

FISCAL YEAR 2008

ALIMENTATION COUCHE-TARD INC.
MANAGEMENT DISCUSSION & ANALYSIS
52-week period ended April 27, 2008

The purpose of this Management's Discussion and Analysis (MD&A) is, as required by regulators, to explain management's point of view on Alimentation Couche-Tard Inc.'s (Couche-Tard) financial condition and results of operations as well as the performance for fiscal year ended April 27, 2008. More specifically, it outlines our development strategy, performance in relation to objectives, future expectations and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader's understanding of the consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Company", we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars (US dollars) and determined on the basis of Canadian generally accepted accounting principles (Canadian GAAP). We also use measures in this MD&A that do not comply with Canadian GAAP. When such measures are presented, they are defined and the reader is informed. You should read the following MD&A in conjunction with the annual consolidated financial statements and related notes included in Couche-Tard's 2008 Annual Report, which, along with additional information relating to Couche-Tard, including the latest Annual Information Form, is available on SEDAR at www.sedar.com, on the SEC's website at www.sec.gov and on the Company website at www.couche-tard.com.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the *U.S. Private Securities Litigation Reform Act of 1995*. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "intend", "expect", "estimate" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at July 15, 2008, which are not guarantees of future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, you are cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

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

Our Business

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

Our network is comprised of 5,119 convenience stores throughout North America, including 3,273 stores with motor fuel dispensing. During fiscal 2008, we were present in nine North American markets, including six in the United States covering 29 states and three in Canada covering six provinces. More than 45,000 people are employed throughout our network and at the service offices. As we stated before, we privilege the operation of networks with a maximum of approximately 600 company-operated stores per business unit. We therefore announced, on January 23, 2008, the creation of two new business units in the U.S., which have been in operation since April 28, 2008. They are identified as follows: the Southwest division, which includes the states of Texas, Colorado, Oklahoma and New Mexico, and the Gulf division, which includes the states of Tennessee, Mississippi, Louisiana, Arkansas and the western Panhandle of Florida.

Our mission is to offer to our clients the best service on the market by developing a customized and friendly relationship while still finding ways to surprise them on a daily basis. In this regard, we strive to meet the demands and needs of our clientele based on their regional requirements. To do so, we offer consumers food and beverage items, motor fuel and other high-quality products and services designed to meet clients' demands in a clean and welcoming environment. Our positioning in the industry stems primarily from the success of our business model, which is based on a decentralized management structure, an ongoing assessment of best practices and operational expertise that is enhanced by our experience in the various regions of our network. Our positioning is also a result of our focus on in-store merchandise, as well as our continued investments in our proprietary brand products, our IMPACT program and the technological development of our stores.

The convenience store sector is fragmented. Our industry is in a consolidation and restructuring phase following the stiff competition and major fluctuations in motor fuel margins. Economies of scale are now essential to succeed in this business sector. We are participating in this process through our acquisitions and we believe that it is still possible for industry participants with a good financial position such as Couche-Tard to maintain sustained growth through mergers and acquisitions, especially in the current difficult economic conditions.

2008 Overview

We announced revenues of \$15.4 billion for fiscal 2008, up 27.2% over last year. For the year, net earnings reached \$189.3 million, down 3.6% compared to fiscal 2007, due to the volatile and competitive motor fuel market, including increased expenses from electronic payment modes, as well as poor economic conditions in the southern part of the United States. These items were partially offset by the good results achieved by certain of our markets and by the reversal of the unusual income taxes expenses of \$9.9 million posted during fiscal 2007.

Sale and leaseback transaction

On December 21, 2007, through our subsidiaries Circle K Stores Inc. and Mac's Convenience Stores LLC., we entered into a sale and leaseback transaction with Cole Credit Property Trust II, Inc. relating to 83 properties for a total selling price of \$131.4 million. The proceeds were used namely to reduce our term revolving unsecured operating credit. The properties sold are located in several states and are subject to lease agreements with an initial average term of 20 years.

Share repurchase program

On August 8, 2007, we began a share repurchase program to purchase up to 2,808,765 of the 56,175,312 Class A multiple voting shares and 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 may be made. By making such purchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation will be reduced and the proportionate interest of all remaining shareholders in the Company's share capital will be increased on a pro rata basis. The share repurchase period will end no later than August 7, 2008. All shares purchased under the share repurchase program will be cancelled.

Under this program, we repurchased 2,116,600 Class A multiple voting shares during fiscal year 2008 at an average cost of Cdn\$15.05 and 4,045,606 Class B subordinate voting shares at an average cost of Cdn\$17.23.

Business acquisitions

During 2008, the Company made the following business acquisitions:

- effective June 5, 2007, we 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;
- we also purchased 18 stores through 15 distinct transactions.

Income taxes

During the first quarter of fiscal year 2007 and following the Government of Quebec's adoption of Bill 15 in the National Assembly of Quebec regarding amendments to the *Quebec Taxation Act*, we posted a \$9.9 million unusual retroactive income tax expense. During fiscal year 2008, we reversed this unusual income tax expense following an agreement with the taxing authorities.

Dividends

On July 15, 2008, the Board of Directors declared a quarterly dividend of Cdn\$0.035 per share for the fourth quarter of fiscal 2008 to shareholders on record as at July 24, 2008, and approved its payment for August 1, 2008. These are eligible dividends within the meaning of the *Income Tax Act*.

Internal controls

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We undertake ongoing evaluations of the effectiveness of internal controls over financial reporting and implement control enhancements, when appropriate. As at April 27, 2008, our management and our external auditors reported that these internal controls were effective.

Outstanding shares and stock options

As at July 11, 2008, Couche-Tard had 53,881,212 Class A multiple voting shares and 142,845,776 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 9,006,239 outstanding stock options for the purchase of Class B subordinate voting shares.

Subsequent events

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

On June 24, 2008, we acquired 83 stores in the St. Louis Missouri area and nearby central Illinois area from Spirit Energy, L.L.C. which does business as *Convenient Food Mart*. Of the 83 convenience stores, 69 are operated by the company under the *Convenient Food Mart* banner. The stores would be operated by the Circle K Midwest Division under the *Circle K* banner. The remaining 14 locations currently operate as dealers. Pursuant to this transaction, we would buy the land and buildings for 15 locations and would assume or enter into leases for the remaining locations. We plan to keep the stations Shell branded.

On May 8, 2008, we announced the expansion of our existing partnership with Irving Oil Limited (Irving Oil) to include 252 Irving Oil convenience retail sites across Atlantic Canada and New England. Under the expanded partnership, the 252 convenience stores would be operated by Couche-Tard. Of these stores, 128 are located in New Brunswick, Nova Scotia, Newfoundland and Labrador, and Prince Edward Island. The other 124 stores are located in the states of Maine, New Hampshire, Massachusetts and Vermont. Irving Oil would retain ownership of the convenience retail properties and we would lease the properties at market value for the next 20 years, and buy the store equipment and inventories by using internal available cash dollars. Irving Oil would continue to supply petroleum products to the sites, while fuel pumps and canopies at the sites would remain Irving-branded and the stores would be operated under a Couche-Tard brand. The sites involved have annual average merchandise sales of approximately \$1.2 million per company-operated site. The annual average petroleum volume of the U.S. sites is approximately 2.0 million gallons per site and the annual average petroleum volume of the Canadian sites is approximately 4.4 million litres per site. Pursuant to this agreement, the parties would share net operating income. Following a 12-month integration period, it is expected that the average store earnings before interest and taxes would be aligned with Couche-Tard's company operated store performance. According to a confidentiality agreement between the parties, the financial arrangements between the parties cannot be disclosed at this time. The transaction is anticipated to close in July and is subject to standard regulatory approvals and closing conditions.

On April 29, 2008, we acquired 15 company-operated stores from Speedway Superamerica LLC., which does business under the Speedway banner in central Illinois, United States.

Accounting changes

Capital disclosures and financial instruments disclosures and presentation

On February 5, 2008 we early adopted the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862 "Financial Instruments – Disclosures", Section 3863 "Financial Instruments – Presentation" and Section 1535 "Capital Disclosures".

Section 3862 describes the required disclosures related to the significance of financial instruments on the entity's financial position and performance and the nature and extent of risks arising from financial instruments to which the entity is exposed to and how the entity manages those risks. This Section complements principles of recognition,

measurement and presentation of financial instruments of Sections 3855 “Financial Instruments – Recognition and Measurement”, 3863 “Financial Instruments – Presentation” and 3865 “Hedges”.

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives. It replaces the standards included in Section 3861 “Financial Instruments – Disclosure and Presentation”.

Section 1535 establishes standards for disclosing information about an entity’s capital and how it is managed to enable users of financial statements to evaluate the entity’s objectives, policies and procedures for managing capital.

The results of the implementation of these new standards are included in Note 23 and had no impact on the Company’s financial results.

Financial Instruments – Recognition and Measurement

On April 30, 2007, we adopted CICA Handbook Section 3855 “Financial Instruments – Recognition and Measurement”, which establishes standards for recognition and measurement of financial assets, financial liabilities and non-financial derivatives. This new standard was implemented retroactively without restatement of prior periods financial statements. For embedded derivatives instruments, the Company elected April 29, 2002 as its transition date.

We made the following classifications:

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

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

As at April 30, 2007, the impact of the implementation of the classifications described above is a \$0.5 million increase in Other assets, a \$0.1 million increase in the long-term Future income tax liability and a \$0.4 million increase in Accumulated other comprehensive income. These adjustments relate to an investment in publicly-traded securities held by the Company, included in Other assets. The value of this investment is not significant.

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

Hedges

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

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

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

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

Comprehensive Income

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

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

Equity

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

Income Statement Categories

Merchandise and Service Revenues. In-store merchandise revenues are comprised primarily of the sale of tobacco products, grocery items, candy, snacks, various beverages, beer/wine and fresh food offerings, including quick service restaurants (QSRs). Service revenues include fees from automatic teller machines, sales of calling cards and gift cards, revenues from car washes, the commission on sale of lottery tickets and issuance of money orders, fees for cashing cheques as well as sales of postage stamps and bus tickets. Service revenues also include franchise fees, license fees from affiliates and royalties from franchisees.

Motor Fuel Revenues. We include in our revenues the total dollar amount of motor fuel sales, including any imbedded taxes, if we take ownership of the motor fuel inventory. In the United States, we purchase motor fuel and sell it to 163 independent store operators at cost plus a mark-up. We record the full value of these revenues (cost plus mark-up) as motor fuel revenues. Where we act as a selling agent for a petroleum distributor, only the commission we have earned is recorded as revenues. Gross profit from motor fuel is derived by deducting the cost of the motor fuel from the motor fuel revenues, except for commission stores where the gross profit is equal to the recorded commission from the sale.

Gross Profit. Gross profit consists mainly of revenues less the cost of goods and motor fuel sold. For in-store merchandise, the cost of inventory is generally determined using the retail method (retail price less a normal margin), and for motor fuel, it is determined using the average cost method.

Operating, Selling, Administrative and General Expenses. The primary components of operating, selling, administrative and general expenses are labour, occupancy costs, electronic payment modes fees, commissions to dealers and overhead and include advertising expenses that are charged to earnings as incurred.

Key performance indicators used by management, which can be found under "Results of Operations-Other Operating Data", are merchandise and service gross margin, growth of same-store merchandise revenues, motor fuel gross margin and growth of same-store motor fuel volume.

Summary of changes in our stores during the fourth quarter and fiscal year ended April 27, 2008

The following table presents certain information regarding changes in our stores over the 12-week periods ended April 27, 2008 (fourth quarter of 2008) and the 52-week period ended the same date (fiscal year 2008):

	12-week period ended April 27, 2008			52-week period ended April 27, 2008		
	Company-operated stores	Affiliated stores ⁽¹⁾	Total	Company-operated stores	Affiliated stores ⁽¹⁾	Total
Number of stores, beginning of period	4,087	1,034	5,121	4,072	1,023	5,095
Acquisitions	-	-	-	44	-	44
Openings / constructions / additions	12	25	37	44	75	119
Closures / withdrawals	(32)	(7)	(39)	(98)	(41)	(139)
Conversions into company-operated stores	1	(1)	-	7	(7)	-
Conversions into affiliated stores	-	-	-	(1)	1	-
Number of stores, end of period	<u>4,068</u>	<u>1,051</u>	<u>5,119</u>	<u>4,068</u>	<u>1,051</u>	<u>5,119</u>

(1) Since fourth quarter of 2008, this number excludes the "purchasing partners" and independent stores operators to which we provide motor fuel, which were previously included with the affiliated stores. Opening balances were adjusted to reflect this new methodology.

During the year, we also implemented our IMPACT program in 422 company-operated stores (93 during the fourth quarter). As a result, 61.3% of our company-operated stores have now been converted to our IMPACT program, which gives us considerable opportunity for future internal growth.

Summary analysis of consolidated results for the fourth quarter of fiscal 2008

The following table highlights certain information regarding our operations for the 12-week periods ended April 27, 2008 and April 29, 2007:

(In millions of US dollars, unless otherwise stated, unaudited)

	12-week period ended	12-week period ended	Change %
	April 27, 2008	April 29, 2007	
Revenues	3,705.8	2,972.6	24.7
Operating income	23.8	64.6	(63.2)
Net earnings	15.5	33.4	(53.6)
Selected Operating Data:			
Merchandise and service gross margin ⁽¹⁾ :			
United States	33.7%	33.9%	
Canada	33.2%	33.2%	
Canada	34.7%	35.6%	
Growth of same-store merchandise revenues ⁽²⁾⁽³⁾ :			
United States	0.1%	3.4%	
Canada	2.2%	3.3%	
Growth of same-store motor fuel volume ⁽³⁾ :			
United States	0.9%	(2.5)%	
Canada	5.8%	5.2%	
Motor fuel gross margin:			
United States (cents per gallon) ⁽³⁾	10.02	13.12	(23.6)%
Canada (Cdn cents per litre)	5.25	4.67	12.4%

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

(2) Excludes other revenues derived from franchise fees, royalties and rebates on some purchases by franchisees and licensees. Growth in Canada is calculated based on Canadian dollars.

(3) For company-operated stores only.

For the 12-week period ended April 27, 2008, we achieved revenues of \$3.7 billion, compared with \$3.0 billion for the same period in fiscal 2007, an increase of 24.7% or \$733.2 million. We recorded 81.5% of our revenues in the United States, compared with 81.9% in the fourth quarter last year.

For the fourth quarter of fiscal 2008, growth of same-store merchandise revenues in the United States stood at 0.1% and 2.2% in Canada. Anemic growth in the United States is explained by difficult economic conditions, especially in the southern part of U.S. The situation was magnified by a significant rise in motor fuel retail price at the pump, leaving that much less margin on consumers' personal disposable income for in-store purchases. Finally, a tightened application of immigration laws in Arizona noticeably affected sales within the business unit whose stores had a strong concentration of Hispanic consumers. In Canada, we believe the performance to be satisfactory given the competitive landscape in Central and Eastern Canada, the growing smuggling on tobacco products and changing weather conditions. To achieve this level of performance, our business units in Canada marketed and featured products in

growing demand, including value brand cigarettes and certain beverages. Additionally, our business units in the United States and Canada both pursued the implementation of one of our key success factors: the IMPACT program.

Same-store motor fuel volume rose 0.9% in the United States and 5.8% in Canada. The poor performance in the United States can be explained by the unfavorable economic climate in the southern part of U.S. and by the drop in demand resulting from the sharp increase in retail prices at the pump. This was partially offset by pricing strategies focusing on maintaining customer traffic. Growth in Canada is primarily due to the strong economy in Western Canada combined with the popularity and improvement of the CAA program in Quebec and a more focused pricing strategy in Ontario.

During the fourth quarter of 2008, the merchandise and service gross margin stood at 33.7%, compared with 33.9% in the fourth quarter of 2007. In the United States, the gross margin was 33.2%, identical to last year. We had success to maintain our gross margin in the U.S. because our business units were able to transfer to the consumer a fair portion of cost price increases driven by the marked worldwide price increase in certain commodities and raw materials. In Canada, the margin fell to 34.7%, resulting mainly from aggressive promotions in the milk and cigarettes product segments, from a temporary and unfavourable change in the product mix, as well as from non-recurring supplier rebates received during the fourth quarter of fiscal 2007.

Motor fuel gross margin for our company-operated stores in the United States fell 3.10¢ per gallon, from 13.12¢ per gallon last year to 10.02¢ per gallon this quarter. The significant drop in margin results from marked and successive increases in product costs that our business units were not able to transfer immediately to the consumers because of very competitive market conditions. In Canada, the margin rose, reaching Cdn5.25¢ per litre compared with Cdn4.67¢ per litre for the corresponding quarter in 2007. The key distinction between the Canadian and U.S. markets lies in the virtually immediate adjustment of retail prices in Canada following cost price increases.

Many factors can impact motor fuel profit margins, namely supply difficulties and competition. However, fluctuations in crude oil prices remain a key factor because they directly impact supply costs. Additionally, a rapid increase in crude oil prices on the international market automatically triggers sharp rise in our cost price. Because of the competitive market in the U.S., we are still not able to immediately transfer the rapid increase in cost price to the consumer or we can only achieve this partially, therefore negatively impacting our gross margin. The opposite is also true. A quick drop in crude oil prices and concurrently of our cost price does not automatically trigger an immediate and proportional decrease in retail price, therefore enhancing our margins. During the fourth quarter of 2008, crude oil prices increased dramatically from \$83.21⁽¹⁾ per barrel at the beginning of the quarter to \$109.25⁽¹⁾ at the end of the quarter. Last year, the increase was far less spectacular from the beginning to the end of the fourth quarter rising from \$52.15⁽¹⁾ and ultimately reaching \$59.19⁽¹⁾.

Net earnings

We closed this quarter with net earnings of \$15.5 million, which equals \$0.08 per share (same per share on a diluted basis), compared with \$33.4 million last year (\$0.16 per share on a diluted basis), a decrease of \$17.9 million. This drop reflects a weak gross margin on fuel sales in the United States, higher expenses from electronic payment modes and the economic slowdown of our business units in the southern part of the United States. Furthermore, major acquisitions⁽²⁾ had a negative effect of \$1.0 million on net earnings, mainly due to a lower net margin on motor fuel compared to the historical average. These items were partially offset by the good performance of certain of our business units and by the recovery of income tax during the fourth quarter of 2008 in order to account for the adjustment in the tax burden for fiscal year 2008 corresponding to the effective annual rate.

⁽¹⁾ Published price as per "United States Spot Price FOB Weighted by Estimated Import Volume" (Dollar per Barrel) for the period from February 10, 2007 to April, 27, 2007, and from February 9, 2008 to April 25, 2008.

⁽²⁾ In this document, "major acquisitions" are acquisitions of seven stores or more which have not completed 12 entire months of operation during fiscal 2008.

Exchange rate data

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

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

	<u>52-week period ended</u>	<u>52-week period ended</u>	<u>53-week period ended</u>
	<u>April 27, 2008</u>	<u>April 29, 2007</u>	<u>April 30, 2006</u>
Average for the period ^(a)	0.9773	0.8789	0.8417
Period end	0.9840	0.8961	0.8945

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

Selected Consolidated Financial Information

The following table highlights certain information regarding our operations for the 52-week periods ended April 27, 2008 and April 29, 2007 and for the 53-week period ended April 30, 2006:

(In millions of US dollars, unless otherwise stated)

	52-week period ended April 27, 2008	52-week period ended April 29, 2007	Standardized 52-week period ended April 30, 2006	53-week period ended April 30, 2006
Statement of Operations Data:				
Merchandise and service revenues ⁽¹⁾ :				
United States	3,476.3	3,116.6	2,756.2	2,812.0
Canada	1,724.4	1,500.4	1,398.8	1,426.7
Total merchandise and service revenues	5,200.7	4,617.0	4,155.0	4,238.7
Motor fuel revenues:				
United States	8,891.6	6,514.6	4,926.6	5,044.9
Canada	1,277.7	955.8	855.6	873.7
Total motor fuel revenues	10,169.3	7,470.4	5,782.2	5,918.6
Total revenues	15,370.0	12,087.4	9,937.2	10,157.3
Merchandise and service gross profit ⁽¹⁾ :				
United States	1,146.5	1,046.9	913.4	932.3
Canada	601.1	526.6	473.5	483.1
Total merchandise and service gross profit	1,747.6	1,573.5	1,386.9	1,415.4
Motor fuel gross profit:				
United States	393.9	372.1	307.9	312.5
Canada	82.0	58.9	62.2	63.6
Total motor fuel gross profit	475.9	431.0	370.1	376.1
Total gross profit	2,223.5	2,004.5	1,757.0	1,791.5
Operating, selling, administrative and general expenses	1,738.9	1,512.4	1,325.1	1,352.9
Depreciation and amortization of property and equipment and other assets	172.5	133.8	105.0	106.9
Operating income	312.1	358.3	326.9	331.7
Net earnings	189.3	196.4	193.5	196.2
Other Operating Data:				
Merchandise and service gross margin ⁽¹⁾ :				
Consolidated	33.6%	34.1%		33.4%
United States	33.0%	33.6%		33.2%
Canada	34.9%	35.1%		33.9%
Growth of same-store merchandise revenues on a 52-week basis ^{(2) (3)} :				
United States	2.5%	3.3%		5.2%
Canada	4.0%	2.6%		3.9%
Motor fuel gross margin:				
United States (cents per gallon) ⁽³⁾	13.58	14.90		15.14
Canada (Cdn cents per litre)	5.08	4.31		5.00
Volume of motor fuel sold ⁽⁴⁾ :				
United States (millions of gallons)	3,019.9	2,609.0		2,116.1
Canada (millions of litres)	1,655.0	1,554.5		1,509.6
Growth of same-store motor fuel volume on a 52-week basis ⁽³⁾ :				
United States	(0.2)%	2.9%		6.0%
Canada	6.3%	4.8%		2.8%
Per Share Data:				
Basic net earnings per share (dollars per share)	0.94	0.97		0.97
Diluted net earnings per share (dollars per share)	0.92	0.94		0.94
Balance Sheet Data:				
Total assets	3,320.6	3,043.2		2,369.2
Interest-bearing debt	842.2	870.0		524.1
Shareholders' equity	1,253.7	1,145.4		966.0
Ratios				
Net interest-bearing debt/total capitalization ⁽⁵⁾	0.33:1	0.39:1		0.15:1
Net interest-bearing debt/EBITDA ⁽⁶⁾	1.29:1	1.48:1		0.39:1

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

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

(3) For company-operated stores only.

(4) Includes volume of franchisees and dealers.

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

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

Analysis of consolidated results for the fiscal year ended April 27, 2008

Revenues

Our revenues amounted to \$15.4 billion in 2008, up \$3.3 billion, for an increase of 27.2%, of which \$1.5 billion is attributable to the major acquisitions. The proportion of our business in the United States was 80.5% compared with 79.7% least year.

More specifically, the growth of merchandise and service revenues for fiscal 2008 was \$583.7 million or 12.6%, of which \$268.1 million was generated by the major acquisitions and \$168.5 million was generated by the 11.2% appreciation of the Canadian dollar against its U.S. counterpart. Internal growth, as measured by the growth in same-store merchandise revenues, was 2.5% in the United States and 4.0% in Canada. Growth in the U.S. follows a positive trend despite the economic slowdown in some regions, especially in the southern part of the country. The situation was magnified by a significant rise in retail price at the pump, leaving that much less margin on consumers' personal disposable income for in-store purchases. In the same manner, a tightened application of immigration laws in Arizona noticeably affected sales within the business unit whose stores had a strong concentration of Hispanic consumers. Lastly, in order to maintain and even improve our position, we implemented aggressive promotions in certain customized categories and we continued to implement one of our key success factors: our IMPACT program. As for the Canadian market, we launched promotions throughout the year towards increasing customer traffic in our stores. In addition, we marketed and promoted products in growing demand, including value brand cigarettes and certain beverages. These initiatives were partially offset by the highly competitive landscape in Central and Eastern Canada and the growing smuggling on tobacco products.

Motor fuel revenues increased \$2.7 billion or 36.1% in fiscal 2008, of which \$1.2 billion stems from a higher average retail price at the pump in our U.S. and Canadian company-operated stores, as shown in the following table:

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 27, 2008					
United States (US dollars per gallon)	2.98	2.73	2.96	3.22	2.97
Canada (Cdn cents per litre)	98.49	92.35	95.92	103.69	97.43
52-week period ended April 29, 2007					
United States (US dollars per gallon)	2.86	2.61	2.26	2.52	2.52
Canada (Cdn cents per litre)	96.08	89.87	80.27	90.11	88.42

The major acquisitions contributed 412.2 million additional gallons in fiscal 2008, or \$1.2 billion in revenues. The appreciation of the Canadian dollar against its U.S. counterpart was also responsible for \$128.8 million of the increase. The same-store motor fuel volume fell 0.2% in the United States and rose 6.3% in Canada. In the United States, the sluggish growth is mainly due to poor economic conditions in the southern part of the country and to the overall decline in consumer demand resulting from the sharp increase in retail prices at the pump. In addition, some of our competitors in the Great Lakes region launched aggressive promotions in which we did not participate. However, this strategy favourably impacted our margin in this market. In Canada, the growth is mainly due to the thriving economic conditions in Western Canada combined with the popularity of the CAA program in Quebec, and a more focused pricing strategy in Ontario.

Gross profit

The merchandise and service gross margin was 33.6% in 2008, compared with 34.1% in 2007. In the United States, the gross margin was 33.0%, down from 33.6% the previous year. As indicated in the previous communications of the fiscal year, several U.S. markets facing an unfavourable economic climate implemented customized promotions in order to maintain and even increase the number of customers per store, thereby maintaining volumes but cutting margins. In addition, some acquisitions made over the last two years with discount-based strategies have also compressed the margin. The margin should improve over time and with the economic upturn. In Canada, the margin fell 0.2% to 34.9%, resulting mainly from aggressive promotions in the milk and cigarettes product segments and from a temporary and unfavourable change in the product mix that both occurred during the fourth quarter, as well as from non-recurring supplier rebates received during fiscal 2007.

It should be noted that recently, prices in some commodities and raw materials used to make products that we buy for resale have increased sharply on the worldwide market within a short timeframe. This occurrence is mostly driven by three key factors: a strong rise in motor fuel prices, an increased worldwide demand for commodities and raw materials and food shortages in certain regions. In view of the rising demand in certain emerging countries for these products, market players expect this trend to follow the same path over the next months, or even years.

This economic situation has not yet translated into an overall strong increase in the cost price of our products. We have adjusted the selling price of some products to reflect the cost increases. In some circumstances, it has resulted

in reduction of the sales volume in these categories; however, this did not significantly impact total sales in view of the price/volume ratio. On the other hand, considering certain competitive aspects and the diminished buying power of our clients, we have not always been able to instantaneously transfer the full price increase to the consumer. As a result, the gross margin of certain of the products we sell was impacted at various degrees. To minimize the impact on our financial results, our business units are collaborating with suppliers towards securing the best possible supply terms. They are also assessing various scenarios to target optimal marketing and pricing strategies.

The motor fuel gross margin for our company-operated stores in the United States decreased 1.32¢ per gallon, from 14.90¢ per gallon last year to 13.58¢ per gallon this year. The significant drop in margin observed in the United States results from marked and successive increases in product costs that our business units were not able to transfer immediately to the consumers because of very competitive market conditions. It should be noted that the drop in the net margin is even more steeper when factoring in expenses related to electronic payment modes. In Canada, the margin rose, reaching Cdn5.08¢ per litre compared with Cdn4.31¢ per litre in fiscal 2007. The key distinction between the Canadian and U.S. markets lies in the virtually immediate adjustment of retail prices in Canada following cost price increases.

We take this opportunity to underscore that, in normal economic conditions, the sometimes high volatility of gross margin from one quarter to another tends to stabilize on an annual basis. This reality is less apparent than usual for fiscal year 2008 due to exceptionally low margins generated during the fourth quarter. The motor fuel gross margin of our company-operated stores in the United States as well as the impact of expenses related to electronic payment modes for the last eight quarters were as follows:

(US cents per gallon)

Quarter	1 st	2nd	3rd	4th	Weighted average
52-week period ended April 27, 2008					
Before deduction of expenses related to electronic payment modes	16.73	13.04	14.38	10.02	13.58
Expenses related to electronic payment modes	4.15	3.82	3.98	4.02	3.99
After deduction of expenses related to electronic payment modes	12.58	9.22	10.40	6.00	9.59
52-week period ended April 29, 2007					
Before deduction of expenses related to electronic payment modes	13.60	20.73	13.19	13.12	14.90
Expenses related to electronic payment modes	3.82	3.77	3.12	3.59	3.52
After deduction of expenses related to electronic payment modes	9.78	16.96	10.07	9.53	11.38

Operating, selling, administrative and general expenses

Operating, selling, administrative and general expenses rose by 0.7% as a percentage of merchandise and service revenues. Excluding expenses related to electronic payment modes which mostly fluctuate with motor fuel sales, operating, selling, administrative and general expenses increased only 0.2% as a percentage of merchandise and service revenues. This increase is mostly driven by the rise in rental charges, the overall increase in labour costs and conversion expenses for certain corporate motor fuel equipment in order to comply with ethanol distribution standards. Finally, the rising popularity of electronic payment modes further contributed to the increase of the related expenses which were already boosted by rising retail prices at the pump and increased motor fuel volume.

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

EBITDA was \$484.6 million, down 1.5% compared with last year. Major acquisitions account for \$32.6 million of this amount.

Depreciation and amortization of property and equipment and other assets

The increase in depreciation expense stems primarily from investments made in 2007 and 2008 through acquisitions and the ongoing implementation of the IMPACT program in our network.

Financial expenses

Financial expenses were up \$6.6 million compared with last year. The increase is primarily due to higher average borrowings to finance acquisitions, partially offset by a lower average interest rate.

Income taxes

The income tax rate for fiscal year 2008 is 26.5%, down from the 36.7% posted last year. This significant decrease is due to the reversal, in 2008, of the unusual income tax expense of \$9.9 million that we recorded in 2007 following the adoption by the Government of Quebec of Bill 15 in the National Assembly of Quebec. Excluding this item for these two reference years, the income tax expense for 2008 is 30.3% compared to 33.5% in 2007. The balance is explained by a change in the breakdown of the earnings before tax between various fiscal jurisdictions.

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

Net earnings

We closed fiscal 2008 with net earnings of \$189.3 million, which equals \$0.94 per share or \$0.92 per share on a diluted basis, compared with \$196.4 million last year, a decrease of \$7.1 million or 3.6%.

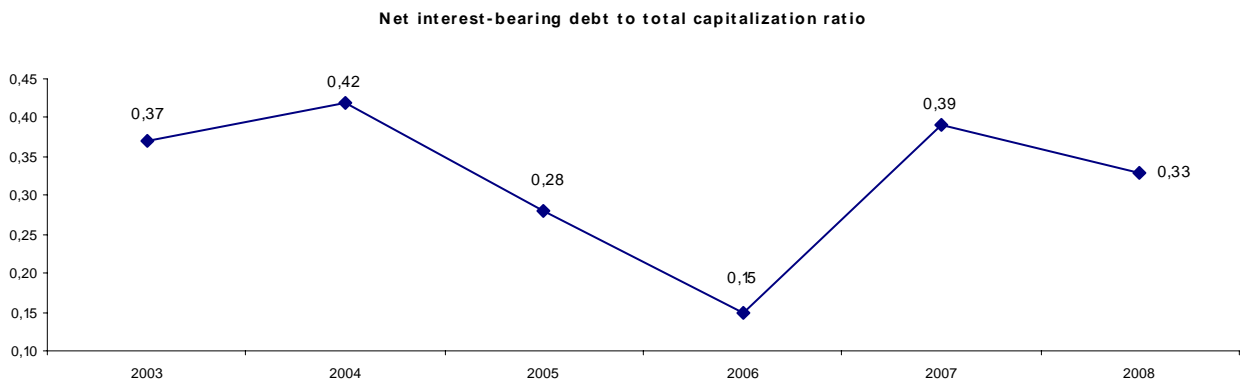
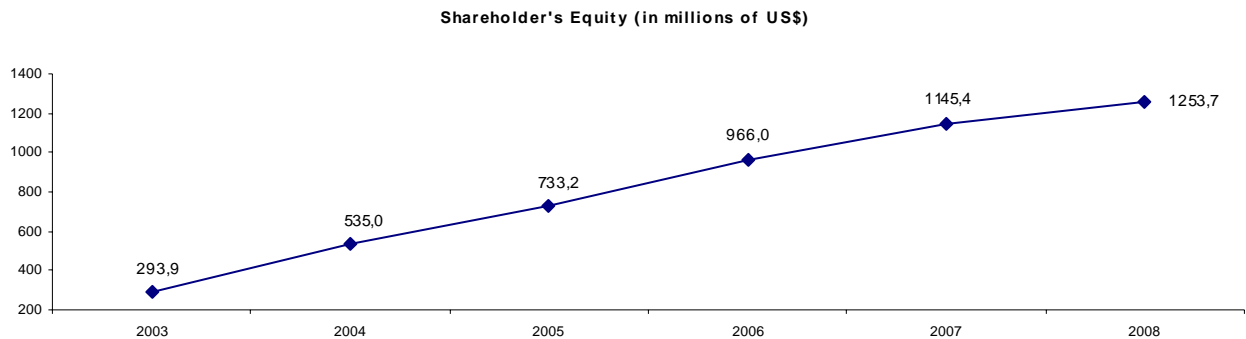
Financial Position as at April 27, 2008

As shown by our indebtedness ratios included in the “Selected Consolidated Financial Information” section and our cash flows, our financial position is excellent.

Our total consolidated assets of \$3.3 billion as at April 27, 2008 increased by \$277.4 million compared with the previous year. The growth is primarily a result of the increase of:

- \$76.7 million in property and equipment, largely due to capital investments during the year, partially offset by disposals related to sale and leaseback transactions;
- \$74.3 million from cash and cash equivalents;
- \$62.4 million in inventory, largely due to a jump in cost price of motor fuel; and
- \$52.7 million in accounts receivable chiefly explained by an increase in credit and debit cards receivable.

Shareholders' equity was \$1.3 billion as at April 27, 2008, up \$108.3 million resulting mainly from net earnings of \$189.3 million and a \$16.5 million increase in accumulated other comprehensive income due to exchange rate fluctuations, partially offset by the repurchase and cancellation of shares totalling \$101.3 million and \$25.6 million in dividends paid. The net interest-bearing debt to total capitalization ratio stood at 0.33:1 versus 0.39:1 as at April 29, 2007.



Liquidity and Capital Resources

Our principal source of liquidity is net cash provided by operating activities and our credit facilities. The other principal uses of cash are to finance our capital expenditures, pay dividends, meet debt service requirements, and provide for working capital. We expect that cash available from operations together with borrowings available under our revolving unsecured credit facilities as well as potential sale and leaseback transactions will be adequate to meet our liquidity needs in the foreseeable future.

As at April 27, 2008, our total debt was \$842.2 million of which \$500.3 million consisted of borrowings under the term revolving unsecured operating credit (\$460.0 million for the US dollars portion and \$40.3 million for the Canadian dollars portion), \$334.7 million (nominal value amounting to \$350.0 million, net of attributable financing costs of \$11.5 million, adjusted for the fair value of the interest rate swaps designated as a fair value hedge of the debt), consisted of 8.23% (6.61% taking into account the effect of the interest rate swaps described in the next paragraph) Subordinated unsecured debt maturing in 2013 and \$7.2 million consisted of other long-term debt.

In addition to the above, we have interest rate swap agreements with three banks under which we pay interest on \$350.0 million at a rate of LIBOR plus an aggregate weighted average rate factor of 2.95%. The interest rate is reset every six months over the term of the agreements. The swap agreements, which expire on December 15, 2013, provide that, after December 15, 2008, each bank has the right to terminate its arrangement with the payment of a termination fee if terminated before December 15, 2011 and, if terminated after that date, without payment of a termination fee. In addition, both parties to each agreement have a mutual right to terminate the arrangement on the fifth anniversary date of the effective date of each of the three agreements. If such right was exercised by either party, that party would be required to pay the other party the mark to market value of the interest rate swap. We formally document and designate each derivative financial instrument as a hedge of our Subordinated unsecured debt. We determine 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.

Credit Facilities

We have a credit agreement consisting of a revolving unsecured facility of a maximum amount of \$650.0 million with an initial term of five years that could be extended each year to a five-year term at our request with the consent of the lenders. The credit facility will mature September 22, 2012 and is 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 dollars bankers' acceptances, with stamping fees and iv) in the form of standby letters of credit not exceeding \$50.0 million 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 banker's acceptance rate, the U.S. base rate or the LIBOR rate plus a variable margin; and
- an unsecured line of credit in the maximum amount of \$50.0 million, 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 U.S. prime rate or the U.S. base rate plus a variable margin.

Stand-by fees, which vary based on a leverage ratio of the Company and on the utilization rate of the credit facility apply to the unused portion of the credit facility.

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 agreement, the Company must maintain certain financial ratios. The agreement also imposes certain restrictions on the Company and includes requirements to seek the consent of the lenders to undertake certain transactions.

As at April 27, 2008, the weighted average effective interest rate is 3.51% (6.23% in 2007) for the US dollar portion and 4.21% for the Canadian dollars portion (unused in 2007). In addition, Cdn\$0.7 million (Cdn\$0.7 million in 2007) and \$17.9 million (\$16.6 million in 2007) are used for standby letters of credit. Finally, as at the same date, the Company is in compliance with the restrictive clauses and ratios imposed by the credit agreement.

Selected Consolidated Cash Flow Information

(in millions of US dollars)

	52-week period ended	52-week period ended	Change
	April 27, 2008	April 29, 2007	\$
Operating activities			
Cash flows ⁽¹⁾	359.2	328.7	30.5
Other	0.6	74.3	(73.7)
Net cash provided by operating activities	359.8	403.0	(43.2)
Investing activities			
Purchase of property and equipment, net of proceeds from the disposal of property and equipment	(259.3)	(355.6)	96.3
Proceeds from sale and leaseback transactions	172.4	35.5	136.9
Business acquisitions	(70.7)	(600.6)	529.9
Other	(2.8)	0.5	(3.3)
Net cash used in investing activities	(160.4)	(920.2)	759.8
Financing activities			
Share repurchase	(101.3)	-	(101.3)
Dividends paid	(25.6)	(19.5)	(6.1)
(Decrease) increase in long-term debt	(14.3)	345.8	(360.1)
Issuance of shares	4.7	1.1	3.6
Net cash used in financing activities	(136.5)	327.4	(463.9)
Company credit rating			
Standard and Poor's	BB	BB	
Moody's	Ba1	Ba1	

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

Operating activities

During 2008, net cash from operating activities reached \$359.8 million, down \$43.2 million from fiscal year 2007. This decrease is mainly due to increases in motor fuel inventory costs and increased accounts credit and debit cards receivables driven by higher motor fuel retail prices and growing popularity of these modes of payment.

Investing activities

Investments of \$259.3 million in capital expenditures are primarily related to the ongoing implementation of our IMPACT program throughout our network, our new constructions, as well as the replacement of equipment in some of our stores to enhance our offering of products and services. We also invested \$70.7 million to acquire 44 company-operated stores. Finally, sale and leaseback transactions generated \$172.4 million, namely the transaction involving 83 sites sold to Cole Credit Property Trust II, Inc. for a total sale price of \$131.4 million.

Financing activities

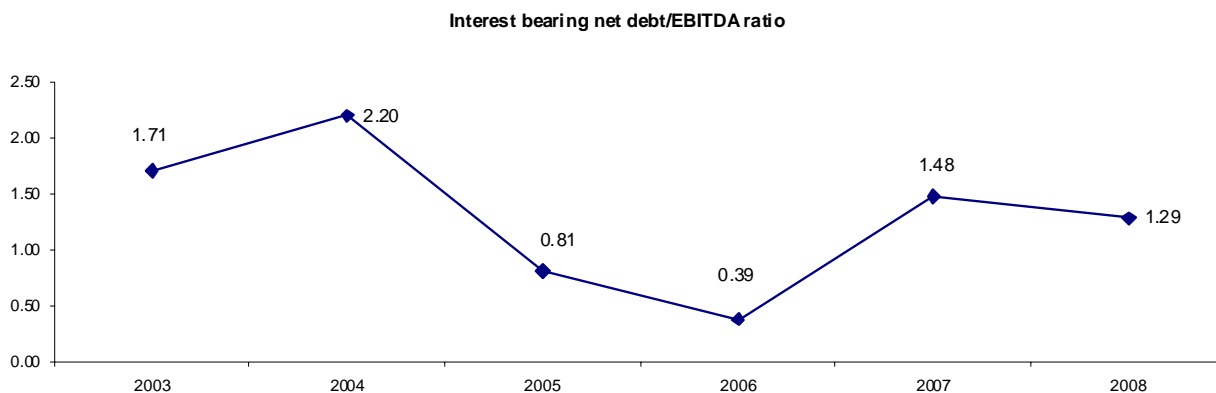
Fiscal 2008 was marked by the repurchase of 2,116,600 Class A multiple voting shares at an average cost of Cdn\$15.05 and 4,045,606 Class B subordinate voting shares at an average cost of Cdn\$17.23, for a total of \$101.3 million.

Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual cash obligations as at April 27, 2008:

	2009	2010	2011	2012	2013	Thereafter	Total
	(in millions of US dollars US)						
Long-term debt	0.1	0.4	0.3	0.3	500.6	353.3	855.0
Capital lease obligations	1.1	0.6	0.5	0.3	0.3	1.2	4.0
Operating lease obligations	196.6	178.5	162.1	148.7	133.9	978.1	1,797.9
Purchase commitments	1.6	0.7	0.7	0.7	0.7	-	4.4
Total	199.4	180.2	163.6	150.0	635.5	1,332.6	2,661.3

Long-Term Debt. Our long-term debt consists of: (i) borrowings of \$500.3 million under the term revolving unsecured operating credit, bearing interest at variable rates based, upon the form and the currency of the credit used, on the Canadian prime rate, the banker's acceptance rate, the U.S. base rate or the LIBOR rate plus a variable margin determined according to a leverage ratio of the Company; (ii) Subordinated unsecured debt of \$334.7 million (nominal value amounting to \$350.0, net of attributable financing costs of \$11.5, adjusted for the fair value of the interest rate swaps designated as a fair value hedge of the debt), bearing interest at the effective rate of 8.23% (6.61% by taking into account the effect of the interest rate swaps) and maturing December 15, 2013; (iii) 8.75% note payable due 2019 of \$4.7 million; and (iv) other long-term debts of \$2.5 million.



Capital Lease Obligations. We have generally not used capital leases as a mean of financing; however, some capital leases were assumed in connection with certain acquisitions. These obligations and related assets are included in our consolidated balance sheets.

Operating Lease Obligations. We lease an important portion of our real estate using conventional operating leases. Generally our real estate leases in Canada are for primary terms of five to ten years and in the United States, they are for ten to 20 years, in both cases, with options to renew. These obligations and related assets are not included in our consolidated balance sheets. Under certain of the store leases, we are subject to additional rentals based on store revenues as well as escalations in the minimum future lease amount.

Contingencies. There are various legal proceedings and claims pending against us that are common to our operations for which, in some instances, no provision has been made. While it is not feasible to predict or determine the ultimate outcome of these matters, it is the opinion of management that these suits will not result in monetary damages not covered by insurance that in the aggregate would be material and adverse to our operations.

We are covered by insurance policies that have significant deductibles. At this time, we believe that we are adequately covered through the combination of insurance policies and self-insurance. Future losses which exceed insurance policy limits or, under adverse interpretations, are excluded from coverage would have to be paid out of general corporate funds. In association with our workers' compensation policies, we issue letters of credit as collateral for certain policies.

We also issue surety bonds for a variety of business purposes, including bonds for taxes, lottery sales, wholesale distribution and alcoholic beverage sales. In most cases, a municipality or state governmental agency as a condition of operating a store in that area requires the surety bonds.

Off-Balance Sheet Arrangements

In the normal course of business, we finance some of our off-balance sheet activities through operating leases for properties on which we conduct our retail business. Our future commitments are included under "Operating Lease Obligations" in the table above.

Selected Quarterly Financial Information (Unaudited)

The Company's 52-week reporting cycle is divided into four quarters of 12 weeks each except for the third quarter, which comprises 16 weeks. When a fiscal year, such as 2006, contains 53 weeks, the fourth quarter comprises 13 weeks. The following is a summary of selected consolidated financial information derived from the Company's unaudited interim consolidated financial statements for each of the eight most recently completed quarters. This information was prepared in accordance with Canadian GAAP and is reported in US dollars.

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

Quarter	52 weeks ended April 27, 2008				52 weeks ended April 29, 2007			
	4th 12 weeks	3rd 16 weeks	2nd 12 weeks	1st 12 weeks	4th 12 weeks	3rd 16 weeks	2nd 12 weeks	1st 12 weeks
Revenues	3,705.8	4,590.9	3,499.8	3,573.5	2,972.6	3,498.0	2,759.7	2,857.1
Earnings before depreciation and amortization of property and equipment and other assets, financial expenses and income taxes	63.7	130.6	135.2	155.1	99.0	125.0	149.2	118.9
Depreciation and amortization of property and equipment and other assets	39.9	53.8	41.1	37.7	34.4	43.3	28.3	27.8
Operating income	23.8	76.8	94.1	117.4	64.6	81.7	120.9	91.1
Financial expenses	9.1	16.7	13.8	15.0	14.4	16.6	8.5	8.5
Net earnings	15.5	50.5	54.2	69.1	33.4	43.7	74.7	44.6
Net earnings per share								
Basic	\$0.08	\$0.25	\$0.27	\$0.34	\$0.17	\$0.22	\$0.37	\$0.22
Diluted	\$0.08	\$0.24	\$0.26	\$0.33	\$0.16	\$0.21	\$0.36	\$0.21

The influences of the volatility of motor fuel gross margin and seasonality have an impact on the variability of our quarterly net earnings. Given the acquisitions in recent years and higher retail prices at the pump, motor fuel revenues have become a more significant segment of our business and therefore our results are more sensitive to the volatility of motor fuel gross margins.

Analysis of consolidated results for the fiscal year ended April 29, 2007

Revenues

Our revenues amounted to \$12.1 billion for 2007, up \$1.9 billion for an increase of 19.0%. On a standardized 52-week period, our revenues posted an increase of \$2.2 billion or 21.6%. We earned 79.7% of our revenues in the United States, compared with 77.4% the previous year.

In fiscal 2007, on a 52-week standardized period, the growth of merchandise and service revenues was \$462.0 million or 11.1%, of which \$219.1 million was generated by the stores acquired during the year and \$67.4 million was generated by the 4.4% appreciation of the Canadian dollar against its U.S. counterpart. For internal growth, the increase in same-store merchandise revenues in the United States stood at 3.3% compared with 2.6% in Canada. The growth rate of 3.3% in the U.S. was very satisfactory particularly given the fact that we did not profit from the hectic period following the devastating hurricanes of fiscal 2006. Moreover, in 2007, we did not benefit from the exceptional weather conditions experienced in 2006 in our Southwest region markets, which generated strong growth in certain of our main product categories, including water, beverages and beer. In 2007, the same region was affected by heavy rains and much lower temperatures. Finally, the \$8.20-per-carton tax increase on tobacco applied on December 8, 2006 by government officials in Arizona has greatly affected sales in this product category. The Canadian market benefited from the economic boom in Western Canada. Finally, in both the United States and Canada, we continued to benefit from our pricing and product mix strategies as well as from the ongoing implementation of our IMPACT program throughout our network.

In 2007, on a 52-week standardized period, motor fuel revenues increased \$1.7 billion or 29.2%, of which \$816.2 million was generated by the stores acquired since May 1st, 2006. The appreciation of the Canadian dollar resulted in a \$42.1 million increase in revenues whereas the jump in the average retail price at the pump for our company-operated stores boosted revenues by \$352.6 million. The following table shows the average retail pump prices observed over the 24 months preceding the end of fiscal year 2007:

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 29, 2007					
United States (US dollars per gallon)	2.86	2.61	2.26	2.52	2.52
Canada (Cdn cents per litre)	96.08	89.87	80.27	90.11	88.42
53-week period ended April 30, 2006					
United States (US dollars per gallon)	2.18	2.62	2.33	2.30	2.35
Canada (Cdn cents per litre)	82.79	95.65	84.61	88.63	87.71

For internal growth, in the United States, the increase of same-store motor fuel volume for fiscal 2007 was 2.9% and 4.8% in Canada. The growth in the United States was considered to be very satisfactory, particularly given that our price optimization program in the Southwest region was in its second year, which resulted in a less important impact in 2007. In addition, the price restoring strategy initiated in the fourth quarter of 2007 in our Southeast and Florida/Gulf Coast regions markets had a negative impact on the volume sold. Excluding those regions, growth in our same-store motor fuel volume would have reached 4.1% in 2007. In Canada, the growth was mainly a result of the strong economy in Western Canada combined with the CAA program implemented in Quebec.

Gross profit

During 2007, the merchandise and service gross margin was 34.1%, up from 33.4% in 2006. In the United States, the gross margin was 33.6%, up from 33.2% last year. In Canada, it was 35.1% for fiscal year 2007 compared with 33.9%. In both our U.S. and Canadian markets, the reasons behind the increase in gross margin include the impact of improvements in purchasing terms, changes in our product mix with a focus on higher margin items that target customers' demand more specifically, as well as the implementation of our IMPACT program in an increasing number of our stores, including our newly acquired stores. However, in the United States, and primarily during the fourth quarter, many factors have negatively affected gross margin. More promotional activities introduced due to intense competition in several product categories. The tax hike of \$8.20-per-carton on tobacco products in Arizona also affected gross margin, given that the increase was not fully passed on to consumers. Finally, some store acquired during 2007 were having aggressive price strategies that cannot be modified on a short-term period.

For fiscal 2007, the motor fuel gross margin for our company-operated stores in the United States slightly decreased to 14.90¢ per gallon compared with 15.14¢ per gallon in the previous fiscal year. In Canada, it also fell to Cdn4.31¢ per litre compared with Cdn5.00¢ per litre in 2006.

The following table provides some information related to the motor fuel gross margin of our company-operated stores in the United States for the eight quarters preceding the end of fiscal 2007:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 29, 2007					
Before deduction of expenses related to electronic payment modes	13.60	20.73	13.19	13.12	14.90
Expenses related to electronic payment modes	3.82	3.77	3.12	3.59	3.52
After deduction of expenses related to electronic payment modes	9.78	16.96	10.07	9.53	11.38
53-week period ended April 30, 2006					
Before deduction of expenses related to electronic payment modes	14.86	17.05	17.63	10.96	15.14
Expenses related to electronic payment modes	2.98	3.50	3.24	3.31	3.26
After deduction of expenses related to electronic payment modes	11.88	13.55	14.39	7.65	11.88

Operating, selling, administrative and general expenses

Operating, selling, administrative and general expenses increased by 0.8% as a percentage of merchandise and service revenues in fiscal 2007. These costs were significantly affected by higher salaries, due, in part, to a labour shortage in certain regions and by the increase in expenses related to electronic payment modes, which vary in line with motor fuel sales. These factors each explained 0.4% of the increase.

The new legislative proposal in the U.S. regarding minimum wage aims to increase minimum wage from the current \$5.15 to \$7.25 per hour. The Bill has been submitted to the Senate. If the proposal is adopted, Couche-Tard estimates that this legislation will have an impact of approximately \$5.0 million on its results before taxes.

Depreciation and amortization of property and equipment and other assets

The increase in depreciation expense stems primarily from investments made in 2006 and 2007 through acquisitions and the ongoing implementation of the IMPACT program in our network.

Financial expenses

Financial expenses were up \$14.0 million compared with 2006. The increase is primarily due to higher average interest rate and average borrowings.

Income taxes

Following the Government of Quebec's adoption of Bill 15 in the National Assembly of Quebec regarding amendments to the *Quebec Taxation Act*, we posted a \$9.9 million unusual retroactive income tax expense in the first quarter of the current fiscal year. Excluding this element, the effective income tax rate of fiscal 2007 was 33.52%, which is slightly lower than the rate of 34.09% observed in 2006.

Net earnings

We closed fiscal 2007 with net earnings of \$196.4 million, which equals \$0.97 per share or \$0.94 per share on a diluted basis compare to \$196.2 million in fiscal 2006. On a 52-week comparable period, net earnings rose \$2.9 million or 1.5%.

Internal Controls

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We undertake ongoing evaluations of the effectiveness of internal controls over financial reporting and implement control enhancements, when appropriate. As at April 27, 2008, and April 29, 2007, our management and our external auditors reported that these internal controls were effective.

We also maintain a system of disclosure controls and procedures designed to ensure the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents, by taking into account materiality. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to the Company's management, including its Chief Executive Officer and its Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Critical Accounting Policies and Estimates

Estimates. This MD&A is based on Couche-Tard's consolidated financial statements, which have been prepared in accordance with Canadian GAAP. These principles require us to make certain estimates and assumptions that affect our financial position and results of operations as reflected in our financial statements. These assumptions and estimates are based on past events and expectations of future outcomes. On an ongoing basis, management reviews its estimates, including those relating to supplier rebates, environmental costs 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 may differ from the estimates.

Inventory. Our inventory is comprised mainly of products purchased for resale including tobacco products, grocery items, beverages, packaged and fresh food products, other products and services and motor fuel. Inventories are valued at the lesser of cost and net realizable value. Cost is generally determined by the retail method for in-store merchandise, the average cost method for motor fuel inventory and first-in first-out for distribution centres. Inherent in the determination of gross profit margins are certain management judgments and estimates, which could affect ending inventory valuations and results of operations.

Impairment of Long-lived Assets. We evaluate long-lived assets other than goodwill for indicators of impairment whenever events or changes in circumstances indicate their carrying value may not be recoverable. Management's judgments regarding the existence of impairment indicators are based on market conditions and operational performance. The variability of these factors depends on a number of conditions, including uncertainty about future events. These factors could cause us to conclude that impairment indicators exist and require that impairment tests be performed, which could result in determining that the value of certain long-lived assets is impaired, resulting in a write-down of such long-lived assets.

Goodwill, Trademarks and Licences are evaluated for impairment annually, or more often if events or changes in circumstances indicate that the value of certain goodwill, trademarks or licences may be impaired. For the purpose of this impairment test, management uses estimates and assumptions to establish the fair value of its reporting units and intangible assets. If these assumptions and estimates prove to be incorrect, the carrying value of our goodwill, trademarks or licenses may be overstated. Our annual impairment test is performed in the first quarter of each fiscal year.

Environmental Matters. We provide for estimated future site remediation costs to meet government standards for known site contamination when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on our 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.

In each of the U.S. states in which we operate, except Michigan, Iowa, Florida, Arizona, Texas and Washington State, there is a state 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 contamination 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. We pay the registration fees and remit the sales taxes to the states where we are a member of the trust fund. Insurance coverage is different in the various states.

Income Taxes. Future income tax assets and liabilities are recognized for the future income tax consequences attributable to temporary differences between the financial statement carrying values of assets and liabilities and their respective income tax bases. Future income tax assets or liabilities are measured using enacted or substantively enacted income tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The calculation of current and future income taxes requires management to make estimates and assumptions and to exercise a certain amount of judgment regarding the financial statement carrying values of assets and liabilities which are subject to accounting estimates inherent in those balances, the interpretation of income tax legislation across various jurisdictions, expectations about future operating results and the timing of reversal of temporary differences and possible audits of tax filings by the regulatory authorities. Management believes it has adequately provided for income taxes based on current available information.

Changes or differences in these estimates or assumptions may result in changes to the current or future income tax balances on the consolidated balance sheets, a charge or credit to income tax expense in the consolidated statement of earnings and may result in cash payments or receipts.

Insurance and Workers' Compensation. We use a combination of insurance, self-insured retention, and self-insurance for a number of risks including workers' compensation (in certain states), property damages, and general liability claims. Accruals for loss incidences are made based on our claims experience and actuarial assumptions followed in the insurance industry. A material revision to our liability could result from a significant change to our claims experience or the actuarial assumptions of our insurers. Actual losses could differ from accrued amounts. Workers' compensation is covered by government-imposed insurance in Canada and by third-party insurance in our United States operations, except in certain states where we are self-insured. With respect to the third-party insurance in the United States, independent actuarial estimates of the aggregate liabilities for claims incurred serve as a basis for our share of workers' compensation losses.

Recently Issued Accounting Standards

Inventories

In June 2007, the CICA issued Handbook Section 3031 “Inventories”, replacing Section 3030 of the same name. The new section provides guidance on the basis and method of measurement of inventories and allows for reversal of previous write-downs. The section also establishes new standards on disclosure of accounting policies used, carrying amounts, amounts recognized as an expense, write-downs and the amount of any reversal of any write-downs.

This new standard is applicable to fiscal years beginning on or after January 1, 2008. The difference in the measurement of opening inventory may be applied to the opening inventory for the period, with an adjustment to opening retained earnings without prior periods being restated, or retrospectively with a restatement of prior periods. We will implement this standard in the first quarter of fiscal year 2009 and believe that its adoption will not materially impact the Company’s consolidated financial statements.

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. 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. We will implement this standard in the first quarter of fiscal year 2010 and we are currently evaluating the impact of its adoption on our consolidated financial statements. We do not expect that the adoption of this new Section will have a material impact on the Company’s consolidated financial statements.

International Financial Reporting Standards

The Canadian Accounting Standards Board has confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required for publicly accountable profit-oriented enterprises. IFRS will replace Canada’s current GAAP for those enterprises.

These new standards are applicable to fiscal years beginning on or after January 1, 2011. Companies will be required to provide comparative IFRS information for the previous fiscal year. Starting in the first quarter of fiscal year 2012, we will publish consolidated financial statements prepared in accordance with IFRS. We are currently evaluating the impact of adoption on our consolidated financial statements and establishing a transition plan.

Business Risks

Increases and volatility in crude oil prices and volatility in wholesale petroleum pricing and supply could affect our revenues and gross profit. As a result of our expansion in the United States, our motor fuel revenues have become a greater component of revenues. For the 52-week period ended April 27, 2008, our motor fuel revenues represented approximately 66.0% of total revenues and our motor fuel gross profit accounted for approximately 21.0% of our total gross profit. Crude oil and domestic wholesale petroleum markets display significant volatility. Since we typically have no more than a four to five-day supply of motor fuel, we are susceptible to interruptions in the supply of motor fuel at our facilities. General political conditions and instability in oil producing regions, particularly in the Middle East and South America, could significantly and adversely affect crude oil supplies and wholesale petroleum costs. Local supply interruptions may also occur. For example, in August 2003, a cracked pipeline interrupted the supply of motor fuel to the greater Phoenix area. In addition, any new standards that the *U.S. Environmental Protection Agency* may impose on petroleum refining that would necessitate changes in the refining process could limit the volume of petroleum products available from refiners in the future. Volatility in wholesale petroleum supply and costs could result in significant changes in the retail price of petroleum products and in lower fuel gross margin per gallon or litre. In addition, changes in the retail price of petroleum products could dampen consumer demand for motor fuel and for other products sold in stores. These factors could materially influence our motor fuel volume, motor fuel gross profit and overall customer traffic, which, in turn, could have a material adverse effect on our operating results and financial condition.

The convenience store and retail motor fuel industries are highly competitive and affected by new entrants. The industries and geographic areas in which we operate are highly competitive and marked by ease of entry and constant change in terms of the number and type of retailers offering the products and services found in our stores. We compete with other convenience store chains, independent convenience stores, gas station operators, large and small food retailers, local pharmacies and pharmaceutical chains, discount stores, club stores and mass merchants, many

of which are well-established companies. In recent years, several non-traditional retail segments have entered the motor fuel retail business, including supermarkets, club stores and mass merchants, and this additional competition has had a negative impact on motor fuel profit margins in the convenience store industry. These non-traditional motor fuel retailers have obtained a significant share of the motor fuel market and their market share is expected to grow. In some of our markets, our competitors have been in existence longer and have greater financial, marketing and other resources than we do. We may not be able to compete successfully against current and future competitors, and competitive pressures faced by us could materially and adversely affect our business, results of operations and financial condition.

We are subject to federal, provincial, state and local environmental laws, and the costs of compliance could require substantial capital expenditures. Our operations are subject to a variety of environmental laws and regulations, including those relating to emissions to the air, discharges into water, releases of hazardous and toxic substances, and remediation of contaminated sites. Under various federal, provincial, state and local laws and regulations, we may, as the owner or operator, be liable for the costs of removal or remediation of contamination at our current stores or our former stores, whether or not we knew of, or were responsible for, the presence of such contamination. In particular, as an owner and operator of motor fuelling stations, we face risks relating to petroleum product contamination, which other convenience store operators not engaged in such activities would not face. The remediation costs and other costs required to clean up or treat contaminated sites could be substantial.

Contamination on and from our current or former stores may subject us to liability to third parties or governmental authorities for injuries to persons, property or natural resources and may adversely affect our ability to sell or rent our properties or to borrow money using such properties as collateral.

In the United States, persons who dispose of or arrange for the disposal or treatment of hazardous or toxic substances away from sites may also be liable for the costs of removal or remediation of such substances at the disposal sites even if such sites are not owned by such persons. Although we do not typically arrange for the treatment or disposal of large quantities of hazardous or toxic substances from any location, our current and historic operation of many stores and the disposal of contaminated soil and groundwater wastes generated during cleanups of contamination at such stores could expose us to such liability.

We are subject to extensive environmental laws and regulations regulating underground storage tanks and vapour recovery systems. Compliance with existing and future environmental laws regulating such tanks and systems may require significant expenditures. In the United States, we pay fees to state "leaking underground storage tank" trust funds in states where they exist. These state trust funds are expected to pay or reimburse us for remediation expenses related to contamination associated with underground storage tanks subject to their jurisdiction. Such payments are always subject to a deductible paid by us, specified per incident caps and specified maximum annual payments which vary among the funds. As well, such funds may have eligibility requirements, which not all of our sites will meet. To the extent state funds, or other responsible parties do not pay or delay payments for remediation, we will be obligated to make these payments, which could materially adversely affect our financial condition and results of operations. We cannot assure that these funds or responsible third parties are or will continue to remain viable.

The nature of our motor fuel operations and those we acquire present risks of soil and groundwater contamination. In the future, we may incur substantial expenditures for remediation of contamination that has not been discovered at existing stores or at stores, which we may acquire. We believe that a significant number of our current stores may be contaminated and expect to discover that contamination through the normal operation of our business in the future. We regularly monitor our facilities for environmental contamination and take reserves on our financial statements to cover potential environmental remediation and compliance costs, as we consider appropriate. However, we cannot assure that the liabilities for which we have taken reserves are the only environmental liabilities relating to our current and former stores, that material environmental conditions not known to us do not exist, that future laws or regulations will not impose material environmental liability on us or that our actual environmental liabilities will not exceed our reserves. In addition, failure to comply with any environmental regulations or an increase in regulations could materially and adversely affect our operating results and financial condition.

Future tobacco legislation, campaigns to discourage smoking, increases in tobacco taxes and wholesale cost increases of tobacco products could have a material adverse impact on our revenues and profit. Tobacco products represent our largest product category of merchandise and service revenues. For fiscal year ended April 27, 2008, revenues of tobacco products were approximately 41.0% of total merchandise and service revenues. Significant increases in wholesale cigarette costs and a tax increase on tobacco products, as well as future legislation and national and local campaigns to discourage smoking in the United States and the legislation and campaigns already in effect in Canada, may have an adverse effect on the demand for tobacco products, and therefore reduce our revenues and profits.

Competitive pressures in our markets can make it difficult to pass price increases on to our customers. These factors could materially and adversely affect our retail price of cigarettes, cigarette unit volume and revenues, merchandise gross profit and overall customer traffic. Because we derive a large percentage of our revenues from tobacco products, reduced revenues of tobacco products or smaller margins on the revenues we make could have a material adverse effect on our operating results and financial condition.

Because we depend on the experience and industry knowledge of our management, we would be adversely affected if members of our management team left us. Our senior management team and the heads of our operating divisions who are principally responsible for our operations under our decentralized management structure are key elements of our business operations. Our future success depends on our ability to retain this team. If, for any reason, our senior executives and divisional vice-presidents do not continue to be active in management, our business, financial condition or results of operations could be adversely affected. We do not enter into employment agreements or non-competition agreements with our officers. Although we believe that current management will remain active in the business and that we will continue to be able to attract and retain other talented personnel and replace key personnel should the need arise, competition in recruiting replacement personnel could be significant. If we are not successful in retaining our key personnel or replacing them, our business, financial condition or results of operations could be adversely affected.

Acquisitions have been a substantial part, and are expected to continue to be a part, of our growth strategy, which could expose us to significant business risks. Acquisitions have been a significant part of our growth strategy. We expect to continue to selectively seek strategic acquisitions in the future. Our ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to us may be limited by the number of attractive acquisition targets, internal demands on our resources and, to the extent necessary, our ability to obtain financing on satisfactory terms for larger acquisitions, if at all. Acquisitions may expose us to additional risks, including:

- difficulties in integrating administrative, financial reporting, operational and information systems and managing newly-acquired operations and improving their operating efficiency;
- difficulties in maintaining uniform standards, controls, procedures and policies across all of our businesses;
- entry into markets in which we have little or no direct prior experience;
- difficulties in retaining key employees of the acquired operations;
- disruptions to our ongoing business; and
- diversion of management time and resources.

In addition, future acquisitions could result in the incurrence of additional debt, costs and contingent liabilities. We may also incur costs and divert management attention for potential acquisitions, which are never consummated. For acquisitions we do consummate, expected synergies may not materialize. Our failure to effectively address any of these issues could adversely affect our results of operations, financial condition and ability to service debt, including the subordinated debt.

Although we have historically performed a due diligence investigation of the businesses or assets that we acquire and anticipate continuing to do so for future acquisitions, there may be liabilities of the acquired business or assets that we fail or are unable to uncover during our due diligence investigation and for which we, as a successor owner, may be responsible.

When feasible, we seek to minimize the impact of these types of potential liabilities by obtaining indemnities and warranties from the seller, which may in some instances be supported by deferring payment of a portion of the purchase price. However, these indemnities and warranties, if obtained, may not fully cover the liabilities because of their limited scope, amount or duration, the financial resources of the indemnitor or warrantor or other reasons.

We may experience difficulties in executing key aspects of our business strategy or in differentiating ourselves from our competitors. The future success of our business is highly dependent upon effectively implementing our business strategy and differentiating ourselves from our competitors. We may experience difficulties in executing key aspects of our business strategy. For example, we may be limited in our ability to implement our IMPACT program in additional stores because of a number of factors, including limited capital expenditure resources and restrictions contained in our senior credit facility. In addition, our in-store branding strategies may be less successful than we anticipate in increasing our gross margins. We may also be less successful than anticipated in achieving volume-purchasing benefits. Furthermore, we may experience difficulty in differentiating ourselves from our competitors if our competitors are able to successfully employ business strategies similar to ours or if market conditions or demographics reduce what we believe to be our competitive advantages.

We are subject to government regulations relating to, among other things, alcohol, tobacco and minimum wage. Our business and properties are subject to governmental laws and regulations including, but not limited to, employment laws and regulations, regulations governing the sale of alcohol and tobacco, minimum wage requirements and other laws and regulations.

In certain areas where our stores are located, provincial, state or local laws limit the stores' hours of operation or the sale of alcoholic beverages, tobacco products, possible inhalants and lottery tickets, in particular to minors. Failure to comply with these laws could adversely affect our revenues and results of operations because these state and local regulatory agencies have the power to revoke, suspend or deny applications for and renewals of permits and licenses relating to the sale of these products or to seek other remedies.

Regulations related to wages also affect our business. Any appreciable increase in the statutory minimum wage would result in an increase in our labour costs and such cost increase, or the penalties for failing to comply with such statutory minimums, could adversely affect our business, financial condition and results of operations.

Any change in the legislation or regulations described above that is adverse to our properties and us could affect our operating and financial performance. In addition, new regulations are proposed from time to time which, if adopted, could have a material adverse effect on our operating results and financial condition.

We are subject to short-term interest rate fluctuations. Since approximately 99.0% of our long-term debt is directly or indirectly (through interest rate swaps on our Subordinated unsecured debt) based on a variable interest rate of no longer than six months in duration, we can experience interest expense variances solely based on changes in short-term interest rates.

Lawsuits relating to tobacco products. We sell cigarettes and other tobacco-related products at all of our convenience stores. In addition, we sell brands of cigarettes that are manufactured to be sold by the Company on an exclusive basis. We are not currently a named party in any health-related tobacco litigation. However, various health-related legal actions, proceedings and claims arising out of the sale, distribution, manufacture, development, advertising and marketing of cigarettes have been brought against vendors of tobacco products and may be instituted against us in the future. Damages in amounts escalating into the hundreds of millions and even billions of dollars have been pleaded in suits brought against vendors of cigarettes. An unfavourable verdict against us in any health-related suit could adversely affect our financial condition and ability to pay interest and principal on our debts. Moreover, we have not established any reserves for the payment of expenses or adverse results related to any potential health-related litigation.

Changes in regional economic conditions may influence the retail industry, consumer preferences and spending patterns. Our revenues may be negatively influenced by changes in regional or local economic variables and consumer confidence. External factors that affect economic variables and consumer confidence and over which we exercise no influence include unemployment rates, levels of personal disposable income and regional or local economic conditions. Changes in economic conditions could adversely affect consumer spending patterns, travel and tourism in certain of our market areas. Some of our stores are located in coastal, resort or tourist destinations and, historically, travel and consumer behaviour in such markets is more severely affected by weak economic conditions.

We may be subject to losses that might not be covered in whole or in part by our insurance coverage. We carry comprehensive liability, fire and extended coverage insurance on most of our facilities, with policy specifications and insured limits customarily carried in our industry for similar properties. The cost of our insurance policies has increased recently. In addition, some types of losses, such as losses resulting from wars, acts of terrorism, or natural disasters, generally are not insured because they are either uninsurable or not economically practical. Moreover, insurers recently have become more reluctant to insure against these types of events.

Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in that property, as well as the anticipated future revenues derived from the retailing activities conducted at that property, while remaining obligated for any mortgage debt or other financial obligations related to the property. Any such loss could adversely affect our business, results of operations or financial condition.

Acts of war and terrorism could impact our business. Acts of war and terrorism could impact general economic conditions and the supply and price of crude oil. In addition, these events may cause damage to our retail facilities and disrupt the supply of the products and services we offer in our stores. In times of uncertainty, people also tend to travel less and spend more time at home. All these factors could impact our revenues, operating results and financial condition.

Other risks

Motor Fuel Margin risk. These stores acquired in recent years have motor fuel sales that represent a large part of their business. As a result, we are more sensitive to the changes in the motor fuel gross margin. For example, in fiscal 2008, a change of one cent per gallon would have resulted in a change of approximately \$20.0 million in the motor fuel gross profit. Such amount would impact net earnings by \$0.10 per share (\$0.09 per share on a diluted basis) for our company-operated stores in the U.S.

Electronic payment modes related expense risk. The majority of our electronic payment modes related expense is based on retail prices of motor fuel. We are exposed to significant fluctuations in electronic payment modes related expense as a result of the large increase in motor fuel selling prices particularly in our U.S. markets. For example, based on fiscal 2008, for each ten-cent increase in the retail-selling price of a gallon of motor fuel in the United States, the electronic payment modes related expense would have increased by approximately \$4.2 million. In Canada, for each Cdn ten-cent increase in the selling price of a litre of motor fuel, electronic payment modes related expense would have increased by approximately \$1.8 million. Such amounts would impact net earnings by \$0.02 per share on a diluted basis.

Interest Rate Risk. We are exposed to market risk relating to changes in interest rates associated with our variable rate debt. We have a significant amount of debt, \$835.0 million of which, in effect, bears interest at floating rates, including the \$334.7 million (nominal value of \$350.0 million, net of attributable financing costs of \$11.5 million, adjusted for the fair value of the interest rate swaps designated as a fair value hedge of the debt), nominal rate of 7.5% (effective rate of 8.23% (6.61% by taking into account the effect of the interest rate swaps))) Subordinated unsecured debt. By applying interest rates as they were in effect on April 27, 2008 to our current debt, our total interest expense would be approximately \$46.4 million. A one-percentage point increase in interest rates would increase our total annual interest expense by \$8.4 million or \$0.03 per share on a diluted basis.

Seasonality and natural disasters. Weather conditions can have an impact on our revenues as historical purchase patterns indicate that our customers increase their transactions and also purchase higher margin items when weather conditions are favourable. Consequently, our results are seasonal and typically more profitable during the summer months. Motor fuel volumes and margins are also seasonal as volumes increase during the summer driving season as well as margins. Motor fuel margins are subject to fluctuation due to supply changes and can differ from historical norms. We have operations in the Southeast and Westcoast regions of the United States and although these regions are generally known for their mild weather, these regions are susceptible to severe storms including hurricanes, like we experienced in fiscal 2006 and 2005, as well as earthquakes in the Westcoast region and other natural disasters. We could be also impacted by other occurrences in these regions such as energy shortages or increase in energy prices. Consequently, our operating results and cash flow from operations could be adversely affected. Moreover, since we decided, during fiscal 2006, not to renew our insurance coverage for material damages related to hurricanes, such natural disasters could adversely affect our operating results and financial condition.

Outlook

During fiscal 2009, we will pursue our investments in order to deploy our IMPACT program in approximately 350 stores. These investments will be approximately \$275.0 million, which we plan to finance with our net cash provided by operating activities. Regarding stores acquisitions, we expect to realize 200 to 300 of them.

While we are aware that our results depend on several external factors, including the exchange rate effect and the motor fuel net margin, we have great hopes to increase our profitability next year.

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

July 15, 2008