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**ALIMENTATION COUCHE-TARD ANNOUNCES ITS RESULTS  
FOR THE FOURTH QUARTER AND FISCAL 2012 AFTER THE CLOSING OF THE LARGEST  
ACQUISITION OF ITS HISTORY**

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**Fiscal 2012**

- For fiscal 2012, diluted net earnings per share, adjusted for non-recurring items, is US\$2.42 compared to US\$2.00 for fiscal 2011, an increase of 21.0%.
- Subsequent to the end of fiscal 2012, closing of the acquisition of Statoil Fuel & Retail, representing more than 2,300 locations in Europe, mainly in Scandinavia.

**Quarter**

- For the quarter, diluted net earnings per share are US\$0.65 compared to US\$0.35 last year. Excluding some non-recurring items, diluted net earnings per share at US\$0.57, a 63.8% increase.
- Same-store merchandise revenues up 3.4% in the United States and 5.4% in Canada. In the United States, excluding tobacco products influenced by the deflationary effect caused by the pricing strategy of a cigarette manufacturer, the increase is 6.1%.
- Consolidated merchandise and service gross margin up US\$59.4 million or 12.6%, posting at 32.8%.
- In the United States, same-store motor fuel volume up 0.2% and total volume up 25.5%.
- In Canada, total motor fuel volume up 14.0% and up 0.1% on a same-store basis.
- Motor fuel gross margin in the United States stood at US16.98¢ per gallon compared to US14.06¢ per gallon for the corresponding period of the previous fiscal year. In Canada, motor fuel margin stood at CA5.60¢ per litre compared to CA5.01¢ per litre the previous year.
- Excluding electronic payment fees, acquisition costs and negative goodwill recorded to earnings, operating expenses in proportion to merchandise and service sales have improved consistently for the last 13 quarters.

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**TSX: ATD.A, ATD.B**

**Laval, Québec, July 10, 2012** – For its fourth quarter, Alimentation Couche-Tard Inc. announces net earnings of \$117.8 million, up \$53.3 million or 82.6% from the comparable period of the previous fiscal year. The increase is mainly attributable to the growing contribution of merchandise and service sales, the contribution from acquisitions, higher motor fuel margins, Couche-Tard's sound management of its expenses, a pre-tax gain of \$17.0 million on derivative financial instruments related to the acquisition of Statoil Fuel & Retail as well as to the \$5.6 million pre-tax negative goodwill recorded to the fourth quarter of fiscal 2012 earnings. These items, which contributed to the growth in 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, the increase of the depreciation expense, as well as by the non-recurring acquisition costs recorded to earnings following the new IFRS guidelines. All financial information is in US dollars unless stated otherwise.

"In light of the fourth quarter results, I believe we concluded fiscal year 2012 on a very strong note." declared Alain Bouchard, President and Chief Executive Officer. "We see positive trends in the quarter that make us very optimistic about fiscal 2013. These are in addition to the strong contribution we expect from our recent acquisition of Statoil Fuel & Retail. During fiscal 2013, as usual, our North-American teams and now our European teams will focus on what they do best: growth and optimization of operations." Mr. Bouchard concluded.

As for Raymond Paré, Vice-President and Chief Financial Officer, he indicated: "Excluding positive and negative non-recurring items, net earnings for the fourth quarter increased by \$37.9 million or 58.8%, corresponding to an increase of \$0.22 per share or 63.8%. Of course, the thirteenth week of the fourth quarter of fiscal 2012 slightly contributed to the increase in net earnings but the fact remains that the growth is significant and steady. During fiscal 2012, as for the previous years, many items contributed to the value creation, including organic growth, acquisitions, cost control, our share repurchase program as well as our tight management of the balance sheet. All these items should support growth for the fiscal years to come. In terms of the contribution from acquisitions, it should be noted that most of the stores acquired were only integrated into our network over the third and fourth quarters. The contribution from acquisitions made during fiscal 2012 should therefore be felt more sharply in fiscal 2013".

Mr. Paré continued: "With the acquisition of Statoil fuel & Retail, we expect a positive contribution to our earnings and to value creation from the start and for many years to come, but it is clear that the transaction has contributed to increase our indebtedness level. Our position remains very strong given our past experience as well as the quality and the geographical diversification of cash flows generated by our operations. During fiscal 2013 and subsequent years, we will favor a rapid reduction of our indebtedness level to allow us the flexibility to seize opportunities that lie ahead. Likewise, we remain determined to maintain the quality of our credit profile by keeping focused on controlled organic growth as well as growth through acquisitions".

## **Highlights of the Fourth Quarter of Fiscal 2012**

### *Acquisition of Statoil Fuel & Retail ASA ("Statoil Fuel & Retail")*

Subsequent to the end of fiscal 2012, between June 19, 2012 and June 29, 2012, Couche-Tard acquired 98.9% of the issued and outstanding shares of Statoil Fuel & Retail (SFR/Oslo Børs) for a cash consideration of 51.20 Norwegian Kroners ("NOK") per share for a total amount of NOK15.2 billion or approximately \$2.6 billion. Having reached a shareholding of more than 90%, on June 29, 2012, in accordance with Norwegian laws, Couche-Tard initiated a compulsory acquisition process to buyback the participation of the remaining minority shareholders and to ensure that Statoil Fuel & Retail becomes its wholly-owned subsidiary.

Statoil Fuel & Retail is a leading Scandinavian road transport fuel retailer with over 100 years of operations in the region. Statoil Fuel & Retail operates a broad retail network across Scandinavia (Norway, Sweden, Denmark), Poland, the Baltics (Estonia, Latvia, Lithuania), and Russia with approximately 2,300 stores, the majority of which offer full and convenience products while the others are automated (fuel only) stations. Statoil Fuel & Retail holds a leading position in several countries where it does business and owns the land for over 900 sites and buildings for over 1,700 sites.

Statoil Fuel & Retail's other products include stationary energy, marine fuel, aviation fuel, lubricants and chemicals. In Europe, Statoil Fuel & Retail owns and operates 12 key terminals as well as 38 depots in eight countries while it also operates approximately 400 road tankers.

During its fiscal year ended December 31, 2011, Statoil Fuel & Retail recorded sales of NOK73,691 million and gross profits of NOK10,035 million, of which NOK5,103 million were from the

sale of motor fuel and NOK2,815 million were from the sale of convenience products. EBITDA stood at NOK3,037 million, of which over 90% were generated by operations in Scandinavia, an economically very strong region. Net earnings of Statoil Fuel & Retail amounted to NOK1,080 million while its assets totaled NOK22,825 million as at December 31, 2011. During this same period, Statoil Fuel & Retail sold 8,416 million litres of motor fuel, recording a gross margin of NOK0.606 per litre.

Including employees at Statoil branded franchise stations, about 18,500 people work in Statoil Fuel & Retail's retail network across Europe, in its corporate headquarters, in its eight regional headquarters, in its terminals and in its depots.

More information about Statoil Fuel & Retail is available on their website at [www.statoilfuelretail.com](http://www.statoilfuelretail.com).

This transaction has been financed using Couche-Tard's new acquisition facility described below.

#### *New credit facility for the funding of Statoil Fuel & Retail acquisition*

On April 16, 2012, Couche-Tard entered into a new 3-year credit agreement of \$3.2 billion consisting of an unsecured non-revolving acquisition credit facility (the "acquisition facility"). The acquisition facility is available exclusively to fund, directly or indirectly, the acquisition of Statoil Fuel & Retail and related transactions costs and the repayment of any indebtedness of Statoil Fuel & Retail and its subsidiaries. The acquisition facility is available (i) in Canadian dollars, by way of prime rate loans or the issuance of banker's acceptance and (ii) in US dollars, by way of US base rate loans or Libor loans. Borrowings under the acquisition facility bear interest, depending on the form and the currency of the loan, at variable rates based on the Canadian prime rate, the banker's acceptance rate, the US base rate or LIBOR plus a variable margin determined based on the level of one of Couche-Tard's leverage ratios.

Under the new credit agreement, Couche-Tard must maintain certain financial ratios and respect certain restrictive provisions.

#### *Foreign exchange forward contracts*

As described above, the acquisition of Statoil Fuel & Retail is denominated in NOK whereas Couche-Tard's acquisition facility is denominated in US dollars. The Corporation has therefore determined that there was a risk related to fluctuations in the exchange rate between the US dollar and the NOK as the hypothetical weakening of the US dollar against the NOK would have increased its US dollars cash requirements in order to close the acquisition of Statoil Fuel & Retail. To mitigate this risk and because of the lack of liquidity in the currency market for the NOK, Couche-Tard entered into foreign exchange forward contracts (hereinafter, « forwards ») with reputable financial institutions allowing it to predetermine a significant portion of the disbursement it planned to make in US dollars for the acquisition of Statoil Fuel & Retail:

- As at April 29, 2012, Couche-Tard had forwards requiring it to deliver, at various dates, US\$2.22 billion in exchange for NOK12.82 billion, representing a weighted average rate of NOK5.7879 per US dollar. On that same date, the unrealized gain on these forwards amounted to \$17.0 million and was recorded to earnings of the fourth quarter of fiscal 2012.
- Subsequent to the end of fiscal 2012, Couche-Tard entered into additional forwards requiring it to deliver, at various dates, US\$1.25 billion in exchange for NOK7.32 billion, representing a weighted average rate of NOK5.8530 per US dollar.

In total, Couche-Tard has entered into forwards requiring it to deliver US\$3.47 billion in exchange for NOK20.14 billion, representing a weighted average rate of NOK5.8114 per US dollar which is a

favorable rate compared to the rate of 5.75 in effect as at April 18, 2012, the date its offer was announced.

Subsequently, Couche-Tard modified the original maturity dates of certain forward contracts to make them coincide with the actual disbursement dates for the payment of Statoil Fuel & Retail shares. Thus, between June 15 and June 25, 2012, Couche-Tard settled a significant portion of the forward contracts with a value of \$2,570.1 million to pay for Statoil Fuel & Retail shares while the remaining NOK at its disposal as well as the NOK that it will receive upon settlement of forwards contract that have not yet been settled will be used for the purchase of the remaining shares and to refinance a significant portion of Statoil Fuel & Retail existing long-term debt, which is denominated in NOK.

Based on accounting standards, since Couche-Tard could not apply hedge accounting, it will record its investment in Statoil Fuel & Retail in its consolidated balance sheet based on the exchange rates prevailing on the settlement dates of the acquisition transaction while the changes in fair value of forwards will be recorded to earnings. Cash flow wise, the sum of these two amounts is equivalent, in all material respect, to the U.S. dollars amount Couche-Tard would have paid, had the transaction taken place on April 18, 2012, the date its offer was announced, or more specifically, at the average rate of NOK5.8114 that it secured with this strategy. The impact on cash is therefore the one Couche-Tard had predetermined by securing the exchange rate at a favorable level compared to its modeling of the acquisition and compared to the rate at the time its offer was announced.

As at July 10, 2012, according to forwards that were settled and exchange rates prevailing at the time of settlement of these, Couche-Tard estimates that an accounting loss of approximately \$87.1 million will be recorded to its next quarter earnings while the unrealized accounting loss on forwards that have not been settled totaled approximately \$28.7 million as at July 10, 2012 and may fluctuate until their settlement based on changes in the exchange rate.

## Network growth

### June 2011 Agreement with ExxonMobil

The following table summarizes progress made in relation to the acquisition agreement signed with ExxonMobil in June 2011 and the steps that still must be completed.

	During the 12-week period ended October 9, 2011	During the 16-week period ended January 29, 2012	During the 13-week period ended April 29, 2012	Stores not yet integrated
Company-operated stores	1	73 <sup>(1)</sup>	-	-
Sites operated by independant operators (land leased by the Corporation and building owned by Corporation)	-	83 <sup>(2)</sup>	-	-
Sites operated by independant operators (real estate owned by the Corporation)	-	-	8	126 <sup>(3)</sup>
Fuel supply agreements	63 <sup>(4)</sup>	-	13 <sup>(5)</sup>	18 <sup>(5)</sup>

(1) Two of these sites were operated by independent operators at the time of the original agreement.

(2) Two of the 85 sites provided under the original agreement have been converted into company-operated stores by ExxonMobil prior to their transfer to Couche-Tard.

(3) Subject to ExxonMobil's obligation to submit a *bona fide* offer to the independent operators. Should the independent operator accept the offer, only fuel supply agreements would be transferred to Couche-Tard.

(4) Two fuel supply agreements provided under the original agreement have not been renewed by the independent operators.

(5) For these sites, the independent operators have accepted the *bona fide* offer ExxonMobil has submitted them. Therefore, only the fuel supply agreements for the sites have been (will be) transferred to Couche-Tard.

### Completed transactions

In April 2012, Couche-Tard acquired from Dead River Company, 17 company-operated stores operating in Maine, United States. Two stand-alone quick-service restaurants were also transferred to the Corporation. Couche-Tard owns the real estate for 16 sites while it leases the other three sites.

In addition, during the fourth quarter of fiscal 2012, Couche-Tard acquired four additional company-operated stores through distinct transactions for a cumulated total of 18 stores since the beginning of fiscal 2012.

In May 2012, subsequent to the end of fiscal 2012, Couche-Tard acquired 20 company-operated stores operating in Texas, United States from Signature Austin Stores. It leases the real estate for all sites.

Available cash and credit facilities were used for these acquisitions.

### Store construction

Couche-Tard completed the construction of 12 new stores during the 13-week period ended April 29, 2012 for a cumulated total of 28 stores since the beginning of fiscal 2012.

### Changes in the Store Network

The following table presents certain information regarding changes in Couche-Tard store network over the 13 and 53-week periods ended April 29, 2012 <sup>(1)</sup>:

	13-week period ended April 29, 2012			53-week period ended April 29, 2012		
	Company-operated stores <sup>(2)</sup>	Affiliated stores <sup>(3)</sup>	Total	Company-operated stores <sup>(2)</sup>	Affiliated stores <sup>(3)</sup>	Total
Number of stores, beginning of period	4,522	1,295	5,817	4,401	1,394	5,795
Acquisitions	21	-	21	200	-	200
Openings / constructions / additions	14	30	44	37	64	101
Closures / disposals / withdrawals	(19)	(60)	(79)	(100)	(193)	(293)
Conversion into company operated stores	1	(1)	-	1	(1)	-
Number of stores, end of period	4,539	1,264	5,803	4,539	1,264	5,803
Stores for which Couche-Tard controls real estate but that are operated by independent operators to which Couche-Tard supplies motor fuel through supply contracts						161
Stores to which Couche-Tard supplies motor fuel through supply contracts						189
International licensees						3,990
<b>Total number of stores in the Couche-Tard network</b>						<b>10,143</b>

(1) These figures include 50% of the stores operated through RDK.

(2) Stores Couche-Tard operates under one of its main banners (Couche-Tard, Mac's, Circle K).

(3) Stores operated by an independent operator through a franchise or similar agreement under one of Couche-Tard's main or secondary banner.

### Share repurchase programs

Couche-Tard had a share repurchase program which allowed it to repurchase up to 2,685,335 Class A multiple voting shares and up to 11,621,801 Class B subordinate voting shares. The program expired on October 24, 2011. On October 25, 2011, the Corporation implemented a new share repurchase program which allows it to repurchase up to 2,684,420 Class A multiple voting shares and up to 11,126,400 Class B subordinate voting shares. The share repurchase period will end no later than October 24, 2012. All shares repurchased under the share repurchase program are cancelled upon repurchase. The following table summarizes share repurchases made under these two programs.

	13-week period ended April 29, 2012		53-week period ended April 29, 2012	
	Number of shares repurchased	Weighted average cost per share	Number of shares repurchased	Weighted average cost per share
Class A multiple voting shares	-	-	3,700	CA\$29.72
Class B subordinate voting shares	-	-	6,969,200	CA\$29.29

### Dividends

During its July 10, 2012 meeting, the Corporation's Board of Directors declared a quarterly dividend of CA\$0.075 per share for the fourth quarter of fiscal 2012 to shareholders on record as at July 19, 2012

and approved its payment for August 2, 2012. This is an eligible dividend within the meaning of the Income Tax Act of Canada.

### Exchange Rate Data

The Corporation's US dollar reporting provides more relevant information given the predominance of its operations in the United States and its debt largely dominated in US dollars.

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

	13-week period ended	12-week period ended	53-week period ended	52-week period ended
	<b>April 29, 2012</b>	April 24, 2011	<b>April 29, 2012</b>	April 24, 2011
Average for period <sup>(1)</sup>	<b>1.0053</b>	1.0240	<b>1.0051</b>	0.9861
Period end	<b>1.0194</b>	1.0485	<b>1.0194</b>	1.0485

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

Considering the Corporation uses the US dollar as its reporting currency, in its consolidated financial statements and in the present document, unless indicated otherwise, results from its Canadian and corporate operations are translated into US dollars using the average rate for the period. Variances and explanations related to variations in the foreign exchange rate and the volatility of the Canadian dollar which are discussed in the present document are therefore related to the translation in US dollars of the Corporation's Canadian and corporate operations results and do not have a true economic impact on its performance since 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 sensitivity of the Corporation's results to variations in foreign exchange rates is economically limited.

## Selected Consolidated Financial Information

The following table highlights certain information regarding Couche-Tard's operations for the 13 and 53-week periods ended April 29, 2012 and for the 12 and 52-week periods ended April 24, 2011:

(In millions of US dollars, unless otherwise stated)	13-week period ended	12-week period ended	Variation %	53-week period ended	52-week period ended	Variation %
	April 29, 2012	April 24, 2011		April 29, 2012	April 24, 2011	
<b>Statement of Operations Data:</b>						
Merchandise and service revenues <sup>(1)</sup> :						
United States	1,109.7	955.1	16.2	4,408.0	4,133.6	6.6
Canada	505.6	447.7	12.9	2,190.9	2,049.9	6.9
Total merchandise and service revenues	1,615.3	1,402.8	15.1	6,598.9	6,183.5	6.7
Motor fuel revenues:						
United States	3,772.1	2,779.7	35.7	13,673.8	10,218.7	33.8
Canada	675.8	554.5	21.9	2,724.8	2,148.2	26.8
Total motor fuel revenues	4,447.9	3,334.2	33.4	16,398.6	12,366.9	32.6
<b>Total revenues</b>	<b>6,063.2</b>	<b>4,737.0</b>	<b>28.0</b>	<b>22,997.5</b>	<b>18,550.4</b>	<b>24.0</b>
Merchandise and service gross profit <sup>(1)</sup> :						
United States	363.9	320.3	13.6	1,452.6	1,369.8	6.0
Canada	166.4	150.6	10.5	729.8	702.9	3.8
Total merchandise and service gross profit	530.3	470.9	12.6	2,182.4	2,072.7	5.3
Motor fuel gross profit:						
United States	164.8	113.3	45.5	637.9	537.3	18.7
Canada	36.5	29.2	25.0	148.8	135.7	9.7
Total motor fuel gross profit	201.3	142.5	41.3	786.7	673.0	16.9
<b>Total gross profit</b>	<b>731.6</b>	<b>613.4</b>	<b>19.3</b>	<b>2,969.1</b>	<b>2,745.7</b>	<b>8.1</b>
Operating, selling, administrative and general expenses	532.0	479.7	10.9	2,151.7	2,028.9	6.1
Depreciation and amortization of property and equipment and other assets	62.2	50.9	22.2	239.8	213.7	12.2
<b>Operating income</b>	<b>137.4</b>	<b>82.8</b>	<b>65.9</b>	<b>577.6</b>	<b>503.1</b>	<b>14.8</b>
<b>Net earnings</b>	<b>117.8</b>	<b>64.5</b>	<b>82.6</b>	<b>457.6</b>	<b>369.2</b>	<b>23.9</b>
<b>Other Operating Data:</b>						
Merchandise and service gross margin <sup>(1)</sup> :						
Consolidated	32.8 %	33.6 %	(0.8)	33.1 %	33.5 %	(0.4)
United States	32.8 %	33.5 %	(0.7)	33.0 %	33.1 %	(0.1)
Canada	32.9 %	33.6 %	(0.7)	33.3 %	34.3 %	(1.0)
Growth of (decrease in) same-store merchandise revenues <sup>(2) (3) (4)</sup> :						
United States	3.4 %	3.6 %		2.7 %	4.2 %	
Canada	5.4 %	(2.1 %)		2.8 %	1.8 %	
Motor fuel gross margin <sup>(5)</sup> :						
United States (cents per gallon):	16.98	14.06	20.8	16.99	15.54	9.3
Canada (CA cents per litre)	5.60	5.01	11.8	5.45	5.38	1.3
Volume of motor fuel sold <sup>(6)</sup> :						
United States (millions of gallons)	1,019.6	812.6	25.5	3,896.2	3,517.7	10.8
Canada (millions of litres)	648.4	568.6	14.0	2,713.5	2,565.4	5.8
Growth of (decrease in) same-store motor fuel volume <sup>(3) (4)</sup> :						
United States	0.2 %	0.3 %		0.1 %	0.7 %	
Canada	0.1 %	1.8 %		(0.9 %)	3.9 %	
<b>Per Share Data:</b>						
Basic net earnings per share (dollars per share)	0.66	0.35	88.6	2.54	2.00	27.0
Diluted net earnings per share (dollars per share)	0.65	0.35	85.7	2.49	1.96	27.0
				<b>April 29, 2012</b>	<b>April 24, 2011</b>	<b>Variation \$</b>
<b>Balance Sheet Data:</b>						
Total assets				4,453.2	3,926.2	527.0
Interest-bearing debt				665.2	501.5	163.7
Shareholders' equity				2,174.6	1,979.4	195.2
<b>Indebtedness Ratios:</b>						
Net interest-bearing debt/total capitalization <sup>(6)</sup>				0.14 : 1	0.09 : 1	
Net interest-bearing debt/EBITDA <sup>(7)</sup>				0.43 : 1	0.26 : 1	
Adjusted net interest bearing debt/EBITDAR <sup>(8)</sup>				2.10 : 1	2.09 : 1	
<b>Returns:</b>						
Return on equity <sup>(9)</sup>				22.0 %	20.3 %	
Return on capital employed <sup>(10)</sup>				19.0 %	18.1 %	

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

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

(3) For company-operated stores only.

(4) On 12 and 52-week normalized basis.

(5) Includes volume of franchisees and dealers as well as the volume of motor fuel sold to independent operators under fuel supply agreements.

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

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

(8) This ratio is presented for information purposes only and represents a measure of financial condition used especially in financial circles. It represents the following calculation: long-term interest-bearing debt plus the product of eight times rent expense, net of cash and cash equivalents and temporary investments, divided by EBITDAR (Earnings Before Interest, Tax, Depreciation, Amortization and Rent expense). It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(9) This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: net earnings divided by average equity. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

(10) This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: earnings before income taxes and interests divided by average capital employed. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

## Operating Results

**Revenues** were \$6.1 billion in the fourth quarter of fiscal 2012, up \$1.3 billion, an increase of 28.0%, mainly attributable to acquisitions, to the increase in motor fuel sales due to higher average retail prices at the pump, to the growth of same-store merchandise and service sales in the United States and Canada as well as to the impact of the thirteenth week in the fourth quarter of fiscal 2012. These items contributing to the growth in revenues were partially offset by a weaker Canadian dollar.

For fiscal 2012, revenues were \$23.0 billion, up \$4.4 billion, or 24.0%, for reasons similar to those mentioned for the quarter.

More specifically, the growth of **merchandise and service revenues** for the fourth quarter of fiscal 2012 was \$212.5 million or 15.1%, of which approximately \$42.0 million was generated by acquisitions. As for internal growth, on a 12-week comparable basis, same-store merchandise revenues increased by 3.4% in the United States and 5.4% in Canada. For the Canadian and U.S. markets, the variance in same-store merchandise sales is attributable to Couche-Tard's merchandising strategies, to the economic conditions in each of its markets as well as to the investments made by the Corporation to enhance service and the offering of products in its stores. In the United States, a cigarette manufacturer modified its supply terms and price structure, at the beginning of the first quarter of fiscal 2012, in order to encourage retailers to decrease or maintain low unit prices on certain of its products, which has put a deflationary pressure on the Corporation's cigarettes sales. Thus, Couche-Tard estimates that excluding tobacco products sales, its same-store merchandise sales in the United States increased by 6.1% on a 12-week comparable basis. As for the weaker Canadian dollar, it had an unfavourable impact of approximately \$8.0 million on merchandise and service revenues of the fourth quarter of fiscal 2012.

For fiscal 2012, the growth of merchandise and service revenues was \$415.4 million or 6.7% for reasons similar to those of the fourth quarter, including an increase in same-store merchandise revenues of 2.7% in the United States and 2.8% in Canada on a 52-week comparable basis. Excluding tobacco products sales, the same-store merchandise sales in the United States increased by 5.3% on a 52-week comparable basis. As for the stronger Canadian dollar, it had a favourable impact of approximately \$40.0 million on merchandise and service revenues of fiscal 2012.

**Motor fuel revenues** increased by \$1.1 billion or 33.4% in the fourth quarter of fiscal 2012, of which approximately \$527.0 million stems from acquisitions. The still fragile economy and higher retail prices at the pump have continued to put pressure on motor fuel consumption, which can explain the weak growth in same-store motor fuel volume in Canada and in the United States which amounted to 0.1% and 0.2%, respectively on a 12-weeks comparable basis.

The higher average retail price of motor fuel generated an increase in revenues of approximately \$276.0 million as shown in the following table, starting with the first quarter of fiscal year ended April 24, 2011:

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
<b>53-week period ended April 29, 2012</b>					
United States (US dollars per gallon)	3.67	3.50	3.32	<b>3.74</b>	3.54
Canada (CA cents per litre)	114.08	112.90	109.88	<b>117.05</b>	113.27
<b>52-week period ended April 24, 2011</b>					
United States (US dollars per gallon)	2.72	2.67	2.89	<b>3.44</b>	2.92
Canada (CA cents per litre)	91.46	90.47	97.76	<b>108.53</b>	96.91

As for the weaker Canadian dollar, it had an unfavourable impact of approximately \$10.0 million on motor fuel sales of the fourth quarter of fiscal 2012.



For fiscal 2012, motor fuel revenues increased by \$4.0 billion or 32.6%, of which approximately \$1.1 billion stems from acquisitions. As for the same-store motor fuel volume, on a 52-week comparable basis, it stayed unchanged in the United States while it dropped by 0.9% in Canada. The higher average retail price of motor fuel generated an increase in revenues of approximately \$2.4 billion.

The consolidated **merchandise and service gross margin** grew by \$59.4 million or 12.6% in the fourth quarter of fiscal 2012. The consolidated margin was 32.8%, a reduction of 0.8% compared with the same quarter of fiscal 2011. In the United States, the gross margin is down 0.7% to 32.8% while in Canada, it fell by 0.7% to 32.9%. This performance reflects changes in the product-mix, the improvements Couche-Tard brought to its supply terms as well as its merchandising strategy in line with market competitiveness and economic conditions within each market. More precisely, these margin reductions reflect more aggressive promotions in certain categories to protect store traffic as well as increases in the cost of certain products which Couche-Tard absorbed without passing it on to consumers. However, in terms of absolute dollars, the increase in same-store merchandise sales more than offset the decrease in margin percentage of these products, demonstrating that Couche-Tard's strategies paid off.

For 2012, the consolidated merchandise and service gross margin grew by \$109.7 million or 5.3%. The consolidated margin was 33.1%, a reduction of 0.4% compared with fiscal 2011. In the United States, the gross margin is down by only 0.1% to 33.0% while in Canada, it fell by 1.0% to 33.3%.

In the fourth quarter of fiscal 2012, the **motor fuel gross margin** for Couche-Tard's company-operated stores in the United States increased by 2.92¢ per gallon, from 14.06¢ per gallon last year to 16.98¢ per gallon this year. In Canada, the gross margin increased to CA5.60¢ per litre compared with CA5.01¢ per litre for the fourth quarter of fiscal 2011. The motor fuel gross margin for Couche-Tard's company-operated stores in the United States as well as the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of fiscal year ended April 24, 2011, were as follows:

(US cents per gallon)

Quarter	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	Weighted average
53-week period ended April 29, 2012					
Before deduction of expenses related to electronic payment modes	19.95	17.04	14.84	<b>16.98</b>	16.99
Expenses related to electronic payment modes	5.29	5.20	4.74	<b>5.06</b>	5.04
After deduction of expenses related to electronic payment modes	14.66	11.84	10.10	<b>11.92</b>	11.95
52-week period ended April 24, 2011					
Before deduction of expenses related to electronic payment modes	18.83	16.84	13.12	<b>14.06</b>	15.54
Expenses related to electronic payment modes	4.15	4.16	4.36	<b>4.93</b>	4.40
After deduction of expenses related to electronic payment modes	14.68	12.68	8.76	<b>9.13</b>	11.14

For fiscal 2012, the motor fuel gross margin for Couche-Tard's company-operated stores in the United States increased by 1.45¢ per gallon, from 15.54¢ per gallon in fiscal 2011 to 16.99¢ per gallon. However, taking into consideration expenses related to electronic payment modes, the net margin per gallon increased by only 0.81¢ per gallon. In Canada, the gross margin rose slightly to CA5.45¢ per litre compared with CA5.38¢ per litre for fiscal 2011.

For the fourth quarter and fiscal 2012, **operating, selling, administrative and general expenses** rose by 10.9% and 6.1% respectively compared with the fourth quarter of fiscal 2011 and fiscal 2011, but increased by only 5.9% and 1.9% respectively, if we exclude certain items, as demonstrated by the following table:

	13-week period ended April 29, 2012	53-week period ended April 29, 2012
<b>Total variance as reported</b>	<b>10.9%</b>	<b>6.1%</b>
Subtract:		
Increase from incremental expenses related to stores acquired	4.5%	2.1%
Increase from higher electronic payment fees	1.8%	2.0%
Negative goodwill recognized to earnings of fiscal 2012	(1.2%)	(0.3%)
(Decrease) increase from the (weakening) strengthening of the Canadian dollar	(0.6%)	0.6%
Acquisition costs recognized to earnings of fiscal 2012	0.5%	0.3%
Acquisition costs recognized to earnings of fiscal 2011	-	(0.5%)
<b>Remaining variance, including additional week in the fourth quarter and fiscal 2012</b>	<b>5.9%</b>	<b>1.9%</b>

The increase in electronic payment fees stems mainly from the rise in the average retail price of motor fuel. The remaining variance is mainly due to the impact of the additional week in the fourth quarter and fiscal 2012 and, to a lesser extent, the additional expenses necessary to support growth in same-store merchandise sales as well as to the normal increase in costs due to inflation.

Moreover, excluding expenses related to electronic payment modes and acquisitions costs for both comparable periods as well as the negative goodwill recorded to earnings of fiscal 2012, expenses in proportion to merchandise and services sales represented 29.1% of sales during the fourth quarter of fiscal 2012 (28.8% for fiscal 2012), compared to 30.5% during the fourth quarter of fiscal 2011 (29.4% for fiscal 2011). This indicator has been constantly improving for the last 13 quarters. This performance reflects Couche-Tard's constant efforts to find ways to improve its efficiency while ensuring that the quality of the service it offers its clients is maintained.

During the fourth quarter of fiscal 2012, **EBITDA** increased by 48.9% compared to the corresponding period of the previous fiscal year, reaching \$203.0 million. Net of acquisition costs recorded to earnings, acquisitions contributed \$13.6 million to EBITDA, while the exchange rate variation had a negative impact of approximately \$1.0 million. As for fiscal 2012, EBITDA increased by 14.4% compared to fiscal 2011, reaching \$839.0 million. Net of acquisition costs recorded to earnings, acquisitions contributed approximately \$26.0 million to EBITDA while the exchange rate variation had a positive impact of \$4.5 million.

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

(in millions of US dollars)	13-week period ended April 29, 2012	12-week period ended April 24, 2011	53-week period ended April 29, 2012	52-week period ended April 24, 2011
Net earnings, as reported	117.8	64.5	457.6	369.2
Add:				
Income taxes	36.5	18.3	146.3	121.2
Net financial (revenues) expenses	(13.5)	2.6	(4.7)	29.6
Depreciation and amortization of property and equipment and other assets	62.2	50.9	239.8	213.7
<b>EBITDA</b>	<b>203.0</b>	<b>136.3</b>	<b>839.0</b>	<b>733.7</b>

For the fourth quarter and fiscal 2012, **depreciation expense** increased due to the investments made through acquisitions, replacement of equipment, addition of new stores and ongoing improvement of Couche-Tard's network. Since the second quarter of fiscal 2012, depreciation and amortization expense includes amortization of intangible assets related to the fuel supply contracts acquired from ExxonMobil.

For the fourth quarter and fiscal 2012, Couche-Tard recorded **net financial revenues** of \$13.5 million and \$4.7 million, respectively, compared to net financial expenses of \$2.6 million for the fourth quarter of fiscal 2011 and \$29.6 million for fiscal 2011. Excluding the \$17.0 million gain recorded on forwards, the fourth quarter of fiscal 2012 posted net financial expenses of \$3.5 million, up \$0.9 million compared to the fourth quarter of fiscal 2011. Excluding this same gain, fiscal 2012 posted net financial expenses of \$12.3 million, down \$17.3 million compared to fiscal 2011, mainly because of the early redemption, by Couche-Tard, of its \$350.0 million subordinated unsecured debt during the third quarter of fiscal 2011, which contributed to decrease the average interest rate on its borrowings. Moreover, following the early redemption of its subordinated unsecured debt, the Corporation recorded a non-recurring charge of \$3.0 million to fiscal 2011 results. The reduction in financial expenses from the lower average interest rate was partially offset by the slight increase in Couche-Tard's indebtedness attributable to amounts disbursed for share repurchases and acquisitions.

The **income tax rate** for the fourth quarter of fiscal 2012 is 23.7% compared to a rate of 22.1% for the corresponding quarter of the previous fiscal year. As for the fiscal 2012, the income tax rate is 24.2% compared to a rate of 24.7% for fiscal 2011.

Couche-Tard closed the fourth quarter of fiscal 2012 with **net earnings** of \$117.8 million, compared to \$64.5 million the previous fiscal year, an increase of \$53.3 million or 82.6%. Diluted net earnings per share stood at \$0.65 compared to \$0.35 the previous year, an increase of 85.7%. The exchange rate variation did not have a significant impact on net earnings of the fourth quarter of fiscal 2012.

Excluding from net earnings of the fourth quarter of fiscal 2012 the non-recurring gain on forwards, acquisition costs as well as negative goodwill, net earnings would have stood at approximately \$102.4 million (\$0.57 per share on a diluted basis), up \$37.9 million, or 58.8%.

As for fiscal 2012, net earnings are \$457.6 million, compared to \$369.2 million the previous fiscal year, an increase of \$88.4 million or 23.9%. Diluted net earnings per share stood at \$2.49 compared to \$1.96 the previous year, an increase of 27.0%. The exchange rate variation did not have a significant impact on net earnings of fiscal 2012.

Excluding from fiscal 2012 net earnings the non-recurring gain on forwards, acquisition costs as well as negative goodwill and excluding acquisition costs from earnings of fiscal 2011, net earnings for fiscal 2012 would have stood at approximately \$444.7 million (\$2.42 per share on a diluted basis) compared to \$377.1 million (\$2.00 per share on a diluted basis) for fiscal 2011, up \$67.6 million, or 17.9%.

## **Liquidity and Capital Resources**

Notwithstanding the signature of a new credit agreement and the reductions to the previous credit agreements, as well as the signature of the acquisition facility described before, Couche-Tard's sources of liquidity remain unchanged compared with the fiscal year ended April 24, 2011. For further information, please refer to Couche-Tard's 2011 Annual Report.

With respect to capital expenditures, acquisitions, dividends paid and share repurchases carried out by Couche-Tard during fiscal 2012, they were financed using available cash. The Corporation expects that cash generated from operations together with borrowings available under its revolving unsecured credit facilities as well as its acquisition facility will be adequate to meet the Corporation's liquidity needs in the foreseeable future.

As at April 29, 2012, \$649.3 million of Couche-Tard's credit facilities had been used (\$576.0 million for the US dollars portion and \$73.3 million for the Canadian dollars portion). As at the same date, the

weighted average effective interest rate was 0.82% for the US dollars portion and 1.95% for the Canadian dollars portion. In addition, standby letters of credit in the amount of CA\$1.4 million and \$28.5 million were outstanding as at April 29, 2012.

As at April 29, 2012, excluding the acquisition facility, \$840.7 million were available under the credit agreements and Couche-Tard was in compliance with the restrictive covenants and ratios imposed by the credit agreements at that date. Thus, at the same date, the Corporation had access to more than \$1.1 billion through its available cash and credit agreements.

## Selected Consolidated Cash Flow Information

(In millions of US dollars)	13-week period ended		Variation	53-week period ended		52-week period ended	
	April 29, 2012	April 24, 2011		April 29, 2012	April 24, 2011	Variation	Variation
<b>Operating activities</b>	\$	\$	\$	\$	\$	\$	\$
Cash flows	194.0	134.9	59.1	691.3	601.5	89.8	
Other	64.9	94.2	(29.3)	72.5	6.8	65.7	
Net cash provided by operating activities	258.9	229.1	29.8	763.8	608.3	155.5	
<b>Investing activities</b>							
Purchase of property and equipment and other assets, net of proceeds from the disposal of property and equipment and other assets	(114.0)	(76.6)	(37.4)	(288.8)	(198.1)	(90.7)	
Business acquisitions	(30.0)	(3.5)	(26.5)	(380.3)	(37.8)	(342.5)	
Restricted cash	-	-	-	(22.7)	-	(22.7)	
Proceeds from sale and leaseback transactions	-	-	-	-	5.1	(5.1)	
Net cash used in investing activities	(144.0)	(80.1)	(63.9)	(691.8)	(230.8)	(461.0)	
<b>Financing activities</b>							
Dividends	(13.5)	(9.4)	(4.1)	(49.8)	(32.8)	(17.0)	
Net (decrease) increase in borrowings	(1.4)	(2.2)	0.8	157.1	132.7	24.4	
Share repurchase	-	(8.9)	8.9	(201.1)	(69.1)	(132.0)	
Issuance of shares	-	1.4	(1.4)	19.2	11.4	7.8	
Early redemption of subordinated unsecured debt	-	-	-	-	(332.6)	332.6	
Net cash used in financing activities	(14.9)	(19.1)	4.2	(74.6)	(290.4)	215.8	
<b>Company credit rating</b>							
Standard and Poor's	BBB-	BBB-		BBB-	BBB-		

## Operating activities

During the fourth quarter of fiscal 2012, net cash from the operation of the Couche-Tard's stores reached \$258.9 million, up \$29.8 million compared to the fourth quarter of fiscal year 2011, mainly due to higher net earnings and to a more favourable change in working capital. During fiscal 2012, net cash from operation of the Corporation's stores reached \$763.8 million, up \$155.5 million from the comparable period of fiscal 2011 for reasons similar as those provided for the fourth quarter.

## Investing activities

During the fourth quarter of fiscal 2012, investing activities were primarily for the acquisition of 21 company-operated stores, eight stores operated by independent operators (including related motor fuel supply agreements) and motor fuel supply agreements for 13 stores for a total amount of \$30.0 million and for net capital expenditures and other assets for an amount of \$114.0 million. Since the beginning of fiscal 2012, Couche-Tard acquired 191<sup>1</sup> company-operated stores, 91<sup>1</sup> stores operated by independent operators (including related motor fuel supply agreements) as well as 76 motor fuel supply agreements for a total amount of \$380.3 million while it disbursed a total of \$288.8 million for net capital expenditures and other assets. Couche-Tard's capital investments were primarily for the replacement of equipment in some of its stores to enhance its offering of products and services, the addition of new stores as well as the ongoing improvement of its network. Couche-Tard also made an escrow deposit of \$22.7 million for pending acquisitions.

<sup>1</sup> The number of stores differs from that presented in the "Changes in the Store Network" table because it excludes stores related to the RDK joint venture. The latter being accounted for using the equity method, the amount paid by RDK for its investing activities do not appear in Corporation's investing activities.

## Financing activities

During the fourth quarter of fiscal 2012, the decrease in debt amounted to \$1.4 million while Couche-Tard paid \$13.5 million in dividends.

As for fiscal 2012, the increase in debt amounted to \$157.1 million while Couche-Tard paid \$201.1 million under its share repurchase program and \$49.8 million in dividends. The Corporation also collected \$19.2 million in cash following the issuance of shares upon exercise of stock options.

## Financial Position as at April 29, 2012

As shown by its indebtedness ratios included in the “Selected Consolidated Financial Information” section and net cash provided by operating activities, Couche-Tard’s financial position is excellent.

Couche-Tard’s total consolidated assets amounted to \$4.5 billion as at April 29, 2012, an increase of \$527.0 million over the balance as at April 24, 2011. This increase stems primarily from the rise in assets resulting from the acquisitions made since the beginning of the fiscal year, partially offset by the weakening of the Canadian dollar compared to the US dollar at the balance sheet date.

During fiscal 2012, Couche-Tard recorded a return on capital employed of 19.0%<sup>1</sup>.

Shareholders’ equity amounted to \$2.2 billion as at April 29, 2012, up \$195.2 million compared to April 24, 2011, mainly reflecting net earnings of fiscal 2012, partially offset by shares repurchased, dividends declared and the decrease in accumulated other comprehensive income following the weakening of the Canadian dollar as at the balance sheet date. For fiscal 2012, the Corporation recorded a return on equity of 22.0%<sup>2</sup>.

## 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 fiscal 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.

Quarter	53-week period ended April 29, 2012				52-week period ended April 24, 2011			
	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	2 <sup>nd</sup>	1 <sup>st</sup>
	13 weeks	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks
<b>Revenues</b>	<b>6,063.2</b>	<b>6,604.1</b>	<b>5,152.6</b>	<b>5,177.6</b>	4,737.0	5,486.9	4,149.1	4,177.4
Earnings before depreciation and amortization of property and equipment and other assets, financial expenses and income taxes	199.6	185.9	202.2	231.7	133.7	163.5	199.0	220.6
Depreciation and amortization of property and equipment and other assets	62.2	75.7	52.4	49.5	50.9	66.1	49.3	47.4
Operating income	137.4	110.2	147.8	182.2	82.8	97.4	149.7	173.2
Share of earnings of a joint venture accounted for using the equity method	3.4	7.0	5.2	6.0	2.6	3.8	4.8	5.7
Net financial (revenues) expenses	(13.5)	4.0	2.1	2.7	2.6	11.2	8.2	7.6
<b>Net earnings</b>	<b>117.8</b>	<b>86.8</b>	<b>113.5</b>	<b>139.5</b>	64.5	69.6	108.2	126.9
<b>Net earnings per share</b>								
Basic	\$0.66	\$0.49	\$0.62	\$0.76	\$0.35	\$0.38	\$0.58	\$0.68
Diluted	\$0.65	\$0.48	\$0.61	\$0.75	\$0.35	\$0.37	\$0.57	\$0.67

<sup>1</sup> This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: earnings before income taxes and interests divided by average capital employed. Capital employed represents total assets less short-term liabilities not bearing interests. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

<sup>2</sup> This ratio is presented for information purposes only and represents a measure of performance used especially in financial circles. It represents the following calculation: net earnings divided by average equity. It does not have a standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other public corporations.

## **Outlook**

During fiscal year 2013, Couche-Tard expects to pursue its investments with caution in order to, amongst other things, improve its network. The Corporation also intends to keep an ongoing focus on its sales, supply terms and operating expenses while keeping an eye on growth opportunities that may be available to it.

Couche-Tard will pay special attention to the integration of Statoil Fuel & Retail. To do this, it has formed a multidisciplinary team that will ensure an effective integration and will identify opportunities for improvement, including available synergies. Within this framework, Couche-Tard will also put in place strategies that will enable it to reduce its debt levels in order to regain its financial flexibility and maintain the quality of its credit profile.

Finally, in line with its business model, Couche-Tard intends to continue to focus its resources on the sale of fresh products and on innovation, including the introduction of new products and services, in order to satisfy the needs of its large clientele.

## **Profile**

Alimentation Couche-Tard Inc. is the leader in the Canadian convenience store industry. In North America, Couche-Tard is 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 29, 2012, Couche-Tard had a network of 5,803 convenience stores, 4,216 of which include motor fuel dispensing. At the same date, the Corporation had agreements for the supply of motor fuel to 350 sites operated by independent operators. Couche-Tard's 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. In addition, under licensing agreements, about 3,990 stores are operated under the Circle K banner in nine other countries worldwide (China, Guam, Hong Kong, Indonesia, Japan, Macau, Mexico, Vietnam and United Arab Emirates). More than 60,000 people are employed throughout Couche-Tard's retail convenience network and service centers in North America.

Following its acquisition of Statoil Fuel & Retail in June 2012, Couche-Tard also operates a broad retail network across Scandinavia, Poland, the Baltics, and Russia with approximately 2,300 stores, the majority of which offer full and convenience products while the others are automated (fuel only) stations. Throughout our European operations, Couche-Tard also generates revenues from stationary energy, marine fuel, aviation fuel, lubricants and chemicals. It operates 12 key terminals as well as 38 depots in eight countries while it also operates approximately 400 road tankers. Including employees at Statoil branded franchise stations, about 18,500 people work in Couche-Tard's retail network across Europe, in its European corporate headquarters, in its eight regional headquarters, in its terminals and in its depots.

## **Source**

**Raymond Paré**, Vice-President and Chief Financial Officer

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The statements set forth in this press release, which describes Couche-Tard's objectives, projections, estimates, expectations or forecasts, may constitute forward-looking statements within the meaning of securities legislation. Positive or negative verbs such as "plan", "evaluate", "estimate", "believe" and other related expressions are used to identify such statements. Couche-Tard would like to point out that, by their very nature, forward-looking statements involve risks and uncertainties such that its results, or the measures it adopts, could differ materially from those indicated or underlying these statements, or could have an impact on the degree of realization of a particular projection. Major factors that may lead to a material difference between Couche-Tard's actual results and the projections or expectations set forth in the forward-looking statements include the effects of the integration of acquired businesses and the ability to achieve projected synergies, fluctuations in margins on motor fuel sales, competition in the convenience store and retail motor fuel industries, exchange rate variations, and such other risks as described in detail from time to time in the reports filed by Couche-Tard with securities authorities in Canada and the United States. Unless otherwise required by applicable securities laws, Couche-Tard disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The forward-looking information in this release is based on information available as of the date of the release.

**Webcast on July 10, 2012 at 3:30 P.M. (EST)**

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Couche-Tard invites analysts known to the Corporation to send their two questions in advance to its management, before 1:30 P.M. (EST) on July 10, 2012.

Financial analysts and investors who wish to listen to the webcast on Couche-Tard's results which will take place online on July 10, 2012 at 3:30 P.M. (EST) can do so by accessing the Corporation's website at [www.couche-tard.com/corporate](http://www.couche-tard.com/corporate) and by clicking on the corporate presentations link of the investor relations section. For those who will not be able to listen to the live presentation, the recording of the webcast will be available on the Corporation's website for a period of 90 days.

**CONSOLIDATED STATEMENTS OF EARNINGS**

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

For the periods ended	13 weeks April 29, 2012	12 weeks April 24, 2011	53 weeks April 29, 2012	52 weeks April 24, 2011
	\$	\$	\$	\$
<b>Revenues</b>	<b>6,063.2</b>	4,737.0	<b>22,997.5</b>	18,550.4
Cost of sales	<b>5,331.6</b>	4,123.6	<b>20,028.4</b>	15,804.7
<b>Gross profit</b>	<b>731.6</b>	613.4	<b>2,969.1</b>	2,745.7
Operating, selling, administrative and general expenses	<b>532.0</b>	479.7	<b>2,151.7</b>	2,028.9
Depreciation and amortization of property and equipment and other assets	<b>62.2</b>	50.9	<b>239.8</b>	213.7
	<b>594.2</b>	530.6	<b>2,391.5</b>	2,242.6
Operating income	<b>137.4</b>	82.8	<b>577.6</b>	503.1
Share of earnings of a joint venture accounted for using the equity method	<b>3.4</b>	2.6	<b>21.6</b>	16.9
Financial expenses	<b>3.6</b>	2.9	<b>13.5</b>	31.4
Financial revenues	<b>(0.1)</b>	(0.3)	<b>(1.2)</b>	(1.8)
Gain on foreign exchange forward contracts (Note 6)	<b>(17.0)</b>	-	<b>(17.0)</b>	-
Net financial (revenues) expenses	<b>(13.5)</b>	2.6	<b>(4.7)</b>	29.6
Earnings before income taxes	<b>154.3</b>	82.8	<b>603.9</b>	490.4
Income taxes	<b>36.5</b>	18.3	<b>146.3</b>	121.2
<b>Net earnings</b>	<b>117.8</b>	64.5	<b>457.6</b>	369.2
Net earnings per share (Note 7)				
Basic	<b>0.66</b>	0.35	<b>2.54</b>	2.00
Diluted	<b>0.65</b>	0.35	<b>2.49</b>	1.96
Weighted average number of shares (in thousands)	<b>179,046</b>	183,344	<b>180,420</b>	184,637
Weighted average number of shares – diluted (in thousands)	<b>181,102</b>	186,877	<b>183,583</b>	188,214
Number of shares outstanding at end of period (in thousands)	<b>179,053</b>	183,594	<b>179,053</b>	183,594



**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(in millions of US dollars, unaudited)

For the periods ended	13 weeks April 29, 2012	12 weeks April 24, 2011	53 weeks April 29, 2012	52 weeks April 24, 2011
	\$	\$	\$	\$
<b>Net earnings</b>	<b>117.8</b>	64.5	<b>457.6</b>	369.2
<b>Other comprehensive income</b>				
Changes in cumulative translation adjustments <sup>(1)</sup>	<b>(2.3)</b>	39.3	<b>(26.4)</b>	40.1
Change in fair value of a financial instrument designated as a cash flow hedge <sup>(2)</sup>	<b>4.3</b>	(0.3)	<b>5.9</b>	2.0
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings <sup>(3)</sup>	<b>(3.4)</b>	(0.2)	<b>(5.1)</b>	(1.3)
Gain realized on the disposal of an available-for-sale financial instrument transferred to earnings <sup>(4)</sup>	-	-	<b>(0.6)</b>	-
Net actuarial losses <sup>(5)</sup>	<b>(4.9)</b>	(1.2)	<b>(4.9)</b>	(1.2)
<b>Other comprehensive income</b>	<b>(6.3)</b>	37.6	<b>(31.1)</b>	39.6
<b>Comprehensive income</b>	<b>111.5</b>	102.1	<b>426.5</b>	408.8

- (1) For the 13 and 53-week periods ended April 29, 2012, these amounts include a gain of \$10.0 and a loss of \$10.5, respectively (net of income taxes of \$1.5 and \$1.6, respectively). For the 12 and 52-week periods ended April 24, 2011, these amounts include a gain of \$21.1 and \$17.2, respectively (net of income taxes of \$3.1 and \$2.5, respectively). These gains and losses arise from the translation of US dollar denominated long-term debt designated as a foreign exchange hedge of the Corporation's net investment in its U.S. operations.
- (2) For the 13 and 53-week periods ended April 29, 2012, these amounts are net of income taxes of \$1.4 and \$1.9, respectively. For the 12 and 52-week periods ended April 24, 2011, these amounts are net of income taxes of \$0.1 and \$0.6, respectively.
- (3) For the 13 and 53-week periods ended April 29, 2012, these amounts are net of income taxes of \$1.1 and \$1.6, respectively. For the 12 and 52-week periods ended April 24, 2011, these amounts are net of income taxes of \$0.1 and \$0.4, respectively.
- (4) For the 53-week period ended April 29, 2012, this amount is net of income taxes.
- (5) For the 13 and 53-week periods ended April 29, 2012, these amounts are net of income taxes of \$1.7. For the 12 and 52-week periods ended April 24, 2011, these amounts are net of income taxes of \$0.6.

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

**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

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

For the 53-week period ended	April 29, 2012				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Shareholders' equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of period</b>	323.8	19.3	1,596.3	40.0	1,979.4
Comprehensive income:					
Net earnings			457.6		457.6
Other comprehensive income				(31.1)	(31.1)
Total comprehensive income					426.5
Dividends			(49.8)		(49.8)
Stock option-based compensation expense		0.4			0.4
Initial fair value of stock options exercised	1.8	(1.8)			-
Cash received upon exercise of stock options	19.2				19.2
Repurchase and cancellation of shares	(23.8)				(23.8)
Excess of acquisition cost over book value of Class A multiple voting shares and Class B subordinate voting shares repurchased and cancelled			(177.3)		(177.3)
<b>Balance, end of period</b>	<b>321.0</b>	<b>17.9</b>	<b>1,826.8</b>	<b>8.9</b>	<b>2,174.6</b>

For the 52-week period ended	April 24, 2011				
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income	Shareholders' equity
	\$	\$	\$	\$	\$
<b>Balance, beginning of period</b>	319.5	20.4	1,319.7	0.4	1,660.0
Comprehensive income:					
Net earnings			369.2		369.2
Other comprehensive income				39.6	39.6
Total comprehensive income					408.8
Dividends			(32.8)		(32.8)
Stock option-based compensation expense		1.1			1.1
Initial 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)
<b>Balance, end of period</b>	<b>323.8</b>	<b>19.3</b>	<b>1,596.3</b>	<b>40.0</b>	<b>1,979.4</b>

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

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions of US dollars, unaudited)

For the periods ended	13 weeks April 29, 2012	12 weeks April 24, 2011	53 weeks April 29, 2012	52 weeks April 24, 2011
	\$	\$	\$	\$
<b>Operating activities</b>				
Net earnings	117.8	64.5	457.6	369.2
Adjustments to reconcile net earnings to net cash provided by operating activities				
Depreciation and amortization of property and equipment and other assets, net of amortization of deferred credits	51.4	44.6	199.7	188.5
Deferred income taxes	22.8	22.4	24.2	57.9
Gain on foreign exchange forward contracts (Note 6)	(17.0)	-	(17.0)	-
Share of earnings (net of dividends received) of a joint venture accounted for using the equity method	(2.4)	(1.3)	(16.8)	(6.1)
Loss on disposal of property and equipment and other assets	2.0	3.4	9.8	4.7
Deferred credits	1.3	(0.2)	10.7	0.7
Negative goodwill (Note 5)	(1.3)	-	(6.9)	-
Deemed interest on repayment of subordinated unsecured debt	-	-	-	(17.4)
Gain on early redemption of subordinated unsecured debt	-	-	-	(1.4)
Other	(3.5)	3.7	17.8	22.4
Changes in non-cash working capital	87.8	92.0	84.7	(10.2)
<b>Net cash provided by operating activities</b>	<b>258.9</b>	<b>229.1</b>	<b>763.8</b>	<b>608.3</b>
<b>Investing activities</b>				
Purchase of property and equipment and other assets	(126.8)	(86.6)	(316.6)	(220.1)
Business acquisitions (Note 5)	(30.0)	(3.5)	(380.3)	(37.8)
Proceeds from disposal of property and equipment and other assets	12.8	10.0	27.8	22.0
Restricted cash	-	-	(22.7)	-
Proceeds from sale and leaseback transactions	-	-	-	5.1
<b>Net cash used in investing activities</b>	<b>(144.0)</b>	<b>(80.1)</b>	<b>(691.8)</b>	<b>(230.8)</b>
<b>Financing activities</b>				
Cash dividends paid	(13.5)	(9.4)	(49.8)	(32.8)
Net (decrease) increase in other debt	(1.4)	(2.2)	157.1	132.7
Repurchase of shares	-	(8.9)	(201.1)	(69.1)
Issuance of shares	-	1.4	19.2	11.4
Early redemption of subordinated unsecured debt	-	-	-	(332.6)
<b>Net cash used in financing activities</b>	<b>(14.9)</b>	<b>(19.1)</b>	<b>(74.6)</b>	<b>(290.4)</b>
Effect of exchange rate fluctuations on cash and cash equivalents	1.3	4.7	(2.8)	6.9
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>101.3</b>	<b>134.6</b>	<b>(5.4)</b>	<b>94.0</b>
Cash and cash equivalents, beginning of period	203.0	175.1	309.7	215.7
Cash and cash equivalents, end of period	304.3	309.7	304.3	309.7
<b>Supplemental information:</b>				
Interest paid	2.2	1.4	7.3	31.8
Interest and dividend received	1.1	1.3	6.1	12.5
Income taxes paid	54.8	15.7	91.1	93.0
<b>Cash and cash equivalents components:</b>				
Cash and demand deposits			253.5	258.1
Liquid investments			50.8	51.6
			<b>304.3</b>	<b>309.7</b>

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

**CONSOLIDATED BALANCE SHEETS**  
(in millions of US dollars, unaudited)

	As at April 29, 2012	As at April 24, 2011	As at April 26, 2010
	\$	\$	\$
<b>Assets</b>			
Current assets			
Cash and cash equivalents	304.3	309.7	215.7
Restricted cash	22.7	-	-
Accounts receivable	420.7	349.1	280.8
Inventories	543.9	526.0	469.9
Prepaid expenses	28.6	21.0	20.0
Foreign exchange forward contracts (Note 6)	17.2	-	-
Income taxes receivable	-	36.4	17.7
	<b>1,337.4</b>	<b>1,242.2</b>	<b>1,004.1</b>
Property and equipment	2,248.3	1,935.4	1,914.9
Goodwill	502.9	440.9	425.3
Intangible assets	217.0	188.6	188.2
Other assets	68.2	58.0	55.8
Investment in a joint venture	65.0	48.2	42.1
Deferred income taxes	14.4	12.9	8.6
	<b>4,453.2</b>	<b>3,926.2</b>	<b>3,639.0</b>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	1,025.7	936.5	821.7
Provisions	50.1	36.3	31.4
Income taxes payable	6.6	-	-
Current portion of long-term debt	484.4	4.6	4.4
	<b>1,566.8</b>	<b>977.4</b>	<b>857.5</b>
Long-term debt	180.8	496.9	711.9
Provisions (Note 10)	107.5	88.7	87.7
Deferred credits and other liabilities	161.4	139.5	128.0
Deferred income taxes	262.1	244.3	193.9
	<b>2,278.6</b>	<b>1,946.8</b>	<b>1,979.0</b>
<b>Shareholders' equity</b>			
Capital stock	321.0	323.8	319.5
Contributed surplus	17.9	19.3	20.4
Retained earnings	1,826.8	1,596.3	1 319.7
Accumulated other comprehensive income	8.9	40.0	0.4
	<b>2,174.6</b>	<b>1,979.4</b>	<b>1,660.0</b>
	<b>4,453.2</b>	<b>3,926.2</b>	<b>3,639.0</b>

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

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 1. CONSOLIDATED FINANCIAL STATEMENTS PRESENTATION

The condensed unaudited interim consolidated financial statements (“the interim financial statements”) have been prepared by the Corporation in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (“IFRS”), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1<sup>st</sup>, 2011. Therefore, the Corporation started to present its information in accordance with these accounting standards in the interim financial statements for the 12-week period ended July 17, 2011 (Q1 2012). In these interim financial statements, the term “Canadian GAAP” refers to Canadian GAAP before the adoption of IFRS.

These interim financial statements were prepared in accordance with applicable IFRS for interim financial statements, including International accounting Standard (“IAS”) 34 “Interim Financial Reporting” and IFRS 1 “First-time Adoption of International Financial Reporting Standards”. In accordance with IFRS, the Corporation has:

- provided comparative financial information;
- applied the same accounting policies throughout all reporting periods presented (except for certain exemptions applicable for first time IFRS adopters applied and disclosed in Note 12); and
- retrospectively applied all IFRS standards issued as of July 10, 2012 (with an effective date before April 29, 2012), the date at which the Board of Directors approved the interim financial statements.

The Corporation's consolidated financial statements were previously prepared in accordance with Canadian GAAP. Canadian GAAP differs from IFRS in some areas. In preparing these interim financial statements in accordance with IFRS, management has amended certain accounting, measurement and consolidation methods previously applied in its financial statements prepared under Canadian GAAP. Note 12 presents line-by-line reconciliations of the comparative balance sheet as at April 24, 2011 and the opening balance sheet as at April 26, 2010, a reconciliation of net earnings and comprehensive income for the 12 and 52-week periods ended April 24, 2011, as well as a description of the effect of the transition from Canadian GAAP to IFRS on these items.

These interim financial statements have not been subject to a review engagement by the Corporation's external auditors. The interim financial statements were prepared in accordance with the same accounting policies and methods as the audited annual consolidated financial statements prepared in accordance with Canadian GAAP for the year ended April 24, 2011, except for those disclosed in Note 2. The interim financial statements do not include all the information required for complete financial statements and should be read in conjunction with the audited annual consolidated financial statements and notes thereto in the Corporation's 2011 Annual Report (the “2011 Annual Report”). The results of operations for the interim periods presented do not necessarily reflect results expected for the full fiscal year. The Corporation's business follows a seasonal pattern. The busiest period is the first half-year of each fiscal year, which includes summer's sales.

On July 10, 2012, the Corporation's interim financial statements for the 13 and 53-week periods ended April 29, 2012 (including comparative statements) were approved by the board of directors who also approved their publication. Future changes to IFRS after that date will be applied to the annual consolidated financial statements for the fiscal year ended on April 29, 2012. These changes could result in a restatement of these interim financial statements, including adjustments to the transitory adjustments at the transition date.

### 2. ACCOUNTING POLICIES AFFECTED BY IFRS TRANSITION AND DIFFERENT FROM THOSE USED IN THE 2011 ANNUAL CONSOLIDATED FINANCIAL STATEMENTS

#### Principles of consolidation

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

Subsidiaries are entities over which the Corporation has control, where control is defined as the power to govern financial and operating policies. The Corporation has directly or indirectly a shareholding of 100% of the voting rights in its subsidiaries. The effect of potential voting rights that are currently exercisable is considered when assessing whether control exists. These criteria are reassessed regularly and subsidiaries are fully consolidated from the date control is transferred to the Corporation, and are deconsolidated from the date control ceases.

## **NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

### **Foreign currency translation**

#### *Functional currency*

The functional currency of the parent Corporation and its Canadian operations is the Canadian dollar while that of the US operations 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 or at the rate on the date they were valued at fair value. Gains and losses arising from such translation, if any, are reflected in the consolidated statement of earnings except when deferred in equity as qualifying net investment hedge.

#### *Consolidation and foreign operations*

The interim financial statements are consolidated in Canadian dollars using the following procedure: 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 Accumulated other comprehensive income in Shareholders' equity.

#### *Reporting currency*

The Corporation has adopted the US dollar as its reporting currency. The Canadian dollar consolidated interim financial statements are translated into the reporting currency using the procedure described above. Capital stock, Contributed surplus and Retained earnings are translated using historical rates. Non-monetary assets at fair value are translated at the rate on the date on which their fair value was determined. Gains and losses arising from translation are included in 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 average weighted number of shares outstanding plus the weighted average number of shares that would be issued upon the conversion of all potential dilutive stock-options into common shares.

### **Income taxes**

The income tax expense recorded to earnings is the sum of the deferred income tax and current income taxes that are not recognized in Other comprehensive income or directly to Shareholders' equity.

The Corporation uses the balance sheet liability method to account for income taxes. Under this method, deferred 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 interim financial statements for the years in which the temporary differences are expected to reverse. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, except where the Corporation is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 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 finance leases	Lease term
Equipment under finance leases	Lease term

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

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

Property and equipment are tested for impairment should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to their recoverable amount which corresponds to the higher of fair value less costs to sell and value in use of the asset or cash-generating unit. Should the carrying amount of property and equipment exceed their recoverable amount, an impairment loss in the amount of the excess would be recognized.

The Corporation performs an annual evaluation of residual values, estimated useful lives and depreciation methods used for property and equipment and any change resulting from this evaluation is applied prospectively by the Corporation.

### 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 Corporation's first quarter, or more frequently should events or changes in circumstances indicate that it might be impaired. Should the carrying amount of a cash-generating unit's goodwill exceed its recoverable amount, an impairment loss would be recognized.

### Intangible assets

Intangible assets mainly comprise trademarks, fuel supply contracts and licenses. Trademarks and licenses have indefinite lives since they do not expire, 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. Motor fuel supply agreements are recorded at cost and are amortized using the straight-line method over the term of the agreements. Other intangible assets are amortized using the straight-line method over a period of five to ten years.

### Rent expense

The Corporation accounts for finance leases in instances where it has acquired substantially all the benefits and risks incidental to ownership of the leased property. In some cases, the lease transaction is not always conclusive, and management uses judgment in determining whether the lease is a finance lease arrangement that transfers substantially all the risks and benefits incidental to ownership. The cost of assets under finance leases represents the present value of minimum lease payments or the fair value of the leased property, whichever is lower, and is amortized on a straight-line basis over the term of the lease or useful life of the asset, whichever is shorter. Assets under finance leases are presented under Property and equipment in the consolidated balance sheet.

Leases that do not transfer substantially all the benefits and risks incidental 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 and losses resulting from sale and leaseback transactions are recorded in the consolidated statements of earnings at the transaction date 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 is deferred and amortized in proportion to the lease payments over the period during which the asset is expected to be used; or

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

### 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 starting in fiscal year 2003.

The fair value of stock options is recognized over the vesting period of each respective vesting portion 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 ("PSUs") compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B shares and the best estimate of the number of PSUs that will ultimately be paid. The recorded liability is adjusted periodically to reflect any variation in the fair market value of the Class B shares and revisions to the estimated number of PSUs that will ultimately be paid.

### 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 unit credit 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 estimate of expected plan investment performance, salary escalation and retirement ages of employees;
- For the purpose of calculating the expected return on plans' assets, those assets are valued at fair value;
- Actuarial gains and losses arise from the difference between the 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. Actuarial gains and losses are recognized in Other comprehensive income without impact on net earnings;
- Past service costs are amortized on a straight-line basis over the average remaining period until the benefits become vested.

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

### Provisions

Provisions are recognized when the Corporation has a present obligation (legal or constructive) as a result of a past event, it is probable that the Corporation will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

#### *Onerous contracts*

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Corporation has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. In order to determine the initial recorded liability, the present value of estimated future cash flows is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### *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 of sites and consideration of other factors such as the condition of the site contamination, location of sites and experience with contractors that perform the environmental assessments and remediation work. In order to determine the initial recorded liability, the present value of



## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

estimated future cash flows was calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### *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, estimated tank useful life, lease terms for those tanks installed on leased properties, external estimates and governmental regulatory requirements. A discounted liability is recorded for the fair value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset at the time an underground storage tank is installed. To determine the initial recorded liability, the future estimated cash flows are discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. 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.

Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased to reflect the passage of time and then adjusted for variations in the current market-based discount rate or the scheduled underlying cash flows required to settle the liability.

### *Obligations related to general liability and workers' compensation*

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 discounted and is recognized as a liability. This cost is estimated based on analysis of the Corporation's historical data and actuarial estimates. In order to determine the initial recorded liability, the present value of estimated future cash flows is calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## Financial instruments recognition and measurement

The Corporation has made the following classifications for its financial assets and liabilities:

<b>Financial assets and liabilities</b>	<b>Classification</b>	<b>Subsequent measurement <sup>(1)</sup></b>	<b>Classification of gains and losses</b>
Cash and cash equivalents	Loans and receivables	Amortized cost	Net earnings
Restricted cash	Loans and receivables	Amortized cost	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

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

## Business combinations

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values (at the date of acquisition) of assets given, liabilities incurred or assumed, and equity instruments issued by the Corporation in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 "Business Combinations" are recognized at their fair values at the acquisition date. Direct acquisition costs are recorded in earnings when incurred.

Goodwill arising from business combinations is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Corporation's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, the Corporation's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess ("negative goodwill") is recognized immediately to earnings.

Earnings from the businesses acquired are included in the consolidated statements of earnings from their respective dates of acquisition.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

#### Revised Standards

##### *Financial Statement Presentation*

In June 2011, the International Accounting Standards Board (“IASB”) issued amendments to International Accounting Standard (“IAS”) 1 “Presentation of Financial Statements”. The amendments govern the presentation of Other Comprehensive Income (“OCI”) in the financial statements, primarily by requiring OCI items that may be reclassified to the statement of earnings to be presented separately from those that remain in equity.

These changes are applicable for fiscal years beginning on or after July 1<sup>st</sup>, 2012. The Corporation will apply these changes for its first quarter of fiscal year 2014 and is still evaluating their impact but does not expect a significant impact on its consolidated financial statements.

##### *Employee Benefits*

In June 2011, the IASB issued a revised version of IAS 19 “Employee Benefits” to modify accounting rules for defined benefits pension plans. The revised version of the standard contains multiple modifications, including the elimination of the corridor approach, which allowed deferring part of the actuarial gains and losses, as well as enhanced guidance on measurement of plan assets and defined benefit obligations, streamlining the presentation of changes in assets and liabilities arising from defined benefit plans and the introduction of enhanced disclosures for defined benefit plans.

These changes are applicable for fiscal years beginning on or after January 1<sup>st</sup>, 2013. The Corporation is in the process of determining when it will apply these changes and is still evaluating their impact but does not expect a significant impact on its consolidated financial statements.

##### *Financial Instruments – Presentation and disclosure*

In December 2011, the IASB issued revised versions of IFRS 7 “Financial Instruments: Disclosures” and IAS 32 “Financial Instruments: Presentation”. The modifications clarify the offsetting rules and state new disclosure requirements for offsetting of financial assets and liabilities on the balance sheet.

Changes to IFRS 7 are applicable for fiscal years beginning on or after January 1<sup>st</sup>, 2013 while changes to IAS 32 are applicable for fiscal years beginning on or after January 1<sup>st</sup>, 2014. The Corporation will apply these changes for its first quarter of fiscal years 2014 and 2015, respectively and is still evaluating their impact but does not expect a significant impact on its consolidated financial statements.

#### New standards

##### *Financial Instruments*

In November 2009, the IASB issued a new standard, IFRS 9 “Financial Instruments” which is the first phase of the IASB’s three-phase project to replace IAS 39 “Financial Instruments: Recognition and Measurement”. The standard provides guidance on the classification and measurement of financial liabilities and requirements for the derecognition of financial assets and financial liabilities.

IFRS 9 is applicable for fiscal years beginning on or after January 1<sup>st</sup>, 2015. The Corporation will apply these new standards for its first quarter of fiscal year 2016 and is still evaluating the impact on its consolidated financial statements.

##### *Consolidated financial statements*

In May 2011, the IASB issued a new standard, IFRS 10 “Consolidated Financial Statements” which requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12 “Consolidation—Special Purpose Entities” and parts of IAS 27 “Consolidated and Separate Financial Statements”.

##### *Joint Arrangements*

In May 2011, the IASB issued a new standard, IFRS 11 “Joint Arrangements” which requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses

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of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31 "Interests in Joint Ventures", and SIC-13 "Jointly Controlled Entities—Non-monetary Contributions by Venturers".

### *Disclosure of Interest in Other Entities*

In May 2011, the IASB issued a new standard, IFRS 12 "Disclosure of Interest in Other Entities". IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, associates, special purpose vehicles and off balance sheet vehicles. The standard includes existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities.

### *Fair Value Measurement*

In May 2011, the IASB issued a new standard, IFRS 13 "Fair Value Measurement". IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IFRS 10, 11, 12 and 13 are all applicable for fiscal years beginning on or after January 1<sup>st</sup>, 2013. The Corporation will apply these new standards for its first quarter of fiscal year 2014 and is still evaluating their impact on its consolidated financial statements.

## 4. LONG-TERM DEBT

On December 9, 2011, the Corporation entered into a new credit agreement consisting of a revolving unsecured facility of an initial maximum amount of \$1,000.0 with an initial term of five years. The credit facility is available in the following forms:

- A term revolving unsecured operating credit, available i) in Canadian dollars, ii) in US dollars, iii) in the form of Canadian dollar bankers' acceptances, with stamping fees and iv) in the form of standby letters of credit not exceeding \$100.0 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; and
- 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 of the Corporation, apply to the unused portion of the credit facility. Stamping fees, standby letters of credit fees and the variable margin used to determine the interest rate applicable to amount borrowed are determined according to a leverage ratio of the Corporation.

Under this new credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

Considering this new agreement, the amounts available under the previously existing credit agreements were adjusted as follows:

- Operating credit A's initial amount of \$650.0 was reduced to \$326.0; and
- Operating credit B's initial amount of \$310.0 was reduced to \$154.0.

The used portion of these facilities in excess of the reduced initial amounts was transferred to the new credit facility. The previous agreements remain in effect until September 22, 2012. All other conditions pertaining to the previous agreements remain unchanged.

On April 16, 2012, the Corporation entered into a new credit agreement consisting of an unsecured non-revolving acquisition credit facility of an initial maximum amount of \$3,200.0 ("acquisition facility") with an initial term of three years. The acquisition facility is available exclusively to finance, directly or indirectly, the acquisition of Statoil Fuel & Retail ASA and the related acquisition costs or the repayment of any of Statoil Fuel & Retail ASA and its subsidiaries' outstanding debt. The acquisition facility is available i) in Canadian dollars by the way of prime rate loans or bankers' acceptances, ii) in US dollars by the way of US base rate loans or LIBOR loans. 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. The acquisition facility was unused as at April 29, 2012.

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

### 5. BUSINESS ACQUISITIONS

- In May 2011, the Corporation purchased 11 company-operated stores located in Ontario, Manitoba, Saskatchewan, Alberta and British-Columbia from Shell Canada Products. The Corporation leases the land and buildings for four sites and owns both these assets for the other sites.
- In June 2011, the Corporation signed an agreement with ExxonMobil for 322 stores and motor fuel supply agreements for another 65 stores. All stores are operated in Southern California, United States. The transaction is scheduled to close in stages: the first stages occurred during the month of August 2011. The transaction is subject to standard regulatory approvals and closing conditions. The following is a summary of progress made during the 53-week period ended on April 29, 2012 and steps that should be completed subsequently:
  - In August 2011, the Corporation purchased one company-operated store for which it owns the land and building and it acquired the motor fuel supply agreements for 63 other stores;
  - In October 2011, the Corporation acquired one company-operated store for which it owns the land and building as well as 83 stores operated by independent operators for which the Corporation owns the buildings and leases the land;
  - At end of October 2011 and beginning of November 2011, the Corporation acquired 72 company-operated stores for which it owns the land and buildings for 37 stores and leases the land and owns the building for the other stores;
  - Between January 29, 2012 and April 29, 2012, the Corporation acquired eight stores operated by independent operators for which the real estate is owned by the Corporation along with the related motor fuel supply agreements. Additionally, during this time period, 13 independent operators elected to accept ExxonMobil's bona fide offer. Consequentially, 13 fuel supply agreements were transferred to the Corporation during this period;
  - Subsequent to the 53-week period ended April 29, 2012 and consequentially not reflected into the purchase price allocation table below :
    - As at April 29, 2012, 144 sites operated by independent operators along with related motor fuel supply agreements remained to be integrated to the Corporation's network. However, the sale to the Corporation by ExxonMobil of real estate for these sites is conditional to ExxonMobil's obligation to submit a *bona fide* offer to each independent operator. If the offer is accepted by the independent operator than only the motor fuel supply agreement is transferred to the Corporation.
    - The Corporation expects to acquire 126 stores operated by independent operators and for which the real estate should be owned by the Corporation and expects 18 fuel supply agreements to be transferred to the Corporation.
- On October 13, 2011, the Corporation acquired from Chico Enterprises Inc., 26 company-operated stores operating in northern West Virginia, United States. The Corporation owns the real estate for 25 sites and owns the building and leases the land for the other site.
- On November 16 and 17, 2011, the Corporation acquired from ExxonMobil, 33 company-operated stores operating under the "On the Run" banner in Louisiana, United States. The Corporation owns the buildings for 33 sites as well as land for 25 sites and leases the land for the other eight sites.
- On December 12, 2011, the Corporation acquired from Neighbors Stores Inc., 11 company-operated stores operating under the "Neighbors" banner in North Carolina, United States. The Corporation owns the buildings for eight sites as well as land for nine sites and leases these same assets for the other sites.
- On April 11, 2012, the Corporation acquired from Dead River Company, 17 company-operated stores operating in Maine, United States. Two quick service restaurants were also transferred to the Corporation. The Corporation owns the buildings and land for 16 sites and leases these same assets for the other three sites.
- During the 53-week period ended April 29, 2012, the Corporation also acquired 19 other stores through distinct transactions. The Corporation leases the land and buildings for 11 sites and owns both these assets for the other sites.

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Acquisition costs in connection with these acquisitions and other unrealized acquisitions of \$6.8 are included in Operating, selling, administrative and general expenses.

These acquisitions were settled for a total cash consideration of \$380.3. Since the Corporation has not completed its fair value assessment of the net assets acquired for all transactions, the preliminary allocations of certain acquisitions are subject to adjustments to the fair value of the assets and liabilities until the process is completed. Purchase price allocations based on the estimated fair value on the dates of acquisition are as follows:

	\$
Tangible assets acquired	
Inventories	19.2
Property and equipment	281.4
Other assets	5.5
<u>Total tangible assets</u>	<u>306.1</u>
Liabilities assumed	
Accounts payable and accrued liabilities	1.3
Provisions	30.9
<u>Total liabilities</u>	<u>32.2</u>
<u>Net tangible assets acquired</u>	<u>273.9</u>
Intangible assets	45.8
Goodwill	67.5
<u>Negative goodwill recorded to Operating, selling, administrative and general expenses</u>	<u>(6.9)</u>
<u>Total cash consideration paid</u>	<u>380.3</u>

The Corporation expects that approximately \$4.8 of the goodwill related to these transactions will be deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation's market share and to increase its economies of scale. These acquisitions generated goodwill in the amount of \$67.5 mainly due to the location of stores which is favorable to the Corporation's operations: accessible location, limited competition, proximity to target clientele. Since the date of acquisition, revenues and net earnings from these stores amounted to \$1,254.3 and \$5.8, respectively. Considering the nature of these acquisitions, the available financial information does not allow for the accurate disclosure of pro-forma Revenues and Net earnings had the Corporation concluded these acquisitions at the beginning of the year.

On May 11, 2011, the Corporation, through its RDK Ventures LLC ("RDK") joint venture, purchased four company-operated stores located in the Chicago area, United States, from Gas City, Ltd. RDK leases the land and buildings for one site and owns both these assets for the other sites.

On November 8, 9 and 10, 2011, the Corporation, through the RDK joint venture, acquired from Supervalu Inc., 27 stores operating in the Chicago area, Illinois, United States. The agreement also includes the transfer to RDK of two vacant land parcels. Out of the 27 stores, 14 are company-operated while the other 13 are operated by independent operators. RDK owns the real estate for 24 sites as well as the two vacant land parcels, owns the building and leases the land for two sites and leases both these assets for the remaining site.

### 6. FOREIGN EXCHANGE FORWARD CONTRACTS

As at April 29, 2012, the Corporation was exposed to foreign currency risk with respect to its potential acquisition of Statoil Fuel & Retail ASA for which the purchase price would be denominated in Norwegian kroner ("NOK") and would be financed using the Corporation's acquisition facility denominated in US dollars. To mitigate this risk, as at April 29, 2012, the Corporation had foreign exchange forward contracts ("forwards") requiring it to deliver, at various dates until July 26, 2012, US\$2.22 billion in exchange for NOK12.82 billion, representing a weighted average rate of NOK5.7879 per US dollar. Variations in the fair value of the forwards are recorded to earnings. As at April 29, 2012, the unrealized gain on these forwards amounted to \$17.0 million and was recorded to earnings of the 13-week period ended April 29, 2012.

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### 7. NET EARNINGS PER SHARE

	13-week period ended April 29, 2012			12-week period ended April 24, 2011		
	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$
Basic net earnings attributable to Class A and B shareholders	117.8	179,046	0.66	64.5	183,344	0.35
Dilutive effect of stock options		2,056	(0.01)		3,533	-
Diluted net earnings available for Class A and B shareholders	117.8	181,102	0.65	64.5	186,877	0.35

  

	53-week period ended April 29, 2012			52-week period ended April 24, 2011		
	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$	Net earnings \$	Weighted average number of shares (in thousands)	Net earnings per share \$
Basic net earnings attributable to Class A and B shareholders	457.6	180,420	2.54	369.2	184,637	2.00
Dilutive effect of stock options		3,163	(0.05)		3,577	(0.04)
Diluted net earnings available for Class A and B shareholders	457.6	183,583	2.49	369.2	188,214	1.96

When they have an anti-dilutive effect, stock options must be excluded from the calculation of the diluted net earnings per share. No stock options were excluded for the 13 and 53-week periods ended April 29, 2012 as well as for the 12-week period ended April 24, 2011. A total of 438,035 stock options were excluded from the calculation for the 52-week period ended April 24, 2011.

### 8. CAPITAL STOCK

As at April 29, 2012, the Corporation has 53,686,412 (53,694,712 as at April 24, 2011) issued and outstanding Class A multiple voting shares each comprising ten votes per share and 125,366,596 (129,899,045 as at April 24, 2011) outstanding Class B subordinate voting shares each comprising one vote per share.

The Corporation had a share repurchase program allowing it to repurchase up to 2,684,420 of the 53,688,412 Class A multiple voting shares and up to 11,126,400 of the 111,264,009 Class B subordinate voting shares issued and outstanding as at October 11, 2011. This program ended on October 24, 2011.

On October 25, 2011, the Corporation implemented a share repurchase program. This program allows the Corporation to repurchase up to 2,684,420 of the 53,688,412 Class A multiple voting shares and up to 11,126,400 of the 111,264,009 Class B subordinate voting shares issued and outstanding as at October 11, 2011 (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 at that date, respectively, as defined by applicable rules). In accordance with Toronto Stock Exchange requirements, the Corporation can repurchase a daily maximum of 1,000 Class A multiple voting shares and of 82,118 Class B subordinate voting shares. When making such repurchases, the number of Class A multiple voting shares and of Class B subordinate voting shares in circulation is reduced and the proportionate interest of all remaining shareholders in the Corporation's share capital is increased on a pro rata basis. All shares repurchased under the share repurchase program are cancelled upon repurchase. The share repurchase period will end no later than October 24, 2012.

The following table summarizes share repurchases made under these programs.

	13-week period ended April 29, 2012		53-week period ended April 29, 2012	
	Number of shares repurchased	Weighted average cost per share	Number of shares repurchased	Weighted average cost per share
Class A multiple voting shares	-	-	3,700	29.72 CA\$
Class B subordinate voting shares	-	-	6,969,200	29.29 CA\$

For the 13-week period ended April 29, 2012, a total of 102,535 stock options were exercised (331,216 for the 12-week period ended April 24, 2011). For the 53-week period ended April 29, 2012, a total of 2,460,676 stock options were exercised (2,724,444 for 52-week period ended April 24, 2011).

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### 9. SEGMENTED INFORMATION

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

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

	13-week period ended April 29, 2012			12-week period ended April 24, 2011		
	United States	Canada	Total	United States	Canada	Total
	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>						
Merchandise and services	1,109.7	505.6	1,615.3	955.1	447.7	1,402.8
Motor fuel	3,772.1	675.8	4,447.9	2,779.7	554.5	3,334.2
	<b>4,881.8</b>	<b>1,181.4</b>	<b>6,063.2</b>	<b>3,734.8</b>	<b>1,002.2</b>	<b>4,737.0</b>
<b>Gross Profit</b>						
Merchandise and services	363.9	166.4	530.3	320.3	150.6	470.9
Motor fuel	164.8	36.5	201.3	113.3	29.2	142.5
	<b>528.7</b>	<b>202.9</b>	<b>731.6</b>	<b>433.6</b>	<b>179.8</b>	<b>613.4</b>
<b>Total long-term assets<sup>(b)</sup></b>	<b>2,454.3</b>	<b>633.7</b>	<b>3,088.0</b>	<b>2,070.3</b>	<b>590.8</b>	<b>2,661.1</b>

  

	53-week period ended April 29, 2012			52-week period ended April 24, 2011		
	United States	Canada	Total	United States	Canada	Total
	\$	\$	\$	\$	\$	\$
<b>External customer revenues<sup>(a)</sup></b>						
Merchandise and services	4,408.0	2,190.9	6,598.9	4,133.6	2,049.9	6,183.5
Motor fuel	13,673.8	2,724.8	16,398.6	10,218.7	2,148.2	12,366.9
	<b>18,081.8</b>	<b>4,915.7</b>	<b>22,977.5</b>	<b>14,352.3</b>	<b>4,198.1</b>	<b>18,550.4</b>
<b>Gross Profit</b>						
Merchandise and services	1,452.6	729.8	2,182.4	1,369.8	702.9	2,072.7
Motor fuel	637.9	148.8	786.7	537.3	135.7	673.0
	<b>2,090.5</b>	<b>878.6</b>	<b>2,969.1</b>	<b>1,907.1</b>	<b>838.6</b>	<b>2,745.7</b>

(a) Geographic areas are determined according to where the Corporation generates operating income (where the sale takes place) and according to the location of the long-term assets.

(b) Excluding financial instruments, deferred tax assets and post-employment benefit assets.

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### 10. PROVISIONS

The reconciliation of the Corporation's main provisions is as follows:

	Asset retirement obligations	Provision for site restoration costs	Provision for workers' compensation	Provision for general liability	Other provisions	Total
	\$	\$	\$	\$	\$	\$
<b>53-week period ended</b>						
<b>April 29, 2012</b>						
Balance, beginning of period	60.8	25.5	25.0	13.7	-	125.0
Liabilities incurred	0.7	8.9	14.3	5.5	-	29.4
Liabilities settled	(1.5)	(7.8)	(14.3)	(6.3)	-	(29.9)
Accretion expense	4.8	0.3	0.7	0.1	-	5.9
Business acquisitions	2.1	28.8	-	-	-	30.9
Reversal of unused amounts	-	(3.1)	-	-	-	(3.1)
Change in estimates	-	(0.2)	-	0.1	-	(0.1)
Effect of exchange rate variations	(0.4)	(0.1)	-	-	-	(0.5)
Balance, end of period	66.5	52.3	25.7	13.1	-	157.6
Current portion of provisions						50.1
Long term portion of provisions						107.5
<b>52-week period ended</b>						
<b>April 24, 2011</b>						
Balance, beginning of period	56.4	26.6	23.3	12.0	0.8	119.1
Liabilities incurred	0.5	7.7	15.7	9.0	-	32.9
Liabilities settled	(1.6)	(6.2)	(14.4)	(7.4)	(0.8)	(30.4)
Accretion expense	4.5	0.3	0.5	0.1	-	5.4
Business acquisitions	0.4	0.6	-	-	-	1.0
Reversal of unused amounts	-	(3.8)	(0.1)	(0.1)	-	(4.0)
Change in estimates	-	-	-	0.1	-	0.1
Effect of exchange rate variations	0.6	0.3	-	-	-	0.9
Balance, end of period	60.8	25.5	25.0	13.7	-	125.0
Current portion of provisions						36.3
Long term portion of provisions						88.7

### 11. SUBSEQUENT EVENTS

Subsequent to the end of fiscal 2012, between June 19, 2012 and June 29, 2012, the Corporation acquired 98.9% of the issued and outstanding shares of Statoil Fuel & Retail (SFR/Oslo Børs) for a cash consideration of 51.20 Norwegian Kroners ("NOK") per share for a total amount of NOK15.2 billion or approximately \$2.6 billion. Having reached a shareholding of more than 90%, on June 29, 2012, in accordance with Norwegian laws, the Corporation initiated a compulsory acquisition process to buyback the participation of the remaining minority shareholders and ensure that Statoil Fuel & Retail becomes a wholly-owned subsidiary.

Statoil Fuel & Retail is a leading Scandinavian road transport fuel retailer with over 100 years of operations in the region. Statoil Fuel & Retail operates a broad retail network across Scandinavia (Norway, Sweden, Denmark), Poland, the Baltics (Estonia, Latvia, Lithuania), and Russia with approximately 2,300 stores, the majority of which offer fuel and convenience while the others are automated (fuel only) stations. Statoil Fuel & Retail has a leading position in several countries where it does business and owns the land for over 900 sites and buildings for over 1,700 sites. Statoil Fuel & Retail's other products include stationary energy, marine fuel, aviation fuel, lubricants and chemicals. In Europe, Statoil Fuel & Retail owns and operates 12 key terminals as well as 38 depots in eight countries while it also operates approximately 400 road tankers.

This transaction has been financed using the new acquisition facility (Note 4).

Subsequent to the end of fiscal 2012, the Corporation entered into additional forwards requiring it to deliver, at various dates, US\$1.25 billion in exchange for NOK7.32 billion, representing a weighted average rate of NOK5.8530 per US dollar.

In total, the Corporation has entered into forwards requiring it to deliver US\$3.47 billion in exchange for NOK20.14 billion, representing a weighted average rate of NOK5.8114 per US dollar.

Subsequently, the Corporation modified the original maturity dates of certain forwards to make them coincide with the actual disbursement dates for the payment of Statoil Fuel & Retail shares. Thus, between June 15 and June 25, 2012, the Corporation settled a significant portion of the forwards with a value of \$2,570.1 million to pay for Statoil Fuel & Retail shares while the remaining NOK at its disposal as well as the NOK that will be received upon settlement of forwards that have not yet been settled will be used for the purchase of the remaining shares and to refinance a significant portion of Statoil Fuel & Retail existing long-term debt, which is denominated in NOK.



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In May 2012, subsequent to the end of the fiscal 2012, the Corporation acquired 20 company-operated stores operating in Texas, United States from Signature Austin Stores. The Corporation leases the real estate for all sites.

### 12. FIRST-TIME ADOPTION OF IFRS

The consolidated financial statements for the fiscal year ended April 29, 2012 will be the first annual consolidated financial statements of the Corporation prepared in accordance with IFRS. These interim financial statements have been prepared in accordance with applicable standards for interim financial reporting, as issued by the IASB. The date of the Corporation's transition to IFRS is April 26, 2010.

The Corporation's IFRS accounting policies presented in Note 2 have been applied in preparing the interim financial statements for the 13 and 53-week periods ended April 29, 2012, for the comparative information and for the opening consolidated balance sheet as at the date of transition except for certain mandatory exceptions and elected exemptions listed below.

The Corporation has applied IAS 34, "Interim Financial Reporting" and IFRS 1 "First-time Adoption of International Financial Reporting Standards" in preparing its first IFRS interim financial statements. The effects of the transition to IFRS on the consolidated statements of earnings and comprehensive income, consolidated balance sheets, consolidated shareholders' equity and consolidated cash flows are presented in this section and are further explained in the explanatory notes that accompany the tables.

#### First-time adoption exemptions

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 April 26, 2010 under Canadian GAAP have not been recognized under IFRS.
- The Corporation has only applied hedge accounting in the opening consolidated 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 made by the joint venture. See note g) for 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 in retained earnings. See note d) for an explanation of the effect of this exemption. Furthermore, the Corporation has elected to use the exemption not to disclose the defined benefit plan surplus/deficit and experience gains and losses before the date of transition.
- The Corporation has elected not to retrospectively recognize the effect on the assets of the variances related to its existing asset retirement obligation and similar liabilities, which may have occurred before the transition date.
- The Corporation elected to use facts and circumstances existing as at April 26, 2010 to determine whether an arrangement signed before April 26, 2004 contains a lease. The arrangements signed after that date were evaluated under Canadian GAAP and were not analyzed in detail since this analysis would have given 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.
- The Corporation elected to reset all cumulative translation adjustments to zero in opening retained earnings at its transition date.

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### Reconciliation of the consolidated balance sheet and Shareholders' equity as at April 26, 2010

Explanatory notes	Balance sheet under Canadian GAAP	Reconciling items with IFRS							Cumulative translation adjustment reversal	Balance sheet under IFRS
		Sale and leaseback transactions	Discounting of provisions	Onerous contracts	Employee future benefits	Stock options	Joint venture	Presentation differences		
	a)	b)	c)	d)	e)	f)	h)	i)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Assets</b>										
<b>Current assets</b>										
Cash and cash equivalents	220.9						(5.2)			215.7
Accounts receivable	286.2						(5.4)			280.8
Inventories	474.1						(4.2)			469.9
Prepaid expenses	20.2						(0.2)			20.0
Income taxes receivable	4.7							13.0		17.7
Deferred income taxes	24.9							(24.9)		-
	1,031.0	-	-	-	-	-	(15.0)	(11.9)	-	1,004.1
Property and equipment	1,980.5						(65.6)			1,914.9
Goodwill	426.5						(1.2)			425.3
Intangible assets	188.2									188.2
Other assets	65.2		(1.1)		(8.3)					55.8
Investment in a joint venture	-					42.1				42.1
Deferred income taxes	5.3			0.2	3.0			0.1		8.6
	3,696.7	-	(1.1)	0.2	(5.3)	-	(39.7)	(11.8)	-	3,639.0
<b>Liabilities</b>										
<b>Current liabilities</b>										
Accounts payable and accrued liabilities	872.9	(0.1)					(14.2)	(36.9)		821.7
Provisions	-							31.4		31.4
Current portion of long-term debt	4.4									4.4
Deferred income taxes	5.6		0.2		(3.0)			(2.8)		-
	882.9	(0.1)	0.2	-	(3.0)	-	(14.2)	(8.3)	-	857.5
Long-term debt	736.8						(24.9)			711.9
Provisions	-		(3.4)	0.8				90.3		87.7
Deferred credits and other liabilities	285.8	(98.6)			13.2		(0.6)	(71.8)		128.0
Deferred income taxes	176.9	38.4	0.6					(22.0)		193.9
	2,082.4	(60.3)	(2.6)	0.8	10.2	-	(39.7)	(11.8)	-	1,979.0
<b>Shareholders' equity</b>										
Capital stock	319.5									319.5
Contributed surplus	18.8					1.6				20.4
Retained earnings	1,167.0	60.3	1.5	(0.6)	(15.5)	(1.6)			108.6	1,319.7
Accumulated other comprehensive income	109.0								(108.6)	0.4
	1,614.3	60.3	1.5	(0.6)	(15.5)	-	-	-	-	1,660.0
	3,696.7	-	(1.1)	0.2	(5.3)	-	(39.7)	(11.8)	-	3,639.0

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### Reconciliation of the consolidated balance sheet and Shareholders' equity as at April 24, 2011

Explanatory notes	Reconciling items with IFRS									Balance sheet under IFRS	
	Balance sheet under Canadian GAAP	Sale and leaseback transactions a)	Discounting of provisions b)	Employee future benefits d)	Stock option e)	Joint venture f)	Business combinations - acquisition costs g)	Presentation differences h)	Cumulative translation adjustment reversal i)		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
<b>Assets</b>											
Current assets											
Cash and cash equivalents	320.4					(10.7)					309.7
Accounts receivable	356.1					(6.9)	(0.1)				349.1
Inventories	530.7					(4.7)					526.0
Prepaid expenses	21.3					(0.3)					21.0
Income taxes receivable	26.6							9.8			36.4
Deferred income taxes	33.9		(0.2)	2.8				(36.5)			-
	1,289.0	-	(0.2)	2.8	-	(22.6)	(0.1)	(26.7)	-		1,242.2
Property and equipment	2,002.8					(67.2)	(0.2)				1,935.4
Goodwill	442.5					(1.1)	(0.5)				440.9
Intangible assets	188.6										188.6
Other assets	66.9		(0.8)	(7.9)		(0.2)					58.0
Investment in a joint venture	-					48.2					48.2
Deferred income taxes	9.8			3.1							12.9
	3,999.6	-	(1.0)	(2.0)	-	(42.9)	(0.8)	(26.7)	-		3,926.2
<b>Liabilities</b>											
Current liabilities											
Accounts payable and accrued liabilities	994.5	(0.2)				(17.5)		(40.3)			936.5
Provisions	-							36.3			36.3
Current portion of long-term debt	4.6										4.6
Deferred income taxes	21.2							(21.2)			-
	1,020.3	(0.2)	-	-	-	(17.5)	-	(25.2)	-		977.4
Long-term debt	521.8					(24.9)					496.9
Provisions	-		(3.3)					92.0			88.7
Deferred credits and other liabilities	299.0	(95.6)		14.8		(0.5)		(78.2)			139.5
Deferred income taxes	222.4	37.2	0.7	(0.4)			(0.3)	(15.3)			244.3
	2,063.5	(58.6)	(2.6)	14.4	-	(42.9)	(0.3)	(26.7)	-		1,946.8
<b>Shareholders' equity</b>											
Capital stock	323.8										323.8
Contributed surplus	18.1				1.2						19.3
Retained earnings	1,444.5	58.5	1.6	(15.2)	(1.2)		(0.5)		108.6		1,596.3
Accumulated other comprehensive income	149.7	0.1		(1.2)					(108.6)		40.0
	1,936.1	58.6	1.6	(16.4)	-	-	(0.5)	-	-		1,979.4
	3,999.6	-	(1.0)	(2.0)	-	(42.9)	(0.8)	(26.7)	-		3,926.2

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### Reconciliation of consolidated statement of earnings and consolidated comprehensive income for the 12-week period ended April 24, 2011

Explanatory notes	Reconciling items with IFRS								Statement of earnings under IFRS
	Statement of earnings under Canadian GAAP	Sale and leaseback transactions a)	Discounting of provisions b)	Onerous contracts c)	Employee future benefits d)	Joint venture f)	Business combinations - acquisition costs g)	Presentation differences h)	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>	<b>4,841.1</b>					(104.1)			<b>4,737.0</b>
Cost of sales	4,220.3					(96.7)			4,123.6
<b>Gross profit</b>	<b>620.8</b>	-		-	-	(7.4)	-	-	<b>613.4</b>
Operating, selling, administrative and general expenses	484.5	1.5	(0.7)	(0.5)	(0.6)	(3.7)	0.2	(1.0)	479.7
Depreciation and amortization of property and equipment and other assets	51.5					(0.6)			50.9
Operating income	84.8	(1.5)	0.7	0.5	0.6	(3.1)	(0.2)	1.0	82.8
Share of earnings of a joint venture accounted for using the equity method	-					2.6			2.6
Financial expenses	2.1		0.1			(0.5)		1.0	2.7
Financial revenues	(0.1)								(0.1)
Net financial expenses	2.0	-	0.1	-	-	(0.5)	-	1.0	2.6
Earnings before income taxes	82.8	(1.5)	0.6	0.5	0.6	-	(0.2)	-	82.8
Income taxes	18.8	(0.7)	0.2	0.1	0.1		(0.2)		18.3
<b>Net earnings</b>	<b>64.0</b>	<b>(0.8)</b>	<b>0.4</b>	<b>0.4</b>	<b>0.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64.5</b>
Changes in cumulative translation adjustments	39.2	0.1							39.3
Change in fair value of a financial instrument designated as a cash flow hedge	(0.3)								(0.3)
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings	(0.2)								(0.2)
Actuarial losses	-				(1.2)				(1.2)
<b>Comprehensive income</b>	<b>102.7</b>	<b>(0.7)</b>	<b>0.4</b>	<b>0.4</b>	<b>(0.7)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>102.1</b>

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### Reconciliation of consolidated statement of earnings and consolidated comprehensive income for the 52-week period ended April 24, 2011

Explanatory notes	Reconciling items with IFRS									
	Statement of earnings under Canadian GAAP	Sale and leaseback transactions a)	Discounting of provisions b)	Onerous contracts c)	Employee future benefits d)	Stock option e)	Joint venture f)	Business combinations - acquisition costs g)	Presentation differences h)	Statement of earnings under IFRS
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenues</b>	<b>18,965.9</b>						(415.5)			<b>18,550.4</b>
Cost of sales	<b>16,180.7</b>						(376.0)			<b>15,804.7</b>
<b>Gross profit</b>	<b>2,785.2</b>	-	-	-	-	-	(39.5)	-	-	<b>2,745.7</b>
Operating, selling, administrative and general expenses	<b>2,050.4</b>	3.0	(0.9)	(0.8)	(0.6)	(0.4)	(18.1)	0.8	(4.5)	<b>2,028.9</b>
Depreciation and amortization of property and equipment and other assets	<b>216.3</b>						(2.6)			<b>213.7</b>
Operating income	<b>518.5</b>	(3.0)	0.9	0.8	0.6	0.4	(18.8)	(0.8)	4.5	<b>503.1</b>
Share of earnings of a joint venture accounted for using the equity method	-						16.9			<b>16.9</b>
Financial expenses	<b>28.1</b>		0.7				(1.9)		4.5	<b>31.4</b>
Financial revenues	<b>(1.8)</b>									<b>(1.8)</b>
Net financial expenses	<b>26.3</b>	-	0.7	-	-	-	(1.9)	-	4.5	<b>29.6</b>
Earnings before income taxes	<b>492.2</b>	(3.0)	0.2	0.8	0.6	0.4	-	(0.8)	-	<b>490.4</b>
Income taxes	<b>122.1</b>	(1.2)	0.1	0.2	0.3			(0.3)		<b>121.2</b>
<b>Net earnings</b>	<b>370.1</b>	(1.8)	0.1	0.6	0.3	0.4	-	(0.5)	-	<b>369.2</b>
Changes in cumulative translation adjustments	<b>40.0</b>	0.1								<b>40.1</b>
Change in fair value of a financial instrument designated as a cash flow hedge	<b>2.0</b>									<b>2.0</b>
Gain realized on a financial instrument designated as a cash flow hedge transferred to earnings	<b>(1.3)</b>									<b>(1.3)</b>
Actuarial losses	-				(1.2)					<b>(1.2)</b>
<b>Comprehensive income</b>	<b>410.8</b>	(1.7)	0.1	0.6	(0.9)	0.4	-	(0.5)	-	<b>408.8</b>

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### Explanatory notes related to the reconciliations

#### a) Recognition of deferred gains on sale and leaseback transactions

*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 in 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 as at the transition date. When the transactions were concluded at fair value, the deferred gains in the balance sheet as at the transition date were reversed and recognized in 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 in 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 as 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 as at the transition date. For fiscal 2011, new expenses recognized in 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 its existing contracts as 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 was recognized in earnings, reversed as the contracts progressed and entirely reversed as at April 24, 2011. This led to a decrease in Operating, selling, administrative and general expenses for fiscal 2011 following the amortization of the provision.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### 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 10% of the greater of:

- a) the accrued benefit obligation at the beginning of the year; or
- 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 in equity.

The Corporation has decided to modify its accounting method and has elected to recognize all actuarial gains and losses directly in equity in Other comprehensive income. Moreover, under IFRS 1, a first-time adopter may elect to recognize all cumulative actuarial gains and losses at the date of transition to IFRS. Therefore, the Corporation elected to reverse unamortized actuarial gains and losses to retained earnings on April 26, 2010. The actuarial losses for 2011 were recognized directly to Other comprehensive income and the amortization amount recognized in 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 recognize 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 in 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 in retained earnings with an equivalent adjustment to contributed surplus. The expense recognized in 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 as at the IFRS transition date. Since the Corporation was using the proportionate consolidation method under Canadian GAAP to recognize

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

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

*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 in earnings when they are incurred.

Because 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 in earnings on the financial statement adjusted for IFRS.

### h) Presentation differences

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

#### i) 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.

#### ii) 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.

#### iii) Provision presentation

*Under Canadian GAAP:* There was no specific indication concerning the presentation of provisions.

*Under IFRS:* IAS 1 "*Presentation of financial statements*" states in paragraph 54 I) 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*.



## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

### iv) Accretion expense

*Under Canadian GAAP:* CICA Handbook Section 3110 “*Asset Retirement Obligations*” stated that the expense related to the passage of time had to be classified as an operating item in the statement of earnings, not as interest expense.

*Under IFRS:* As per IFRIC 1 “*Changes in Existing Decommissioning, Restoration and Similar Liabilities*”, the periodic unwinding of the discount shall be recognized in earnings as a finance cost as it occurs. Also, as per IAS 37 “*Provisions, Contingent Liabilities and Contingent Assets*”, where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as finance cost.

Considering this difference, accretion expense has been reclassified under *Financial expenses* on the Corporation’s consolidated statement of earnings for fiscal 2011.

### i) Reversal of the cumulative translation adjustments

Retrospective application of IFRS would require the Corporation to determine cumulative currency translation differences in accordance with IAS 21, “*The Effects of Changes in Foreign Exchange Rates*”, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at the transition date. The Corporation elected to reset all cumulative translation gains and losses to zero in opening retained earnings at its transition date.

### Cash flow statement

The only significant adjustment to the statement of cash flows is the change of accounting method for the joint venture, from the proportionate consolidation under Canadian GAAP to the equity method under IFRS. The total cash flow amounts for each category that was previously consolidated in the cash flows statement for the joint venture and that are now excluded from the cash flows statement under IFRS for the 12 and 52-week periods ended April 24, 2011 are as follows:

	12-week period ended April 24, 2011	52-week period ended April 24, 2011
Cash and cash equivalents, beginning of year	\$ 9.8	\$ 5.2
Operating activities	2.0	9.9
Investing activities	(1.1)	(4.4)
Financing activities	-	-
Cash and cash equivalents, end of year	<u>10.7</u>	<u>10.7</u>