of the interest rate swaps described above) and maturing in 2013. In addition, standby letters of credit in the amount of Cdn\$0.8 million and \$17.9 million were outstanding as at October 12, 2008.

Selected Consolidated Cash Flow Information

(In millions of US dollars)

	12-week periods ended			24-week periods ended		
	October 12, 2008	October 14, 2007	Variation \$	October 12, 2008	October 14, 2007	Variation \$
Operating activities						
Cash flows ⁽¹⁾						
Cash flows	146.2	97.3	48.9	242.0	203.6	38.4
Other	2.6	25.8	(23.2)	(35.0)	7.3	(42.3)
Net cash provided by operating activities	148.8	123.1	25.7	207.0	210.9	(3.9)
Investing activities						
Business acquisitions	(1.1)	(3.7)	2.6	(66.2)	(57.5)	(8.7)
Purchase of property and equipment, net of proceeds from the disposal of property and equipment	(50.6)	(52.7)	2.1	(83.2)	(87.4)	4.2
Proceeds from sale and leaseback transactions	2.6	21.8	(19.2)	2.6	32.5	(29.9)
Other	(2.8)	(0.3)	(2.5)	(5.7)	(1.3)	(4.4)
Net cash used in investing activities	(51.9)	(34.9)	(17.0)	(152.5)	(113.7)	(38.8)
Financing activities						
(Decrease) increase in long-term borrowing	(46.7)	(0.5)	(46.2)	(17.6)	11.2	(28.8)
Issuance of shares	-	0.4	(0.4)	-	4.5	(4.5)
Share repurchase	(43.8)	(7.9)	(35.9)	(43.8)	(7.9)	(35.9)
Dividends	(13.3)	(11.7)	(1.6)	(13.3)	(11.7)	(1.6)
Net cash used in financing activities	(103.8)	(19.7)	(84.1)	(74.7)	(3.9)	(70.8)
Company credit rating						
Standard and Poor's	BB+	BB		BB+	BB	
Moody's	Ba1	Ba1		Ba1	Ba1	

1. These cash flows are presented for information purposes only and represent a performance measure used especially in financial circles. They represent cash flows from net earnings, plus depreciation and amortization, loss on disposal of assets and future income taxes. They do not have a standardized meaning prescribed by Canadian GAAP and therefore may not be comparable to similar measures presented by other public companies.

Operating activities

During the second quarter of fiscal 2009, net cash from operating activities reached \$148.8 million, up \$25.7 million from the second quarter of fiscal 2008. This increase is mainly due to higher net earnings during the second quarter of fiscal 2009 compared to last year, partially offset by changes in the working capital, including a decrease in accounts receivable, inventories, as well as in accounts payable and accrued liabilities.

Investing activities

During the second quarter, our investments were primarily related to the replacement of equipment in some of our stores to enhance our offering of products and services, the addition of new stores as well as the ongoing implementation of our IMPACT program throughout our network.

Financing activities

During the second quarter, the decrease in long term debt amounted to \$46.7 million. In addition, we repurchased shares for a total amount of \$43.8 million.

Financial Position as at October 12, 2008

As shown by our indebtedness ratios included in the "Selected Consolidated Financial Information" section and our net cash provided by operating activities, our financial position is excellent.

Our total consolidated assets amounted to \$3.3 billion as at October 12, 2008, virtually the same amount compared with April 27, 2008.

Shareholders' equity amounted to \$1,283.3 million as at October 12, 2008, up \$29.3 million compared to April 27, 2008.

Contractual Obligations and Commercial Commitments

Other than our new leases related to the Irving Oil partnership mentioned previously, there were no major changes during the 24-week period ended October 12, 2008, with respect to our contractual obligations and commercial commitments. For more information, please refer to our 2008 Annual Report.

Selected Quarterly Financial Information (Unaudited)

(In millions of US dollars except for per share data, unaudited)

Quarter	24-week period ended October 12, 2008		52-week period ended April 27, 2008				Extract from the 52-week period ended April 29, 2007	
	2nd	1st	4th	3rd	2nd	1st	4th	3rd
	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks	13 weeks	16 weeks
Revenues	4,556.4	4,319.0	3,705.8	4,590.9	3,499.8	3,573.5	2,972.6	3,498.0
Income before depreciation and amortization of property and equipment and other assets, financial expenses and income taxes	179.7	135.0	63.7	130.6	135.2	155.1	99.0	125.0
Depreciation and amortization of property and equipment and other assets	41.1	42.9	39.9	53.8	41.1	37.7	34.4	43.3
Operating income	138.6	92.1	23.8	76.8	94.1	117.4	64.6	81.7
Financial expenses	9.3	9.8	9.1	16.7	13.8	15.0	14.4	16.6
Net earnings	97.6	47.2	15.5	50.5	54.2	69.1	33.4	43.7
Net earnings per share								
Basic	\$0.50	\$0.24	\$0.08	\$0.25	\$0.27	\$0.34	\$0.17	\$0.22
Diluted	\$0.49	\$0.24	\$0.08	\$0.24	\$0.26	\$0.33	\$0.16	\$0.21

Outlook

In the course of fiscal 2009, we will pursue our investments with caution in order to, amongst other things, deploy our IMPACT program. We also intend to attempt to realize acquisitions by seizing opportunities arising from the economic climate and attractive conditions to secure cash. In view of current accessibility conditions to capital market and debt, we believe to be in good position to create value.

While we are aware that our results depend on several external factors, including the exchange rate effect and the motor fuel net margin, we believe that our profitability should increase during the current fiscal year.

Finally, in line with our business model, we will continue to focus our resources on the sale of fresh products and on innovation, including the introduction of new products and services, in order to satisfy the needs of our growing clientele.

November 25, 2008

CONSOLIDATED STATEMENTS OF EARNINGS

(in millions of US dollars, except per share amounts, unaudited)

For the periods ended	12 weeks		24 weeks	
	October 12, 2008	October 14, 2007	October 12, 2008	October 14, 2007
	\$	\$	\$	\$
Revenues	4,556.4	3,499.8	8,875.4	7,073.3
Cost of sales	3,910.1	2,964.2	7,671.0	5,988.7
Gross profit	646.3	535.6	1,204.4	1,084.6
Operating, selling, administrative and general expenses	466.6	400.4	889.7	794.3
Depreciation and amortization of property and equipment and other assets	41.1	41.1	84.0	78.8
	507.7	441.5	973.7	873.1
Operating income	138.6	94.1	230.7	211.5
Financial expenses	9.3	13.8	19.1	28.8
Earnings before income taxes	129.3	80.3	211.6	182.7
Income taxes (Note 9)	31.7	26.1	66.8	59.4
Net earnings	97.6	54.2	144.8	123.3
Net earnings per share (Note 5)				
Basic	0.50	0.27	0.74	0.61
Diluted	0.49	0.26	0.73	0.59
Weighted average number of shares (in thousands)	194,530	202,785	195,628	202,692
Weighted average number of shares – diluted (in thousands)	198,265	207,978	199,474	208,074
Number of shares outstanding at end of period (in thousands)	193,023	202,471	193,023	202,471

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in millions of US dollars, unaudited)

For the periods ended	12 weeks		24 weeks	
	October 12, 2008	October 14, 2007	October 12, 2008	October 14, 2007
	\$	\$	\$	\$
Net earnings	97.6	54.2	144.8	123.3
Other comprehensive income				
Changes in cumulative translation adjustments ⁽¹⁾	(69.9)	30.9	(67.7)	71.2
Net change in unrealized gains on available-for-sale financial assets	-	-	-	0.1
Other comprehensive income	(69.9)	30.9	(67.7)	71.3
Comprehensive income	27.7	85.1	77.1	194.6

- (1) For the 12 and 24-week periods ended October 12, 2008, these amounts include net loss of \$134.5 and \$126.1, respectively, (net gain of \$63.7 and \$117.8, respectively, for the 12 and 24-week periods ended October 14, 2007) arising from the translation of US dollar denominated long-term debt designated as a foreign exchange hedge of the Company's net investment in its U.S. self-sustaining operations.

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CAPITAL STOCK

(in millions of US dollars, unaudited)

For the 24-week periods ended	October 12, 2008	October 14, 2007
	\$	\$
Balance, beginning of period	348.8	352.3
Stock options exercised for cash	-	4.5
Fair value of stock options exercised	-	1.7
Carrying value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled	(8.8)	(0.9)
Balance, end of period	340.0	357.6

CONSOLIDATED STATEMENTS OF CONTRIBUTED SURPLUS

(in millions of US dollars, unaudited)

For the 24-week periods ended	October 12, 2008	October 14, 2007
	\$	\$
Balance, beginning of period	15.6	13.4
Stock-based compensation expense (Note 7)	1.5	2.0
Fair value of stock options exercised	-	(1.7)
Balance, end of period	17.1	13.7

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in millions of US dollars, unaudited)

For the 24-week periods ended	October 12, 2008	October 14, 2007
	\$	\$
Balance, beginning of period	775.0	681.9
Impact of changes in accounting policies (Note 2)	-	0.9
Balance, beginning of period, as restated	775.0	682.8
Net earnings	144.8	123.3
Dividends	(13.3)	(11.7)
Excess of purchase price over carrying value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled	(27.2)	(5.2)
Balance, end of period	879.3	789.2

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE INCOME

(in millions of US dollars, unaudited)

For the 24-week periods ended	October 12, 2008	October 14, 2007
	\$	\$
Balance, beginning of period	114.3	97.8
Impact of changes in accounting policies (Note 2)	-	0.4
Balance, beginning of period, as restated	114.3	98.2
Other comprehensive income	(67.7)	71.3
Balance, end of period	46.6	169.5

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of US dollars, unaudited)

For the periods ended

	12 weeks		24 weeks	
	October 12, 2008	October 14, 2007	October 12, 2008	October 14, 2007
	\$	\$	\$	\$
Operating activities				
Net earnings	97.6	54.2	144.8	123.3
Adjustments to reconcile net earnings to net cash provided by operating activities				
Depreciation and amortization of property and equipment and other assets, net of amortization of deferred credits	36.4	36.7	74.5	69.7
Future income taxes	9.6	8.4	19.2	13.8
Loss (gain) on disposal of property and equipment and other assets	2.6	(2.0)	3.5	(3.2)
Deferred credits	1.8	2.8	4.1	7.7
Other	2.8	6.2	7.2	9.6
Changes in non-cash working capital	(2.0)	16.8	(46.3)	(10.0)
Net cash provided by operating activities	148.8	123.1	207.0	210.9
Investing activities				
Purchase of property and equipment	(53.1)	(58.9)	(88.1)	(98.5)
Business acquisitions (Note 4)	(1.1)	(3.7)	(66.2)	(57.5)
Increase in other assets	(2.8)	(0.3)	(5.7)	(1.3)
Proceeds from disposal of property and equipment and other assets	2.5	6.2	4.9	11.1
Proceeds from sale and leaseback transactions	2.6	21.8	2.6	32.5
Net cash used in investing activities	(51.9)	(34.9)	(152.5)	(113.7)
Financing activities				
Net (decrease) increase in long-term debt	(46.7)	(0.5)	(17.6)	11.2
Repurchase of Class A multiple voting shares and Class B subordinated voting shares	(43.8)	(7.9)	(43.8)	(7.9)
Dividends paid	(13.3)	(11.7)	(13.3)	(11.7)
Issuance of shares	-	0.4	-	4.5
Net cash provided by financing activities	(103.8)	(19.7)	(74.7)	(3.9)
Effect of exchange rate fluctuations on cash and cash equivalents	(8.7)	6.5	(7.9)	11.3
Net (decrease) increase in cash and cash equivalents	(15.6)	75.0	(28.1)	104.6
Cash and cash equivalents, beginning of period	203.5	171.3	216.0	141.7
Cash and cash equivalents, end of period	187.9	246.3	187.9	246.3
Supplemental information:				
Interest paid	4.9	7.9	19.2	30.8
Income taxes paid	21.6	7.6	46.5	19.6

The accompanying notes are an integral part of the consolidated financial statements.

CONSOLIDATED BALANCE SHEETS
(in millions of US dollars)

	As at October 12, 2008 (unaudited)	As at April 27, 2008
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	187.9	216.0
Accounts receivable	269.9	251.7
Inventories	435.5	444.5
Prepaid expenses	19.7	8.3
Future income taxes	23.3	24.7
	936.3	945.2
Property and equipment	1,754.0	1,748.3
Goodwill	389.7	402.6
Trademarks and licenses	172.1	170.3
Deferred charges	11.6	13.8
Other assets	42.9	39.5
Future income taxes	16.8	0.9
	3,323.4	3,320.6
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	805.3	842.7
Income taxes payable	35.8	18.6
Current portion of long-term debt	2.9	1.2
	844.0	862.5
Long-term debt	826.4	841.0
Deferred credits and other liabilities	258.1	253.8
Future income taxes	111.9	109.6
	2,040.4	2,066.9
Shareholders' equity		
Capital stock	340.0	348.8
Contributed surplus	17.1	15.6
Retained earnings	879.3	775.0
Accumulated other comprehensive income	46.6	114.3
	1,283.0	1,253.7
	3,323.4	3,320.6

The accompanying notes are an integral part of the consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

1. CONSOLIDATED FINANCIAL STATEMENTS PRESENTATION

The unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles (Canadian GAAP) and have not been subject to a review engagement by the Company's external auditors. These consolidated financial statements were prepared in accordance with the same accounting policies and methods as the audited annual consolidated financial statements for the year ended April 27, 2008, with the exception of the accounting changes described in Note 2 below. The unaudited interim consolidated financial statements do not include all the information for complete financial statements and should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Company's 2008 Annual Report (the 2008 Annual Report). The results of operations for the interim periods presented do not necessarily reflect results expected for the full year.

The Company's business follows a seasonal pattern. The busiest period is the first half-year of each fiscal year, which includes summer's sales.

2. ACCOUNTING CHANGES

2009

Inventories

On April 28, 2008, the Company adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3031, "Inventories", which replaces Section 3030 of the same name. The new section provides guidance on the basis and method of measurement of inventories and allows for reversal of previous write-downs. The section also establishes new standards on disclosure of accounting policies used, carrying amounts, amounts recognized as an expense, write-downs and the amount of any reversal of any write-downs. This new standard aligns accounting for inventories under Canadian GAAP with International Financial Reporting Standards (IFRS).

The adoption of this new Section had no material impact on the Company's consolidated financial results.

2008

Financial Instruments – Recognition and Measurement

On April 30, 2007, the Company adopted CICA Handbook Section 3855 "Financial Instruments – Recognition and Measurement", which establishes standards for recognition and measurement of financial assets, financial liabilities and non-financial derivatives. This new standard must be implemented retroactively without restatement of prior periods financial statements.

The Company made the following classifications:

Financial assets and liabilities	Classification	Subsequent measurement ⁽¹⁾	Classification of gains and losses
Cash and cash equivalents	Held-for-trading	Fair value	Net earnings
Accounts receivable	Loans and receivables	Amortized cost	Net earnings
Investments in publicly-traded securities	Available-for-sale	Fair value	Other comprehensive income
Bank indebtedness and long-term debt	Other financial liabilities	Amortized cost	Net earnings
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost	Net earnings

⁽¹⁾ Initial measurement of all financial assets and liabilities is at fair value.

As of April 30, 2007, the impact of the implementation of the classifications described above is a \$0.5 increase in Other assets, a \$0.1 increase in the long-term Future income tax liability and a \$0.4 increase in Accumulated other comprehensive income. These adjustments relate to an investment in publicly-traded securities held by the Company. For the 24-week period ended October 14, 2007, the impact is an increase of \$0.1 in Other comprehensive income.

Section 3855 also requires that transaction costs be i) recognized in income when incurred or ii) added to or deducted from the amount of the financial asset or liability to which they are directly attributable when the asset or liability is not classified as held-for-trading. The Company has deferred financing costs attributable to its Subordinated unsecured debt which were previously deferred and amortized over the term of the debt. Consequently, the Company elected to apply the accounting policy that consists of deducting financing costs from the amount of the financial liability to which they are directly attributable. As of April 30, 2007, this change resulted in a decrease of \$11.6 in Deferred charges, of \$13.1 in Long-term debt, in an increase of \$0.6 in the long-term Future income tax liability and of \$0.9 in Retained earnings. For the 24-week period ended October 14, 2007, the impact is not significant.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

Hedges

Effective April 30, 2007, the Company adopted CICA Handbook Section 3865 "Hedges", which establishes circumstances under which hedge accounting may be applied. The purpose of hedge accounting is to ensure that gains, losses, revenues and expenses related to a hedging item and to the hedged item are recognized in net income in the same period.

As described in Notes 4 and 23 of the consolidated financial statements included in the 2008 Annual Report, the Company uses interest rate swaps as part of its program for managing the interest rate of its Subordinated unsecured debt. These interest rate swaps have been designated and documented as an effective fair value hedge of the Subordinated unsecured debt. Under the new standard, changes in the fair value of the swaps and the debt are recognized in net income, counterbalancing each other, with the exception of any ineffective portion of the hedging relationship. On the balance sheet, the fair value of the interest swaps is recorded in Other assets if it is favourable for the Company or in Deferred credits and other liabilities if it is unfavourable for the Company.

The Company also designates its entire US dollars denominated long-term debt as a foreign exchange hedge of its net investment in its U.S. self-sustaining subsidiaries. Accordingly, corresponding foreign exchange gains and losses are recorded in Accumulated other comprehensive income in the Shareholders' equity to offset the foreign currency translation adjustments on the investments.

As of April 30, 2007, these changes resulted in an increase of \$14.9 in Deferred credits other long-term liabilities and in a decrease of \$14.9 in Long-term debt.

Comprehensive Income

On April 30, 2007, the Company adopted CICA Handbook Section 1530 "Comprehensive Income". This Section introduces a new financial statement which presents the change in equity of an enterprise from transactions and other events and circumstances from non-owner sources. These transactions include net changes in unrealized gains and losses on translating Canadian and corporate operations into the reporting currency as well as unrealized gains and losses related to changes in the fair value of certain financial instruments that are not recorded in net earnings. These two types of transactions are recorded in Other comprehensive income.

The result of the implementation of this new standard is that, beginning in the first quarter of fiscal 2008, the Company includes, in its consolidated financial statements, a consolidated statement of comprehensive income while the cumulative net changes in other comprehensive income are included in Accumulated other comprehensive income, which is presented as a new category of Shareholders' equity. Consequently, an amount of \$97.8 presented in cumulative translation adjustments as at April 29, 2007 has been reclassified to Accumulated other comprehensive income.

Disclosure and presentation

On April 30, 2007, the Company adopted CICA Handbook Section 3861 "Financial Instruments – Disclosure and Presentation", which replaces Section 3860, of the same name. Section 3861 establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them.

Equity

Effective April 30, 2007, the Company adopted CICA Handbook Section 3251 "Equity", which replaces Section 3250 "Surplus". This new section establishes standards for the presentation of equity and changes in equity during the reporting period and requires the Company to present separately equity components and changes in equity arising from i) net earnings; ii) other comprehensive income; iii) other changes in retained earnings; iv) changes in contributed surplus; v) changes in share capital; and vi) changes in reserves.

3. LONG TERM DEBT

On June 13, 2008, the Company entered into a new credit agreement consisting of a revolving unsecured credit facility of a maximum amount of \$310.0 with an initial maturity, terms and conditions similar to those of the other facility the Company already had as at April 27, 2008 as described in Note 17a) presented in the 2008 Annual Report.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

4. BUSINESS ACQUISITIONS

Effective April 29, 2008, the Company purchased 15 company-operated stores from Speedway Superamerica LLC. The acquired stores operate under the Speedway banner in central Illinois, United States.

Effective July 8, 2008, the Company purchased 70 company-operated stores from Spirit Energy. Of these 70 stores, 11 are owned and 59 are leased sites. The acquired stores operate under the Convenient Food Mart banner in the St. Louis Missouri area and nearby central Illinois area.

During the quarter, the Company purchased one store through one distinct transaction.

These acquisitions were settled for a total cash consideration of \$66.2, including direct acquisition costs. The preliminary allocations of the purchase price of the acquisitions were established based on available information and on the basis of preliminary evaluations and assumptions management believes to be reasonable. Since the Company has not completed its fair value assessment of the net assets acquired for all transactions, the preliminary allocations are subject to adjustments to the fair value of the assets and liabilities until the process is completed. The preliminary allocations are based on the estimated fair values on the dates of acquisition:

	\$
Tangible assets acquired	
Inventories	11.0
Property and equipment	44.4
Other assets	0.5
<u>Total tangible assets</u>	<u>55.9</u>
Liabilities assumed	
Accounts payable and accrued liabilities	1.5
Deferred credits and other liabilities	1.3
<u>Total liabilities</u>	<u>2.8</u>
<u>Net tangible assets acquired</u>	<u>53.1</u>
<u>Goodwill</u>	<u>13.1</u>
<u>Total consideration paid, including direct acquisition costs</u>	<u>66.2</u>

The Company expects that the goodwill related to these transactions will be deductible for tax purposes.

5. NET EARNINGS PER SHARE

	12-week period ended October 12, 2008			12-week period ended October 14, 2007		
	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$
Basic net earnings attributable to Class A and B shareholders	97.6	194,530	0.50	54.2	202,785	0.27
Dilutive effect of stock options		3,735	(0.01)		5,193	(0.01)
Diluted net earnings available for Class A and B shareholders	<u>97.6</u>	<u>198,265</u>	<u>0.49</u>	54.2	207,978	0.26
	24-week period ended October 12, 2008			24-week period ended October 14, 2007		
	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$
Basic net earnings attributable to Class A and B shareholders	144.8	195,628	0.74	123.3	202,692	0.61
Dilutive effect of stock options		3,846	(0.01)		5,382	(0.02)
Diluted net earnings available for Class A and B shareholders	<u>144.8</u>	<u>199,474</u>	<u>0.73</u>	123.3	208,074	0.59

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

A total of 1,682,795 stock options are excluded from the calculation of the diluted net earnings per share due to their antidilutive effect for the 12 and 24-weeks periods ended October 12, 2008. There are 591,525 stocks options excluded from the calculation for the 12 and 24-weeks periods ended October 14, 2007.

6. CAPITAL STOCK

As at October 12, 2008, the Company has 53,727,412 (56,169,912 as at October 14, 2007) issued and outstanding Class A multiple voting shares each comprising ten votes per share and 139,295,236 (146,301,034 as at October 14, 2007) outstanding Class B subordinate voting shares each comprising one vote per share.

7. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

As at October 12, 2008, 9,083,695 stock options for the purchase of Class B subordinate voting shares are outstanding (8,758,515 as at October 14, 2007). These stock options can be gradually exercised at various dates until September 29, 2018, at an exercise price varying from Cdn\$2.38 to Cdn\$25.71. Six series of stock options totaling 209,500 stock options at exercise prices ranging from Cdn\$13.45 to Cdn\$15.44 were granted since the beginning of the fiscal year.

For the 12 and 24-week periods ended October 12, 2008, the stock-based compensation costs amount to \$0.7 and \$1.5, respectively. For the 12 and 24-week periods ended October 14, 2007, the stock-based compensation costs amount to \$0.9 and \$2.0, respectively.

The fair value of stock options granted is estimated at the grant date using the Black & Scholes option pricing model on the basis of the following weighted average assumptions for the stock options granted during the period:

- risk-free interest rate of 3.41%;
- expected life of 8 years;
- expected volatility of 32.0%;
- expected quarterly dividend of Cdn\$0.035 per share.

The weighted average fair value of stock options granted since the beginning of the year is Cdn\$5.44 (Cdn\$10.06 as at October 14, 2007). A description of the Company's stock-based compensation plan is included in Note 20 of the consolidated financial statements presented in the 2008 Annual Report.

8. EMPLOYEE FUTURE BENEFITS

For the 12 and 24-week periods ended October 12, 2008, the Company's total net pension expense included in its consolidated statement of earnings amounts to \$1.4 and \$2.9, respectively. For the corresponding 12 and 24-week periods ended October 14, 2007, the expense is \$1.4 and \$2.8. The Company's pension plans are described in Note 21 of the consolidated financial statements presented in the 2008 Annual Report.

9. INCOME TAXES

In the first quarter of fiscal 2009, the Company elaborated a corporate reorganization which took effect on July 31, 2008. Accordingly, a \$8.3 income tax expense has been recognized during the first quarter while the benefits should be recorded during the subsequent periods of the current fiscal year and should also have a positive effect on the upcoming fiscal years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(in millions of US dollars, except per share and stock option data, unaudited)

10. SEGMENTED INFORMATION

The Company operates convenience stores in the United States and in Canada. It essentially operates in one reportable segment, the sale of goods for immediate consumption and motor fuel through corporate stores or franchise operations. It operates a convenience store chain under several banners, including Couche-Tard, Mac's and Circle K. Revenues from outside sources mainly fall into two categories: merchandise and services and motor fuel.

The following table provides the information on the principal revenue classes as well as geographic information:

	12-week period ended October 12, 2008			12-week period ended October 14, 2007		
	United States	Canada	Total	United States	Canada	Total
	\$	\$	\$	\$	\$	\$
External customer revenues^(a)						
Merchandise and services	899.6	445.4	1,345.0	835.7	425.3	1,261.0
Motor fuel	2,748.9	462.5	3,211.4	1,954.4	284.4	2,238.8
	3,648.5	907.9	4,556.4	2,790.1	709.7	3,499.8
Gross Profit						
Merchandise and services	290.5	153.0	443.5	277.4	149.2	426.6
Motor fuel	181.2	21.6	202.8	90.0	19.0	109.0
	471.7	174.6	646.3	367.4	168.2	535.6
Property and equipment and goodwill^(a)						
	1,699.9	443.8	2,143.7	1,626.8	530.4	2,157.2

	24-week period ended October 12, 2008			24-week period ended October 14, 2007		
	United States	Canada	Total	United States	Canada	Total
	\$	\$	\$	\$	\$	\$
External customer revenues^(a)						
Merchandise and services	1,757.4	889.6	2,647.0	1,674.2	849.4	2,523.6
Motor fuel	5,371.4	857.0	6,228.4	3,976.7	573.0	4,549.7
	7,128.8	1,746.6	8,875.4	5,650.9	1,422.4	7,073.3
Gross Profit						
Merchandise and services	568.4	310.4	878.8	551.2	296.7	847.9
Motor fuel	282.3	43.3	325.6	199.5	37.2	236.7
	850.7	353.7	1,204.4	750.7	333.9	1,084.6

- (a) Geographic areas are determined according to where the Company generates operating income (where the sale takes place) and according to the location of the property and equipment and goodwill.

11. RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET IMPLEMENTED

Goodwill and Intangible Assets

In February 2008, the CICA issued Handbook Section 3064, "Goodwill and intangible assets", replacing Section 3062, "Goodwill and other intangible assets" and Section 3450, "Research and development costs". Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards relating to goodwill are unchanged from the standards included in the previous Section 3062.

This new standard is applicable to fiscal years beginning on or after October 1, 2008. The Company will implement this standard in its first quarter of fiscal year 2010 but does not expect it will have a material impact on its consolidated financial statements.

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