

***Couche-Tard***



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# **Quarterly Report**

FOR THE 12-WEEK PERIOD ENDED JULY 19, 2009

## 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 first quarter of the fiscal year ending April 25, 2010. 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 2009 Annual Report (2009 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](http://www.sedar.com), on the SEC's website at [www.sec.gov](http://www.sec.gov) and on the Company's website at [www.couche-tard.com](http://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 August 25, 2009, 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" in our 2009 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. 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 5,906 convenience stores throughout North America, including 4,122 stores with motor fuel dispensing. We are present in 11 North American markets, including eight in the United States covering 43 states and the District of Columbia and three in Canada covering ten provinces. More than 52,000 people are employed throughout our network and at the service offices.

Our mission is to offer our clients outstanding 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 and in a consolidation phase. Economies of scale are now essential to succeed in this business sector. We are participating in this process through our acquisitions and the market shares we gain when competitors close sites and when we improve our offering. We also believe that it is still possible for industry participants with a good financial position such as Couche-Tard to maintain sustained growth, especially in the current difficult economic conditions. However, as for acquisitions, they 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. As an example, during the last few years, it has often been more advantageous for the Company to repurchase back its own shares at a lower multiple than some networks that were offered to us.

## Exchange Rate Data

The Company's US dollar reporting provides more relevant information 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	
	July 19, 2009	July 20, 2008
Average for period <sup>(1)</sup>	0.8734	0.9910
Period end	0.8961	0.9943

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

As we use the US dollar as our reporting currency, in our consolidated financial statements and in the present document, unless indicated otherwise, results from our Canadian and corporate operations are translated into US dollars using the average rate for the period. Variances and explanations related to variations in the foreign exchange rate and the volatility of the Canadian dollar which we discuss in the present document are therefore related to the translation in US dollars of our Canadian and corporate operations results and do not have a true economic impact on our performance since most of the Company's consolidated revenues and expenses are received or denominated in the functional currency of the markets in which it does business. Accordingly, our sensitivity to variations in foreign exchange rates is economically limited.

## Overview of the First Quarter of fiscal 2010

### Acquisitions

During the first quarter of fiscal 2010, we made the following business acquisitions:

- On May 28, 2009: acquisition of 43 company-operated stores in Phoenix, Arizona, United States from ExxonMobil Corporation (ExxonMobil). Out of the 43 sites, we own the land for 33 sites and 34 buildings, the remaining of which are operated under lease agreements. Pursuant to the same transaction, ExxonMobil also transferred us the "On the Run" trademark rights in the United States as well as 444 franchised stores operating under this trademark in the United States;
- During the quarter, we also acquired one other store through a distinct transaction.

### Dividends

On August 25, 2009, the Company's Board of Directors declared a quarterly dividend of Cdn\$0.035 per share for the first quarter of fiscal 2010 to shareholders on record as at September 3, 2009, and approved its payment for September 14, 2009. This is an eligible dividend within the meaning of the *Income Tax Act* of Canada.

### Share repurchase programs

1) Program effective August 8, 2008, which expired August 7, 2009

During the first quarter of fiscal 2010, under this program, we repurchased 2,300 Class A multiple voting shares at an average cost of Cdn\$13.19 and 2,445,700 Class B subordinate voting shares at an average cost of Cdn\$13.20. On a cumulative basis since the implementation of this program, we have repurchased a total of 17,600 Class A multiple voting shares at an average cost of Cdn\$13.18 and 9,929,100 Class B subordinate voting shares at an average cost of Cdn\$13.07.

2) Program effective August 10, 2009, expiring at the latest on August 9, 2010

Subsequent to the end of the first quarter of fiscal 2010 – on August 10, 2009 – we implemented a new share repurchase program in replacement of the program which had expired August 7, 2009. This new program allows us to repurchase up to 2,685,370 of the 53,707,412 Class A multiple voting shares and up to 12,857,284 of the 128,572,846 Class B subordinate voting shares issued and outstanding as at July 24, 2009 (representing 5.0% of the Class A multiple voting shares issued and outstanding and 10.0% of the Class B subordinate voting shares of the public float, as defined by applicable rules, as at that date, respectively). In accordance with the Toronto Stock Exchange requirements, we can repurchase a daily maximum of 1,000 Class A multiple voting shares and 107,717 Class B subordinate voting shares. When making such repurchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Company's share capital is increased on a pro rata basis. The share repurchase period will end no later than August 9, 2010. All shares repurchased under the share repurchase program are cancelled upon repurchase.

#### *Phantom Stock Unit Plan*

On May 1<sup>st</sup>, 2009, in replacement of a large portion of the stock option plan already in place since many years, we adopted a Phantom Stock Unit Plan (the "Plan") for the benefit of our officers and key employees. The new Plan's objective is to better align our officers' and key employees' compensation with the Company's performance against its peers. The Plan is anti-dilutive since it can only be settled in cash. Payment to beneficiaries of the Plan is namely conditional to the achievement by the Company of certain performance objectives compared to certain of its competitors. We do not believe that the new Plan will have a significant impact on Couche-Tard's net earnings compared to the replaced portion of the stock option plan.

Moreover, in order to reduce the risk associated with fluctuations of the fair value of the Company's shares created by the implementation of the new Plan, we entered with into a financial agreement with a bank which includes a derivative instrument.

For more details on the new Plan and the financial agreement, please refer to Note 6 of Couche-Tard's first quarter of fiscal 2010 consolidated financial statements.

#### *Outstanding shares and stock options*

As at August 21, 2009, Couche-Tard had 53,706,712 Class A multiple voting shares and 129,780,432 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 8,713,703 outstanding stock options for the purchase of Class B subordinate voting shares.

#### *International economic crisis*

In view of the global economic crisis, we are keeping even closer tabs on our risk management strategy, performance and expenditures. As stated in previous communications, some of our markets are affected by the crisis. Over the last quarters, although results have remained more than satisfying, we nevertheless felt head winds in the internal growth of merchandise revenues, motor fuel volumes and gross profit. Given the breadth of the financial crisis, the widespread belief that the economic situation will not improve before a few months and the fact that recovery could be slow, we will continue to manage prudently, to focus on customer service, invest in our stores and monitor acquisition opportunities. We are confident that our team will make the best of the situation in order to maintain maximum network performance.

We believe the Company is well positioned to face the crisis for the following reasons:

- 1) Operating activities continue to generate significant net cash flows (\$78.2 million during the first quarter of fiscal 2010);
- 2) The Company has a solid balance sheet as at July 19, 2009:
  - a) Cash position of \$ 172.4 million;
  - b) A positive working capital of \$ 121.5 million;
  - c) Availability of approximately \$570.0 million secured in the form of credit facilities;
  - d) Borrowed amounts on credit facilities and the unsecured subordinate debt will come to maturity only in 2012 and 2013, respectively;
  - e) The Company is respecting all restrictive clauses;
  - f) Our debt ratios and financial expenses coverage ratio are healthy:
    - a. net interest-bearing debt/total capitalization ratio: 0.30:1;
    - b. net interest-bearing debt/EBITDA ratio: 0.96:1 (annualized over the last 12 months);
    - c. EBITDA/financial expenses ratio: 19.0:1 (annualized over the last 12 months).
- 3) We have taken and will continue to take effective measures to preserve cash and sustain performance, while maintaining our future growth perspectives:
  - a) Tight control of capital expenditures;
  - b) Constant monitoring of operating, selling, administrative and general expenses.

Based on our assessment of the current situation, we do not expect liquidities to be an issue over the next 12 months and do not foresee any other short-term problems that may compromise the normal course of business over that same period.

### Summary of changes in our stores during first quarter of fiscal 2010

The following table presents certain information regarding changes in our stores over the 12-week period ended July 19, 2009:

	12-week period ended July 19, 2009		
	Company-operated stores	Affiliated stores	Total
Number of stores, beginning of period	4,395	1,048	5,443
Acquisitions	44	444	488
Openings / constructions / additions	5	10	15
Closures / withdrawals	(30)	(10)	(40)
<b>Number of stores, end of period</b>	<b>4,414</b>	<b>1,492</b>	<b>5,906</b>

## Selected Consolidated Financial Information

The following table highlights certain information regarding our operations for the 12-week periods ended July 19, 2009 and July 20, 2008:

(In millions of US dollars, unless otherwise stated)

	12-week periods ended		
	July 19, 2009	July 20, 2008	Variation %
<b>Statement of Operations Data:</b>			
Merchandise and service revenues <sup>(1)</sup> :			
United States	953.7	857.8	11.2
Canada	437.1	444.2	(1.6)
Total merchandise and service revenues	1,390.8	1,302.0	6.8
Motor fuel revenues:			
United States	1,911.5	2,622.5	(27.1)
Canada	372.8	394.5	(5.5)
Total motor fuel revenues	2,284.3	3,017.0	(24.3)
<b>Total revenues</b>	<b>3,675.1</b>	<b>4,319.0</b>	<b>(14.9)</b>
Merchandise and service gross profit <sup>(1)</sup> :			
United States	312.7	277.9	12.5
Canada	149.3	157.5	(5.2)
Total merchandise and service gross profit	462.0	435.4	6.1
Motor fuel gross profit:			
United States	119.4	101.0	18.2
Canada	28.0	21.7	29.0
Total motor fuel gross profit	147.4	122.7	20.1
<b>Total gross profit</b>	<b>609.4</b>	<b>558.1</b>	<b>9.2</b>
Operating, selling, administrative and general expenses	431.0	423.1	1.9
Depreciation and amortization of property and equipment and other assets	45.0	42.9	4.9
<b>Operating income</b>	<b>133.4</b>	<b>92.1</b>	<b>44.8</b>
<b>Net earnings</b>	<b>91.1</b>	<b>47.2</b>	<b>93.0</b>
<b>Other Operating Data:</b>			
Merchandise and service gross margin <sup>(1)</sup> :			
Consolidated	33.2%	33.4%	(0.2)
United States	32.8%	32.4%	0.4
Canada	34.2%	35.5%	(1.3)
Growth (decrease) of same-store merchandise revenues <sup>(2)(3)</sup> :			
United States	2.4%	0.0%	
Canada	2.6%	(0.7%)	
Motor fuel gross margin <sup>(3)</sup> :			
United States (cents per gallon)	15.43	15.55	(0.8)
Canada (Cdn cents per litre)	5.76	5.53	4.2
Volume of motor fuel sold <sup>(4)</sup> :			
United States (millions of gallons)	800.5	675.6	18.5
Canada (millions of litres)	555.5	395.9	40.3
Growth (decrease) of same-store motor fuel volume <sup>(3)</sup> :			
United States	1.6%	(4.5%)	
Canada	1.5%	2.8%	
<b>Per Share Data:</b>			
Basic net earnings per share (dollars per action)	0.49	0.24	104.2
Diluted net earnings per share (dollars per action)	0.48	0.24	100.0
	<b>July 19, 2009</b>	<b>April 26, 2009</b>	<b>Variation \$</b>
<b>Balance Sheet Data:</b>			
Total assets	3,430.9	3,255.9	175.0
Interest-bearing debt	779.6	749.2	30.4
Shareholders' equity	1,411.2	1,326.0	85.2
<b>Ratios:</b>			
Net interest-bearing debt/total capitalization <sup>(5)</sup>	0.30 : 1	0.30 : 1	
Net interest-bearing debt/EBITDA <sup>(6)</sup>	0.96 : 1 <sup>(7)</sup>	0.98 : 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 fiscal year which will end April 25, 2010 as well as the second, third and fourth quarters of the year ended April 26, 2009.

## Analysis of consolidated results for the first quarter of fiscal 2010

### Revenues

Our revenues amounted to \$3.7 billion in the first quarter of fiscal 2010, down \$643.9 million, a decrease of 14.9 % compared to the first quarter of fiscal 2009. The decline is chiefly the result of a \$1.1 billion decrease in motor fuel revenues resulting from a lower sale price and an adverse impact of \$100.0 million from the weakening Canadian dollar. These factors contributing to the decrease were partially offset by a \$471.0 million increase generated by acquisitions as well as by the growth of same-store merchandise revenues and motor fuel volume in both the United States and Canada.

More specifically, the growth of merchandise and service revenues for the first quarter of fiscal 2010 was \$88.8 million, an increase of 6.8% compared to the same period last fiscal year, of which \$117.0 million was generated by acquisitions, partially offset by a \$53.0 million related to the depreciation of the Canadian dollar against its U.S. counterpart. Regarding internal growth, as measured by the growth in same-store merchandise revenues, it rose by 2.4% in the United States, mainly because of the increase in tobacco products retail prices following the increases in taxes on these products. As for the Canadian market, the increase in same-store merchandise revenues was 2.6%.

Motor fuel revenues decreased by \$732.7 million or 24.3% in the first quarter of fiscal 2010. The lower average retail price at the pump in the United States and Canada created a drop in revenues of \$1.1 billion, as shown in the following table, beginning with the second quarter of the fiscal year ended April 26, 2009:

Quarter	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	Weighted average
52-week period ended July 19, 2009					
United States (US dollars per gallon)	3.67	2.00	1.95	<b>2.41</b>	2.46
Canada (Cdn cents per litre)	114.37	78.05	78.67	<b>88.80</b>	89.31
52-week period ended July 20, 2008					
United States (US dollars per gallon)	2.73	2.96	3.22	<b>3.91</b>	3.18
Canada (Cdn cents per litre)	92.35	95.92	103.69	<b>122.66</b>	103.25

Acquisitions contributed 141.0 million additional gallons in the first quarter, or \$361.0 million in revenues, partially offset by the depreciation of the Canadian dollar against its U.S. counterpart, resulting in a decrease in revenues of \$47.0 million. As for the growth in same-store motor fuel volume, it was 1.6% in the United States and 1.5% in Canada. The performance in the United States is a nice improvement over the previous four quarters which had posted important same-store volume decreases because of the harsh economic conditions.

### Gross profit

The merchandise and service gross margin fell slightly by 0.2% in the first quarter of fiscal 2010 from 33.4% during the same period in fiscal 2009. In the United States, despite additional tax increases on tobacco products on July 1<sup>st</sup>, 2009 in Florida and Mississippi – which add to the significant federal tax increase that became effective April 1<sup>st</sup>, 2009 – the gross margin was 32.8%, an increase from 32.4% the previous year. As for Canada, margin fell to 34.2%, a 1.3% decrease. However, it has to be noted that in the first quarter of fiscal 2009, the margin was unusually high since it had benefited from adjustments related to obligations towards our dealers in our Western Canada division as well as from retroactive adjustments to certain suppliers rebates. Excluding these non-recurring items, for the first quarter of fiscal 2009, the margin would have been 35.0% in Canada and 33.3 % on a consolidated basis. In addition, in both the United States and Canada, gross margin reflects our merchandising strategy in tune with market competitiveness and economic conditions within each market and the fact that some recent acquisitions posted a lower gross margin than the existing network thereby lowering the overall gross margin. This latter situation should improve as our integration and improved supply terms strategies are implemented.

During the first quarter, the motor fuel gross margin for our company-operated stores in the United States decreased by 0.12¢ per gallon, from 15.55¢ per gallon last year to 15.43¢ per gallon this year. In Canada, the margin rose, reaching Cdn5.76¢ per litre compared with Cdn5.53¢ per litre in the first quarter of fiscal 2009. 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 second quarter of the fiscal year ended April 26, 2009 were as follows:

(US cents per gallon)

Quarter	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	1 <sup>st</sup>	Weighted average
52-week period ended July 19, 2009					
Before deduction of expenses related to electronic payment modes	24.88	18.21	11.38	<b>15.43</b>	17.45
Expenses related to electronic payment modes	4.94	3.15	3.10	<b>3.56</b>	3.64
After deduction of expenses related to electronic payment modes	19.94	15.06	8.28	<b>11.87</b>	13.81
52-week period ended July 20, 2008					
Before deduction of expenses related to electronic payment modes	13.04	14.38	10.02	<b>15.55</b>	13.31
Expenses related to electronic payment modes	3.82	3.98	4.02	<b>5.07</b>	4.20
After deduction of expenses related to electronic payment modes	9.22	10.40	6.00	<b>10.48</b>	9.11

## **Operating, selling, administrative and general expenses**

For the first quarter of fiscal 2010, operating, selling, administrative and general expenses rose by 1.9% compared with the first quarter of fiscal 2009. These expenses increased by 11.5% because of acquisitions while they decreased by 3.3% and 2.6%, respectively because of the weaker Canadian dollar and the decrease in electronic payment modes expenses. Excluding these items, expenses decreased by 3.7%. Moreover, excluding expenses related to electronic payment modes for both comparable periods, expenses in proportion of merchandise and service sales decreased by 0.9%. Our prudent management of other controllable expenses as well as cost reduction measures we have put in place are the main reasons for the decrease.

## **Earnings before interests, taxes, depreciation and amortization [EBITDA] <sup>1</sup>**

EBITDA was \$178.4 million for the first quarter of fiscal 2010, up 32.1% compared with last fiscal year. Acquisitions contributed to EBITDA for an amount of \$12.0 million during the quarter.

## **Depreciation and amortization of property and equipment and other assets**

For the quarter, the depreciation expense increased due to the investments made through acquisitions and the ongoing implementation of the IMPACT program within our network.

## **Financial expenses**

For the first quarter, financial expenses decreased by \$2.9 million compared with last fiscal year. This decrease is the result of the combined reduction in our average borrowings and interest rates.

## **Income taxes**

The income tax rate for the first quarter of fiscal 2010 is 28.0% compared to a rate of 42.6% for the same quarter last fiscal year which was negatively impacted by a non-recurring income tax expense resulting from a corporate reorganization. Excluding this non-recurring income tax expense, the income tax rate for the first quarter of last fiscal year stood at 32.6%, 4.6% higher than the current quarter. This favorable rate variance comes in great part from the benefits of the corporate reorganization put in place during fiscal 2009.

## **Net earnings**

We closed the first quarter of fiscal 2010 with net earnings of \$91.1 million, which equals \$0.49 per share (or \$0.48 per share on a diluted basis), compared to \$47.2 million last fiscal year (\$0.24 per share on a diluted basis), an increase of \$43.9 million or 93.0%.

## **Liquidity and Capital Resources**

Our sources of liquidity remain unchanged compared with the fiscal year ended April 26, 2009. For further information, please refer to our 2009 Annual Report.

We have an interest rate swap agreement, which we entered into in 2004 with a bank. The terms of the agreement remain unchanged compared with the information provided in our 2009 Annual Report.

With respect to our capital expenditures, acquisitions and share repurchases carried out in the first quarter of fiscal 2010, 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 26, 2009. As at July 19, 2009, \$413.8 million of the Company's term revolving unsecured operating credits had been used (\$360.0 million for the US dollars portion and \$53.8 million for the Canadian dollars portion). The weighted average effective interest rate was 0.93% for the US dollar portion and 0.99% for the Canadian dollars portion. In addition, standby letters of credit in the amount of Cdn\$0.9 million and \$18.3 million were outstanding as at July 19, 2009. We also have a \$350.3 million subordinated unsecured debt (nominal value amounting to \$350.0 million, net of attributable financing costs of \$0.7 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 7.55% (6.60% taking into account the effect of the interest rate swap described above) and maturing in 2013.

<sup>1</sup> 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.

## Selected Consolidated Cash Flow Information

(In millions of US dollars)

	12-week periods ended		Variation \$
	July 19, 2009	July 20, 2008	
<b>Operating activities</b>			
Cash flows <sup>(1)</sup>			
Other	141.6	95.8	45.8
	(63.4)	(37.6)	(25.8)
Net cash provided by operating activities	78.2	58.2	20.0
<b>Investing activities</b>			
Business acquisitions	(61.4)	(65.1)	3.7
Purchase of property and equipment, net of proceeds from the disposal of property and equipment	(26.1)	(32.6)	6.5
Proceeds from sale and leaseback transactions	3.1	-	3.1
Other	0.9	(2.9)	3.8
Net cash used in investing activities	(83.5)	(100.6)	17.1
<b>Financing activities</b>			
Share repurchase	(28.3)	-	(28.3)
Increase in long-term borrowing	27.7	29.1	(1.4)
Net cash (used in) from financing activities	(0.6)	29.1	(29.7)
<b>Company credit rating</b>			
Standard and Poor's	BB+	BB	
Moody's	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 first quarter of fiscal 2010, net cash from operating activities reached \$78.2 million, up \$20.0 million from the first quarter of fiscal 2009. This increase is mainly due to higher net earnings during the first quarter of fiscal 2010 compared to the first quarter of fiscal 2009, partially offset by changes in the working capital, including an increase in accounts receivable and inventories resulting from higher motor fuel retail prices and cost compared to the fourth quarter of fiscal 2009.

### Investing activities

During the first quarter of fiscal 2010, our investing activities were primarily for the acquisition of 44 company-operated stores for an amount of \$61.4 million and to capital expenditures for an amount of \$26.1 million. Our capital investments were primarily for 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 first quarter of fiscal 2010, we repurchased shares for a total amount of \$28.3 million while the increase in long term debt amounted to \$27.7 million.

## Financial Position as at July 19, 2009

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 \$3.4 billion as at July 19, 2009 compared to \$3.3 billion as at April 26, 2009. This increase is the result of four factors:

1. The increase in property and equipment mainly resulting from the stores acquired from ExxonMobil;
2. The increase in credit and debit cards receivables driven by higher motor fuel retail price compared to the fourth quarter of fiscal 2009 as well as the increase in supplier rebates receivable following the increase in merchandise inventories;
3. The increase in motor fuel inventory due to a higher product cost compared to the fourth quarter of fiscal 2009 combined with the increase in in-store merchandise inventory because of the summer season; and
4. An overall increase in Canadian and corporate operations assets once translated in U.S. dollars due to a stronger Canadian dollar.

Shareholders' equity amounted to \$1.4 billion as at July 19, 2009, up \$85.2 million compared to April 26, 2009, reflecting net earnings generated over the first quarter and the increase in accumulated other comprehensive income due to the strengthening of the Canadian dollar, partially offset by the share repurchases made during the quarter.

## Contractual Obligations and Commercial Commitments

There were no major changes during the 12-week period ended July 19, 2009, with respect to our contractual obligations and commercial commitments. For more information, please refer to our 2009 Annual Report.

## Selected Quarterly Financial Information (Unaudited)

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

Quarter	12-week period ended July 19, 2009	52-week period ended April 26, 2009				Extract from the 52-week period ended April 27, 2008		
	1 <sup>st</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>
Weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks
<b>Revenues</b>	<b>3,675.1</b>	2,994.0	3,911.7	4,556.4	4,319.0	3,705.8	4,590.9	3,499.8
Income before depreciation and amortization of property and equipment and other assets, financial expenses and income taxes	<b>178.4</b>	105.0	168.1	179.7	135.0	63.7	130.6	135.2
Depreciation and amortization of property and equipment and other assets	<b>45.0</b>	42.6	56.4	41.1	42.9	39.9	53.8	41.1
Operating income	<b>133.4</b>	62.4	111.7	138.6	92.1	23.8	76.8	94.1
Financial expenses	<b>6.9</b>	6.8	10.3	9.3	9.8	9.1	16.7	13.8
<b>Net earnings</b>	<b>91.1</b>	38.0	71.1	97.6	47.2	15.5	50.5	54.2
<b>Net earnings per share</b>								
Basic	<b>\$0.49</b>	\$0.20	\$0.37	\$0.50	\$0.24	\$0.08	\$0.25	\$0.27
Diluted	<b>\$0.48</b>	\$0.20	\$0.36	\$0.49	\$0.24	\$0.08	\$0.24	\$0.26

## Outlook

In the course of the fiscal year 2010, we expect to pursue our investments with caution in order to, amongst other things, deploy our IMPACT program. Given the economic climate and our attractive access to capital, we are well positioned to realize acquisitions and create value. However, we will continue to exercise patience in order to benefit from a fair price in view of current market conditions. We also intend to keep an ongoing focus on supply terms and operating expenses.

Finally, in line with our business model, we intend to 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 large clientele.

August 25, 2009

**CONSOLIDATED STATEMENTS OF EARNINGS**

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

For the 12-week periods ended	July 19, 2009	July 20, 2008
	\$	\$
<b>Revenues</b>	<b>3,675.1</b>	4,319.0
Cost of sales (excluding depreciation and amortization of property and equipment and other assets as shown separately below)	<b>3,065.7</b>	3,760.9
<b>Gross profit</b>	<b>609.4</b>	558.1
Operating, selling, administrative and general expenses	<b>431.0</b>	423.1
Depreciation and amortization of property and equipment and other assets	<b>45.0</b>	42.9
	<b>476.0</b>	466.0
Operating income	<b>133.4</b>	92.1
Financial expenses	<b>6.9</b>	9.8
Earnings before income taxes	<b>126.5</b>	82.3
Income taxes	<b>35.4</b>	35.1
<b>Net earnings</b>	<b>91.1</b>	47.2
Net earnings per share (Note 4)		
Basic	<b>0.49</b>	0.24
Diluted	<b>0.48</b>	0.24
Weighted average number of shares (in thousands)	<b>186,201</b>	196,727
Weighted average number of shares – diluted (in thousands)	<b>189,979</b>	200,684
Number of shares outstanding at end of period (in thousands)	<b>185,233</b>	196,731

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

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(in millions of US dollars, unaudited)

For the 12-week period ended	July 19, 2009				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Shareholders' equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of period</b>	329.1	17.7	932.6	46.6	1,326.0
Comprehensive income:					
Net earnings			91.1		91.1
Change in cumulative translation adjustments <sup>(1)</sup>				25.0	25.0
Change in fair value of a financial instrument designated as a cash flow hedge				0.5	0.5
Comprehensive income for the period					<u>116.6</u>
Dividends			(6.0)		(6.0)
Stock-based compensation expense (note 6)		0.4			0.4
Repurchase and cancellation of shares	(5.7)				(5.7)
Excess of acquisition cost over book value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled			(20.1)		(20.1)
<b>Balance, end of period</b>	<b>323.4</b>	<b>18.1</b>	<b>997.6</b>	<b>72.1</b>	<b>1,411.2</b>

For the 12-week period ended	July 20, 2008				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Shareholders' equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of period</b>	348.8	15.6	775.0	114.3	1,253.7
Comprehensive income:					
Net earnings			47.2		47.2
Change in cumulative translation adjustments <sup>(1)</sup>				2.2	2.2
Comprehensive income for the period					<u>49.4</u>
Dividends			(6.8)		(6.8)
Stock-based compensation expense (note 6)		0.8			0.8
<b>Balance, end of period</b>	<b>348.8</b>	<b>16.4</b>	<b>815.4</b>	<b>116.5</b>	<b>1,297.1</b>

(1) For the 12-week period ended July 19, 2009, these amounts include a gain of \$43.0 (net of income taxes of \$16.7). For the 12-week period ended July 20, 2008 these amounts include a gain of \$5.9 (net of income taxes of \$2.8). These gains and losses arise 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 CASH FLOWS**

(in millions of US dollars, unaudited)

For the 12-week periods ended	July 19, 2009	July 20, 2008
	\$	\$
<b>Operating activities</b>		
Net earnings	91.1	47.2
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	39.0	38.1
Future income taxes	11.6	9.6
(Gain) loss on disposal of property and equipment and other assets	(0.1)	0.9
Deferred credits	2.0	2.3
Other	4.2	4.4
Changes in non-cash working capital	(69.6)	(44.3)
<b>Net cash provided by operating activities</b>	<b>78.2</b>	<b>58.2</b>
<b>Investing activities</b>		
Business acquisitions (Note 3)	(61.4)	(65.1)
Purchase of property and equipment	(26.1)	(35.0)
Proceeds from disposal of property and equipment and other assets	4.7	2.4
Increase in other assets	(3.8)	(2.9)
Proceeds from sale and leaseback transactions	3.1	-
<b>Net cash used in investing activities</b>	<b>(83.5)</b>	<b>(100.6)</b>
<b>Financing activities</b>		
Repurchase of shares	(28.3)	-
Net increase in long-term debt	27.7	29.1
<b>Net cash (used in) provided by financing activities</b>	<b>(0.6)</b>	<b>29.1</b>
Effect of exchange rate fluctuations on cash and cash equivalents	5.0	0.8
<b>Net decrease in cash and cash equivalents</b>	<b>(0.9)</b>	<b>(12.5)</b>
Cash and cash equivalents, beginning of period	173.3	216.0
Cash and cash equivalents, end of period	172.4	203.5
<b>Supplemental information:</b>		
Interest paid	13.0	14.3
Income taxes paid	26.8	24.9

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

**CONSOLIDATED BALANCE SHEETS**

(in millions of US dollars)

	As at July 19, 2009 (unaudited)	As at April 26, 2009
	\$	\$
<b>Assets</b>		
Current assets		
Cash and cash equivalents	172.4	173.3
Accounts receivable	269.5	225.4
Inventories	443.5	400.3
Prepaid expenses	22.1	8.5
Future income taxes	37.4	37.0
	<b>944.9</b>	<b>844.5</b>
Property and equipment	1,844.1	1,789.4
Goodwill	398.4	384.8
Trademarks and licenses	173.8	172.0
Deferred charges	10.6	10.9
Other assets	52.8	49.8
Future income taxes	6.3	4.5
	<b>3,430.9</b>	<b>3,255.9</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	793.9	758.1
Income taxes payable	25.8	26.3
Future income taxes	0.9	0.7
Current portion of long-term debt	2.8	3.9
	<b>823.4</b>	<b>789.0</b>
Long-term debt	776.8	745.3
Deferred credits and other liabilities	264.2	259.0
Future income taxes	155.3	136.6
	<b>2,019.7</b>	<b>1,929.9</b>
<b>Shareholders' equity</b>		
Capital stock	323.4	329.1
Contributed surplus	18.1	17.7
Retained earnings	997.6	932.6
Accumulated other comprehensive income	72.1	46.6
	<b>1,411.2</b>	<b>1,326.0</b>
	<b>3,430.9</b>	<b>3,255.9</b>

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 26, 2009, 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 2009 Annual Report (the 2009 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

#### Goodwill and Intangible Assets

On April 27, 2009, the Company adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064 "Goodwill and Intangible Assets", replacing Section 3062 "Goodwill and Other Intangible Assets" and Section 3450 "Research and Development Costs". 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. The adoption of this new Section had no impact on the Company's consolidated financial statements.

### 3. BUSINESS ACQUISITIONS

On May 28, 2009, the Company purchased 43 company-operated stores in the Phoenix, Arizona region, United-States from ExxonMobil Corporation. The Company leases the lands and buildings related to nine sites, it owns the building and leases the land for one site, while it owns both these assets for the other sites. Under the same transaction, ExxonMobil also transferred to the Company the "On the Run" trademark rights in the United States as well as 444 franchised stores operating under this trademark in the United States.

During the quarter, the Company also acquired one store through a distinct transaction.

These acquisitions were settled for a total cash consideration of \$61.4, 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 of certain acquisitions are subject to adjustments to the fair value of the assets and liabilities until the process is completed. The allocations are based on the estimated fair values on the dates of acquisition:

	\$
Tangible assets acquired	
Inventories	3.8
Property and equipment	57.7
Other assets	0.1
<u>Total tangible assets</u>	<u>61.6</u>
Liabilities assumed	
Accounts payable and accrued liabilities	1.0
Deferred credits and other liabilities	0.7
<u>Total liabilities</u>	<u>1.7</u>
<u>Net tangible assets acquired</u>	<u>59.9</u>
Intangibles	1.3
Goodwill	0.2
<u>Total consideration paid, including direct acquisition costs</u>	<u>61.4</u>

The Company expects that approximately \$0.1 of the goodwill related to these transactions will be deductible for tax purposes.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

### 4. NET EARNINGS PER SHARE

	12-week period ended July 19, 2009			12-week period ended July 20, 2008		
	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	91.1	186,201	0.49	47.2	196,727	0.24
Dilutive effect of stock options		3,778	0.01		3,957	-
Diluted net earnings available for Class A and B shareholders	91.1	189,979	0.48	47.2	200,684	0.24

A total of 1,719,775 stock options are excluded from the calculation of the diluted net earnings per share due to their antidilutive effect for the 12-week period ended July 19, 2009. There are 1,599,839 stocks options excluded from the calculation for the 12-week period ended July 20, 2008.

### 5. CAPITAL STOCK

As at July 19, 2009, the Company has 53,708,112 (53,881,212 as at July 20, 2008) issued and outstanding Class A multiple voting shares each comprising ten votes per share and 131,524,524 (142,849,776 as at July 20, 2008) outstanding Class B subordinate voting shares each comprising one vote per share.

On August 8, 2008, the Company implemented a share repurchase program which allows to repurchase up to 2,693,860 Class A multiple voting shares (representing 5.0% of the 53,877,212 Class A multiple voting shares issued and outstanding as at July 29, 2008) and up to 14,031,210 Class B subordinate voting shares (representing 10.0% of the 140,312,108 Class B subordinate voting shares of the public float, as defined by applicable rules, as at July 29, 2008). When making such repurchases, the number of issued and outstanding Class A multiple voting shares and Class B subordinate voting shares is reduced and the proportionate interest of the shareholders in the share capital of the Company is increased on a pro rata basis. All shares repurchased under the share repurchase program are cancelled upon repurchase. During the 12-week period ended July 19, 2009, the Company has repurchased under this program a total of 2,300 Class A multiple voting shares at an average cost of Cdn\$13.19 and 2,445,700 Class B subordinate voting shares at an average cost of Cdn\$13.20. On a cumulative basis since the implementation of the program, the Company has repurchased a total of 17,600 Class A multiple voting shares at an average cost of Cdn\$13.18 and 9,929,100 Class B subordinate voting shares at an average cost of Cdn\$13.07.

### 6. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

#### *Stock options*

As at July 19, 2009, 8,759,703 stock options for the purchase of Class B subordinate voting shares are outstanding (9,002,239 as at July 20, 2008). These stock options can be gradually exercised at various dates until May 1, 2019, at an exercise price varying from Cdn\$2.38 to Cdn\$25.71. One series of 15,000 stock options at an exercise price of Cdn\$13.15 was granted since the beginning of the fiscal year.

For the 12-week period ended July 19, 2009, the stock-based compensation costs amount to \$0.4. For the 12-week period ended July 20, 2008, the stock-based compensation costs amount to \$0.8.

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 assumptions for the stock options granted during the period:

- risk-free interest rate of 2.56%;
- expected life of 8 years;
- expected volatility of 33%;
- 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\$4.67 (Cdn\$5.63 as at July 20, 2008). A description of the Company's stock-based compensation plan is included in Note 20 of the consolidated financial statements presented in the 2009 Annual Report.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

### *Phantom stock units*

On May 1<sup>st</sup>, 2009, the Company implemented a Phantom Stock Unit (the "PSU") Plan allowing the Board of Directors, through its Human Resources and Corporate Governance Committee, to grant PSUs, to the officers and selected key employees of the Company (the "Participants"). A PSU is a notional unit, which value is based on the weighted average reported closing price for a board lot of the Company's Class B subordinated voting share (the "Class B share") on the Toronto Stock Exchange for the five trading days immediately preceding the grant date. The PSU provides the Participant with the opportunity to earn a cash award equal to the fair market value of the Company's Class B shares on the open market of the Toronto Stock Exchange upon vesting of the PSU. Each PSU initially granted vest no later than one day prior to the third anniversary of the grant date subject namely to the achievement of performance objectives of the Company, based on external and internal benchmarks, over a three-year performance period. PSUs are not dilutive since they are solely payable in cash.

The PSU compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B shares and the best estimate of the number of PSUs that will ultimately be paid. The liability is adjusted periodically to reflect any variation in the fair market value of the Class B shares. For the 12-week period ended July 19, 2009, the Company granted 189,247 PSUs and the compensation costs amount to \$0.2. As at July 19, 2009, 189,247 PSUs were outstanding. On the consolidated balance sheet, the obligation related to the PSU Plan is recorded in deferred credit and other liabilities.

To manage current and forecasted risk related to changes in the fair market value of the PSUs granted by the Company, the Company has entered into a financial arrangement with an investment grade financial institution. The financial arrangement includes a total return swap with an underlying representing 189,247 Class B shares (the "Instrument"). The Instrument is recorded at fair market value on the consolidated balance sheet under other assets. The financial arrangement will be adjusted as needed to reflect new awards and/or settlements of PSUs.

The Company has documented and identified the Instrument as a cash flow hedge of the anticipated cash settlement transaction related to the granted PSUs. The Company has determined that the instrument is an effective hedge at the time of the establishment of the hedge and for the duration of the Instrument. The changes in the fair value of the instrument are initially recorded in consolidated other comprehensive income and subsequently reclassified to consolidated net earnings in the same period the recording of the change in the fair value of the PSUs affects consolidated net earnings. Should a portion of the hedge become ineffective or should the Company come to expect at any time that all or a portion of the gain or loss on the instrument previously recorded in other comprehensive income will not be recovered in future periods, it would reclassify immediately into consolidated net earnings the gain or loss on the instrument related to the ineffective portion of the hedge or that is no longer expected to be recovered. As at July 19, 2009, the fair value of the Instrument was \$0.5.

## **7. EMPLOYEE FUTURE BENEFITS**

For the 12-week period ended July 19, 2009, the Company's total net pension expense included in its consolidated statement of earnings amounts to \$2.1. For the corresponding 12-week period ended July 20, 2008, the expense is \$1.5. The Company's pension plans are described in Note 21 of the consolidated financial statements presented in the 2009 Annual Report.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

### 8. 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 July 19, 2009			12-week period ended July 20, 2008		
	Canada	United States	Total	Canada	United States	Total
	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>						
Merchandise and services	437.1	953.7	1,390.8	444.2	857.8	1,302.0
Motor fuel	372.8	1,911.5	2,284.3	394.5	2,622.5	3,017.0
	<b>809.9</b>	<b>2,865.2</b>	<b>3,675.1</b>	<b>838.7</b>	<b>3,480.3</b>	<b>4,319.0</b>
<b>Gross Profit</b>						
Merchandise and services	149.3	312.7	462.0	157.5	277.9	435.4
Motor fuel	28.0	119.4	147.4	21.7	101.0	122.7
	<b>177.3</b>	<b>432.1</b>	<b>609.4</b>	<b>179.2</b>	<b>378.9</b>	<b>558.1</b>
<b>Property and equipment and goodwill<sup>(a)</sup></b>						
	<b>469.0</b>	<b>1,773.5</b>	<b>2,242.5</b>	<b>517.2</b>	<b>1,688.1</b>	<b>2,205.3</b>

- (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.

### 9. RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET IMPLEMENTED

#### Accounting changes

In June 2009, CICA amended Section 1506 "Accounting changes", to exclude from the scope of this Section, changes in accounting policies upon the complete replacement of an entity's primary basis of accounting. This amendment is effective for years beginning after July 1, 2009.

#### Financial instruments - recognition and measurement

In June 2009, CICA amended Section 3855 "Financial instruments - recognition and measurement" to clarify application of the effective interest rate method after a debt instrument has been impaired. The amendment also clarifies when an embedded prepayment option is separated from its host debt instrument for accounting purposes. This amendment is effective January 1, 2011, at which time Canadian public companies will have adopted IFRS. At this point the Company does not intend to early adopt this amendment. The Company is currently evaluating the impact of the adoption of this amendment.

#### Financial instruments - disclosures

In June 2009, CICA amended Section 3862 "Financial instruments - disclosures" to enhance disclosure requirements about liquidity risk of financial instruments. The amendment also includes new disclosure requirements about fair value measurement of financial instruments. This amendment is effective January 1, 2011, at which time Canadian public companies will have adopted IFRS. At this point the Company does not intend to early adopt this amendment. The Company is currently evaluating the impact of the adoption of this amendment.





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