Couche-Tard

2011 Annual Report

STRONG, STABLE AND SUSTAINABLE

In a notoriously fragmented industry, Couche-Tard continues to set the standard for strength of performance, sustainability, and stability.

We continued to grow profits organically in 2011, despite the ongoing challenges of the marketplace, advanced our in-store efficiency still further, and pruned more underperforming assets from the network.

The balance sheet has never been stronger thanks to our capital management. It has been rewarded with investment grade corporate credit rating issued by Standard & Poor's.

These encouraging trends are apparent in growth rates over the past five years: the network has been growing at 4% compound annual growth, merchandise and service sales are growing faster at 8% and EBITDA faster yet at 11%. Motor fuel volume has been growing at 11.5% and the outlook is promising for improved and more stable fuel margins.

These are the progressions that create true value for our shareholders. They are a tribute to the skills, imagination, and hard work of every member of our large family.

Double-Digit Earnings Growth in 2011

Net earnings grew more than 22% to $370.1 million, equal to $2 per share or $1.97 diluted. This is the third straight year of double digit growth. If we look at this on a comparable basis year over year, stripping out exceptional items, the growth in 2011 reached 31%.

The 15.4% increase in revenues to $19 billion was due mainly to a 20.7% increase in motor fuel revenues coming mostly from higher prices at the pump. Our core merchandise and services grew 5.8% aided by double-digits gains from food services as well as the currency exchange. The gross margin increased to 33.5%.

Despite the challenging economic environment that continues to affect consumer behaviour, we grew same-store merchandise revenues by 4.2% in the U.S. and 1.8% in Canada.

This is a reverse of the past two years and suggests that Canadians, who generally suffered less than Americans during the financial downturn, may be having a delayed reaction and modifying their consumption habits. Our U.S. results reflect improving traffic and the success of our fresh food service.

Operating and administrative expenses rose by 7.5% compared with 2010. However, stripped of electronic transaction fees and items relating to the bid for Casey's, these expenses as a percentage of merchandise and service sales actually declined for a second year in a row.

Sound capital management continues to strengthen our financial position. Consolidated assets total $4 billion, an increase of $302.9 million. We further reduced our debt, in part through the early redemption of a $350 million loan for a pre-tax positive impact on earnings of more than $5 million this year and over $20 million in cash savings next year. Our debt now represents less than 10% of total capitalization.

The details, as always, are in the MD&A.

Network Moves

Store count has always been important in order to achieve scale, but it has never been an unqualified goal.

That was illustrated in 2011 when the network actually shrank for the first time in our recent history – albeit only by 83 stores to 5,795. Although we added 194 sites, we also carried out a heavy cull of underperforming corporate stores.

Within the first eight weeks of the new fiscal year we restored the growth momentum, signing agreements to acquire 364 stores and 65 reseller contracts, all but 42 coming from an agreement with Exxon Mobil in Southern California.

Our management philosophy is to keep business units size around 500 company-operated stores and in 2011 we decided to divide our Eastern Canada business unit into two units: Quebec West and Quebec East and Atlantic.

This gives us 13 operating business units –four in Canada and nine in the U.S., including the Worldwide Franchise business unit which is responsible for 885 franchised stores and 4,103 licensed stores located in the U.S., eight other countries and the United Arab Emirates.

Who's on first?

This time last year, I spoke of the changing face of Couche-Tard. I had no idea just how many faces would be changing. It seems the retirement of co-founder and colleague Réal Plourde triggered an executive shuffle across the board.

When the dust settled, we had replaced Réal as Chief Operating Officer, created a new Senior VP, seen three VPs retired, two relocated, and seven new VPs appointed.

I'm delighted with this. New blood means fresh thinking and new ideas. The great majority of these appointments are from within the organization, which not only shows bench strength but means the operational knowledge is there from Day One.

These are highly competent, competitive people and I'm looking forward to watching their contribution to the enterprise.

Most of the changes concerned the geographic business units which, after the latest acquisitions, cover 42 states, the District of Columbia, and all 10 Canadian provinces.

But we did more than print new business cards in 2011. Once again, Couche-Tard has become more efficient, more attractive, more green, and just as caring as ever.

More efficient

The closure of 89 underperforming corporate stores this year demonstrates our commitment to operating one of the most efficient network in the industry. We keep an unwavering focus on profitability and it is always a game of inches, not yards. In recent years, we have taken this to unprecedented levels of detail.

Every growing organization picks up procedures that are less than optimum. Three years ago, that realization led us to drill deeper than our normal benchmarking and undertake the most exhaustive review of how we do business throughout the whole organization. Brian Hannasch, our new COO, calls it "the deep dive."

I am constantly amazed at the detail in our business today. There are hundreds of metrics applied and some are very complex and hard to assess.

Scale, of course, brings added meaning. Small savings per store when you have 6,000 of them have a quite different effect than when you have only 60. For example, it only takes a saving of $15 per month in something as mundane as postage and shipping to reduce the category expense by thousands of dollars.

A reliable indication of efficiency therefore is the management of overhead expenses – operating, selling, administrative, and general expenses. We have steadily lowered these as a percentage of merchandise sales and, based on the information available to us, I believe we are one of the most efficient operator in the industry in North America.

Excluding fees relating to Casey's our expenses in fiscal 2011 were 32.8% of merchandise sales compared to 36.2% for our industry and 35.3% for our nearest public competitor.

More attractive

One of the most successful projects in 2011 has been the continued development of quality food services. We were late into this game and have been growing our presence aggressively. Already, this accounts for almost 18% of our margin in merchandise and our goal is to bring that to 25%.

It took us a few years to settle on an approach that would differentiate us and contribute above average growth. Several years ago, I thought that on-site service with seated facilities held promise but we found there was a network saturation level.

More recently, we have focused our efforts on re-thinking the "grab'n go" market, differentiating our offer through proprietary commissaries and the selection of fresh, healthy, tasty and convenient foods.

It takes a lot of implementation and a complicated provisioning system but in 2011 the momentum gathered noticeably. Most of our stores offering food services experienced double digit growth over the previous year and some are over 20%.

I expect this to continue to grow in importance as the number of people eating outside the home rises each year and as we refine our offering. It is the fastest growing component of our operations and in January we hired yet another new VP to help the business units to develop best practices in this area. Joseph Chiovera has 15 years of c-store foodservice experience and he will help enhance our competitive position.

More Green

Convenience stores are energy users: the typical store averages over 150,000 kilowatt hours of electricity per year, or 25 times the average household. Consequently, we are pro-active in initiatives to reduce energy consumption and reduce the strain on our environment.

But the nature of our business also makes it a tricky challenge. Monitoring and benchmarking energy use effectively in some 6,000 stores and support buildings, which are located in a wide variety of climate zones and tariff jurisdictions, is a formidable undertaking.

In 2011 we formed the ACT Energy Team, consisting of cross-functional representation from each business unit. The ACT team is led by Geoff Haxel in his new role of Senior Vice President.

The energy team is starting with electricity consumption and will also manage water and gas usage.

Our target for the current fiscal year and next is a saving of 5% each year in total kwh usage, a reduction in greenhouse gas emissions equivalent to taking over 4,400 cars off the road for one year.

A capital budget of $5 million was spent in FY11 on upgrading exterior fuel canopy and perimeter lighting to more efficient LED fixtures.

In Canada, we have reduced the use of plastic bags in our stores by over 90% and no longer offer them to customers. As soon as this practice is more widely adopted by grocery stores in the U.S., we will do the same there.

And just as caring

I never get used to fact that each year we raise and contribute millions of dollars to help others less fortunate than we are. The large amounts of money involved make me extremely proud and also reinforce my love of this business.

Convenience stores are community stores. We live alongside our customers, support the same high school teams and community improvement drives. And when members of the community are hurting, our people are always front and centre in organizing relief, digging in their own pockets and donating their own time.

In Calgary, for example, Mac's has not only donated $120,000 to housing for abused women and children, but they have completely furnished three apartments in the new Brenda Stafford Centre.

The neighbourhood locations of our nearly 6,000 stores put us in a great position to collect funds in canisters on the counter and through special deals on merchandise.

This year, two of our business units collected $226,000 to help the earthquake survivors in Haiti and altogether, our three brands and the corporate support office collected and donated close to $9 million during the 2011 fiscal year.

The view forward

Our achievements over the past three years since the downturn began have demonstrated the value of our business model in being able to maintain growth in adversity and provide our shareholders with a strong return. As consumer confidence gradually returns – barring the unforeseen – I believe the fine tuning we have been doing positions the organization for above average growth.

Our positioning within the industry is strong. Return on capital employed at 17.9%, return on equity at 20.8% and net earnings to revenue are the best or second best among our peers and significantly ahead of the average. We are also positioned in the top tier of any retail channel.

We are creating value on many fronts.

We have grown earnings per share by a compound annual growth rate of 36% over the past decade. A solid balance sheet, strong free cash flow, and sound investments have enabled us to add shareholder value and distribute a portion of it by raising the quarterly dividend and repurchasing shares to a value of $69 million. Dividend per share has grown at a compound annual rate of more than 18% since the introduction of our dividend policy in fiscal 2006.

We will continue to repurchase shares and increase the dividend as the opportunity arises. On the operational side, we continue to improve how we go to market and the products and services we sell. The initiatives currently underway and the structural adjustments made in the past year will strengthen these procedures and offerings still further.

We continue to seek out every expense item that can be reduced, function that can be improved, or service that can be delivered more efficiently.

Our core focus remains on organic growth with near-term emphasis on the food service initiative. However, our view forward always includes a watchful eye for acquisition opportunities.

The c-store industry is consolidating and we are the major player. At year-end, we had access to approximately $800 million in revolving credit and cash on hand and we are able to raise as much as $1.5 billion for a major project. That is a lot of potential and we will realize any opportunities with the same discipline as in the past.

It takes a big team

To deliver such an all-around, exceptional level of performance takes a big team in every sense of the word.

It takes over 53,000 people to cover the ground throughout the continent but not just any kind of people. These are people big in ideas, big in enthusiasm and energy, big in resolve to be leaders in their own right.

Couche-Tard is also credited by analysts with having a highly experienced and skilled management team. What I seldom see mentioned, but which I value equally, is an exceptional Board of Directors who contribute sound counsel and who play an active role in the strategic management of the Corporation.

To all these people – to our store and regional workers, our leadership team and our Directors – I offer heartfelt thanks for yet another year of performance and achievement. Finally, to our shareholders my deep gratitude for their confidence and appreciation.

Alain Bouchard

President and Chief Executive Officer

Management's Discussion and Analysis

The purpose of this Management's Discussion and Analysis (MD&A) is, as required by regulators, to explain management's point of view on Alimentation Couche-Tard Inc.'s (Couche-Tard) financial condition and results of operations as well as the performance for fiscal year ending April 24, 2011. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader's understanding of the consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Corporation", 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 2011 Annual Report (2011 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 and on the Corporation's website at www.couche-tard.com/corporate.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. 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 12, 2011, which are not guarantees of future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetizations, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

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

Our Business

We are the leader in the Canadian convenience store industry. In North America, we are the largest independent convenience store operator (whether integrated with a petroleum corporation or not) in terms of number of company-operated stores.

As of April 24, 2011, our network was comprised of 5,795 convenience stores throughout North America, including 4,128 stores with motor fuel dispensing. During fiscal 2011, in order to stimulate growth and to create additional value, we subdivided our Eastern Canada business unit into two new business units: the Quebec West unit as well as the Quebec East and Atlantic unit. This strategic reorganization is in line with our business philosophy which is to operate networks of a maximum of approximately 500 company-operated stores per business unit. Thus, from now on, our network consists of 13 business units, including nine in the United States covering 42 states and the District of Columbia and four in Canada covering all ten provinces. More than 53,000 people are employed throughout our network and at the service offices.

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

decentralized management structure, an ongoing comparison 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 stores.

Value creation

The convenience store sector is fragmented and in a consolidation phase. We are participating in this process through our acquisitions and the market shares we gain when competitors close sites and when we improve our offering. However, despite the context, acquisitions have to be concluded at reasonable conditions in order to create value for the Corporation and its shareholders. Therefore, we do not favour store count growth to the detriment of profitability. In addition to our participation in the consolidation phase of our sector, it has to be noted that in recent years, the organic contribution played an important role in the growth of our net earnings. The on-going improvement of our offer, including fresh products, supply terms and efficiency of our business has been a highlight, especially with the absence of significant acquisitions and net growth in store count in the recent years. During this same period, it has also often been more advantageous for us to repurchase back our own shares at a lower multiple than some store networks that were offered to us. Thus, all these elements contributed to the growth in net earnings and to value creation for our shareholders and other stakeholders. Our goal is to continue in this direction.

Fiscal 2011 Overview

Net earnings amounted to $370.1 million for fiscal 2011, up 22.2% over fiscal 2010 chiefly due to the growth of same-store merchandise sales, the increase in merchandise and service gross margins, the rise in motor fuel volume but more importantly in related margins, the sound management of our expenses, the stronger Canadian dollar compared to the U.S. currency, the decrease in financial expenses as well as a lower income tax rate. These items, which had a positive effect on net earnings, were partially offset by the rise in expenses related to electronic payment modes stemming from the higher average retail price of motor fuel.

It should be noted that net earnings for fiscal 2010 had benefited from non-recurring items, mainly the gain of $11.4 million after income taxes from to the disposal of Casey's shares and the reversal of provisions totaling $3.6 million, net of income taxes, while in fiscal 2011, we expensed the fees related to our public tender offer for the acquisition of Casey's, following our decision not to renew our offer, a negative impact of $7.0 million on net earnings for fiscal 2011. Excluding these items from net earnings for both comparable periods, the increase in fiscal 2011 net earnings would have been $89.2 million or 31.0%, an increase of $0.47 per share on a diluted basis.

Business acquisitions and store construction

During fiscal 2011, we made the following business acquisitions:

- On September 9, 2010, we acquired ten company-operated stores from Compac Food Stores Inc. Nine of the stores are located in the greater Mobile, Alabama area and one is located in Pensacola, Florida. We own all buildings while we lease the land for four stores and own the six others.

- On September 30, 2010, we acquired 12 company-operated stores located in central Indiana from Crystal Flash Petroleum, LLC. We own the land and building for one site, lease those same assets for ten sites and own the building and lease the land for one site.

- During the fiscal year, we also acquired 25 other stores through 21 distinct transactions. We own the land and buildings for 15 sites while we lease both these assets for the other ten sites.

In addition, we built 35 new stores during fiscal 2011.

Transactions subsequent to the end of fiscal 2011

In May 2011, we acquired 11 company-operated stores located in Ontario, Manitoba, Saskatchewan, Alberta and British-Columbia, Canada from Shell Canada Products. We own the land and buildings for seven sites and lease these same assets for four sites.

In May 2011, we acquired five company-operated stores operating under the Gas City banner of which, one is located in Arizona and four in the Chicago area, United States. We own the land and buildings for three of these sites and lease the others.

In June 2011, we signed an agreement with Exxon Mobil for 322 stores and a motor fuel supply agreement for another 65 stores. All stores are operated in Southern California, United States. Assuming the closing of the transaction, out of the 322 stores, 72 would be operated by the Corporation while 250 would be operated by independent operators. We would own the real estate for up to 202 of the sites while the balance would be leased. The transaction is anticipated

Key performance indicators used by management, which can be found under "Selected Consolidated Financial Information - 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, return on equity and return on capital employed.

Summary of changes in our stores during the fourth quarter and fiscal year ended April 24, 2011

The following table presents certain information regarding changes in our stores over the 12-week and 52-week periods ended April 24, 2011:

	12-week period ended April 24, 2011			52-week period ended April 24, 2011		
	Company-operated stores	**Affiliated stores**	**Total**	**Company-operated stores**	**Affiliated stores**	**Total**
Number of stores, beginning of period	4,403	1,471	5,874	4,408	1,470	5,878
Acquisitions	7	-	7	47	-	47
Openings / constructions / additions	9	12	21	35	112	147
Closures / disposals / withdrawals	(18)	(89)	(107)	(89)	(188)	(277)
Number of stores, end of period	4,401	1,394	5,795	4,401	1,394	5,795

Summary analysis of consolidated results for the fourth quarter of fiscal 2011

The following table highlights certain information regarding our operations for the 12-week periods ended April 24, 2011 and April 25, 2010:

(In millions of US dollars, unless otherwise stated)

	12-week period ended April 24, 2011	12-week period ended April 25, 2010	Change %
Revenues	**4,841.1**	4,003.5	20.9
Operating income	**84.8**	101.1	(16.1)
Net earnings	**64.0**	68.8	(7.0)
Selected Operating Data:			
Merchandise and service gross margin [1]:			
Consolidated	**33.6%**	33.0%	0.6
United States	**33.5%**	33.0%	0.5
Canada	**33.6%**	32.9%	0.7
Growth (decrease) of same-store merchandise revenues [2] [3]:			
United States	**3.6%**	3.2%	
Canada	**(2.1%)**	6.9%	
Growth (decrease) of same-store motor fuel volume [3]:			
United States	**0.3%**	(0.7%)	
Canada	**1.8%**	4.2%	
Motor fuel gross margin [3]:			
United States (cents per gallon)	**14.24**	14.42	(1.2)
Canada (CA cents per litre)	**5.01**	4.85	3.3

(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.

Revenues

Revenues amounted to $4.8 billion in the fourth quarter of fiscal 2011, up $837.6 million, an increase of 20.9%, mainly attributable to an increase in motor fuel sales arising from the higher average retail prices at the pump and from the rise in motor fuel volume sold in the United States and Canada, to the stronger Canadian dollar as well as to the growth of same-store merchandise sales in the United States.

Regarding internal growth, same-store merchandise revenues rose by 3.6% in the United States and decreased 2.1% in Canada. For the Canadian and U.S. markets, variation in same-store merchandise sales is attributable to our merchandising strategies, to the economic conditions in each of our markets as well as to the investments we made to enhance service and the offering of products in our stores. We see some slowdown on the part of consumers, likely due to rising motor fuel prices, unemployment level remaining high in the United States, pressure on personal disposable income and the level of household indebtedness. Canadian consumers who had not suffered as much during the last financial crisis now seem to change their consumption habits as Americans did, by looking for products that will help them save money. In addition, during the fourth quarter of fiscal 2011, adverse weather conditions had a

Operating, selling, administrative and general expenses

For fiscal 2011, operating, selling, administrative and general expenses rose by 7.5% compared with fiscal 2010. These expenses increased by 1.8% because of the stronger Canadian dollar, by 1.7% because of the increase in electronic payment modes expenses and by 0.8% because of acquisitions. In addition, during fiscal 2011, following the non-renewal of our public tender offer for the acquisition of Casey's, we recorded to earnings related fees that had previously been deferred, which made expenses increase by 0.5%. As for the gain from disposal of Casey's shares and the non-recurring reversal of provisions both recorded in fiscal 2010, they account for a variation of 1.0% in expenses. Excluding all of these items, expenses increased by only 1.7% which reflects the increase in hours worked in stores in order to support the increase in merchandise and service sales, minimum wage increases in certain regions as well as the normal increase in expenses caused by inflation. Moreover, excluding fees related to Casey's for fiscal 2011, the gain from disposal of Casey's shares and the non recurring reversal of provisions for fiscal 2010 as well as expenses related to electronic payment modes for both comparable periods, expenses in proportion to merchandise and services sales represented 29.4% during fiscal 2011, compared to 29.8% during fiscal 2010.

This performance reflects our constant efforts to find ways to improve our efficiency while making certain that we maintain the quality of the service we offer our clients. Our decentralized business model as well as our organizational culture are clearly factors allowing us to be one of the most efficient operators of our industry.

Earnings before interests, taxes, depreciation and amortization (EBITDA)

EBITDA was $734.8 million, up $88.2 million or 13.6% compared with fiscal 2010. Acquisitions account for $4.6 million of this amount. Excluding the non recurring amounts of fiscal 2010 EBITDA, that is the gain from disposal of Casey's shares and the reversal of provisions and excluding fees related to our public tender offer for the acquisition of Casey's from fiscal 2011 EBITDA, the increase in EBITDA would have been $116.4 million or 18.5%.

It should be noted that EBITDA is not a performance measure defined by Canadian GAAP, but we, as well as investors and analysts, use this measure to evaluate the Corporation's financial and operating performance. Note that our definition of this measure may differ from the one used by other public companies:

(in millions of US dollars)	52-week periods ended	
	April 24, 2011	April 25, 2010
Net earnings, as reported	**370.1**	302.9
Add:		
Income taxes	**122.1**	109.3
Financial expenses	**26.3**	29.9
Depreciation and amortization of property and equipment and other assets	**216.3**	204.5
EBITDA	**734.8**	646.6

Depreciation and amortization of property and equipment and other assets

For fiscal year 2011, the depreciation expense increased due to the investments made through acquisitions, replacement of equipment, addition of stores and the ongoing improvement of our network.

Financial expenses

Financial expenses were down $3.6 million compared with fiscal 2010. This decrease is chiefly the result of the lower average interest rate due, amongst other things, to the early redemption of our subordinated unsecured debt of $350.0 million during the third quarter of fiscal 2011 and to the decrease in average borrowings. These factors contributing to the decrease in financial expenses were partially offset by a non-recurring charge of $3.0 million recorded as part of the early redemption of our subordinated unsecured debt. However, it has to be noted that the decrease in financial expenses generated by the lower average interest rate more than offset this non-recurring charge.

Income taxes

The income tax rate for fiscal year 2011 is 24.8% compared to 26.5% for fiscal 2010.

Net earnings

We closed fiscal 2011 with net earnings of $370.1 million, which equals $2.00 per share or $1.97 per share on a diluted basis compared with $302.9 million the previous fiscal year ($1.60 per share on a diluted basis), an increase of $67.2 million or 22.2%. The appreciation of the Canadian dollar against its US counterpart had a favourable impact of approximately $8.0 million on net earnings. Excluding the gain from disposal of Casey's shares and the non recurring reversal of provisions from fiscal 2010 net earnings and excluding the fees related to our public tender offer for the

acquisition of Casey's shares from fiscal 2011 net earnings, the increase in net earnings for fiscal 2011 would have been $89.2 million or 31.0%, an increase of $0.47 per share on a diluted basis.

Financial Position as at April 24, 2011

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

Our total consolidated assets amounted to $4.0 billion as at April 24, 2011, an increase of $302.9 million over the balance as at April 25, 2010. This increase stems primarily from the following items:

- The increase in cash arising from cash flows provided by operating activities;
- The increase in credit and debit cards receivable resulting from the higher average motor fuel retail price;
- The increase in motor fuel inventory resulting from the increase in product cost;
- The generalized increase in assets due to the strengthening of the Canadian dollar.

During fiscal 2011, we recorded a return on capital employed of 17.9%.

Shareholders' equity was $1.9 billion as at April 24, 2011, up $321.8 million compared to the balance as at April 25, 2010, mainly reflecting fiscal 2011 net earnings and the increase in accumulated other comprehensive income following the strengthening of the Canadian dollar, partially offset by dividends declared and share repurchases. During fiscal 2011, we recorded a return on equity of 20.8%.

Liquidity and Capital Resources

Our principal sources of liquidity are net cash provided by operating activities and our credit facilities. Our principal uses of cash are to finance our acquisitions and capital expenditures, pay dividends, meet debt service requirements and provide for working capital as well as for our share repurchase programs. We expect that cash generated from operations together with borrowings available under our revolving unsecured credit facilities will be adequate to meet our liquidity needs in the foreseeable future.

We have three credit agreements consisting of revolving unsecured credit facilities, each having a maximum amount of $650.0 million, $310.0 million and $40.0 million. The credit facilities will mature September 22, 2012 and are available in the following forms:

- term revolving unsecured operating credits, 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 US base rate or the LIBOR rate plus a variable margin; and
- unsecured lines 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 US prime rate or the US base rate plus a variable margin.

Under these credit agreements, we must maintain certain financial ratios and comply with certain restrictive covenants.

As at April 24, 2011, approximately $485.0 million were available under the credit agreements and we were in compliance with the restrictive covenants and ratios imposed by the credit agreements at that date. Thus, at the same date, we had access to more than $800 million through our available cash and credit agreements.

Selected Consolidated Cash Flow Information

(in millions of US dollars)	**52-week period ended**	52-week period ended	Change
	April 24, 2011	April 25, 2010	
Operating activities	**$**	$	$
Cash flows [1]	**604.3**	504.0	100.3
Other	**14.6**	(13.2)	27.8
Net cash provided by operating activities	**618.9**	490.8	128.1

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 future escalations in the minimum lease amount.

Contingencies. In the normal course of business, we are involved in many legal disputes and claims regarding the manner in which we conduct our business. We believe that such claims and disputes are unfounded. It is our opinion that any disbursement resulting from such proceedings will not significantly impact the Corporation's results and financial position.

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

The Corporation's 52-week reporting cycle is divided into quarters of 12 weeks each except for the third quarter, which comprises 16 weeks. When a fiscal year, such as 2006 or 2012, contains 53 weeks, the fourth quarter comprises 13 weeks. The following is a summary of selected consolidated financial information derived from the Corporation's 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)	**52-week period ended April 24, 2011**				52-week period ended April 25, 2010			
Quarter	**4th**	**3rd**	**2nd**	**1st**	4th	3rd	2nd	1st
Weeks	**12 weeks**	**16 weeks**	**12 weeks**	**12 weeks**	12 weeks	16 weeks	12 weeks	12 weeks
Revenues	**4,841.1**	**5,611.2**	**4,240.7**	**4,272.9**	4,003.5	4,935.2	3,825.8	3,675.1
Earnings before depreciation and amortization of property and equipment and other assets, financial expenses and income taxes	**136.3**	**169.1**	**199.7**	**229.7**	150.5	141.3	176.4	178.4
Depreciation and amortization of property and equipment and other assets	**51.5**	**67.0**	**49.8**	**48.0**	49.4	63.2	46.9	45.0
Operating income	**84.8**	**102.1**	**149.9**	**181.7**	101.1	78.1	129.5	133.4
Financial expenses	**2.0**	**10.0**	**7.4**	**6.9**	7.4	8.6	7.0	6.9
Net earnings	**64.0**	**71.0**	**105.6**	**129.5**	68.8	54.8	88.2	91.1
Net earnings per share								
Basic	**$0.35**	**$0.38**	**$0.57**	**$0.70**	$0.37	$0.30	$0.48	$0.49
Diluted	**$0.34**	**$0.38**	**$0.56**	**$0.69**	$0.37	$0.29	$0.47	$0.48

The influence of the volatility of motor fuel gross margin and seasonality has 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 quarterly results are more sensitive to the volatility of motor fuel gross margins. However, motor fuel margins tend to be less volatile when considered on an annual basis or a longer term. With that said, the majority of our operating income is still derived from merchandise and service sales.

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 24, 2011, 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, also taking into account materiality. Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation 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 Corporation'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 our 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. On an ongoing basis, we review our estimates, including those relating to supplier rebates, environmental costs, income taxes, lease accounting and asset retirement obligations based on available information. These estimates are based on our best knowledge of current events and actions that the Corporation 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 of merchandise - distribution centres is determined according to the first-in first-out method, the cost of merchandise - retail is valued based on the retail price less a normal margin and the cost of motor fuel inventory is determined according to the average cost method. Inherent in the determination of margins are certain management judgments and estimates, which could affect ending inventory valuations and results of operations.

Impairment of Long-lived Assets. Property and equipment are tested for impairment should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to the estimated undiscounted future cash flows generated by their use and eventual disposal. Should the carrying amount of long-lived assets exceed their fair value, an impairment loss in the amount of the excess would be recognized. Our evaluation of the existence of impairement indicators is based on market conditions and our 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 and Intagibles are evaluated for impairment annually, or more often if events or changes in circumstances indicate that the value of certain goodwill or intangibles may be impaired. For the purpose of this impairment test, we use estimates and assumptions to establish the fair value of our reporting units and intangible assets. If these assumptions and estimates prove to be incorrect, the carrying value of our goodwill or intangibles 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 the experience of the contractors that perform the environmental assessments and remediation work.

In each of the U.S. states in which we operate, with the exception of Michigan, Iowa, Florida, Arizona, Texas and Washington State, there is a state fund to cover the cost of certain environmental remediation activities after applicable trust fund deductible is met, which varies by State. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain contamination to the environment caused by the usage of underground motor fuel equipment. Underground motor fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. We pay the annual registration fees and remit the sales taxes to the applicable 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 fillings 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

On February 13, 2008, the Accounting Standards Board (“AcSB”) issued a news release confirming that publicly accountable enterprises will be required to apply International Financial Reporting Standards (“IFRS”) in 2011. We will therefore adopt IFRS on April 25, 2011.

Since we will adopt IFRS on April 25, 2011, new Canadian GAAP standards that will be effective on or after that date are not disclosed as future accounting changes because we will not apply them.

Business Risks

Couche-Tard is constantly looking to control and improve its operations. In this perspective, identification and management of risks are key components of such activities. We have identified and assessed key risk factors that could negatively impact the Corporation’s objectives and its ensuing performance.

We manage risks on an ongoing basis and implement a series of measures designed to mitigate key risks described in the above section and their financial impact.

Motor fuel. We are sensitive to the changes in the motor fuel retail price and gross margin. Factors beyond our control such as changing supply terms, motor fuel price fluctuat

basis for company-operated stores. To react as promplty as possible to motor fuel retail price fluctuations, we implemented a price management policy and entered into commercial agreements that guarantee supply consistency to a certain extent.

Electronic payment modes. We are exposed to significant fluctuations in expenses related to electronic payment modes resulting from large increases in motor fuel retail prices particularly in our U.S. markets because the majority of this expense is based on a percentage of the retail prices of motor fuel. For example, for fiscal 2011, for each ten-cent increase in the retail price of a gallon of motor fuel, the expense associated with electronic payment modes would have increased by approximately $5.6 million, with a corresponding impact on net earnings of $0.02 per share on a diluted basis. We regularly analyze various opportunities that would allow us to mitigate the risks associated with expenses related to electronic payment modes.

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. Accordingly, we keep apprised of client needs and maintain an innovative approach to marketing and promotional campaigns. 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 as well as earthquakes in the Westcoast region and other natural disasters.

Economic conditions. Our revenues may be negatively influenced by changes in regional or local economic variables and consumer confidence. Changes in economic conditions could adversely affect consumer spending patterns, travel and tourism in certain of our market areas. While it is not feasible to determine the breadth or length of recessions, we adjust our merchandising strategies to economic conditions and promote constant innovation in commercial practices while maintaining tight control over our expenses and balance sheet.

Tobacco products. Tobacco products represent our largest product category of merchandise and service revenues. For fiscal 2011, revenues of tobacco products were approximately 43.0% of total merchandise and service revenues. Significant increases in wholesale cigarette costs and a tax increase on tobacco products, as well as current and future legislation and national and local campaigns to discourage smoking in the United States and Canada, may have an adverse effect on the demand for tobacco products, and therefore reduce our revenues and profits in light of the competitive landscape and consumer sensitivity to the price of such products.

In addition, we sell brands of cigarettes that are manufactured to be sold by the Corporation on an exclusive basis and we could be sued for health problems caused by the use of tobacco products. In fact, 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. Any unfavourable verdict against us in an health-related suit could adversely affect our financial condition and ability to pay interest and principal on our debts. As per accounting standards, we have not established any reserves for the payment of expenses or adverse results related to any potential health-related litigation.

Competition. The industries and geographic areas in which we operate are highly competitive and marked by a 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 pharmacy chains. Over the years, we expanded our network by selecting choice locations while developing an expertise in our market niche, namely by investing in the improvement of our stores, further supported by merchandising strategies tailored to our various markets. These strategies are driven by a diversified selection of proprietary brand products, loyalty progams for clients as well as special focus on customer service in order to secure a competitive advantage. Accordingly, we keep a close eye on competitors, changes in market trends and our market share towards reacting in a timely manner and maintaining our competitive position. We believe the choice location of our stores make it more difficult for new competitors to penetrate our markets.

Environment. 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 this respect, we proactively seek means to limit the environmental impact of our activities and adopt sustainable processes. 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.

In each of the US 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.

Acquisitions. 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. 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.

Legislative and regulatory requirements. 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 such as applicable tax laws and regulations. Any change in the legislation or regulations described above that is adverse to our properties and us could affect our operating and financial performance.

Interest rates. The Corporation is exposed to interest rate fluctuations associated with changes in the short-term interest rate. We carry a debt, a portion of which bears interest at floating rates. By applying interest rates as they were in effect on April 24, 2011 to our current debt, our total interest expense would be approximately $6.0 million. A one-percentage point increase in interest rates would increase our total annual interest expense by $4.9 million or $0.02 per share on a diluted basis. We do not currently use derivative instruments to mitigate this risk. However, we regularly analyze our interest rate exposure. Various scenarios are simulated, including refinancing, the renewal of existing positions, alternative loans and hedges as well as our ability to deal with interest rate fluctuations.

Liquidity. Liquidity risk is the risk that we will encounter difficulties in meeting our obligations associated with financial liabilities and lease commitments. We are exposed to this risk mainly through our long-term debt, accounts payable and accrued expenses and our lease agreements. Our liquidities are provided mainly by cash flows from operating activities, borrowings available under our revolving credit facilities.

On an ongoing basis, we monitor rolling forecasts of our liquidity reserve on the basis of expected cash flows taking into account operating needs, tax situation and capital requirements and ensure that we have sufficient flexibility under our available liquidity resources to meet our obligations. As at April 24, 2011, $1.0 billion are available under our credit facilities of which approximatly $485.0 million were unused. These credit facilities will mature in September 2012.

Lawsuits. In the ordinary course of business, Couche-Tard is a defendant in a number of legal proceedings, suits, and claims common to companies engaged in retail business. We mitigate this risk through available insurance coverage, among others. We regularly monitor lawsuits and create reserves, as needed, in our financial results to cover potential estimated cost.

Insurance. 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. 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. To cover the potential cost of this risk, we provide reserves, as needed, in our financial statements for the portion of losses that is uninsured or whose deductible is very high.

Acts of war or terrorism. Acts of war and terrorism could impact general economic conditions and the supply and price of crude oil. Such events could impact our revenues, operating results and financial situation.

Exchange rate. Most of our consolidated revenues and expenses are received or denominated in the functional currency of the markets in which we do business. Accordingly, our sensitivity to variations in foreign exchange rates is economically limited.

We are also exposed to foreign currency risk with respect to a portion of our long-term debt denominated in US dollars. As at April 24, 2011, everything else being equal, a hypothetical strengthening (weakening) of 5.0% of the US dollar against the Canadian dollar would have had a favourable (unfavourable) net impact of $17.2 million on Other comprehensive income.

International Standards

In February 2008, Canadian Accounting Standards Board (AcSB) of the Canadian Institute of Chartered Accountants announced that the use of International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB) will be required for publicly accountable profit-oriented enterprises starting in 2011. For those enterprises, IFRS will replace General Accepted Accounting Principles currently in effect in Canada (GAAP). IFRS uses a conceptual framework similar to GAAP, but there are differences in recognition, measurement and presentation standards.

These new standards are applicable to fiscal years beginning on or after January 1st, 2011. Corporations will be required to provide comparative IFRS information for the previous fiscal year. Starting in the first quarter of our fiscal year 2012, we will publish consolidated financial statements prepared in accordance with IFRS.

We have developed a plan to convert our Consolidated Financial Statements to IFRS. We have a dedicated project manager to lead the conversion to IFRS. Our external auditors are notified of our choices and consulted on them. Our Audit Committee ensures that management fulfills its responsibilities and successfully accomplishes the changeover to IFRS while we continue to provide training to key employees. Changes in accounting policies are likely and could impact our consolidated financial statements.

The principal phases, actions, timetables and progress of our transition plan are outlined in the following table:

Phase 1: Preliminary Analysis and Diagnostic

Action	○ Identification of the IFRS standards that will require accounting and disclosure changes in consolidated financial statements. ○ Rank standards based on their anticipated impact on our consolidated financial statements and the required efforts for their implementation.
Timetable	End of fiscal 2008
Progress	Completed

Phase 2: Analysis of Standards

Action	○ Analysis of the differences between Canadian GAAP and IFRS. ○ Selection of the accounting policies that the Corporation will apply on an ongoing basis. ○ Corporation's selection of IFRS 1 exemptions at the date of transition. ○ Calculation of the quantitative impacts on the consolidated financial statements. ○ Disclosure analysis. ○ Preparation of draft consolidated financial statements and notes. ○ Preparation of the consolidated opening balance sheet at the date of transition. ○ Identification of the collateral impacts in the following areas: ▪ information technology; ▪ internal control over financial reporting; ▪ disclosure controls and procedures; ▪ contracts; ▪ compensation; ▪ taxation; ▪ training. ○ Presentation, to our auditors, of our conclusions on consolidated balance sheet as of transition date (opening balance sheet) and draft consolidated financial statements and notes .
Timetable	End of November 2010
Progress	Completed

Phase 3: Implementation

Action	○ Compilation of the comparative financial data. ○ Production of the interim consolidated financial statements and the associated disclosure. ○ Production of the annual consolidated financial statements and the associated disclosure. ○ Implementation of changes regarding collateral impacts.
Timetable	○ Fiscal 2011: opening balance sheet, comparative financial data under IFRS and changes regarding collateral impacts. ○ During fiscal 2012, we will produce our interim and annual consolidated financial statements and disclosure in accordance with IFRS.
Progress	Ongoing

Preliminary estimated impact of the conversion

The information below provides an overview of the preliminary impacts on the Corporation's consolidated financial statements. Readers are cautioned that it may not be appropriate to use such information for any other purpose and that this information is subject to change. The IASB is actually in the process of reviewing multiple IFRS standards. Our analysis of the changes and decisions to be made concerning our accounting policies was done using accounting standards presently in effect. The following tables present the preliminary impact of the differences between Canadian GAAP and IFRS on the opening balance sheet as at April 26, 2010, the balance sheet as at April 24, 2011 and earnings for fiscal year 2011.

Exceptions related to first adoption

Upon transition, IFRS 1 imposes certain mandatory exceptions and permits certain exemptions from full retrospective application. The Corporation has applied the mandatory exceptions and the following optional exemptions:

Mandatory exceptions applied by the Corporation:

- Financial assets and liabilities that had been de-recognized before January 1, 2004 under Canadian GAAP have not been recognized under IFRS.

- The Corporation has only applied hedge accounting in the opening balance sheet where all the requirements in IAS 39 were met at the date of transition.

- The estimates previously established under Canadian GAAP have not been revised following the adoption of IFRS, unless it was necessary to take into account differences in accounting policies.

Other optional exemptions adopted by the Corporation:

- The Corporation has elected not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition (April 26, 2010), including business acquisitions done by the joint venture. See note g to obtain an explanation of the effect of this exemption.

- For all its employee future benefits plans, the Corporation has elected to recognize all cumulative actuarial gains and losses existing at the transition date to retained earning. See note d to obtain an explanation of the effect of this exemption.

- The Corporation has elected not to retrospectively recognize the effect on the assets of the variances related to its existing asset retirement obligations and similar liabilities, which may have occurred before the transition date.

- The Corporation elected to use facts and circumstances existing as at April 26, 2004 to determine whether an arrangement contains a lease. The arrangements signed after that date and evaluated under Canadian GAAP were not analysed in details since this analysis would give similar conclusions as per IAS 17 and IFRIC 4.

- The Corporation elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after April 29, 2002 that had not vested by the Transition Date.

- The Corporation elected to reset all cumulative translation gains and losses to zero in opening retained earnings at the transition date. See note i to obtain an explanation of the effect of this exemption.

Expl n tory notes								
Current ssets								
C sh nd c sh equiv lents						(5.2)		
Accounts receiv ble						(5.4)		
Inventories						(4.2)		
Prep id expenses						(0.2)		
Income t xes receiv ble							13.0	
Deferred income t xes							(24.9)	
	-	-	-	-	-	(15.0)	(11.9)	-
Property nd equipment						(65.6)		
Goodwill						(1.2)		
Int ngible ssets								
Investment in joint venture						42.1		
Other ssets		(1.1)		(8.3)				
Deferred income t xes			0.2	3.0			0.1	
	-	(1.1)	0.2	(5.3)	-	(39.7)	(11.8)	-
Current li bilities								
Accounts p y ble nd ccrued li bilities	(0.1)					(14.2)	(36.9)	
Provisions							31.4	
Current portion of long-term debt								
Deferred income t xes		0.2		(3.0)			(2.8)	
	(0.1)	0.2	-	(3.0)	-	(14.2)	(8.3)	-
Long-term debt						(24.9)		
Provisions -		(3.4)	0.8				90.3	
Deferred credits nd other li bilities	(98.6)			13.2		(0.6)	(71.8)	
Deferred income t xes	38.4	0.6					(22.0)	
	(60.3)	(2.6)	0.8	10.2	-	(39.7)	(11.8)	-
C pit l stock								
Contributed surplus					1.6			
Ret ined e rnings	60.3	1.5	(0.6)	(15.5)	(1.6)			108.6
Accumul ted other comprehensive income								(108.6)
	60.3	1.5	(0.6)	(15.5)	-	-	-	-
	-	(1.1)	0.2	(5.3)	-	(39.7)	(11.8)	-

Expl n tory notes								
Current ssets								
C sh nd c sh equiv lents					(10.7)			
Accounts receiv ble					(6.9)	(0.1)		
Inventories					(4.7)			
Prep id expenses					(0.3)			
Income t xes receiv ble							9.8	
Deferred income t xes		(0.2)	2.8				(36.5)	
	-	(0.2)	2.8	-	(22.6)	(0.1)	(26.7)	-
Property nd equipment					(67.2)	(0.2)		
Goodwill					(1.1)	(0.5)		
Int ngible ssets								
Investment in joint venture	-				48.2			
Other ssets		(0.8)	(7.9)		(0.2)			
Deferred income t xes			2.9					
	-	(1.0)	(2.2)	-	(42.9)	(0.8)	(26.7)	-
Current li bilities								
Accounts p y ble nd ccrued li bilities	(0.2)				(17.5)		(40.3)	
Provisions							36.3	
Current portion of long-term debt								
Deferred income t xes							(21.2)	-
	(0.2)	-	-	-	(17.5)	-	(25.2)	-
Long-term debt					(24.9)			
Provisions		(3.3)					92.0	
Deferred credits nd other li bilities	(95.6)		13.0		(0.5)		(78.2)	
Deferred income t xes	37.2	0.7				(0.3)	(15.3)	
	(58.6)	(2.6)	13.0	-	(42.9)	(0.3)	(26.7)	-
-								
C pit l stock								
Contributed surplus				1.2				
Ret ined e rnings	58.5	1.6	(15.2)	(1.2)	-	(0.5)		108.6
Accumul ted other comprehensive income	0.1							(108.6)
	58.6	1.6	(15.2)	-	-	(0.5)	-	-
	-	(1.0)	(2.2)	-	(42.9)	(0.8)	(26.7)	-

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([SODQDWRU\ QRWHV	6WDWHPHQW RI HDUQLQJV &DQDGLDQ *$$3 D	5HFRQFLOLQJ LWHPV ZLWK ,)56 6WDWHPHQW RI HDUQLQJV XQGHU ,)56 E	(PSOR\HH IXWXUH 2QHURXV &RQWUDFWV F	%XVLQHVV FRPELQDWLRQ 6WRFN RSWLRQ DFTXLVLWLRQV G	3URSHUW\ DQG HTXLSPHQW DFTXLVLWLRQV H	6WRFN RSWLRQ DFTXLVLWLRQV I	%XVLQHVV FRPELQDWLRQ 3URSHUW\ DQG HTXLSPHQW DFTXLVLWLRQV J	6WDWHPHQW RI HDUQLQJV XQGHU ,)56 K
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*URVV SURILW								
2SHUDWLQJ VHOOLQJ GDPLQLVWUDWLYH DQG JHQHUDO H[SHQVHV								
'HSUHFLDWLRQ DQG DPRUWL]DWLRQ RI SURSHUW\ DQG HTXLSPHQW DQG RWKHU DVVHWV								
2SHUDWLQJ LQFRPH								
6KDUH RI HDUQLQJV RI D MRLQW YHQWXUH DFFRXQWHG IRU XVLQJ WKH HTXLW\ PHWKRG								
)LQDQFLDO H[SHQVHV								
)LQDQFH UHYHQXHV								
1HW ILQDQFLDO H[SHQVHV								
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Explanatory notes related to the reconciliations

a) Deferred gains on sale and leaseback recognition

Under Canadian GAAP: CICA Handbook Section 3065 *"Leases"* required that any profit or loss arising from a sale and leaseback transaction be deferred and amortized over the lease term. A loss was recognized to earnings immediately when, at the time of the transaction, the fair value of the property was less than its carrying value.

Under IFRS: IAS 17 *"Leases"* requires the immediate recognition of all profits or losses arising from a sale and leaseback transaction except if:

- the sale price is below fair value and the loss is compensated for by future lease payments below market price, in which case it shall be deferred and amortized in proportion to the lease payments over the period during which the asset is expected to be used;

- the sale price is above fair value, in which case the excess shall be deferred and amortized over the period during which the asset is expected to be used.

Considering this difference, the Corporation analyzed all deferred gains existing at the transition date. When the transactions were concluded at fair value, the deferred gains in the balance sheet at the transition date were reversed and recognized to retained earnings. The amortization of the deferred gains recognized in 2011 was reversed and all deferred gains from sale and leaseback transactions realized in 2011 were reclassified and recognized directly to earnings.

b) Discounting of provisions

Under Canadian GAAP: The only provision that needed to be discounted was the asset retirement obligation provision and changes in the discount rate were not applied retroactively.

Under IFRS: IAS 37 *"Provisions, contingent liabilities and contingent assets"* states that where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation.

Considering this difference, the Corporation reviewed all provisions recorded in its balance sheet at the transition date and discounted those for which the time value of money had a significant impact. This resulted in the reduction of the provision balances in the balance sheet at the transition date. For fiscal 2011, new expenses recognized to earnings related to these provisions have been reduced to reflect their discounting and an accretion expense has been recorded in earnings.

c) Onerous contracts

Under Canadian GAAP: Provisions were not recognized for onerous contracts.

Under IFRS: As per IAS 37 *"Provisions, contingent liabilities and contingent assets",* if an entity has a contract that is onerous, the present obligation under the contract shall be recognized and measured as a provision. An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

Considering this difference, the Corporation has reviewed it existing contracts at the transition date to identify onerous contracts. This resulted in the recognition of a provision for onerous contracts as at April 26, 2010. This provision is recognized to earnings and reversed as the contracts progress. This has led to a decrease in Operating, selling, administrative and general expenses of fiscal 2011 following the amortization of the provision.

d) Employee future benefits

i) Actuarial gains and losses

Under Canadian GAAP: Under CICA Handbook Section 3461 *"Employee future benefits"*, for a defined benefit plan, an entity had to use the "corridor" approach and recognize amortization of actuarial gains and losses in a period in which, as of the beginning of the period, the unamortized net actuarial gain or loss exceeded ten percent of the greater of:

a) the accrued benefit obligation at the beginning of the year; and

b) the fair value, or market-related value, of plan assets at the beginning of the year.

Under IFRS: As per IAS 19 *"Employee benefits",* an entity may choose to use the corridor approach involving the non-recognition of a portion of the actuarial gains or losses, or elect to recognize actuarial gains or losses directly to equity.

The Corporation has decided to retain its current accounting method, the corridor approach. This decision has no impact on the opening balances of the balance sheet at the transition date. However, using IFRS 1, a first-time adopter may elect to recognize all cumulative actuarial gains and losses at the date of transition to IFRS, even if the corridor approach is used for later actuarial gains and losses. Therefore, the Corporation elected to reverse unamortized actuarial gains and losses to retained earnings on April 26, 2010. The amortization amount of the actuarial losses for fiscal 2011 was calculated considering the IFRS adjusted balances and the amortization amount recognized to earnings under Canadian GAAP was reversed.

ii) Past service costs

Under Canadian GAAP: Under CICA Handbook Section 3461 *"Employee future benefits"*, an entity amortized past service costs arising from a plan initiation or amendment by assigning an equal amount to each remaining service period up to the full eligibility date of each employee active at the date of the plan initiation or amendment who was not yet fully eligible for benefits at that date.

Under IFRS: As per IAS 19 *"Employee benefits",* an entity shall recognise past service costs as an expense on a straight-line basis over the average period until the benefits become vested.

Considering this difference, the Corporation reversed fully vested unamortized past service costs to retained earnings on April 26, 2010. The amortization amount of the past service costs for fiscal 2011 was calculated considering the IFRS adjusted balances and the amortization amount recognized to earnings under Canadian GAAP was reversed.

e) Stock-based compensation

Under Canadian GAAP: CICA Handbook Section 3870 *"Stock-based compensation and other stock-based payments*" stated that, when stock-based awards granted vest gradually, it was possible to recognize the compensation cost using the straight-line method when a method different than the gradual vesting method was used in calculating the fair value. As the Corporation was not anticipating any significant difference between the expected lives of each group of options, the straight-line method was previously used.

Under IFRS: IFRS 2 *"Share-based payment*", does not provide such an exception. Thus, when options granted vest gradually, an entity must consider each portion as a distinct grant and amortize the corresponding expense distinctly for each portion.

Considering this difference, the Corporation modified its expense amortization model related to stock option vesting to consider the different dates of rights acquisition and stopped using the straight-line method. The total cumulative additional expense that should have been recorded from the inception of the plans as at April 26, 2010 based on IFRS was recorded to retained earnings. The expense recognized to earnings in 2011 under Canadian GAAP has been adjusted to reflect the difference between the two amortization methods.

f) Joint Venture

Under Canadian GAAP: CICA Handbook Section 3055 *"Interests in Joint Ventures"* required the proportionate consolidation method. It did not allow the use of the equity method to account for investments in joint ventures.

Under IFRS: IAS 31 *"Interests in Joint Ventures"* offers the possibility of applying either the equity method or the proportionate consolidation method to investments in joint ventures.

Considering this difference, the Corporation opted to record its investment in RDK using the equity method at the IFRS transition date. Since the Corporation was using the proportionate consolidation method under Canadian GAAP to recognize its RDK investment, 50.01% of the values of all of the joint venture's accounts were included in the consolidated balance sheet and consolidated statement of earnings. These amounts have been removed through the reconciliation with IFRS. The value of the investment in the joint venture was recorded on the balance sheet under the item *Investment in a joint venture* and the Corporation's proportionate interest of RDK's income for fiscal 2011 was presented in the consolidated statement of earnings under *Share of earnings of a joint venture accounted for using the equity method*.

g) Business combinations - Direct acquisition costs

Under Canadian GAAP: As per previous CICA Handbook Section 1581 *"Business Combinations"* (section applicable before the IFRS transition), direct acquisition costs were part of the acquisition cost.

Under IFRS: As per IFRS 3 *"Business Combinations",* direct acquisition costs are recognized to earnings when they are incurred.

Since the Corporation has decided to use the exemption in IFRS 1 which allows not restating all business combinations prior to the transition date, no restatement occurred on April 26, 2010. Business combinations that occurred during fiscal 2011 were restated to reflect this difference. As a result, direct acquisition costs that occurred during fiscal 2011 were recognized to earnings on the financial statement adjusted for IFRS.

h) Presentation differences

Some amounts have been reclassified to reflect the following classification differences:

Deferred income taxes:

Under Canadian GAAP: As per CICA Handbook Section 3465 *"Income taxes"*, current income tax liabilities and current income tax assets had to be presented separately from non-current portions.

Under IFRS: As per IAS 12 *"Income taxes"*, income tax liabilities and income tax assets should all be presented under long-term assets and liabilities.

Considering IAS 12, all deferred income taxes were reclassified to long-term on the Corporation's balance sheet.

Current definition

Under Canadian GAAP: As per CICA Handbook Section 1510 *"Current assets and current liabilities*", current assets and liabilities included those items ordinarily realizable or payable within one year from the date of the balance sheet or within the normal operating cycle, when that was longer than a year**.**

Under IFRS: As per IAS 1 *"Presentation of financial statements"*, an entity shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled:

a) no more than twelve months after the reporting period, and
b) more than twelve months after the reporting period.

The definition under IFRS being more directive, this resulted in a reclassification of some long-term amounts previously presented as current on the Corporation's consolidated balance sheet.

Provision presentation

Under Canadian GAAP: There was no specific indication about presentation of provisions.

Under IFRS: IAS 1 *"Presentation of financial statements"* states in paragraph 54 l) that, as a minimum, the balance sheet shall include some items, including provisions.

Considering this difference, the current portion of provisions has been removed from *Accounts payable and accrued liabilities*, and the long-term portion has been removed from *Deferred credits and other liabilities* on the consolidated balance sheet to be presented distinctively under *Provisions*.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Alimentation Couche-Tard Inc.

July 12, 2011

We have completed integrated audits of Alimentation Couche-Tard Inc.'s and its subsidiaries' consolidated financial statements for the fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009 and its internal control over financial reporting as at April 24, 2011. Our opinions, based on our audits, are presented below.

We have audited the accompanying consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries, which comprise the consolidated balance sheets as at April 24, 2011 and April 25, 2010 and the consolidated statement of earnings, changes in shareholders' equity and cash flows for the fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009, and the related notes including a summary of significant accounting policies.

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the corporation's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting principles and policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alimentation Couche-Tard Inc. and its subsidiaries as at April 24, 2011 and April 25, 2010 and the results of its operations and cash flows for fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009 in accordance with Canadian generally accepted accounting principles.

We have also audited the effectiveness of Alimentation Couche-Tard Inc.'s and its subsidiaries' internal control over financial reporting as at April 24, 2011.

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting.

Our responsibility is to express an opinion based on our audit, on whether the corporation's internal control over financial reporting was effectively maintained in accordance with criteria established in Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We conducted our audit in accordance with standard for audits of internal control over financial reporting set out in the CICA Handbook – Assurance. This standard requires that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In our opinion, Alimentation Couche-Tard Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at April 24, 2011 in accordance with criteria established in Internal Control - Integrated Framework, issued by COSO.

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

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Montreal, Canada

[1] Chartered accountant auditor permit No. 19653

CONSOLIDATED STATEMENTS OF EARNINGS

For the fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009
(in millions of US dollars (Note 2), except per share amounts)

	2011	2010	2009
	$	$	$
Revenues	**18,965.9**	16,439.6	15,781.1
Cost of sales (excluding depreciation and amortization of property and equipment and other assets as shown separately below)	**16,180.7**	13,886.3	13,344.5
Gross profit	**2,785.2**	2,553.3	2,436.6
Operating, selling, administrative and general expenses (Note 7)	**2,050.4**	1,906.7	1,848.8
Depreciation and amortization of property and equipment and other assets (Note 7)	**216.3**	204.5	183.0
	2,266.7	2,111.2	2,031.8
Operating income	**518.5**	442.1	404.8
Net financial expenses (Note 7)	**26.3**	29.9	36.2
Earnings before income taxes	**492.2**	412.2	368.6
Income taxes (Note 8)	**122.1**	109.3	114.7
Net earnings	**370.1**	302.9	253.9
Net earnings per share (Note 9)			
Basic	**2.00**	1.64	1.31
Diluted	**1.97**	1.60	1.29

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009
(in millions of US dollars (Note 2))

					2011
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income [4]	Shareholders' equity
	$	$	$	$	$
Balance, beginning of year	**319.5**	**18.8**	**1,167.0**	**109.0**	**1,614.3**
Comprehensive income:					
Net earnings			**370.1**		**370.1**
Change in cumulative translation adjustments [1]				**40.0**	**40.0**
Change in fair value of a financial instrument designated as a cash flow hedge [2]				**2.0**	**2.0**
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings [3]				**(1.3)**	**(1.3)**
Comprehensive income					**410.8**
Dividends			**(32.8)**		**(32.8)**
Stock option-based compensation expense (Note 21)		**1.5**			**1.5**
Fair value of stock options exercised	**2.2**	**(2.2)**			**-**
Cash received upon exercise of stock options	**11.4**				**11.4**
Repurchase and cancellation of shares	**(9.3)**				**(9.3)**
Excess of acquisition cost over book value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled			**(59.8)**		**(59.8)**
Balance, end of year	**323.8**	**18.1**	**1,444.5**	**149.7**	**1,936.1**

(1) Includes a gain of $17.2 arising from the translation of US dollar denominated long-term debt designated as a foreign exchange hedge of the Corporation's net investment in its US self-sustaining operations (net of income taxes of $2.5).
(2) This amount is net of income taxes of $0.6.
(3) This amount is net of income taxes of $0.4.
(4) The year-end balance is comprised of $148.6 for cumulative translation adjustments and $1.1 for the cumulative fair value variation of a financial instrument designated as a cash flow hedge (net of income taxes of $0.4).

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

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (continued)

For the fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009
(in millions of US dollars (Note 2))

					2010
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income [5]	Shareholders' equity
	$	$	$	$	$
Balance, beginning of year	329.1	17.7	932.6	46.6	1,326.0
Comprehensive income:					
Net earnings			302.9		302.9
Change in cumulative translation adjustments [1]				62.0	62.0
Change in fair value of a financial instrument designated as a cash flow hedge [2]				0.6	0.6
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings [3]				(0.2)	(0.2)
Change in fair value of an available-for-sale investment [4]				11.4	11.4
Gain realized on disposal of an available-for-sale investment transferred to earnings [4]				(11.4)	(11.4)
Comprehensive income					365.3
Dividends			(25.1)		(25.1)
Stock option-based compensation expense (Note 21)		2.0			2.0
Fair value of stock options exercised	0.9	(0.9)			-
Cash received upon exercise of stock options	2.5				2.5
Repurchase and cancellation of shares	(13.0)				(13.0)
Excess of acquisition cost over book value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled			(43.4)		(43.4)
Balance, end of year	319.5	18.8	1,167.0	109.0	1,614.3

(1) Includes a gain of $113.3 arising from the translation of US dollar denominated long-term debt designated as a foreign exchange hedge of the Corporation's net investment in its US self-sustaining operations (net of income taxes of $17.0).
(2) This amount is net of income taxes of $0.2.
(3) This amount is net of income taxes of $0.1.
(4) These amounts are net of income taxes of $2.5.
(5) The year-end balance is comprised of $108.6 for cumulative translation adjustments and $0.4 for the cumulative fair value variation of a financial instrument designated as a cash flow hedge (net of income taxes of $0.2).

					2009
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Shareholders' equity
	$	$	$	$	$
Balance, beginning of year	348.8	15.6	775.0	114.3	1,253.7
Comprehensive income:					
Net earnings			253.9		253.9
Change in cumulative translation adjustments [1]				(67.7)	(67.7)
Comprehensive income					186.2
Dividends			(24.1)		(24.1)
Stock option-based compensation expense (Note 21)		2.7			2.7
Fair value of stock options exercised	0.6	(0.6)			-
Cash received upon exercise of stock options	1.8				1.8
Repurchase and cancellation of shares	(22.1)				(22.1)
Excess of acquisition cost over book value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled			(72.2)		(72.2)
Balance, end of year	329.1	17.7	932.6	46.6	1,326.0

(1) Includes a loss of $109.9 arising from the translation of US dollar denominated long-term debt designated as a foreign exchange hedge of the Corporation's net investment in its US self-sustaining operations (net of income taxes of $20.3).

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009
(in millions of US dollars (Note 2))

	2011	2010	2009
	$	$	$
Operating activities			
Net earnings	**370.1**	302.9	253.9
Adjustments to reconcile net earnings to net cash provided by operating activities			
Depreciation and amortization of property and equipment and other assets, net of amortization of deferred credits	**191.1**	176.4	161.4
Future income taxes	**58.8**	40.2	32.0
Deemed interest on repayment of subordinated unsecured debt (Note 18)	**(17.4)**	-	-
Gain on early redemption of subordinated unsecured debt (Note 18)	**(1.4)**	-	-
Loss (gain) on disposal of property and equipment and other assets	**3.1**	(15.5)	2.8
Deferred credits	**(1.2)**	11.9	9.4
Other	**24.5**	19.8	13.3
Changes in non-cash working capital (Note 10)	**(8.7)**	(44.9)	30.0
Net cash provided by operating activities	**618.9**	490.8	502.8
Investing activities			
Purchases of property and equipment and other assets	**(224.8)**	(230.9)	(251.4)
Business acquisitions (Note 6)	**(38.5)**	(156.1)	(80.8)
Proceeds from disposal of property and equipment and other assets	**22.3**	28.5	15.8
Proceeds from sale and leaseback transactions	**5.1**	11.1	19.8
Disposal of an investment in publicly-traded securities	**-**	75.9	-
Investment in publicly-traded securities	**-**	(62.0)	-
Net cash used in investing activities	**(235.9)**	(333.5)	(296.6)
Financing activities			
Early redemption of subordinated unsecured debt (Note 18)	**(332.6)**	-	-
Net increase (decrease) in other long-term debt	**132.7**	(46.7)	(116.5)
Repurchase of Class A multiple voting shares and Class B subordinate voting shares	**(69.1)**	(56.4)	(99.5)
Cash dividends paid	**(32.8)**	(25.1)	(24.1)
Issuance of shares	**11.4**	2.5	1.8
Interest rate swap early termination fees received (Note 24)	**-**	2.5	9.4
Net cash used in financing activities	**(290.4)**	(123.2)	(228.9)
Effect of exchange rate fluctuations on cash and cash equivalents	**6.9**	13.5	(20.0)
Net increase (decrease) in cash and cash equivalents	**99.5**	47.6	(42.7)
Cash and cash equivalents, beginning of year	**220.9**	173.3	216.0
Cash and cash equivalents, end of year	**320.4**	220.9	173.3

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

CONSOLIDATED BALANCE SHEETS

as at April 24, 2011 and April 25, 2010
(in millions of US dollars (Note 2))

	2011	2010
	$	$
Assets		
Current assets		
Cash and cash equivalents	**320.4**	220.9
Accounts receivable (Note 11)	**356.1**	286.2
Inventories (Note 12)	**530.7**	474.1
Prepaid expenses	**21.3**	20.2
Income taxes receivable (Note 8)	**26.6**	4.7
Future income taxes (Note 8)	**33.9**	24.9
	1,289.0	1,031.0
Property and equipment (Note 13)	**2,002.8**	1,980.5
Goodwill (Note 14)	**442.5**	426.5
Intangible assets (Note 15)	**188.6**	188.2
Other assets (Note 16)	**66.9**	65.2
Future income taxes (Note 8)	**9.8**	5.3
	3,999.6	3,696.7
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 17)	**994.5**	872.9
Current portion of long-term debt (Note 18)	**4.6**	4.4
Future income taxes (Note 8)	**21.2**	5.6
	1,020.3	882.9
Long-term debt (Note 18)	**521.8**	736.8
Deferred credits and other liabilities (Note 19)	**299.0**	285.8
Future income taxes (Note 8)	**222.4**	176.9
	2,063.5	2,082.4
Shareholders' equity		
Capital stock (Note 20)	**323.8**	319.5
Contributed surplus	**18.1**	18.8
Retained earnings	**1,444.5**	1,167.0
Accumulated other comprehensive income	**149.7**	109.0
	1,936.1	1,614.3
	3,999.6	3,696.7

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

On behalf of the Board,

"*Alain Bouchard*"
Alain Bouchard
Director

"*Raymond Paré*"
Richard Fortin
Director

1. Governing statutes and nature of operations

Alimentation Couche-Tard Inc. (the Corporation) is incorporated under the *Business Corporation Act* (Quebec).

As of April 24, 2011, the Corporation owns and licenses 5,795 convenience stores across North America, of which 4,401 are company-operated, and generates income primarily from the sales of tobacco products, fresh food offerings, including quick service restaurants, beer/wine, grocery items, beverages, other products and services and motor fuel.

2. Basis of presentation

Year-end date

The Corporation's year-end is the last Sunday of April of each year. The fiscal years ended April 24, 2011, April 25, 2010 and April 26, 2009 are referred to as 2011, 2010 and 2009.

Basis of presentation

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

Reporting currency

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

3. Accounting changes

Recently issued accounting standards not yet implemented

On February 13, 2008, the Accounting Standards Board ("AcSB") issued a news release confirming that publicly accountable enterprises will be required to apply International Financial Reporting Standards ("IFRS") in 2011. The Corporation will therefore adopt IFRS on April 25, 2011.

Since the Corporation will adopt IFRS on April 25, 2011, the Corporation will cease to prepare its financial statements in accordance with Canadian GAAP as set out in Part V of the Canadian Institute of Chartered Accountants ("CICA") Handbook - Accounting and will start to apply IFRS as published by the International Accounting Standards Board ("IASB") as its primary basis of accounting. Consequently, future accounting changes to Canadian GAAP that are effective for periods beginning on or after January 1, 2011 are not discussed in these financial statements.

4. Accounting policies

Use of estimates

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

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, all of which are wholly owned. They also include the Corporation's portion of the accounts of the joint venture accounted for using the proportionate consolidation method. All intercompany balances and transactions have been eliminated on consolidation.

4. Accounting policies (continued)

Foreign currency translation

Functional currency

The functional currency of the Corporation for its Canadian and corporate operations is the Canadian dollar while for the US self-sustaining operations it is the US dollar.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the relevant functional currency as follows: monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date and revenues and expenses are translated at the average exchange rate on a 4-week period basis. Non-monetary assets and liabilities are translated at historical rates. Gains and losses arising from such translation, if any, are reflected in the consolidated statement of earnings.

Consolidation and foreign operations

The financial statements are consolidated in Canadian dollars using the current rate method. Under this method, assets and liabilities of the US operations are translated into Canadian dollars using the exchange rate in effect at the balance sheet date. Revenues and expenses are translated at the average exchange rate on a 4-week period basis. Gains and losses arising from such translation are included in the accumulated other comprehensive income account in shareholders' equity.

Reporting currency

The Corporation has adopted the US dollar as its reporting currency. The Canadian dollar consolidated financial statements are translated into the reporting currency using the current rate method described above. Capital stock, Contributed surplus and Retained earnings are translated using historical rates. Gains and losses arising from translation are included in the accumulated other comprehensive income in Shareholders' equity.

Net earnings per share

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

Revenue recognition

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

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

Cost of sales and vendor rebates

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

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

Operating, selling, administrative and general expenses

The main items comprising Operating, selling, administrative and general expenses are labour, building occupancy costs, credit and debit card fees and overhead.

Self-insurance

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

Cash and cash equivalents

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

Inventories

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

4. Accounting policies (continued)

Income taxes

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

Property and equipment, depreciation and amortization and impairment

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

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

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

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

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

Goodwill

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

Intangible assets

Intangible assets are mainly comprised of trademarks and licenses. Trademarks and licenses have indefinite lives, are recorded at cost, are not amortized and are tested for impairment annually during the first quarter, or more frequently should events or changes in circumstances indicate that they might be impaired. Other intangible assets are amortized using the straight-line method over a period of five to ten years.

Deferred charges

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

Rent expense

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

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

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

Financing costs

Financing costs related to the subordinated unsecured debt are included in the initial carrying amount of the debt and are amortized using the effective interest rate method that is based on the estimated cash flow over the expected life of the liability.

4. Accounting policies (continued)

Stock-based compensation and other stock-based payments

Stock-based compensation costs are measured at the grant date of the award based on the fair value method for all transactions entered into from the fiscal year beginning April 29, 2002.

The fair value of stock options is recognized over the vesting period as compensation expense with a corresponding increase in contributed surplus. When stock options are exercised, the corresponding contributed surplus is transferred to capital stock.

The Phantom Stock Units compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B shares and the best estimate of the number of Phantom Stock Units that will ultimately be paid. The recorded liability is adjusted periodically to reflect any variation in the fair market value of the Class B shares.

Employee future benefits

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

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

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

Environmental costs

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

Asset retirement obligations

Asset retirement obligations relate to estimated future costs to remove underground motor fuel storage tanks and are based on the Corporation's prior experience in removing these tanks, the tanks' estimated useful life, lease terms for those tanks installed on leased properties, external estimates and governmental regulatory requirements. A discounted liability is recorded for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset at the time an underground storage tank is installed. To determine the initial recorded liability, the future estimated cash flows have been discounted at rates ranging from 8.5% to 10.0%, representing the Corporation's credit-adjusted risk-free rates at the time the costs have been estimated and revised. The amount added to property and equipment is amortized and an accretion expense is recognized in connection with the discounted liability over the remaining life of the tank or lease term for leased properties.

Financial instruments recognition and measurement

The Corporation has 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.

4. Accounting policies (continued)

Hedging and derivative financial instruments

Interest rate swaps

In 2010 and 2009, the Corporation used derivative financial instruments by way of interest rate swaps to manage current and forecasted risks related to interest rate fluctuations associated with the Corporation's Subordinated unsecured debt. The Corporation does not use freestanding derivative financial instruments for trading or speculative purposes.

Interest rate swaps were documented and designated as a fair value hedge of its former subordinated unsecured debt. The Corporation had determined that derivative financial instruments were 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 the interest rate of the instruments corresponded to all the conditions of the debt.

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

The changes in fair value of swaps and the debt were 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 was recorded in Other assets if it was favourable for the Corporation or in Deferred credits and other liabilities if it was unfavourable for the Corporation.

Embedded total return swap

The Corporation uses an investment contract which include an embedded total return swap to manage current and forecasted risks related to changes in the fair value of the Phantom Stock Units ("PSUs") granted by the Corporation. The embedded total return swap is recorded at fair value on the consolidated balance sheet under Other assets.

The Corporation has documented and designated the embedded total return swap as a cash flow hedge of the anticipated cash settlement transaction related to the granted PSUs. The Corporation has determined that the embedded total return swap is an effective hedge at the time of the establishment of the hedge and for the duration of the embedded total return swap. The changes in the fair value of the total return swap are initially recorded in consolidated other comprehensive income and subsequently reclassified to consolidated net earnings in the same period that the change in the fair value of the PSUs affects consolidated net earnings. Should it become probable that the hedge transaction will not occur, any gains, losses, revenues or expenses associated with the hedging item that had previously been recognized in other comprehensive income as a result of applying hedge accounting will be recognized in the reporting period's net earnings under Operating, selling, administrative and general expenses.

Hedge of the net investment in US self-sustaining operations

The Corporation has also designated its entire US dollar denominated long-term debt as a foreign exchange hedge of its net investment in its US self-sustaining operations. Accordingly, the portion of the gains or losses arising from the translation of the US dollar denominated debt that is determined to be an effective hedge is recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Corporation's net investment in its US self-sustaining subsidiaries. Should a portion of the hedging relationship become ineffective, the ineffective portion would be recorded in the consolidated statement of earnings under Operating, selling, administrative and general expenses.

Guarantees

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

5. Interest in a joint venture

Since fiscal year 2010, the Corporation owns a 50.01% interest in a joint venture, RDK Ventures LLC ("RDK"), which operates convenience stores located in the greater Chicago metropolitan area of the United States. Line items from RDK's statements of earnings, cash flows and balance sheets are reflected in the Corporation's consolidated financial statements using the proportionate consolidation method since the Corporation has joint control over RDK. The major components of the interest included in the consolidated financial statements are as follows:

As at	**April 24, 2011**	April 25, 2010
Balance sheet	**$**	$
Current assets	**23.0**	15.5
Long-term assets	**68.5**	66.8
Current liabilities	**17.7**	14.8
Long-term liabilities	**25.4**	25.5

For fiscal year	**2011**	2010
Statement of earnings	**$**	$
Revenues	**416.1**	110.1
Expenses	**403.4**	108.1
Net earnings	**12.7**	1.5
Statement of cash flows		
Operating activities	**20.4**	10.6
Investing activities	**(4.4)**	(25.5)
Financing activities	**(10.7)**	20.1

6. Business acquisitions

The Corporation has made the following business acquisitions that were accounted for using the purchase method. Earnings from the businesses acquired are included in the consolidated statements of earnings from their respective dates of acquisition. The allocations of the purchase price of the acquisitions were established based on available information and on the basis of evaluations and assumptions management believes to be reasonable. The allocations are based on the estimated fair values on the dates of acquisition.

2011

- On September 9, 2010, the Corporation acquired ten company-operated stores from Compac Food Stores Inc. Nine of the stores are located in the greater Mobile, Alabama area and one is located in Pensacola, Florida. The Corporation owns all buildings while it leases the land for four stores and owns the other six.
- On September 30, 2010, the Corporation acquired 12 company-operated stores located in central Indiana from Crystal Flash Petroleum, LLC. The Corporation owns the land and building for one site, leases those same assets for ten sites and owns the building and leases the land for another site.
- During fiscal year 2011, the Corporation also acquired 25 other stores through 21 distinct transactions. The Corporation owns the land and buildings for 15 sites while it leases both these assets for the other ten sites.

These acquisitions were settled for a total cash consideration of $38.5, including direct acquisition costs.

	$
Tangible assets acquired	
Inventories	**2.5**
Property and equipment	**29.7**
Other assets	**0.2**
Total tangible assets	**32.4**
Liabilities assumed	
Accounts payable and accrued liabilities	**0.3**
Deferred credits and other liabilities	**1.0**
Total liabilities	**1.3**
Net tangible assets acquired	**31.1**
Goodwill	**7.4**
Total consideration paid, including direct acquisition costs	**38.5**

The Corporation expects that approximately $1.7 of the goodwill related to these transactions will be deductible for tax purposes.

6. Business acquisitions (continued)

2010

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

- On January 6, 2010, through RDK, the Corporation participated in the acquisition of 100 stores owned by Shell, 69 of which are company-operated and the remaining 31 stores are operated by third party operators. RDK leases the land and buildings related to 55 sites, it owns the buildings and leases the land for five sites and it owns both these assets for the other sites.

- On February 16, 2010, the Corporation acquired from BP West Coast Products LLC their terminal facilities located in Phoenix, Arizona in the United States. The terminal facilities include 16 storage tanks with a storage capacity of 220,000 barrels. The terminal is approved for 44,000 barrels per day and has access to petroleum products from refineries on the West Coast and in the Gulf Coast region of the United States.

- On April 6, 2010, the Corporation purchased eight company-operated stores in central North Carolina, United-States from Accel Marketing LLC. The Corporation owns the buildings and land for all eight sites.

- During the 2010 fiscal year, the Corporation also acquired 16 stores through 12 distinct transactions. The Corporation owns the land and buildings for eight sites while it leases both these assets for the other eight sites.

These acquisitions were settled for a total cash consideration of $156.1, including direct acquisition costs. The net assets acquired included working capital of $8.9, property and equipment of $163.6, other assets of $0.3, intangible assets of $1.3, goodwill of $8.9 and deferred credits and other liabilities of $26.9. Approximately $4.0 of the goodwill related to these transactions was deductible for tax purposes.

2009

- On February 10, 2009, the Corporation purchased seven company-operated stores from Gate Petroleum Company. The acquired stores operate under the Gate banner in the Greensboro and Raleigh regions of North Carolina, United States. The Corporation leases the land and buildings related to two sites and it owns the building and leases the land for one site, while it owns both these assets for the other sites.

- On February 5, 2009, the Corporation purchased 13 stores located in the province of Quebec, Canada from Exploitation Quali-T inc., a subsidiary of Groupe Therrien. The Corporation leases the land and buildings related to all of these sites.

- On July 8, 2008, the Corporation purchased 70 company-operated stores from Spirit Energy. For 11 sites, the Corporation owns the buildings and the land, it leases the land for two sites and leases both the land and building for the remaining 57 sites. The acquired stores operate under the Convenient Food Mart banner in the St. Louis, Missouri area and the nearby central Illinois area, United States.

- On April 29, 2008, the Corporation purchased 15 company-operated stores from Speedway Superamerica LLC. The acquired stores operate under the Speedway banner in central Illinois, United States. The Corporation owns the land related to 14 sites and leases one while it owns all 15 buildings.

- During the 2009 fiscal year, the Corporation purchased two stores through two distinct transactions. The Corporation owns the land and buildings related to both transactions.

These acquisitions were settled for a total cash consideration of $80.8, including direct acquisition costs. The net assets acquired included working capital of $9.9, property and equipment of $59.1, other assets of $1.4, goodwill of $12.2 and deferred credits and other liabilities of $1.8. Approximately $4.7 of the goodwill related to these transactions was deductible for tax purposes.

7. Supplementary information relating to the consolidated statements of earnings

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

	2011	2010	2009
	$	$	$
Net rent expense			
Rent expense	**249.0**	250.6	237.6
Sub-leasing income	**(21.9)**	(21.3)	(19.6)
	227.1	229.3	218.0

	2011	2010	2009
	$	$	$
Depreciation and amortization of property and equipment and other assets			
Property and equipment	**210.6**	199.2	178.7
Other assets	**5.7**	5.3	4.3
	216.3	204.5	183.0
Net financial expenses			
Interest on long-term debt	**27.9**	31.2	37.1
Interest income	**(1.6)**	(1.3)	(0.9)
	26.3	29.9	36.2

8. Income taxes

	2011	2010	2009
	$	$	$
Current income taxes	**63.3**	69.3	82.7
Future income taxes	**58.8**	40.0	32.0
	122.1	109.3	114.7

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

	2011	2010	2009
	%	%	%
Combined statutory income tax rate in Canada [(a)]	**29.43**	30.58	30.90
Impact of tax rate changes	**0.23**	-	0.12
Other permanent differences	**(4.86)**	(4.08)	0.10
Effective income tax rate	**24.80**	26.50	31.12

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

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

	2011	2010
	$	$
Short-term net future income tax assets		
Expenses deductible during the next year	**28.2**	22.9
Loss deductible during the next year	**2.5**	-
Revenues taxable during the next year	**(21.2)**	(7.5)
Deferred credits	**1.3**	1.0
Other	**1.9**	2.9
	12.7	19.3
Long-term net future income tax liabilities		
Property and equipment	**(208.6)**	(162.8)
Intangible assets	**(68.8)**	(65.2)
Deferred credits	**45.6**	49.9
Asset retirement obligations	**19.6**	16.3
Goodwill	**(24.2)**	(20.1)
Expenses deductible in future years	**22.4**	17.8
Non-capital losses	**2.8**	5.0
Unrealized exchange gain	**(6.0)**	(18.3)
Other	**4.6**	5.8
	(212.6)	(171.6)

9. Net earnings per share

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

	2011	2010	2009
	$	$	$
Net earnings available to Class A and B shareholders	**370.1**	302.9	253.9
Weighted average number of shares (in thousands)	**184,637**	184,236	193,596
Dilutive effect of stock options (in thousands)	**3,512**	4,506	3,872
Weighted average number of diluted shares (in thousands)	**188,149**	188,742	197,468
Basic net earnings per share available for Class A and B shareholders	**2.00**	1.64	1.31
Diluted net earnings per share available for Class A and B shareholders	**1.97**	1.60	1.29

In calculating diluted net earnings per share for 2011, 465,355 stock options (1,138,627 in 2010 and 1,677,059 in 2009) are excluded due to their antidilutive effect.

10. Supplementary information relating to the consolidated statements of cash flows

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

	2011	2010	2009
	$	$	$
Accounts receivable	**(41.2)**	(27.8)	28.7
Inventories	**(45.6)**	(37.2)	35.1
Prepaid expenses	**(0.7)**	(11.0)	-
Accounts payable and accrued liabilities	**106.4**	75.0	(49.5)
Income taxes payable	**(27.6)**	(43.9)	15.7
	(8.7)	(44.9)	30.0

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

	2011	2010	2009
	$	$	$
Interest paid	**33.6**	29.4	34.2
Income taxes paid	**93.0**	111.3	66.1

11. Accounts receivable

	2011	2010
	$	$
Trade accounts receivable and vendor rebates receivable	**120.2**	119.4
Credit and debit cards receivable	**199.9**	139.2
Environmental costs receivable (Note 23)	**3.3**	3.1
Other accounts receivable	**32.7**	24.5
	356.1	286.2

12. Inventories

	2011	2010
	$	$
Merchandise – retail	**332.1**	323.3
Motor fuel	**180.2**	131.1
Merchandise – distribution centres	**18.4**	19.7
	530.7	474.1

13. Property and equipment

			2011
	Cost	**Accumulated depreciation**	**Net**
	$	**$**	**$**
Land	**591.1**	**-**	**591.1**
Buildings and building components	**571.1**	**164.7**	**406.4**
Leasehold improvements	**400.9**	**217.2**	**183.7**
Equipment	**1,570.8**	**783.4**	**787.4**
	3,133.9	**1,165.3**	**1,968.6**
Buildings and equipment under capital leases	**49.2**	**15.0**	**34.2**
	3,183.1	**1,180.3**	**2,002.8**

			2010
	Cost	Accumulated depreciation	Net
	$	$	$
Land	571.3	-	571.3
Buildings and building components	554.4	136.2	418.2
Leasehold improvements	389.3	190.4	198.9
Equipment	1,407.4	647.8	759.6
	2,922.4	974.4	1,948.0
Buildings and equipment under capital leases	45.4	12.9	32.5
	2,967.8	987.3	1,980.5

14. Goodwill

	2011	2010
	$	$
Balance, beginning of year	**426.5**	384.8

18. Long-term debt (continued)

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

As at April 24, 2011, the Corporation has credit agreements consisting of three revolving unsecured facilities of initial maximum amounts of $650.0 (Operating credit A), $310.0 (Operating credit B) and $40.0 (Operating credit C) each, with initial terms of five years, 51 months and 42 months respectively. The credit facilities are available in the following forms:

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

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

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

As at April 24, 2011, the weighted average effective interest rate is 0.75% (0.86% in 2010 for the US dollar portion and 1.05% in 2010 for the Canadian dollar portion). In addition, CA$0.6 (CA$0.9 in 2010) and $29.4 ($26.6 in 2010) are used for standby letters of credit. As at April 24, 2011 and April 25, 2010, the available line of credit was unused and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement. As at April 24, 2011 and April 25, 2010, Operating credit C was unused.

(b) Subordinated unsecured debt

On December 15, 2010, the Corporation proceeded to the early redemption of its Subordinated unsecured debt (the "debt") at a price of 101.25% of the principal amount. The total amount disbursed for the redemption was $354.4, consisting of the nominal value of $350.0 plus the premium of $4.4. At time of redemption, the debt had a book value of $351.4. Therefore, a pre-tax negative net impact of $3.0 was recorded to earnings. This negative net impact is comprised of the $4.4 premium paid, net of a $1.4 gain which represents the difference between the debt's book value of $351.4 and the nominal value of $350.0. The debt of a nominal amount of $350.0 was originally maturing December 15, 2013 and was bearing interest at a nominal rate of 7.5% (effective rate of 7.35%). The debt agreement was imposing restrictions on certain transactions.

As for the consolidated cash flows presentation, as per CICA Handbook EIC-47, the total amount disbursed of $354.4 is divided in three distinct amounts:

1. a premium of $4.4 paid for the early redemption. This amount is included in operating activities;
2. an amount of $17.4 which represents financing fees paid at the issuance of the debt during fiscal year 2004. This amount is presented as Deemed interest on repayment of long-term debt under operating activities; and
3. an amount of $332.6, which represents the net amount received at the issuance of the debt during fiscal year 2004, that is the nominal value of $350.0 less financing fees of $17.4. The amount of $332.6 is presented under financing activities.

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

	Obligations related to buildings and equipment under capital leases	Other loans
	$	$
2012	6.8	0.3
2013	28.9	486.3
2014	2.4	0.4
2015	1.6	0.4
2016	1.1	0.4
Thereafter	0.4	2.1
	41.2	
Interest expense included in minimum lease payments	4.7	
	36.5	

19. Deferred credits and other liabilities

	2011	2010
	$	$
Deferred gain on sale and leaseback transactions	**95.6**	98.6
Asset retirement obligations [(a)]	**47.6**	46.0
Deferred rent expense	**34.2**	27.0
Provision for workers' compensation	**19.4**	17.8
Accrued pension benefit liability (Note 22)	**17.5**	14.0
Provision for site restoration costs (Note 23)	**15.1**	18.1
Deferred branding credits	**12.6**	14.5
Deferred credits	**7.3**	12.6
Other liabilities	**49.7**	37.2
	299.0	285.8

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately $137.1 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.

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

	2011	2010
	$	$
Balance, beginning of year	**57.0**	50.9
Liabilities incurred	**0.5**	0.3
Liabilities settled	**(1.6)**	(1.7)
Accretion expense	**4.5**	4.4
Business acquisitions	**0.4**	1.5
Revision of estimates	**-**	0.3
Effect of exchange rate fluctuations	**0.6**	1.3
Balance, end of year	**61.4**	57.0

Of the total liability recorded in the consolidated balance sheets as at April 24, 2011 and April 25, 2010, $47.6 and $46.0, respectively, are included in Deferred credits and other liabilities and the remainder is included in Accounts payable and accrued liabilities.

20. Capital stock

Authorized

Unlimited number of shares without par value

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

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

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

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

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

Issued and fully paid

The changes in the number of outstanding shares are as follows:

	2011	2010
Class A multiple voting shares		
Balance, beginning of year	**53,706,712**	53,710,412
Repurchase and cancellation of shares [(a) (b)]	**(12,000)**	(3,700)
Balance, end of year	**53,694,712**	53,706,712
Class B subordinate voting shares		
Balance, beginning of year	**129,942,597**	133,917,208
Repurchase and cancellation of shares [(a) (b)]	**(2,768,300)**	(4,296,000)
Issued as part of a previous acquisition	**304**	304
Stock options exercised for cash	**2,724,444**	321,085
Balance, end of year	**129,899,045**	129,942,597

(a) On October 25, 2010, the Corporation implemented a share repurchase program to repurchase up to 2,685,335 of the 53,706,712 Class A multiple voting shares and up to 11,621,801 of the 116,218,014 Class B subordinate voting shares issued and outstanding as at October 20, 201(to their issuance.)Tj-11.2222 -1.1453 TD0 Tc0 Tw(Tj2.5641 -1.1453 TD-.0163 Tc.0205 Tw(Class A multiple)-8.6(voti)-7.8(ng and participatin)-7.2(g repurchase a daily maximum of 1,000 Class A multiple voting shares and of 83,622 Class B subordinate voting shares. epurchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation is reduced e interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. The share ill end no later than October 24, 2011. All shares repurchased under the share repurchase program are cancelled upon

(b) From August 10, 2009 to August 9, 2010, the Corporation had a share repurchase program to repurchase up to 2,685,370 of the 53,707,412 Class A multiple voting shares and up to 12,857,284 of the 128,572,846 Class B subordinate voting shares issued and outstanding as at July 24, 2009 (representing 5.0% of the Class A multiple voting shares issued and outstanding and 10.0% of the Class B subordinate voting shares of the public float, as defined by applicable rules, as at that date, respectively). In accordance with Toronto Stock Exchange requirements, the Corporation could repurchase a daily maximum of 1,000 Class A multiple voting shares and of 107,717 Class B subordinate voting shares. Having made such repurchases, the number of Class A multiple voting shares and Class B subordinate voting shares in circulation was reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital was increased on a pro rata basis. All shares repurchased under the share repurchase program were cancelled upon repurchase.

21. Stock-based compensation and other stock-based payments

Stock option plan

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

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

The table below presents the status of the Corporation's stock option plan as at April 24, 2011, April 25, 2010 and April 26, 2009 and the changes therein during the years then ended:

	2011		2010	
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		CA$		CA$
Outstanding, beginning of year	**8,697,098**	**9.07**	8,800,623	8.83
Granted	**-**	**-**	230,000	17.86
Exercised	**(2,724,444)**	**4.24**	(321,085)	8.34
Forfeited	**(15,474)**	**19.71**	(12,440)	22.91
Outstanding, end of year	**5,957,180**	**11.25**	8,697,098	9.07
Exercisable stock options, end of year	**5,672,530**		8,175,509	

	2009	
	Number of stock options	Weighted average exercise price
		CA$
Outstanding, beginning of year	8,913,915	8.66
Granted	260,800	14.14
Exercised	(312,072)	6.61
Forfeited	(62,020)	17.85
Outstanding, end of year	8,800,623	8.83
Exercisable stock options, end of year	8,172,355	

The following table presents information on the stock options outstanding and exercisable as at April 24, 2011:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of stock options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable	Weighted average exercise price
CA$			CA$		CA$
2 – 4	58,000	0.20	4.03	58,000	4.03
6 – 8	3,226,700	0.95	7.36	3,226,700	7.36
8 – 12	911,300	2.51	10.24	911,300	10.24
12 – 16	291,555	6.98	14.18	182,755	14.30
16 – 20	961,590	5.46	17.67	797,670	17.59
20 – 26	508,035	5.55	24.67	496,105	24.70
	5,957,180			5,672,530	

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

	2011	2010	2009
Expected dividends (per share)	**-**	CA$0.15	CA$0.14
Expected volatility	**-**	33.00%	32.20%
Risk-free interest rate	**-**	3.27%	3.20%
Expected life	**-**	8 years	8 years

The weighted average fair value of stock options granted was CA$6.90 in 2010 and CA$5.32 in 2009.

For 2011, compensation cost charged to the consolidated statements of earnings amounts to $1.5 ($2.0 in 2010 and $2.7 in 2009).

21. Stock-based compensation and other stock-based payments (continued)

Deferred Share Unit Plan

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

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 24, 2011, the Corporation has a total of 80,704 DSUs outstanding (66,444 as at April 25, 2010) and an obligation of $2.2 ($1.2 as at April 25, 2010) is recorded in Deferred credit and other liabilities. In 2011, the compensation cost amounts to $0.8 in 2011 ($0.5 in 2010 and $0.2 in 2009).

Phantom Stock Units

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

For 2011, the Corporation granted a total of 192,799 PSUs (194,277 for 2010) while it cancelled 13,054 PSUs (5,323 for 2010) and paid 1,082 PSUs (no PSUs paid for 2010). As at April 24, 2011, 367,617 PSUs are outstanding (188,954 as at April 25, 2010) and an obligation of $5.0 is recorded in Deferred credit and other liabilities ($1.1 as at April 25, 2010). For 2011, the compensation cost amounts to $1.9 ($0.8 for 2010).

22. Employee future benefits

The Corporation has a number of funded and unfunded defined benefit and defined contribution plans that provide retirement benefits to certain employees.

Total cash payments for employee future benefits consist of cash contributed by the Corporation to its funded pension plans, cash payments directly to beneficiaries for its unfunded pension plans and cash contributed to its defined contribution plans and amount to $4.5 for 2011 ($4.3 for 2010 and $4.1 for 2009).

Defined benefit plans

The Corporation measures its accrued benefit obligation and the fair value of plan assets for accounting purposes on the last Sunday of April of each year. The most recent actuarial valuation of the pension plans for funding purposes was as at December 31, 2010 and the next required valuation will be as of December 31, 2011.

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

	2011	2010
	$	$
Accrued benefit obligation		
Balance, beginning of year	**50.9**	31.7
Current service cost	**1.4**	1.0
Interest cost	**2.8**	2.8
Benefits paid	**(2.2)**	(2.2)
Past service cost	**-**	0.5
Actuarial losses	**2.5**	9.6
Effect of exchange rate fluctuations	**2.6**	7.5
Balance, end of year	**58.0**	50.9

24. Financial instruments and capital risk management

Financial risk management objectives and policies

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

Foreign currency risk

Most of the Corporation's consolidated revenues and expenses are received or denominated in the functional currency of the markets in which it does business. Accordingly, the Corporation's sensitivity to variations in foreign exchange rates is economically limited.

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

As at April 24, 2011, with all other variables held constant, a hypothetical strengthening (weakening) of 5.0% of the US dollar against the Canadian dollar would have had a favourable (unfavourable) net impact of $17.2 on Other comprehensive income.

Interest rate risk

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

The Corporation's fixed rate long-term debt is exposed to a risk of change in its fair value due to changes in interest rates. During fiscal year 2011, the Corporation proceeded to the early redemption of its subordinated unsecured debt. Therefore, the Corporation exposure to the risk of change in fair value is minimal since most of its long-term debt bears interest at a variable rate. For part of fiscal 2010, to mitigate this risk, the Corporation had a fixed-to-variable interest rate swap on its former subordinated unsecured debt whereby it had agreed to swap the amount of the difference between the variable interest rate and the fixed rate, calculated on the reference amounts. This interest rate swap was designated as a fair value hedge of the subordinated unsecured debt.

During 2010, the interest rate swap agreement held by the Corporation was terminated by the counterparty in exchange for the payment on their part of an amount of $2.5. Following the termination of this swap, the Corporation discontinued hedge accounting for this swap.

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on its variable rate long-term debt and does not currently hold any derivative instruments that mitigate this risk. The Corporation analyzes its interest rate exposure on an ongoing basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on net earnings of a defined interest rate shift. Based on balances as at April 24, 2011, the impact on net earnings of a 1.0% defined interest rate shift would have been $2.5.

Credit risk

The Corporation is exposed to credit risk with respect to Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable and the embedded total return swap.

Credit risk related to Trade accounts receivable and vendor rebates receivable is limited considering the nature of the Corporation's activities and its counterparties. As at April 24, 2011, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related maximum credit risk exposure corresponds to their carrying amount.

The Corporation mitigates the credit risk related to Cash and cash equivalents and Credit and debit cards receivable by dealing with major financial institutions that have very low or minimal credit risk. As at April 24, 2011, the maximum credit risk exposure related to Cash and cash equivalents and Credit and debit cards receivable corresponds to their carrying amount.

The Corporation is exposed to credit risk arising from its embedded total return swap when this swap results in a receivable from the financial institutions. In accordance with its risk management policy, to reduce this risk, the Corporation has entered into this swap with a major financial institution with a very low credit risk.

24. Financial instruments and capital risk management (continued)

Capital risk management

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

In order to maintain or adjust the capital structure, the Corporation may issue new shares, redeem its shares, sell assets to reduce debt or adjust the amount of dividends paid to shareholders (see Notes 18 and 20).

In its capital structure, the Corporation considers its stock option, PSUs and DSUs plans. The Corporation's share repurchase program is also one of the tools it uses to achieve its objectives.

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

	2011	2010
	$	$
Current portion of long-term debt	**4.6**	4.4
Long-term debt	**521.8**	736.8
Less: Cash and cash equivalents	**320.4**	220.9
Net interest-bearing debt	**206.0**	520.3
Shareholders' equity	**1,936.1**	1,614.3
Net interest-bearing debt	**206.0**	520.3
Total capitalization	**2,142.1**	2,134.6
Net interest-bearing debt to total capitalization ratio	**9.6%**	24.4%

Under its term revolving unsecured operating credits, the Corporation must meet the following ratios on a consolidated basis:

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

The Corporation monitors these ratios regularly and is in compliance with these covenants.

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

25. Contractual obligations

Minimum lease payments

As at April 24, 2011, the Corporation has entered into operating lease agreements expiring on various dates until 2032 which call for aggregate minimum lease payments of $1,597.7 in the United States and of CA$816.8 in Canada for the rental of commercial space, equipment and a warehouse. Several of these leases contain renewal options and certain sites are subleased to franchise holders. The minimum lease payments for the next fiscal years are as follows:

	United States	**Canada**
	$	CA$
2012	154.8	89.3
2013	148.0	80.7
2014	136.7	70.3
2015	132.0	61.0
2016	126.1	52.6
Thereafter	900.1	462.9

Purchase commitments

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

26. Contingencies and guarantees

Contingencies

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

Guarantees

The Corporation entered into a number of agreements to sublease premises to third parties. Under some of these agreements, the Corporation retains ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sublessees fail to pay. As at April 24, 2011, the total future lease payments under such agreements are approximately $1.5 and their fair value is not significant. Historically, the Corporation has not made any significant payments in connection with these indemnification provisions.

27. Segmented information

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

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

	2011			2010		
	US	**Canada**	**Total**	US	Canada	Total
	$	**$**	**$**	$	$	$
External customer revenues						
Merchandise and services	**4,171.8**	**2,050.0**	**6,221.8**	3,986.0	1,895.5	5,881.5
Motor fuel	**10,595.8**	**2,148.3**	**12,744.1**	8,819.8	1,738.3	10,558.1
	14,767.6	**4,198.3**	**18,965.9**	12,805.8	3,633.8	16,439.6
Gross profit						
Merchandise and services	**1,381.7**	**702.9**	**2,084.6**	1,308.1	638.3	1,946.4
Motor fuel	**564.9**	**135.7**	**700.6**	488.7	118.2	606.9
	1,946.6	**838.6**	**2,785.2**	1,796.8	756.5	2,553.3
Property and equipment and goodwill	**1,868.9**	**576.4**	**2,445.3**	1,877.9	529.1	2,407.0

	2009		
	US	Canada	Total
	$	$	$
External customer revenues			
Merchandise and services	3,742.6	1,673.8	5,416.4
Motor fuel	8,865.2	1,499.5	10,364.7
	12,607.8	3,173.3	15,781.1
Gross profit			
Merchandise and services	1,226.2	574.9	1,801.1
Motor fuel	545.6	89.9	635.5
	1,771.8	664.8	2,436.6
Property and equipment and goodwill	1,729.0	433.0	2,162.0

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

28. Products subject to rate regulation

The Corporation sells certain products subject to rate regulation by various provincial and state authorities. Prices for beer, wine, spirits and cigarettes may be subject to minimum pricing. Dairy prices and motor fuel prices may be subject to minimum and/or maximum pricing. Lottery prices are subject to set pricing. Taking into account the number of provinces and states in which the Corporation does business and the fact that this regulation is set by these entities independently, no individual regulation has a significant impact on the Corporation's consolidated earnings. Revenue recognition is unaffected by price regulation.

29. Subsequent events

In May 2011, the Corporation acquired 11 company-operated stores located in Ontario, Manitoba, Saskatchewan, Alberta and British-Columbia, Canada from Shell Canada Products. The Corporation owns the land and buildings for seven sites and leases these same assets for four sites.

In May 2010, the Corporation acquired five company-operated stores operating under the Gas City banner of which, one is located in Arizona and four in the Chicago area, United States. The Corporation owns the land and buildings for three of these sites and leases the others.

In June 2011, the Corporation signed an agreement with Exxon Mobil for 322 stores and a motor fuel supply agreement for another 65 stores. All stores are operated in Southern California, United States. Assuming the closing of the transaction, out of the 322 stores, 72 would be operated by the Corporation while 250 would be operated by independent operators. The Corporation would own the real estate for up to 202 of the sites while the balance would be leased. The transaction is anticipated to close in stages between the fourth quarter of calendar year 2011 and the second quarter of calendar year 2012 and is subject to standard regulatory approvals and closing conditions.

In June 2011, the Corporation signed an agreement to acquire 26 company-operated stores operating in the mid-Atlantic states of the United States. Assuming the closing of the transaction which is scheduled before the end of the summer season, the Corporation would own the real estate for 25 sites while it would lease the other one. The transaction is subject to standard regulatory approvals and closing conditions.

30. Comparative figures

Certain comparative figures have been reclassified to comply with the presentation adopted in fiscal year 2011.

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