

**Alimentation Couche-Tard Inc.**  
**Consolidated Financial Statements**  
**April 26, 2009, April 27, 2008 and April 29, 2007**

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## MANAGEMENT'S REPORT

The consolidated financial statements of Alimentation Couche-Tard Inc. and the financial information contained in this Annual Report are the responsibility of management. This responsibility is applied through a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements were prepared according to generally accepted accounting principles in Canada and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

Alimentation Couche-Tard Inc. maintains accounting and administrative control systems which, in the opinion of management, ensure reasonable accuracy, relevance and reliability of financial information and well-ordered, efficient management of the Company's affairs.

The Board of Directors is responsible for approving the consolidated financial statements included in this Annual Report, primarily through its Audit Committee. This Committee, which holds periodic meetings with members of management as well as with the external auditors, reviewed the consolidated financial statements of Alimentation Couche-Tard Inc. and recommended their approval to the Board of Directors.

The consolidated financial statements for the year ended April 26, 2009 were audited by PricewaterhouseCoopers LLP, our independent auditor, and their report indicates the extent of their audit and their opinion on the consolidated financial statements. The consolidated financial statements for the year ended April 27, 2008 were audited by Raymond Chabot Grant Thornton LLP.

July 14, 2009

*"Alain Bouchard"*

Alain Bouchard  
President and  
Chief Executive Officer

*"Raymond Paré"*

Raymond Paré  
Vice-President and  
Chief Financial Officer

## MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the *Securities Exchange Act of 1934* (United States) and Canadian securities regulations, for Alimentation Couche-Tard Inc. With our participation management carried out an evaluation of the effectiveness of our internal control over financial reporting, as of the end of our fiscal year ended April 26, 2009. The framework on which such evaluation was based is contained in the report entitled *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.'s internal control over financial reporting was effective as at April 26, 2009.

PricewaterhouseCoopers LLP, our independent auditors, audited Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 26, 2009 and have issued their unqualified opinion thereon, which is included herein.

July 14, 2009

*"Alain Bouchard"*

Alain Bouchard  
President and  
Chief Executive Officer

*"Raymond Paré"*

Raymond Paré  
Vice-President and  
Chief Financial Officer

## **INDEPENDENT AUDITORS' REPORT**

To the Shareholders' of  
Alimentation Couche-Tard Inc.

July 14, 2009

We have completed an integrated audit of Alimentation Couche-Tard Inc. consolidated financial statements for the year ended April 26, 2009 and of its internal control over financial reporting as at April 26, 2009. Our opinions, based on our audit, are presented below.

### **Consolidated Financial statements**

We have audited the accompanying consolidated balance sheet of Alimentation Couche-Tard Inc. as at April 26, 2009 and the related consolidated statement of earnings, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit of the Company's consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, these consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at April 26, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The consolidated balance sheet as at April 27, 2008 and the consolidated statements of earnings, comprehensive income, changes in shareholder's equity and cash flows for the years ended April 27, 2008 and April 29, 2007 were audited by other auditors who expressed an opinion without reservation on those statements in their report dated June 13, 2008.

### **Internal control over financial reporting**

We have also audited the Company's internal control over financial reporting as at April 26, 2009, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of the internal control over financial reporting, included in the accompanying Management's report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit of the internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted auditing principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at April 26, 2009 based on the criteria established in *Internal Control – Integrated Framework* issued by COSO.

*PricewaterhouseCoopers LLP<sup>1</sup>*

PricewaterhouseCoopers LLP<sup>1</sup>  
Chartered Accountants

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<sup>1</sup> Chartered accountant auditor permit No. 19653

## CONSOLIDATED STATEMENTS OF EARNINGS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars (Note 2), except per share amounts)

|  | 2009            | 2008     | 2007     |
|--|-----------------|----------|----------|
|  | \$              | \$       | \$       |
| <b>Revenues</b>  | <b>15,781.1</b> | 15,370.0 | 12,087.4 |
| Cost of sales (excluding depreciation and amortization of property and equipment and other assets as shown separately below) | <b>13,344.5</b> | 13,146.5 | 10,082.9 |
| <b>Gross profit</b>  | <b>2,436.6</b>  | 2,223.5  | 2,004.5  |
| Operating, selling, administrative and general expenses (note 6)   | <b>1,848.8</b>  | 1,738.9  | 1,512.4  |
| Depreciation and amortization of property and equipment and other assets (Note 6)  | <b>183.0</b>    | 172.5    | 133.8    |
|  | <b>2,031.8</b>  | 1,911.4  | 1,646.2  |
| Operating income   | <b>404.8</b>    | 312.1    | 358.3    |
| Financial expenses (Note 6)  | <b>36.2</b>     | 54.6     | 48.0     |
| Earnings before income taxes   | <b>368.6</b>    | 257.5    | 310.3    |
| Income taxes (Note 7)  | <b>114.7</b>    | 68.2     | 113.9    |
| <b>Net earnings</b>  | <b>253.9</b>    | 189.3    | 196.4    |
| Net earnings per share (Note 8)  |                 |          |          |
| Basic  | <b>1.31</b>     | 0.94     | 0.97     |
| Diluted  | <b>1.29</b>     | 0.92     | 0.94     |

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

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars (Note 2))

|  | 2009             |                        |                      |   |                         |
|--|------------------|------------------------|----------------------|---|-------------------------|
|  | Capital<br>stock | Contributed<br>surplus | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income | Shareholders'<br>equity |
|  | \$               | \$                     | \$                   | \$  | \$                      |
| <b>Balance, beginning of year</b>  | 348.8            | 15.6                   | 775.0                | 114.3   | 1,253.7                 |
| Comprehensive income:  |                  |                        |                      |   |                         |
| Net earnings   |                  |                        | 253.9                |   | 253.9                   |
| Change in cumulative translation adjustments <sup>(1)</sup>  |                  |                        |                      | (67.7)  | (67.7)                  |
| Comprehensive income   |                  |                        |                      |   | 186.2                   |
| Dividends  |                  |                        | (24.1)               |   | (24.1)                  |
| Stock-based compensation expense (note 19)   |                  | 2.7                    |                      |   | 2.7                     |
| Fair value of stock options exercised  | 0.6              | (0.6)                  |                      |   | -                       |
| Cash received upon exercise of stock options   | 1.8              |                        |                      |   | 1.8                     |
| Repurchase and cancellation of shares  | (22.1)           |                        |                      |   | (22.1)                  |
| Excess of acquisition cost over book value of Class A<br>multiple voting shares and Class B subordinate<br>voting shares repurchased and cancelled |                  |                        | (72.2)               |   | (72.2)                  |
| <b>Balance, end of year</b>  | <b>329.1</b>     | <b>17.7</b>            | <b>932.6</b>         | <b>46.6</b>                                     | <b>1,326.0</b>          |

(1) Includes a loss of \$89.6 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 (net of income taxes of \$40.5).

|  | 2008             |                        |                      |   |                         |
|--|------------------|------------------------|----------------------|---|-------------------------|
|  | Capital<br>stock | Contributed<br>surplus | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income | Shareholders'<br>equity |
|  | \$               | \$                     | \$                   | \$  | \$                      |
| <b>Balance, beginning of year</b>  | 352.3            | 13.4                   | 681.9                | 97.8  | 1,145.4                 |
| Impact of changes in accounting policies   |                  |                        | 0.9                  | 0.4   | 1.3                     |
| Balance, beginning of year, as restated  | 352.3            | 13.4                   | 682.8                | 98.2  | 1,146.7                 |
| Comprehensive income :   |                  |                        |                      |   |                         |
| Net earnings   |                  |                        | 189.3                |   | 189.3                   |
| Change in cumulative translation adjustments <sup>(1)</sup>  |                  |                        |                      | 16.1  | 16.1                    |
| Comprehensive income   |                  |                        |                      |   | 205.4                   |
| Dividends  |                  |                        | (25.6)               |   | (25.6)                  |
| Stock-based compensation expense (note 19)   |                  | 4.0                    |                      |   | 4.0                     |
| Fair value of stock options exercised  | 1.8              | (1.8)                  |                      |   | -                       |
| Cash received upon exercise of stock options   | 4.7              |                        |                      |   | 4.7                     |
| Repurchase and cancellation of shares  | (10.0)           |                        |                      |   | (10.0)                  |
| Excess of acquisition cost over book value of class A<br>multiple voting shares and class B subordinate voting<br>shares repurchased and cancelled |                  |                        | (71.5)               |   | (71.5)                  |
| <b>Balance, end of year</b>  | <b>348.8</b>     | <b>15.6</b>            | <b>775.0</b>         | <b>114.3</b>                                    | <b>1,253.7</b>          |

(1) Includes a gain of \$61.6 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 (net of income taxes of \$22.2).

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

## CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars (Note 2))

|   | 2007             |                        |                      |   |                         |
|---|------------------|------------------------|----------------------|---|-------------------------|
|   | Capital<br>stock | Contributed<br>surplus | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income | Shareholders'<br>equity |
|   | \$               | \$                     | \$                   | \$  | \$                      |
| <b>Balance, beginning of year</b>                           | 351.0            | 9.4                    | 505.0                | 100.6   | 966.0                   |
| Comprehensive income:                                       |                  |                        |                      |   |                         |
| Net earnings  |                  |                        | 196.4                |   | 196.4                   |
| Change in cumulative translation adjustments <sup>(1)</sup> |                  |                        |                      | (2.8)   | (2.8)                   |
| Comprehensive income  |                  |                        |                      |   | 193.6                   |
| Dividends   |                  |                        | (19.5)               |   | (19.5)                  |
| Stock-based compensation expense (note 19)                  |                  | 4.2                    |                      |   | 4.2                     |
| Fair value of stock options exercised                       | 0.2              | (0.2)                  |                      |   | -                       |
| Cash received upon exercise of stock options                | 1.1              |                        |                      |   | 1.1                     |
| <b>Balance, end of year</b>                                 | <b>352.3</b>     | <b>13.4</b>            | <b>681.9</b>         | <b>97.8</b>                                     | <b>1,145.4</b>          |

(1) Includes a gain of \$4.8 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 (net of income taxes of \$2.8).

## CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars (Note 2))

|   | 2009           | 2008           | 2007           |
|---|----------------|----------------|----------------|
|   | \$             | \$             | \$             |
| <b>Operating activities</b>   |                |                |                |
| Net earnings  | 253.9          | 189.3          | 196.4          |
| 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 | 161.4          | 151.8          | 114.4          |
| Future income taxes   | 32.0           | 19.0           | 21.7           |
| Loss (gain) on disposal of property and equipment and other assets  | 2.8            | (0.9)          | (3.8)          |
| Deferred credits  | 9.4            | 13.3           | 30.5           |
| Other   | 13.3           | 24.2           | 13.1           |
| Changes in non-cash working capital (Note 9)  | 30.0           | (36.9)         | 30.7           |
| <b>Net cash provided by operating activities</b>  | <b>502.8</b>   | <b>359.8</b>   | <b>403.0</b>   |
| <b>Investing activities</b>   |                |                |                |
| Purchases of property and equipment   | (238.2)        | (280.3)        | (373.4)        |
| Business acquisitions (Note 5)  | (80.8)         | (70.7)         | (605.6)        |
| Proceeds from sale and leaseback transactions   | 19.8           | 172.4          | 35.5           |
| Proceeds from disposal of property and equipment and other assets   | 15.8           | 21.0           | 17.8           |
| Increase in other assets  | (13.2)         | (3.3)          | (15.6)         |
| Deposit reimbursement on business acquisition   | -              | 0.5            | -              |
| Temporary investments   | -              | -              | 21.1           |
| <b>Net cash used in investing activities</b>  | <b>(296.6)</b> | <b>(160.4)</b> | <b>(920.2)</b> |
| <b>Financing activities</b>   |                |                |                |
| Net (decrease) increase in long-term debt   | (116.5)        | (14.3)         | 513.0          |
| Repurchase of Class A multiple voting shares and Class B subordinate voting shares                                | (99.5)         | (101.3)        | -              |
| Cash dividends paid   | (24.1)         | (25.6)         | (19.5)         |
| Interest rate swap early termination fees received (note 22)  | 9.4            | -              | -              |
| Issuance of shares  | 1.8            | 4.7            | 1.1            |
| Repayment of long-term debt   | -              | -              | (167.2)        |
| <b>Net cash (used in) provided by financing activities</b>  | <b>(228.9)</b> | <b>(136.5)</b> | <b>327.4</b>   |
| Effect of exchange rate fluctuations on cash and cash equivalents   | (20.0)         | 11.4           | -              |
| <b>Net (decrease) increase in cash and cash equivalents</b>   | <b>(42.7)</b>  | <b>74.3</b>    | <b>(189.8)</b> |
| Cash and cash equivalents, beginning of year  | 216.0          | 141.7          | 331.5          |
| <b>Cash and cash equivalents, end of year</b>   | <b>173.3</b>   | <b>216.0</b>   | <b>141.7</b>   |

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

## CONSOLIDATED BALANCE SHEETS

as at April 26, 2009 and April 27, 2008  
(in millions of US dollars (Note 2))

|  | 2009    | 2008    |
|--|---------|---------|
|  | \$      | \$      |
| <b>Assets</b>                                      |         |         |
| Current assets                                     |         |         |
| Cash and cash equivalents                          | 173.3   | 216.0   |
| Accounts receivable (Note 10)                      | 225.4   | 251.7   |
| Inventories (Note 11)                              | 400.3   | 444.5   |
| Prepaid expenses                                   | 8.5     | 8.3     |
| Future income taxes (Note 7)                       | 37.0    | 24.7    |
|  | 844.5   | 945.2   |
| Property and equipment (Note 12)                   | 1,789.4 | 1,748.3 |
| Goodwill (Note 13)                                 | 384.8   | 402.6   |
| Trademarks and licenses                            | 172.0   | 170.3   |
| Other assets (Note 14)                             | 60.7    | 53.3    |
| Future income taxes (Note 7)                       | 4.5     | 0.9     |
|  | 3,255.9 | 3,320.6 |
| <b>Liabilities</b>                                 |         |         |
| Current liabilities                                |         |         |
| Accounts payable and accrued liabilities (Note 15) | 758.1   | 842.7   |
| Income taxes payable (Note 7)                      | 26.3    | 18.6    |
| Current portion of long-term debt (Note 16)        | 3.9     | 1.2     |
| Future income taxes (Note 7)                       | 0.7     | -       |
|  | 789.0   | 862.5   |
| Long-term debt (Note 16)                           | 745.3   | 841.0   |
| Deferred credits and other liabilities (Note 17)   | 259.0   | 253.8   |
| Future income taxes (Note 7)                       | 136.6   | 109.6   |
|  | 1,929.9 | 2,066.9 |
| <b>Shareholders' equity</b>                        |         |         |
| Capital stock (Note 18)                            | 329.1   | 348.8   |
| Contributed surplus                                | 17.7    | 15.6    |
| Retained earnings                                  | 932.6   | 775.0   |
| Accumulated other comprehensive income             | 46.6    | 114.3   |
|  | 1,326.0 | 1,253.7 |
|  | 3,255.9 | 3,320.6 |

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

On behalf of the Board,

"Alain Bouchard"

Alain Bouchard  
Director

"Richard Fortin"

Richard Fortin  
Director

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars, except share and stock option data)

## 1. Governing statutes and nature of operations

Alimentation Couche-Tard Inc. (the Company) is incorporated under the *Companies Act* (Quebec).

The Company owns and licenses 5,443 convenience stores across North America of which 4,395 are Company-operated and generates income primarily from the sales of tobacco products, grocery items, beverages, fresh food offerings, including quick service restaurants, other products and services and motor fuel.

## 2. Basis of presentation

### *Year-end date*

The Company's year-end is the last Sunday of April of each year. The years ended April 26, 2009, April 27, 2008 and April 29, 2007 are referred to as 2009, 2008 and 2007.

### *Basis of presentation*

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (Canadian GAAP).

### *Reporting currency*

The Company uses the US dollar as its reporting currency to provide more relevant information considering its predominant operations in the United States and its US dollar-denominated debt.

## 3. Accounting changes

### **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 if an increase in value of these inventories occurs. 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. The adoption of this new Section had no impact on the Company's consolidated financial results.

### **Credit risk and the fair value of financial assets and financial liabilities**

On January 20, 2009, the Company adopted retrospectively and without restatement of prior periods the recommendations of the Emerging Issues Committee (EIC) of the CICA relating to Abstract 173 (EIC-173), "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". These recommendations provide guidance in determining the fair value of financial assets and financial liabilities, including derivative instruments. EIC-173 stipulates that an entity's own credit risk and the credit risk of the counterparty should be taken into consideration in determining the fair value of these items. The adoption of these new recommendations had no material impact on the Company's consolidated financial results.

## 4. Accounting policies

### **Use of estimates**

The preparation of consolidated financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates, including those relating to supplier rebates, environmental costs, income taxes, lease accounting, purchase price allocation and asset retirement obligations, based on available information. These estimates are based on management's best knowledge of current events and actions that the Company may undertake in the future. Actual results could differ from those estimates.

### **Principles of consolidation**

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All intercompany balances and transactions have been eliminated in consolidation.

### **Foreign currency translation**

The non-consolidated financial statements of the Company and its subsidiaries are prepared based on their respective functional currencies, which is the US dollar for US operations and the Canadian dollar for Canadian operations and corporate activities.

As the Company uses the US dollar as its reporting currency, in the Company's consolidated financial statements, the Canadian and corporate operations are translated into US dollars using the current rate method. Under this method, assets and liabilities are translated using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average rate in effect during the year. Capital stock, Contributed surplus and Retained earnings are translated using the historical rate. Gains and losses arising from translation are included in the Accumulated other comprehensive income account in Shareholders' equity.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars, except share and stock option data)

### 4. Accounting policies (continued)

#### Net earnings per share

Basic net earnings per share is calculated by dividing the net earnings available to Class A and Class B shareholders by the weighted average number of Class A and Class B shares outstanding during the year. Diluted net earnings per share is calculated using the treasury stock method and takes into account the dilutive effect of stock options.

#### Revenue recognition

For its two major product categories, merchandise and motor fuel, the Company recognizes revenue at the point of sale. Merchandise sales are primarily comprised of the sale of tobacco products, grocery items, candy and snacks, beverages, beer, wine, fresh food offerings, including quick service restaurants, and services.

Service revenues include the commission on sale of lottery tickets and issuance of money orders, fees from automatic teller machines, sales of calling cards and gift cards, fees for cashing cheques, sales of postage stamps and bus tickets and car wash revenues. These revenues are recognized at the time of the transaction. Service revenues also include franchise and license fees, which are recognized in revenues over the period of the agreement to which the fees relate and royalties from franchisees and licensees, which are recognized periodically based on sales reported by franchise and licence operators.

#### Cost of sales and vendor rebates

Cost of sales is mainly comprised of the cost of merchandise and motor fuel sold including applicable freight less vendor rebates.

The Company records cash received from vendors related to vendor rebates as a reduction in the price of the vendors' products and reflects them as a reduction of costs of sales and related inventory in its consolidated statements of earnings and balance sheets when it is probable that they will be received. Amounts received but not yet earned are presented in deferred credits.

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

The main items comprising Operating, selling, administrative and general expenses are labour, building occupancy costs, credit and debit card fees and overhead and include advertising expenses that are charged as incurred in the amount of \$31.1 in 2009 and \$28.2 in 2008 and 2007.

#### Self-insurance

In the United States, the Company is self-insured for certain losses related to general liability and workers' compensation. The expected ultimate cost for claims incurred as of the balance sheet date is not discounted and is recognized as a liability. This cost is estimated based upon analysis of the Company's historical data or actuarial estimates.

#### Cash and cash equivalents

Cash includes cash and demand deposits. Cash equivalents include highly liquid investments that can be readily converted into cash for a fixed amount and that mature less than three months from the date of acquisition.

#### Inventories

Inventories are valued at the lesser of cost and net realizable value. Cost of merchandise - distribution centres is determined according to the first-in first-out method, the cost of merchandise - retail is valued based on the retail price less a normal margin and the cost of motor fuel inventory is determined according to the average cost method.

#### Income taxes

The Company uses the asset and liability method to account for income taxes. Under this method, future income tax assets and liabilities are determined based on differences between the carrying amounts and tax bases of assets and liabilities using enacted or substantively enacted tax rates and laws, as appropriate, at the date of the consolidated financial statements for the years in which the temporary differences are expected to reverse. A valuation allowance is recognized to the extent that it is more likely than not that all of the future income tax assets will not be realized.

#### Property and equipment, depreciation and amortization and impairment

Property and equipment are stated at cost less accumulated depreciation and are depreciated over their estimated useful lives using the straight-line method based on the following periods:

|                                   |               |
|-----------------------------------|---------------|
| Buildings and building components | 3 to 40 years |
| Equipment                         | 3 to 40 years |
| Buildings under capital leases    | Lease term    |
| Equipment under capital leases    | Lease term    |

Building components include air conditioning and heating systems, plumbing and electrical fixtures. Equipment includes signage, fuel equipment and in-store equipment.

Leasehold improvements and property and equipment on leased properties are amortized and depreciated over the lesser of their useful lives and the term of the lease.

Property and equipment are tested for impairment should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to the estimated undiscounted future cash flows generated by their use and eventual disposal. Should the carrying amount of long-lived assets exceed their fair value, an impairment loss in the amount of the excess would be recognized.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars, except share and stock option data)

### 4. Accounting policies (continued)

#### Goodwill

Goodwill is the excess of the cost of an acquired business over the fair value of underlying net assets acquired from the business at the time of acquisition. Goodwill is not amortized. Rather it is tested for impairment annually during the first quarter, or more frequently should events or changes in circumstances indicate that it might be impaired. Should the carrying amount of a reporting unit's goodwill exceed its fair value, an impairment loss would be recognized.

#### Trademarks and licenses

Trademarks and licenses have indefinite lives, are recorded at cost, are not amortized and are tested for impairment annually during the first quarter, or more frequently should events or changes in circumstances indicate that it might be impaired.

#### Deferred charges

Deferred charges are mainly expenses incurred in connection with the analysis and signing of the Company's revolving unsecured operating credits amortized using the straight-line method over the period of the corresponding contract. Deferred charges also include expenses incurred in connection with the analysis and signing of operating leases which are deferred and amortized on a straight-line basis over the lease term. Other deferred charges are amortized on a straight-line basis over periods of five to seven years.

#### Rent expense

The Company accounts for capital leases in instances when it has acquired substantially all the benefits and risks incident to ownership of the leased property. The cost of assets under capital leases represents the present value of minimum lease payments and is amortized on a straight-line basis over the lease term. Assets under capital leases are presented under Property and equipment in the consolidated balance sheet.

Leases that do not transfer substantially all the benefits and risks incident to ownership of the property are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Company recognizes the related rent expense on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental expense and the amounts payable under the lease as deferred rent expense. The Company also receives tenant allowances, which are amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is shorter.

Gains resulting from sale and leaseback transactions are deferred and amortized over the term of the new lease agreement while losses are recorded in the consolidated statements of earnings at the transaction date.

#### Financing costs

Financing costs related to the Subordinated unsecured debt are amortized using the effective interest rate method and are presented in reduction of the long-term debt on the balance sheet.

#### Stock-based compensation and other stock-based payments

Stock-based compensation costs are measured at the grant date of the award based on the fair value method for all transactions entered into for years beginning on or after January 1, 2002. The fair value of stock options is recognized over the vesting period as compensation expense with a corresponding increase in contributed surplus. When stock options are exercised, the corresponding contributed surplus is transferred to capital stock.

#### Employee future benefits

The Company accrues its obligations under employee pension plans and the related costs, net of plan assets. The Company has adopted the following accounting policies with respect to the defined benefit plans:

- the accrued benefit obligations and the cost of pension benefits earned by active employees are actuarially determined using the projected benefit method prorated on service and pension expense is recorded in income as the services are rendered by active employees. The calculations reflect management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees;
- for the purpose of calculating the expected return on plan assets, those assets are valued at fair value;
- actuarial gains (losses) arise from the difference between actual long-term rate of return on plan assets for a period and the expected long-term rate of return on plan assets for that period or from changes in actuarial assumptions used to determine the accrued benefit obligation. The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligation and fair value of plan assets, established at the beginning of the year, is amortized over the average remaining service period of active employees. The average remaining service period of the active employees covered by the pension plans is nine years;
- on May 1, 2000, the Company adopted the new accounting standard on employee future benefits using the prospective application method. The Company is amortizing the transitional asset on a straight-line basis over 11 years, which was the average remaining service period of employees expected to receive benefits under the benefit plan as of May 1, 2000;
- past service costs are amortized on a straight-line basis over the average remaining service period of active employees.

The pension costs recorded in net earnings for the defined contribution plan is equivalent to the contribution which the Company is required to pay in exchange for services provided by the employees.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 4. Accounting policies (continued)

#### Environmental costs

The Company provides for estimated future site remediation costs to meet government standards for known site contaminations when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on the Company's prior experience with remediation sites and consideration of other factors such as the condition of the site contamination, location of sites and experience with contractors that perform the environmental assessments and remediation work.

#### Asset retirement obligations

Asset retirement obligations relate to estimated future costs to remove underground motor fuel storage tanks and are based on the Company's prior experience in removing these tanks, estimated tank useful life, lease terms for those tanks installed on leased properties, external estimates and governmental regulatory requirements. A discounted liability is recorded for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset at the time an underground storage tank is installed. To determine the initial recorded liability, the future estimated cash flows have been discounted at rates of 9.0% and 10.0%, representing the Company's credit-adjusted risk-free rates at the time the costs have been estimated and revised. The amount added to property and equipment is amortized and an accretion expense is recognized in connection with the discounted liability over the remaining life of the tank or lease term for leased properties.

#### Financial instruments recognition and measurement

Following the application of 3855, the Company made the following classifications:

| Financial assets and liabilities          | Classification              | Subsequent measurement <sup>(1)</sup> | 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 expenses     | Other financial liabilities | Amortized cost                        | Net earnings                       |

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

#### Hedging and derivative financial instruments

The Company uses derivative financial instruments by way of interest rate swaps to manage current and forecasted risks related to interest rate fluctuations associated with the Company's Subordinated unsecured debt. The Company does not use freestanding derivative financial instruments for trading or speculative purposes.

The Company formally documents and designates each derivative financial instrument as a fair value hedge of its Subordinated unsecured debt. The Company determines that derivative financial instruments are effective hedges, at the time of the establishment of the hedge and for the duration of the instrument, since the date to maturity, the reference amount and interest rate of the instruments correspond to all the conditions of the debt.

The Company uses an interest rate swap as part of its program for managing the combination of fixed and variable interest rates of a portion of its debt and the corresponding aggregate cost of borrowing. Interest rate swaps involve an exchange of interest payments without an exchange of principal underlying the interest payments. The corresponding amount to be paid to counterparties or to be received from counterparties is accounted for as an adjustment of accrued interest.

In the case of an early termination of the interest swap agreement or if the hedge ceases to be effective prior to maturity, any realized and unrealized gains or losses would be recorded on the balance sheet and amortized to consolidated statement of earnings over the remaining term of the related hedged debt. In the event of early extinguishment of the debt, any realized or unrealized gains or losses related to the swap would be recognized in the consolidated statement of earnings at the time of the extinguishment of the debt.

The changes in fair value of the swap and the debt are recognized in net earnings, counterbalancing each other, except for any ineffective portion of the hedging relationship. On the balance sheet, the fair value of the interest swap 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 has also designated its entire US dollar denominated long-term debt as a foreign exchange hedge of its net investment in its U.S. self-sustaining operations. Accordingly, the portion of the gains or losses arising from the translation of the US dollar denominated debt that is determined to be an effective hedge is recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Company's net investment in its U.S. self-sustaining subsidiaries. Should a portion of the hedging relationship become ineffective, the ineffective portion would be recorded in the consolidated statement of earnings.

#### Guarantees

A guarantee is defined as a contract or an indemnification agreement contingently requiring a company to make payments to a third party based on future events. These payments are contingent on either changes in an underlying or other variables that are related to an asset, liability, or an equity security of the indemnified party or the failure of another entity to perform under an obligating agreement. It could also be an indirect guarantee of the indebtedness of another party. Guarantees are initially recognized at fair value and subsequently revaluated when the loss becomes likely.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 4. Accounting policies (continued)

#### 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 believe it will have a material impact on its consolidated financial statements.

##### *Business Combinations, Consolidated Financial Statements and Non-controlling Interest*

In January 2009, the CICA issued Handbook Section 1582 "Business Combinations", Section 1601 "Consolidations", and Section 1602 "Non-controlling Interests". These sections replace former Section 1581 "Business Combinations" and Section 1600 "Consolidated Financial Statements". Various changes have been made to other sections of the CICA Handbook for consistency purposes. Section 1582 establishes standards for the recognition, measurement, presentation and disclosure of a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that direct acquisition costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. The Section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. Earlier application is permitted. If the Company realizes significant business combinations, this new Section could have a material impact on its consolidated financial statements, because direct acquisition costs would then be expensed when incurred. The Company's actual policy is to include these costs in the purchase price of the acquired business.

Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. Section 1601 and Section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year.

All three sections must be adopted concurrently. The Company will apply these new sections as of the beginning of the first quarter of its 2012 fiscal year.

### 5. Business acquisitions

The Company has made the following business acquisitions that were accounted for using the purchase method. Earnings from the businesses acquired are included in the consolidated statements of earnings from their respective dates of acquisition.

#### 2009

During 2009, the Company made the following business acquisitions:

- Effective February 10, 2009, the Company purchased seven company-operated stores from Gate Petroleum Company. The acquired stores operate under the Gate banner in the Greensboro and Raleigh regions of North Carolina, United States. The Company leases the land and buildings related to two sites and it owns the building and leases the land for one site, while it owns both these assets for the other sites.
- Effective February 5, 2009, the Company purchased 13 stores located in the province of Quebec, Canada from Exploitation Quali-T inc., a subsidiary of Groupe Therrien. The Company leases the land and buildings related to all of these sites.
- Effective July 8, 2008, the Company purchased 70 company-operated stores from Spirit Energy. For 11 sites, the Company owns the buildings and the land, it leases the land for two sites and leases both land and building for the remaining 57 sites. The acquired stores operate under the Convenient Food Mart banner in the St. Louis, Missouri area and the nearby central Illinois area, United States.
- 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. The Company owns the land related to 14 sites and leases one while it owns all 15 buildings.
- During the current fiscal year, the Company purchased two stores through two distinct transactions. The Company owns land and buildings related to both transactions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 5. Business acquisitions (continued)

These acquisitions were settled for a total cash consideration of \$80.8, 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   | 12.4        |
| Property and equipment  | 59.1        |
| Other assets  | 1.4         |
| <u>Total tangible assets</u>  | <u>72.9</u> |
| Liabilities assumed   |             |
| Accounts payable and accrued liabilities                            | 2.5         |
| Deferred credits and other liabilities                              | 1.8         |
| <u>Total liabilities</u>  | <u>4.3</u>  |
| <u>Net tangible assets acquired</u>                                 | <u>68.6</u> |
| <u>Goodwill</u>   | <u>12.2</u> |
| <u>Total consideration paid, including direct acquisition costs</u> | <u>80.8</u> |

The Company expects that approximately \$4.7 of the goodwill related to these transactions will be deductible for tax purposes.

#### 2008

During 2008, the Company made the following business acquisitions:

- Effective June 5, 2007, the Company purchased 28 company-operated stores and five land parcels from Sterling Stores LLC. The acquired stores operate under the Sterling banner in northwest Ohio, United States.
- During fiscal year 2008, the Company purchased 18 stores through 15 distinct transactions.

These acquisitions were settled for a total cash consideration of \$70.7, including direct acquisition costs. The allocations are based on the estimated fair values on the dates of acquisition. The net assets acquired included working capital of \$3.5, property and equipment of \$59.6, goodwill of \$7.1, a non-compete agreement of \$1.1 and deferred credits and other liabilities of \$0.6. Approximately \$5.7 of the goodwill related to these transactions will be deductible for tax purposes.

#### 2007

During 2007, the Company made the following business acquisitions:

- Effective April 10, 2007: acquisition, from Star Fuel Marts, LLC, of 53 company-operated stores operating under the All Star banner in Oklahoma City, Oklahoma, United States. 42 of the 53 stores are operated under operating leases;
- Effective February 26, 2007: acquisition, from Richcor, Inc., of 13 company-operated stores operating under the Groovin Noovin banner in the city of Pensacola, Florida, United States;
- Effective December 1, 2006: the Company purchased a network of 236 stores from Shell Oil Products US and its affiliate, Motiva Enterprises LLC. The majority of the stores acquired are operated under the Shell banner in the regions of Baton Rouge, Denver, Memphis, Orlando, Tampa and in the Southwest Florida, United States. Of the 236 stores, 174 are company-operated, 50 are operated by independent store operators and 12 have a motor fuel supply agreement;
- Effective October 30, 2006: the Company purchased, from Sparky's Oil Company, 24 company-operated stores operating under the Sparky's banner in the West Central Florida, United States;
- Effective October 4, 2006: from Holland Oil Company, purchase of 56 company-operated stores operating under the Holland Oil and Close to Home banners in Ohio, United States. Two of the acquired stores were immediately closed;
- Effective August 21, 2006: purchase of a network of 24 stores operating under the Stop-n-Save banner in the Monroe area of Louisiana, United States from Moore Oil Company LLC. Of these 24 stores, 11 are operated by the Company and 13 are operated by independent store operators;
- Effective June 12, 2006: from Spectrum Stores, Inc. and Spectrum Holding, Inc., purchase of 90 company-operated stores, the majority of which are operated under the Spectrum banner in the States of Alabama and Georgia in the United States;

These acquisitions were settled for a total cash consideration of \$600.6, including direct acquisition costs. The net assets acquired included working capital of \$30.0, property and equipment of \$461.2, goodwill of \$113.5, non-compete agreement of \$1.0, trademarks of \$0.4, other assets of \$1.3 and deferred credits and other liabilities of \$6.8. Approximately \$51.0 of the goodwill related to these transactions will be deductible for tax purposes.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 6. Supplementary information relating to the consolidated statements of earnings

Supplementary information related to the rental expense included in Operating, selling, administrative and general expenses:

|                               | 2009         | 2008         | 2007         |
|-------------------------------|--------------|--------------|--------------|
|                               | \$           | \$           | \$           |
| Net rent expense              |              |              |              |
| Rent expense                  | 237.6        | 209.0        | 184.7        |
| Sub-leasing income            | (19.6)       | (18.3)       | (14.9)       |
|                               | <b>218.0</b> | <b>190.7</b> | <b>169.8</b> |
|                               | \$           | \$           | \$           |
| Depreciation and amortization |              |              |              |
| Property and equipment        | 181.7        | 170.6        | 132.3        |
| Other assets                  | 1.3          | 1.9          | 1.5          |
|                               | <b>183.0</b> | <b>172.5</b> | <b>133.8</b> |
| Financial expenses            |              |              |              |
| Interest on long-term debt    | 37.4         | 58.2         | 54.0         |
| Interest income               | (1.2)        | (3.6)        | (6.0)        |
|                               | <b>36.2</b>  | <b>54.6</b>  | <b>48.0</b>  |

### 7. Income taxes

|                      | 2009         | 2008        | 2007         |
|----------------------|--------------|-------------|--------------|
|                      | \$           | \$          | \$           |
| Current income taxes | 82.7         | 49.2        | 92.2         |
| Future income taxes  | 32.0         | 19.0        | 21.7         |
|                      | <b>114.7</b> | <b>68.2</b> | <b>113.9</b> |

The principal items which resulted in differences between the Company's effective income tax rates and the combined statutory rates in Canada are detailed as follows:

|  | 2009         | 2008         | 2007         |
|--|--------------|--------------|--------------|
|  | %            | %            | %            |
| Combined statutory income tax rate in Canada <sup>(a)</sup>            | 30.90        | 31.66        | 32.02        |
| Impact of tax rate changes   | 0.12         | 0.32         | 0.30         |
| Other permanent differences  | 0.10         | (1.65)       | 1.20         |
| Effective income tax rate before unusual income tax expense (reversal) | 31.12        | 30.33        | 33.52        |
| Unusual retroactive income tax (reversal) expense <sup>(b)</sup>       | -            | (3.84)       | 3.19         |
| Effective income tax rate  | <b>31.12</b> | <b>26.49</b> | <b>36.71</b> |

(a) The Company's combined statutory income tax rate in Canada includes the appropriate provincial income tax rates.

(b) On June 9, 2006, the Government of Québec adopted Bill 15 in the National Assembly of Québec, regarding amendments to the Taxation Act and other legislative provisions. As a result, in 2007, the Company has recorded an unusual retroactive income tax expense of \$9.9. During fiscal year 2008, the Company reversed this unusual income tax expense following an agreement with the taxing authorities.

The components of future income tax assets (liabilities) are as follows:

|   | 2009           | 2008           |
|---|----------------|----------------|
|   | \$             | \$             |
| Short-term net future income tax assets     |                |                |
| Expenses deductible during the next year    | 22.8           | 22.1           |
| Loss deductible during the next year        | 13.8           | -              |
| Revenues taxable during the next year       | (6.5)          | -              |
| Deferred credits                            | 1.5            | 0.4            |
| Other                                       | 4.7            | 2.2            |
|   | <b>36.3</b>    | <b>24.7</b>    |
| Long-term net future income tax liabilities |                |                |
| Property and equipment                      | (110.8)        | (69.5)         |
| Trademarks and licences                     | (58.5)         | (53.8)         |
| Deferred credits                            | 17.6           | 19.7           |
| Asset retirement obligations                | 12.7           | 14.0           |
| Goodwill                                    | (11.0)         | (7.7)          |
| Expenses deductible in future years         | 8.2            | 7.2            |
| Non-capital losses                          | 2.6            | 2.9            |
| Unrealized exchange gain                    | (0.8)          | (19.3)         |
| Other                                       | 7.9            | (2.2)          |
|   | <b>(132.1)</b> | <b>(108.7)</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 8. Net earnings per share

The following table presents the information for the computation of basic and diluted net earnings per share:

|   | 2009           | 2008    | 2007    |
|---|----------------|---------|---------|
|   | \$             | \$      | \$      |
| Net earnings available to Class A and B shareholders                    | <b>253.9</b>   | 189.3   | 196.4   |
| Weighted average number of shares (in thousands)                        | <b>193,596</b> | 201,486 | 202,119 |
| Dilutive effect of stock options (in thousands)                         | <b>3,872</b>   | 4,992   | 6,087   |
| Weighted average number of diluted shares (in thousands)                | <b>197,468</b> | 206,478 | 208,206 |
| Basic net earnings per share available for Class A and B shareholders   | <b>1.31</b>    | 0.94    | 0.97    |
| Diluted net earnings per share available for Class A and B shareholders | <b>1.29</b>    | 0.92    | 0.94    |

In calculating diluted net earnings per share for 2009, 1,707,695 stock options (1,512,515 in 2008 and 504,996 in 2007) are excluded due to their antidilutive effect.

### 9. Supplementary information relating to the consolidated statements of cash flows

The changes in non-cash working capital are detailed as follows:

|  | 2009          | 2008   | 2007   |
|--|---------------|--------|--------|
|  | \$            | \$     | \$     |
| Accounts receivable                      | <b>28.7</b>   | (37.6) | (41.6) |
| Inventories                              | <b>35.1</b>   | (46.4) | (24.4) |
| Prepaid expenses                         | -             | 5.6    | 1.8    |
| Accounts payable and accrued liabilities | <b>(49.5)</b> | 76.2   | 59.3   |
| Income taxes payable                     | <b>15.7</b>   | (34.7) | 35.6   |
|  | <b>30.0</b>   | (36.9) | 30.7   |

Cash flows relating to interest and income taxes are detailed as follows:

|                   | 2009        | 2008 | 2007 |
|-------------------|-------------|------|------|
|                   | \$          | \$   | \$   |
| Interest paid     | <b>34.2</b> | 59.5 | 50.6 |
| Income taxes paid | <b>66.1</b> | 89.0 | 57.7 |

### 10. Accounts receivable

|   | 2009         | 2008  |
|---|--------------|-------|
|   | \$           | \$    |
| Trade accounts receivable and vendor rebates receivable | <b>106.8</b> | 102.3 |
| Credit and debit cards receivable                       | <b>102.4</b> | 133.0 |
| Environmental costs receivable (note 21)                | <b>3.0</b>   | 2.8   |
| Other accounts receivable                               | <b>13.2</b>  | 13.6  |
|   | <b>225.4</b> | 251.7 |

### 11. Inventories

|                                    | 2009         | 2008  |
|------------------------------------|--------------|-------|
|                                    | \$           | \$    |
| Merchandise – retail               | <b>289.2</b> | 267.0 |
| Motor fuel                         | <b>93.8</b>  | 155.4 |
| Merchandise – distribution centres | <b>17.3</b>  | 22.1  |
|                                    | <b>400.3</b> | 444.5 |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 12. Property and equipment

|  | 2009           |                             |                |
|--|----------------|-----------------------------|----------------|
|  | Cost           | Accumulated<br>depreciation | Net            |
|  | \$             | \$                          | \$             |
| Land   | 498.2          | -                           | 498.2          |
| Buildings                                    | 466.4          | 101.2                       | 365.2          |
| Leasehold improvements                       | 330.2          | 140.3                       | 189.9          |
| Equipment                                    | 1,251.4        | 526.0                       | 725.4          |
|  | <b>2,546.2</b> | <b>767.5</b>                | <b>1,778.7</b> |
| Buildings and equipment under capital leases | 23.5           | 12.8                        | 10.7           |
|  | <b>2,569.7</b> | <b>780.3</b>                | <b>1,789.4</b> |

  

|                                | 2008           |                             |                |
|--------------------------------|----------------|-----------------------------|----------------|
|                                | Cost           | Accumulated<br>depreciation | Net            |
|                                | \$             | \$                          | \$             |
| Land                           | 489.5          | -                           | 489.5          |
| Buildings                      | 434.5          | 81.0                        | 353.5          |
| Leasehold improvements         | 316.4          | 129.1                       | 187.3          |
| Equipment                      | 1,184.9        | 467.9                       | 717.0          |
|                                | <b>2,425.3</b> | <b>678.0</b>                | <b>1,747.3</b> |
| Buildings under capital leases | 6.6            | 5.6                         | 1.0            |
|                                | <b>2,431.9</b> | <b>683.6</b>                | <b>1,748.3</b> |

### 13. Goodwill

|   | 2009         | 2008         |
|---|--------------|--------------|
|   | \$           | \$           |
| Balance, beginning of year                        | 402.6        | 373.8        |
| Goodwill acquired during the year                 | 12.2         | 7.1          |
| Changes to preliminary purchase price allocations | -            | 5.3          |
| Effect of exchange rate fluctuations              | (30.0)       | 16.4         |
| Balance, end of year                              | <b>384.8</b> | <b>402.6</b> |

### 14. Other assets

|  | 2009        | 2008        |
|--|-------------|-------------|
|  | \$          | \$          |
| Deferred charges, net                    | 10.9        | 13.8        |
| Environmental costs receivable (note 21) | 19.3        | 14.9        |
| Accrued pension benefit asset            | 7.1         | 8.7         |
| Deposits                                 | 1.4         | 1.2         |
| Other                                    | 22.0        | 14.7        |
|  | <b>60.7</b> | <b>53.3</b> |

### 15. Accounts payable and accrued liabilities

|                                       | 2009         | 2008         |
|---------------------------------------|--------------|--------------|
|                                       | \$           | \$           |
| Accounts payable and accrued expenses | 510.3        | 618.0        |
| Sales and other taxes payable         | 124.3        | 95.6         |
| Salaries and related benefits         | 64.5         | 60.9         |
| Deferred credits                      | 13.7         | 18.6         |
| Environmental costs                   | 9.5          | 10.0         |
| Other                                 | 35.8         | 39.6         |
|                                       | <b>758.1</b> | <b>842.7</b> |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 16. Long-term debt

|  | 2009         | 2008         |
|--|--------------|--------------|
|  | \$           | \$           |
| US dollar term revolving unsecured operating credit A, maturing in September 2012 <sup>(a)</sup>   | 229.4        | 460.0        |
| Canadian dollar term revolving unsecured operating credit A, maturing in September 2012 (Cdn\$28.6 in 2009 and Cdn\$41.0 in 2008) <sup>(a)</sup>                       | 23.6         | 40.3         |
| US dollar term revolving unsecured operating credit B, maturing in September 2012 <sup>(a)</sup>   | 110.6        | -            |
| Canadian dollar term revolving unsecured operating credit B, maturing in September 2012 (Cdn\$21.4) <sup>(a)</sup>   | 17.7         | -            |
| Subordinated unsecured debt, at amortized cost <sup>(b)</sup>  | 351.7        | 334.7        |
| Note payable, secured by the assets of certain stores, 8.75%, repayable in monthly instalments, maturing in 2019   | 4.5          | 4.7          |
| Obligations related to buildings and equipment under capital leases, rates varying from 0.53% to 12.54% (9.00% to 12.54% in 2008), payable on various dates until 2019 | 11.7         | 2.5          |
|  | <b>749.2</b> | <b>842.2</b> |
| Current portion of long-term debt  | 3.9          | 1.2          |
|  | <b>745.3</b> | <b>841.0</b> |

#### (a) Term revolving unsecured operating credits A, B and C:

As at April 26, 2009, the Company has credit agreements consisting of three revolving unsecured facilities of initial maximum amounts of \$650.0 (Operating credit A), \$310.0 (Operating credit B) and \$40.0 (Operating credit C) each, with initial terms of five years, 51 months and 42 months respectively, that can be extended each year by one year at the request of the Company with the consent of the lenders. The credit facilities are available in the following forms:

- A term revolving unsecured operating credit, available i) in Canadian dollars, ii) in US dollars, iii) in the form of Canadian dollar bankers' acceptances, with stamping fees and iv) in the form of standby letters of credit not exceeding \$50.0 or the equivalent in Canadian dollars, with applicable fees. Depending on the form and the currency of the loan, the amounts borrowed bear interest at variable rates based on the Canadian prime rate, the bankers' acceptance rate, the US base rate or the LIBOR rate plus a variable margin;
- An unsecured line of credit in the maximum amount of \$50.0, available in Canadian or US dollars, bearing interest at variable rates based, depending on the form and the currency of the loan, on the Canadian prime rate, the US prime rate or the US base rate plus a variable margin.

Stand by fees, which vary based on a leverage ratio and on the utilization rate of the credit facilities, apply to the unused portion of the credit facilities. Stamping fees, standby letters of credit fees and the variable margin used to determine the interest rate applicable to amounts borrowed are determined according to a leverage ratio of the Company.

Under the credit agreements, the Company must maintain certain financial ratios and respect certain restrictive provisions.

As at April 26, 2009, the weighted average effective interest rate is 1.10% (3.51% in 2008) for the US dollar portion and 1.24% for the Canadian dollar portion (4.21% in 2008). In addition, Cdn\$1.0 (Cdn\$0.7 in 2008) and \$18.3 (\$17.9 in 2008) are used for standby letters of credit. As at April 26, 2009 and April 27, 2008, the available line of credit was unused and the Company was in compliance with the restrictive provisions and ratios imposed by the credit agreement. As at April 26, 2009, operating credit C was unused.

#### (b) Subordinated unsecured debt:

Subordinated unsecured debt of a nominal amount of \$350.0, maturing December 15, 2013, bearing interest at a nominal rate of 7.5% (effective rate of 7.56% (8.23% in 2008)). Since December 15, 2008, the Company has the option for early repayment at a premium.

The Subordinated unsecured debt agreement imposes restrictions on certain transactions.

Instalments on long-term debt for the next fiscal years are as follows:

|   | Obligations related to buildings and equipment under capital leases | Other loans denominated in US dollars | Other loans denominated in Canadian dollars |
|---|---|---------------------------------------|---|
|   | \$  | \$                                    | Cdn\$                                       |
| 2010  | 3.7   | 0.3                                   | -   |
| 2011  | 3.4   | 0.3                                   | -   |
| 2012  | 2.4   | 0.3                                   | -   |
| 2013  | 2.1   | 340.3                                 | 50.0  |
| 2014  | 1.4   | 350.4                                 | -   |
| 2015 and thereafter                                 | 0.7   | 2.8                                   | -   |
|   | 13.7  |                                       |   |
| Interest expense included in minimum lease payments | 2.0   |                                       |   |
|   | <b>11.7</b>   |                                       |   |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars, except share and stock option data)

### 17. Deferred credits and other liabilities

|  | <u>2009</u>  | <u>2008</u>  |
|--|--------------|--------------|
|  | \$           | \$           |
| Deferred gain on sale and leaseback transactions | 101.3        | 97.7         |
| Asset retirement obligations <sup>(a)</sup>      | 42.5         | 39.0         |
| Deferred rent expense                            | 20.4         | 16.1         |
| Deferred branding costs                          | 16.5         | 17.9         |
| Provision for workers' compensation              | 16.5         | 11.5         |
| Provision for site restoration costs             | 14.2         | 10.7         |
| Deferred credits                                 | 10.2         | 17.1         |
| Accrued pension benefit liability                | 9.8          | 10.4         |
| Other liabilities                                | 27.6         | 33.4         |
|  | <u>259.0</u> | <u>253.8</u> |

<sup>(a)</sup> The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately \$127.5 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.

The reconciliation of the Company's liability for the asset retirement obligations related to the removal of its underground motor fuel storage tanks is as follows:

|                                      | <u>2009</u> | <u>2008</u> |
|--------------------------------------|-------------|-------------|
|                                      | \$          | \$          |
| Balance, beginning of year           | 48.8        | 45.1        |
| Liabilities incurred                 | 0.4         | 0.6         |
| Liabilities settled                  | (2.5)       | (1.4)       |
| Accretion expense                    | 3.8         | 4.0         |
| Business acquisitions                | 1.4         | 0.3         |
| Revision of estimations              | -           | 0.1         |
| Effect of exchange rate fluctuations | (1.0)       | 0.1         |
| Balance, end of year                 | <u>50.9</u> | <u>48.8</u> |

Of the total liability recorded in the consolidated balance sheets as at April 26, 2009 and April 27, 2008, \$42.5 and \$39.0, respectively, are included in Deferred credits and other liabilities and the remainder is included in Accounts payable and accrued liabilities.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars, except share and stock option data)

### 18. Capital stock

#### Authorized

Unlimited number of shares without par value

First and second preferred shares issuable in series, non-voting, ranking prior to other classes of shares with respect to dividends and payment of capital upon dissolution. The Board of Directors is authorized to determine the designation, rights, privileges, conditions and restrictions relating to each series of shares prior to their issuance.

Class A multiple voting and participating shares, ten votes per share except for certain situations which provide for only one vote per share, convertible into Class B subordinate voting shares on a share-for-share basis at the holder's option. Under the articles of amendment, no new Class A multiple voting shares may be issued.

Class B subordinate voting and participating shares, convertible automatically into Class A multiple voting shares on a share-for-share basis upon the occurrence of certain events.

The order of priority for the payment of dividends is as follows:

- first preferred shares;
- second preferred shares; and
- Class B subordinate voting shares and Class A multiple voting shares, ranking pari passu.

#### Issued and fully paid

The changes in number of outstanding shares are as follows:

|  | 2009               | 2008               |
|--|--------------------|--------------------|
| <b>Class A multiple voting shares</b>                |                    |                    |
| Balance, beginning of year                           | 53,881,212         | 56,175,312         |
| Repurchase and cancellation of shares <sup>(a)</sup> | (24,100)           | (2,116,600)        |
| Conversion into Class B shares                       | (146,700)          | (177,500)          |
| Balance, end of year                                 | <u>53,710,412</u>  | <u>53,881,212</u>  |
| <b>Class B subordinate voting shares</b>             |                    |                    |
| Balance, beginning of year                           | 142,845,776        | 146,159,574        |
| Repurchase and cancellation of shares <sup>(a)</sup> | (9,387,500)        | (4,045,606)        |
| Issued as part of a previous acquisition             | 160                | 288                |
| Issued on conversion of Class A shares               | 146,700            | 177,500            |
| Stock options exercised for cash                     | 312,072            | 554,020            |
| Balance, end of year                                 | <u>133,917,208</u> | <u>142,845,776</u> |

<sup>(a)</sup> On August 8, 2007, the Company implemented a share repurchase program to repurchase up to 2,808,765 of the 56,175,312 Class A multiple voting shares and up to 7,332,066 of the 146,641,334 Class B subordinate voting shares issued and outstanding as at July 27, 2007 (representing 5.0% of the Class A multiple voting shares and 5.0% of the Class B subordinate voting shares, issued and outstanding as at that date, respectively). In accordance with the Toronto Stock Exchange requirements, a maximum daily repurchase of 25.0% of the daily trading averages for the six months preceding July 27, 2007 could be made. By making such repurchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation was reduced and the proportionate interest of all remaining shareholders in the Company's share capital was increased on a pro rata basis. The share repurchase period ended on August 7, 2008. All shares repurchased under the share repurchase program were cancelled upon repurchase.

On August 8, 2008, the Company implemented a second share repurchase program to repurchase up to 2,693,860 of the 53,877,212 Class A multiple voting shares and up to 14,031,210 of the 140,312,108 Class B subordinate voting shares issued and outstanding as at July 29, 2008 (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, a maximum daily repurchase of the greater of: 25.0% of the daily trading averages for the six months preceding July 29, 2008 and 1,000 shares can be made. 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 7, 2009. All shares repurchased under the share repurchase program are cancelled upon repurchase.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
(in millions of US dollars, except share and stock option data)

### 19. Stock-based compensation and other stock-based payments

#### Stock option plan

The Company has a stock option plan (the Plan) under which it has authorized the grant of up to 16,892,000 stock options for the purchase of Class B subordinate voting shares of the Company.

Stock options have up to a ten-year term, vest 20.0% on the date of the grant and cumulatively thereafter on each anniversary date of the grant and are exercisable at the designated market price on the date of grant. The grant price of each stock option shall not be set below the weighted average closing price for a board lot of the Class B shares on the Toronto Stock Exchange for the five days preceding the grant. Each stock option is exercisable into one Class B share of the Company at the price specified in the terms of the stock option.

The table below presents the status of the Company's stock option plan as at April 26, 2009, April 27, 2008 and April 29, 2007 and the changes therein during the years then ended:

|  | 2009                    |                                 | 2008                    |                                 |
|--|-------------------------|---------------------------------|-------------------------|---------------------------------|
|  | Number of stock options | Weighted average exercise price | Number of stock options | Weighted average exercise price |
|  |                         | Cdn\$                           |                         | Cdn\$                           |
| Outstanding, beginning of year         | 8,913,915               | 8.66                            | 9,326,866               | 8.50                            |
| Granted                                | 260,800                 | 14.14                           | 295,000                 | 19.41                           |
| Exercised                              | (312,072)               | 6.61                            | (554,020)               | 9.02                            |
| Forfeited                              | (62,020)                | 17.85                           | (153,931)               | 18.77                           |
| Outstanding, end of year               | <u>8,800,623</u>        | <u>8.83</u>                     | <u>8,913,915</u>        | <u>8.66</u>                     |
| Exercisable stock options, end of year | <u>8,172,355</u>        |                                 | <u>8,166,672</u>        |                                 |

  

|  | 2007                    |                                 |
|--|-------------------------|---------------------------------|
|  | Number of stock options | Weighted average exercise price |
|  |                         | Cdn\$                           |
| Outstanding, beginning of year         | 9,252,380               | 7.66                            |
| Granted                                | 388,100                 | 25.60                           |
| Exercised                              | (294,784)               | 4.17                            |
| Forfeited                              | (18,830)                | 13.67                           |
| Outstanding, end of year               | <u>9,326,866</u>        | <u>8.50</u>                     |
| Exercisable stock options, end of year | <u>8,122,627</u>        |                                 |

The following table presents information on the stock options outstanding and exercisable as at April 26, 2009:

| Range of exercise prices | Options outstanding                                      |   | Weighted average exercise price | Options exercisable                                      |                                 |
|--------------------------|--|---|---------------------------------|--|---------------------------------|
|                          | Number of stock options outstanding as at April 26, 2009 | Weighted average remaining contractual life (years) |                                 | Number of stock options exercisable as at April 26, 2009 | Weighted average exercise price |
| Cdn\$                    |  |   | Cdn\$                           |  | Cdn\$                           |
| 2 – 4                    | 2,442,028  | 1.40  | 2.66                            | 2,442,028  | 2.66                            |
| 6 – 8                    | 3,350,700  | 2.96  | 7.37                            | 3,350,700  | 7.37                            |
| 8 – 12                   | 1,180,200  | 4.56  | 10.49                           | 1,180,200  | 10.49                           |
| 12 – 16                  | 425,000  | 7.83  | 13.64                           | 208,000  | 13.12                           |
| 16 – 20                  | 868,970  | 6.52  | 17.47                           | 672,176  | 17.46                           |
| 20 – 26                  | 533,725  | 7.55  | 24.64                           | 319,251  | 24.59                           |
|                          | <u>8,800,623</u>   |   |                                 | <u>8,172,355</u>   |                                 |

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 year:

|                                | 2009      | 2008      | 2007      |
|--------------------------------|-----------|-----------|-----------|
| Expected dividends (per share) | Cdn\$0.14 | Cdn\$0.13 | Cdn\$0.12 |
| Expected volatility            | 32.20%    | 32.00%    | 35.00%    |
| Risk-free interest rate        | 3.20%     | 3.98%     | 4.14%     |
| Expected life                  | 8 years   | 8 years   | 8 years   |

The weighted average fair value of stock options granted in 2009 is Cdn\$5.32 (Cdn\$8.04 in 2008 and Cdn\$11.64 in 2007).

For 2009, compensation cost charged to the consolidated statements of earnings amounts to \$2.7 (\$4.0 in 2008 and \$4.2 in 2007).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 19. Stock-based compensation and other stock-based payments (continued)

#### Deferred Share Unit Plan

The Company has a Deferred Share Unit Plan for the benefit of its external directors allowing them, at their option, to receive all or a portion of their annual compensation and directors' fee in the form of Deferred Share Units (DSUs). A DSU is a notional unit, equivalent in value to the Company's Class B share. Upon leaving the Board of Directors, participants are entitled to receive the payment of their cumulated DSUs either a) in the form of cash based on the price of the Company's Class B shares as traded on the open market on the date of payment, or b) in Class B shares bought by the Company on the open market on behalf of the participant.

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 26, 2009, the Company has a total of 56,920 DSUs outstanding (37,101 as at April 27, 2008).

### 20. Employee future benefits

The Company has a number of funded and unfunded defined benefit and defined contribution plans that provide retirement benefits to certain employees. Its defined benefit plans are based on years of service and on the average salaries of the five year period preceding retirement.

Total cash payments for employee future benefits consist of cash contributed by the Company to its funded pension plans, cash payments directly to beneficiaries for its unfunded pension plans and cash contributed to its defined contribution plans and amount to \$4.9 for 2009 (\$4.3 for 2008 and \$4.0 for 2007).

#### Defined benefit plans

The Company measures its accrued benefit obligation and the fair value of plan assets for accounting purposes the last Sunday of April of each year. The most recent actuarial valuation of the pension plans for funding purposes was as at December 31, 2007 and the next required valuation will be as of December 31, 2010.

Information about the Company's defined benefit plans, in aggregate, is as follows:

|                                      | 2009        | 2008        |
|--------------------------------------|-------------|-------------|
|                                      | \$          | \$          |
| <b>Accrued benefit obligation</b>    |             |             |
| Balance, beginning of year           | 41.6        | 36.0        |
| Current service cost                 | 0.7         | 0.7         |
| Interest cost                        | 2.2         | 2.1         |
| Benefits paid                        | (2.0)       | (2.2)       |
| Past service costs                   | 1.4         | 2.3         |
| Actuarial gains                      | (5.7)       | (0.9)       |
| Effect of exchange rate fluctuations | (6.5)       | 3.6         |
| Balance, end of year                 | <u>31.7</u> | <u>41.6</u> |
|                                      | 2009        | 2008        |
|                                      | \$          | \$          |
| <b>Plans' assets</b>                 |             |             |
| Fair value, beginning of year        | 24.1        | 23.0        |
| Actual return on plans' assets       | (1.1)       | 0.3         |
| Employer contributions               | 0.5         | 0.2         |
| Employee contributions               | 0.1         | 0.1         |
| Benefits paid                        | (1.4)       | (1.7)       |
| Effect of exchange rate fluctuations | (3.7)       | 2.2         |
| Fair value, end of year              | <u>18.5</u> | <u>24.1</u> |

Reconciliation of the funded status of the benefit plans to the amount recorded in the consolidated financial statements:

|                                    | 2009          | 2008          |
|------------------------------------|---------------|---------------|
|                                    | \$            | \$            |
| Fair value of plans' assets        | 18.5          | 24.1          |
| Accrued benefit obligation         | 31.7          | 41.6          |
| Funded status of plan - deficit    | <u>(13.2)</u> | <u>(17.5)</u> |
| Unamortized net actuarial loss     | 7.5           | 13.9          |
| Unamortized transitional net asset | (0.9)         | (1.7)         |
| Unamortized past service cost      | 3.9           | 3.6           |
| Accrued benefit liability          | <u>(2.7)</u>  | <u>(1.7)</u>  |

As at April 26, 2009, the accrued benefit obligation for unfunded pension plans amounts to \$15.5 (\$18.8 as at April 27, 2008).

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 20. Employee future benefits (continued)

The accrued benefit asset is included in the Company's balance sheets as follows:

|  | 2009  | 2008   |
|--|-------|--------|
|  | \$    | \$     |
| Other assets                           | 7.1   | 8.7    |
| Deferred credits and other liabilities | (9.8) | (10.4) |
| Accrued benefit liability              | (2.7) | (1.7)  |

As at the measurement date, plans' assets consist of:

| Asset category    | Percentage of plans' assets |       |
|-------------------|-----------------------------|-------|
|                   | 2009                        | 2008  |
|                   | %                           | %     |
| Equity securities | 19.5                        | 23.7  |
| Debt securities   | 80.5                        | 76.3  |
| Total             | 100.0                       | 100.0 |

The Company's pension benefit expense for the year is determined as follows:

|   | Incurring during the year | Adjustments <sup>(a)</sup> | Expense recognized during the year |
|---|---------------------------|----------------------------|------------------------------------|
|   | \$                        | \$                         | \$                                 |
| Current service cost, net of employee contributions | 0.6                       | -                          | 0.6                                |
| Interest cost                                       | 2.2                       | -                          | 2.2                                |
| Actual return on plans' assets                      | 1.1                       | (2.4)                      | (1.3)                              |
| Amortization of the net transitional asset          | -                         | (0.5)                      | (0.5)                              |
| Net actuarial (gains) losses                        | (5.7)                     | 6.8                        | 1.1                                |
| Past service cost                                   | 1.4                       | (0.9)                      | 0.5                                |
| Pension expense for the year                        | (0.4)                     | 3.0                        | 2.6                                |

  

|   | Incurring during the year | Adjustments <sup>(a)</sup> | Expense recognized during the year |
|---|---------------------------|----------------------------|------------------------------------|
|   | \$                        | \$                         | \$                                 |
| Current service cost, net of employee contributions | 0.6                       | -                          | 0.6                                |
| Interest cost                                       | 2.1                       | -                          | 2.1                                |
| Actual return on plans' assets                      | (0.3)                     | (1.2)                      | (1.5)                              |
| Amortization of the net transitional asset          | -                         | (0.6)                      | (0.6)                              |
| Net actuarial (gain) losses                         | (0.9)                     | 2.3                        | 1.4                                |
| Past service cost                                   | 2.3                       | (2.0)                      | 0.3                                |
| Pension expense for the year                        | 3.8                       | (1.5)                      | 2.3                                |

  

|   | Incurring during the year | Adjustments <sup>(a)</sup> | Expense recognized during the year |
|---|---------------------------|----------------------------|------------------------------------|
|   | \$                        | \$                         | \$                                 |
| Current service cost, net of employee contributions | 0.7                       | -                          | 0.7                                |
| Interest cost                                       | 1.8                       | -                          | 1.8                                |
| Actual return on plans' assets                      | (1.7)                     | 0.2                        | (1.5)                              |
| Amortization of the net transitional asset          | -                         | (0.5)                      | (0.5)                              |
| Net actuarial losses                                | 2.6                       | (1.7)                      | 0.9                                |
| Past service cost                                   | -                         | 0.3                        | 0.3                                |
| Pension expense for the year                        | 3.4                       | (1.7)                      | 1.7                                |

<sup>(a)</sup> Adjustments to recognize the long-term nature of employee future benefit costs.

The significant weighted average actuarial assumptions which management considers the most likely to be used to determine the accrued benefit obligations and the pension expense are the following:

#### Accrued benefit obligation:

|                               | 2009 | 2008 | 2007 |
|-------------------------------|------|------|------|
|                               | %    | %    | %    |
| Discount rate                 | 8.00 | 6.00 | 5.25 |
| Rate of compensation increase | 4.00 | 4.00 | 4.00 |

#### Pension expense:

|  | 2009 | 2008 | 2007 |
|--|------|------|------|
|  | %    | %    | %    |
| Discount rate                            | 6.00 | 5.25 | 5.75 |
| Expected rate of return on plans' assets | 6.00 | 6.00 | 7.00 |
| Rate of compensation increase            | 4.00 | 4.00 | 4.00 |

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For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 20. Employee future benefits (continued)

#### Defined contribution plans

The Company's total pension expense under its defined contribution plans for the year 2009 is \$3.8 (\$3.8 in 2008 and \$3.5 in 2007).

#### Deferred compensation plan – United States operations

The Company sponsors a deferred compensation plan that allows certain employees in its US operations to defer up to 25.0% of their base salary and 100.0% of their cash bonuses for any given year. Interest accrues on the deferral and amounts due to the participants are generally payable on retirement, except in certain limited circumstances. Obligations under this plan amount to \$6.1 as at April 26, 2009 (\$7.5 as at April 27, 2008) and are included in Deferred credits and other liabilities.

### 21. Environmental costs

The Company is subject to Canadian and US legislations governing the storage, handling and sale of motor fuel and related products. The Company considers that it is compliant with all important aspects of the current environmental legislations.

The Company has an on going training program for its employees on environmental issues which includes preventive site testing and site restoration in cooperation with regulatory authorities. The Company also examines its motor fuel equipment annually.

In all US states in which the Company operates, except Michigan, Iowa, Florida, Arizona, Texas and Washington State, there is a trust fund to cover the cost of certain rehabilitation and removing of motor fuel tanks. These state funds provide insurance for motor fuel facilities operations to cover the cost of cleaning up damages to the environment caused by the usage of underground motor fuel equipment. Underground motor fuel storage tank registration fees and a motor fuel tax in each of the states finance the trust funds. The Company pays the registration fees and remits the sales taxes to the states where it is a member of the trust fund. Insurance coverage varies from state to state.

In order to provide for the above-mentioned restoration costs, the Company has recorded a \$23.7 provision for environmental costs as at April 26, 2009 (\$20.7 as at April 27, 2008). Of this amount, \$9.5 (\$10.0 as at April 27, 2008) is included in Accounts payable and accrued liabilities and the remainder is included in Deferred credits and other liabilities. Furthermore, the Company has recorded an amount of \$22.3 for environmental costs receivable from trust funds as at April 26, 2009 (\$17.7 as at April 27, 2008), of which \$3.0 (\$2.8 as at April 27, 2008) is included in Accounts receivable and the remainder is included in Other assets.

### 22. Financial instruments and capital risk management

#### Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Company uses derivative financial instruments to hedge certain risk exposures, primarily interest risk.

#### Foreign currency risk

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, the Company's sensitivity to variations in foreign exchange rates is economically limited.

The Company is also exposed to foreign currency risk with respect to a portion of its long-term debt denominated in US dollars.

As at April 26, 2009, everything else being equal, a hypothetical strengthening (weakening) of 5.0% of the US dollar against the Canadian dollar would have had a favourable (unfavourable) net impact of \$25.2 on Other comprehensive income.

#### Interest rate risk

The Company is exposed to interest rate risk through the portion of its long-term debt bearing interest at a variable rate. The Company's policy is to maintain most of its borrowings in variable rate instruments using interest rate swaps when necessary.

The Company's fixed rate long-term debt is exposed to a risk of change in its fair value due to changes in interest rates. To mitigate this risk, the Company has a fixed-to-variable interest rate swap on its Subordinated unsecured debt whereby it has agreed to swap the amount of the difference between variable interest rate and the fixed rate, calculated on the reference amounts. This interest rate swap has been designated as a fair value hedge of the Subordinated unsecured debt.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 22. Financial instruments and capital risk management (continued)

The amounts outstanding as at April 26, 2009 and April 27, 2008 are as follows:

| Maturity <sup>(a)</sup> | Reference | Pays/receives                   | Fixed rate | Variable rate                 |
|-------------------------|-----------|---------------------------------|------------|-------------------------------|
|                         | \$        |                                 | %          |                               |
| <b>2009</b>             |           |                                 |            |                               |
| December 2013           | 100.0     | pays variable<br>receives fixed | 7.5        | LIBOR six month<br>plus 2.98% |
| <b>2008</b>             |           |                                 |            |                               |
| December 2013           | 100.0     | pays variable<br>receives fixed | 7.5        | LIBOR six month<br>plus 3.03% |
| December 2013           | 100.0     | pays variable<br>receives fixed | 7.5        | LIBOR six month<br>plus 2.98% |
| December 2013           | 150.0     | pays variable<br>receives fixed | 7.5        | LIBOR six month<br>plus 2.89% |

<sup>(a)</sup> Under certain conditions, the maturity date of the swap can be altered to correspond with the repurchase conditions of the corresponding subordinated debt.

During 2009, two of the interest rate swap agreements held by the Company as at April 27, 2008 were terminated by the counterparties in exchange for the payment of penalties on their part for a total amount of \$9.4. Following the termination of these swaps, the Company discontinued hedge accounting for these two swaps. The fair value of the terminated swaps recorded as part of the Subordinated unsecured debt is amortized using the effective rate method over the original term of the hedging relationship.

The Company is exposed to a risk of change in cash flows due to changes in interest rates on its variable rate long-term debt and does not currently hold any derivative instruments that mitigate this risk. The Company analyzes its interest rate exposure on an on going basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on net earnings of a defined interest rate shift. As at April 26, 2009, the impact on net earnings of a 1.0% shift would not have been significant. The fixed-to-variable interest rate swap related to the Subordinated unsecured debt has been included in this calculation.

#### Credit risk

The Company is exposed to credit risk with respect to Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable and the interest rate swap.

Credit risk related to Trade accounts receivable and vendor rebates receivable is limited considering the nature of the Company's activities and its counterparties. As at April 26, 2009, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related maximum credit risk exposure corresponds to their carrying amount.

The Company mitigates the credit risk related to Cash and cash equivalents, Credit and debit cards receivable by dealing with major financial institution that have very low or minimal credit risk. As at April 26, 2009, the maximum credit risk exposure related to Cash and cash equivalents, Credit and debit cards receivable corresponds to their carrying amount.

The Company is exposed to credit risk arising from its interest rate swap when this swap results in a receivable from the financial institutions. In accordance with its risk management policy, the Company has entered into this swap with a major financial institution with a very low risk of default to reduce such credit risk.

#### Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in meeting its obligations associated with financial liabilities and lease commitments. The Company is exposed to this risk mainly through its Long-term debt, Accounts payable and accrued expenses and lease agreements. The Company's liquidities are provided mainly by cash flows from operating activities, borrowings available under its revolving credit facilities as well as potential sale and leaseback transactions.

On an ongoing basis, the Company monitors rolling forecasts of its liquidity reserve on the basis of expected cash flows taking into account operating needs, tax situation and capital requirements and ensures that it has sufficient flexibility under its available liquidity resources to meet its obligations.

The contractual maturities of financial liabilities as at April 26, 2009 are as follows:

|   | Carrying amount | Contractual cash flows | Less than one year | Between one and two years | Between two and five years | More than five years |
|---|-----------------|------------------------|--------------------|---------------------------|----------------------------|----------------------|
|   | \$              | \$                     | \$                 | \$                        | \$                         | \$                   |
| Non-derivative financial liabilities:       |                 |                        |                    |                           |                            |                      |
| Accounts payable and accrued liabilities    | 510.3           | 510.3                  | 510.3              | -                         | -                          | -                    |
| Term revolving unsecured operating credit A | 253.0           | 262.6                  | 2.8                | 2.8                       | 257.0                      | -                    |
| Term revolving unsecured operating credit B | 128.3           | 133.1                  | 1.4                | 1.4                       | 130.3                      | -                    |
| Subordinated unsecured debt                 | 351.7           | 459.7                  | 23.5               | 23.5                      | 412.7                      | -                    |
| Other long-term debt                        | 16.2            | 20.3                   | 4.4                | 4.1                       | 7.5                        | 4.3                  |
|   | 1,259.5         | 1,386.0                | 542.4              | 31.8                      | 807.5                      | 4.3                  |

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 22. Financial instruments and capital risk management (continued)

#### Fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated balance sheets, are as follows:

|   | 2009            |            | 2008            |            |
|---|-----------------|------------|-----------------|------------|
|   | Carrying amount | Fair value | Carrying amount | Fair value |
|   | \$              | \$         | \$              | \$         |
| Cash and cash equivalents                               | 173.3           | 173.3      | 216.0           | 216.0      |
| Trade accounts receivable and vendor rebates receivable | 106.8           | 106.8      | 102.3           | 102.3      |
| Credit and debit cards receivable                       | 102.4           | 102.4      | 133.0           | 133.0      |
| Accounts payable and accrued expenses                   | 510.3           | 510.3      | 618.0           | 618.0      |
| Term revolving unsecured operating credit granted A     | 253.0           | 253.0      | 500.3           | 500.3      |
| Term revolving unsecured operating credit granted B     | 128.3           | 128.3      | -               | -          |
| Subordinated unsecured debt                             | 351.7           | 346.2      | 334.7           | 353.5      |
| Other long-term debt                                    | 16.2            | 16.2       | 7.2             | 7.2        |
| Interest rate swaps <sup>(a)</sup>                      | 2.6             | 2.6        | (3.8)           | (3.8)      |

<sup>(a)</sup> A negative amount indicates an amount payable by the Company.

The following methods and assumptions were used to determine the estimated fair value of each class of financial instruments:

- The fair value of Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable, receivable related to interest rate swaps and Accounts payable and accrued liabilities is comparable to their carrying amount, given the short maturity periods;
- the fair value of the Subordinated unsecured debt has been estimated based on the discounted cash flows of the debt at the Company's estimated incremental borrowing rates for debt of the same remaining maturities;
- there is no significant difference between the fair value and the carrying amount of other Long-term debt given that the largest loans bear interest at variable rates;
- the fair value of interest rate swaps is estimated by obtaining quotes (marked to market) from the Company's banks and by adjusting it to take the counterparty's credit rating into account. The quoted prices generally reflect the estimated amount that the Company would receive (favourable) or pay (unfavourable) to settle these agreements at the reporting date.

#### Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company's capital is comprised of total Shareholders' equity and net interest-bearing debt. Net interest-bearing debt refers to Long-term debt and its current portion, net of Cash and cash equivalents and temporary investments, if any.

In order to maintain or adjust the capital structure, the Company may issue new shares, redeem shares, sell assets to reduce debt or adjust the amount of dividends paid to shareholders.

In its capital structure, the Company considers its stock option and deferred share unit plans. The Company's stock redemption plan is also one of the tools it uses to achieve its objectives.

Consistent with others in the industry, the Company monitors capital on the basis of the net interest-bearing debt to total capitalization ratio (the ratio) and also monitors its credit ratings as determined by third parties. As at the balance sheet date, the ratio was as follows:

|   | 2009    | 2008    |
|---|---------|---------|
|   | \$      | \$      |
| Current portion of long-term debt                       | 3.9     | 1.2     |
| Long-term debt  | 745.3   | 841.0   |
| Cash and cash equivalents                               | 173.3   | 216.0   |
| Net interest-bearing debt                               | 575.9   | 626.2   |
| Shareholders' equity                                    | 1,326.0 | 1,253.7 |
| Net interest-bearing debt                               | 575.9   | 626.2   |
| Total capitalization                                    | 1,901.9 | 1,879.9 |
| Net interest-bearing debt to total capitalization ratio | 30.3%   | 33.3%   |

The decrease in the net interest-bearing debt to total capitalization ratio resulted primarily from the increase in Shareholders' equity and from the decrease in Long-term debt and Cash and cash equivalents.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the years ended April 26, 2009, April 27, 2008 and April 29, 2007  
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### 22. Financial instruments and capital risk management (continued)

Under its Term revolving unsecured operating credit, the Company must meet the following ratios on a consolidated basis:

- a leverage ratio, which is the ratio of total Long-term debt less Cash and cash equivalents to EBITDA for the four most recent quarters. EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) is a non-GAAP measure;
- a fixed charge coverage ratio, which is the ratio of EBITDAR for the four most recent quarters to the total interest expense and the rent payments in the same periods. EBITDAR is a non-GAAP measure and is calculated as EBITDA plus rent payments.

The Company is in compliance with these covenants and monitors them on an ongoing basis.

The Company is not subject to any other significant externally imposed capital requirement.

### 23. Contractual obligations

#### Minimum lease payments

As at April 26, 2009, the Company has entered into operating lease agreements expiring on various dates until 2031 which call for aggregate minimum lease payments of \$1,542.8 in the United States and of Cdn\$775.5 in Canada for the rental of commercial space, equipment and a warehouse. Several of these leases contain renewal options and certain sites are subleased to franchise holders. The minimum lease payments for the next fiscal years are as follows:

|                     | United States | Canada |
|---------------------|---------------|--------|
|                     | \$            | Cdn\$  |
| 2010                | 134.4         | 88.2   |
| 2011                | 128.3         | 76.6   |
| 2012                | 123.4         | 68.0   |
| 2013                | 115.6         | 59.7   |
| 2014                | 102.4         | 50.6   |
| 2015 and thereafter | 938.7         | 432.4  |

#### Purchase commitments

The Company has concluded agreements to acquire, during the next fiscal year, equipment which call for aggregate payments of Cdn\$0.8.

Moreover, the Company has entered into various product purchase agreements that require it to purchase minimum amounts or quantities of merchandise and motor fuel annually. The Company has generally exceeded such minimum requirements in the past and expects to continue doing so for the foreseeable future. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, change in pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received.

### 24. Contingencies and guarantees

#### Contingencies

Various claims and legal proceedings have been initiated against the Company in the normal course of its operations. In management's opinion, these claims and proceedings are unfounded. Management estimates that any payments resulting from their outcome are not likely to have a substantial negative impact on the Company's results and financial position.

#### Guarantees

##### *Sublease agreements*

The Company entered into a number of agreements to sublease premises to third parties. Under some of these agreements, the Company retains ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sublessees fail to pay. The total future lease payments under such agreements are approximately \$2.2 and their fair value is not significant. Historically, the Company has not made any significant payments in connection with these indemnification provisions.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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### 25. Segmented information

The Company operates convenience stores in the United States and 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 fall mainly into two categories: merchandise and services and motor fuel.

Information on the principal revenue classes as well as geographic information is as follows:

|   | 2009            |                |                 | 2008            |                |                 |
|---|-----------------|----------------|-----------------|-----------------|----------------|-----------------|
|   | US              | Canada         | Total           | US              | Canada         | Total           |
|   | \$              | \$             | \$              | \$              | \$             | \$              |
| <b>External customer revenues</b> <sup>(a)</sup>          |                 |                |                 |                 |                |                 |
| Merchandise and services                                  | 3,742.6         | 1,673.8        | 5,416.4         | 3,476.3         | 1,724.4        | 5,200.7         |
| Motor fuel  | 8,865.2         | 1,499.5        | 10,364.7        | 8,891.6         | 1,277.7        | 10,169.3        |
|   | <b>12,607.8</b> | <b>3,173.3</b> | <b>15,781.1</b> | <b>12,367.9</b> | <b>3,002.1</b> | <b>15,370.0</b> |
| <b>Gross profit</b>                                       |                 |                |                 |                 |                |                 |
| Merchandise and services                                  | 1,226.2         | 574.9          | 1,801.1         | 1,146.5         | 601.1          | 1,747.6         |
| Motor fuel  | 545.6           | 89.9           | 635.5           | 393.9           | 82.0           | 475.9           |
|   | <b>1,771.8</b>  | <b>664.8</b>   | <b>2,436.6</b>  | <b>1,540.4</b>  | <b>683.1</b>   | <b>2,223.5</b>  |
| <b>Property and equipment and goodwill</b> <sup>(a)</sup> | <b>1,735.3</b>  | <b>438.9</b>   | <b>2,174.2</b>  | <b>1,643.2</b>  | <b>507.7</b>   | <b>2,150.9</b>  |
|   |                 |                |                 |                 |                |                 |
|   | 2007            |                |                 |                 |                |                 |
|   | US              | Canada         | Total           | US              | Canada         | Total           |
|   | \$              | \$             | \$              | \$              | \$             | \$              |
| <b>External customer revenues</b> <sup>(a)</sup>          |                 |                |                 |                 |                |                 |
| Merchandise and services                                  | 3,116.6         | 1,500.4        | 4,617.0         |                 |                |                 |
| Motor fuel  | 6,514.6         | 955.8          | 7,470.4         |                 |                |                 |
|   | <b>9,631.2</b>  | <b>2,456.2</b> | <b>12,087.4</b> |                 |                |                 |
| <b>Gross profit</b>                                       |                 |                |                 |                 |                |                 |
| Merchandise and services                                  | 1,046.9         | 526.6          | 1,573.5         |                 |                |                 |
| Motor fuel  | 372.1           | 58.9           | 431.0           |                 |                |                 |
|   | <b>1,419.0</b>  | <b>585.5</b>   | <b>2,004.5</b>  |                 |                |                 |
| <b>Property and equipment and goodwill</b> <sup>(a)</sup> | <b>1,572.0</b>  | <b>473.4</b>   | <b>2,045.4</b>  |                 |                |                 |

<sup>(a)</sup> 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.

### 26. Subsequent event

On May 28, 2009, the Company acquired 43 corporate stores in the Phoenix, Arizona region, United-States from ExxonMobil Corporation (ExxonMobil). The land and buildings of ten of these sites are leased. As per the agreement, ExxonMobil also transferred to Couche-Tard the "On the Run" trademark rights in the United States as well as 450 franchised stores operating under this trademark in the United States.