ALIMENTATION COUCHE-TARD INC.

Annual Report 2016

Table of Contents

People and Places 2

Performance Highlights 3

It's a New Dawn 4

Alain Bouchard, Founder and Executive Chairman of the Board

Let's Make It Easy 6

Brian Hannasch, President and Chief Executive Officer

Management Discussion and Analysis 12

Management's Report 45

Independent Auditor's Report 47

Consolidated Financial Statements 49

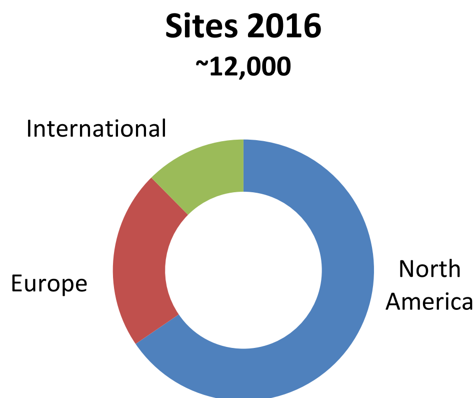
People and Places

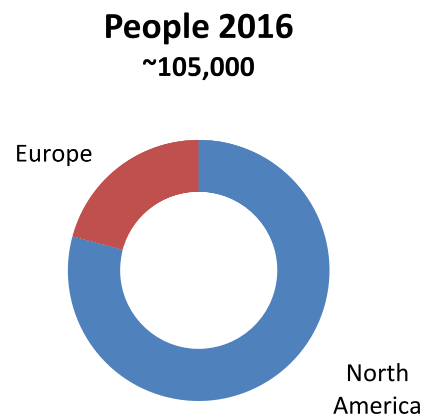
In fiscal 2016, Couche-Tard's network totals more than 12,000 sites around the world and it employs more than 105,000 people.

In North America, Couche-Tard's network is comprised of 7,888 convenience stores, including 6,490 sites offering road transportation fuel. About 80,000 people are employed throughout its network and service offices.

In Europe, Couche-Tard operates a broad retail network across Scandinavia (Norway, Sweden and Denmark), Ireland, Poland, the Baltics (Estonia, Latvia and Lithuania) and Russia. This network is comprised of 2,659 sites, the majority of which offer road transportation fuel and convenience products, while the others are unmanned automated stations which only offer road transportation fuel. Including employees at franchise sites carrying our brands, about 25,000 people work in our retail network, terminals and service offices.

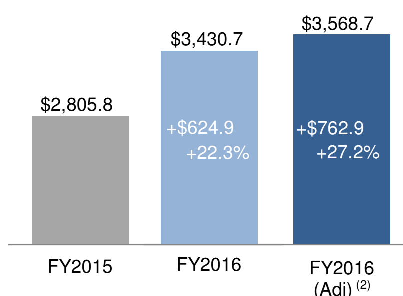
In addition, almost 1,500 sites are operated by independent operators under the Circle K® banner in 13 other countries or regions worldwide (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam).

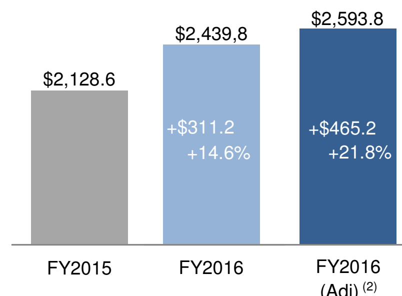


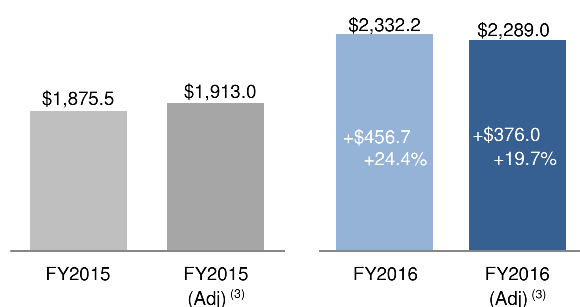


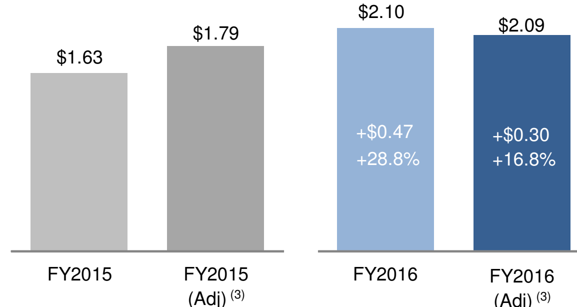
Performance Highlights

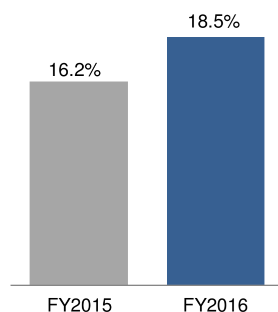
Growth of Same-Store Merchandise Revenues	US	4.6% (1)
	Europe	2.8%
	Canada	2.9%
Growth of Same-Store Road Transportation Fuel Volume	US	6.6% (1)
	Europe	2.6%
	Canada	0.9%

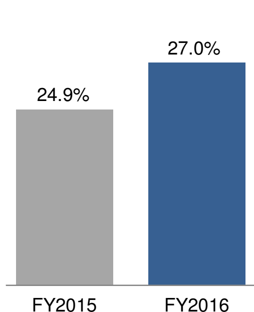


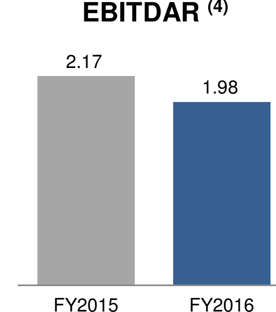


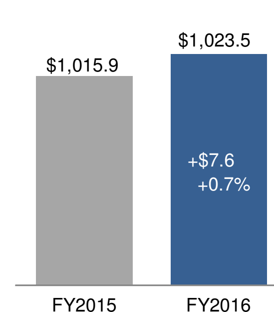












All dollar figures are in USD millions, except per-share amounts which are in USD.

(1) Includes results for The Pantry, Inc. stores.
(2) Adjusted for the negative impact from the translation of our European and Canadian operations into US dollars.
(3) For more information on those performance measures not defined by IFRS, please refer to sections " Earnings before interests, taxes, depreciation, amortization and impairment (EBITDA) and adjusted EBITDA" and "Net earnings and adjusted net earnings" in the Management's Discussions and Analysis of this annual report.
(4) These ratios are presented on a pro forma basis following the acquisition of The Pantry and Topaz group.
(5) Ajusted free cash flows are calculated as: adjusted EBITDA – net CAPEX, interest paid, income taxes paid, dividends paid + proceeds from disposal of business.

ALAIN BOUCHARD

Founder and Executive Chairman of the Board

It's a New Dawn

We have built a great company that continues to grow, year after year – and we do not intend to slow down any time soon. In fiscal 2016, in addition to several significant acquisitions, we launched our new, global Circle K® brand. This brand enables us to benefit, more than ever before, from our scale, international presence and expertise, while keeping our local focus.

We pride ourselves on smart and disciplined acquisitions. On spotting the right opportunities and striking the right deals at the right price. With that, and by focusing our knowledge and experience as well as our commitment and passion for retail behind one brand, we are paving the way for an even greater future.

Growth, Worth Waiting For

The island of Ireland has been on an extraordinary journey over the past decade. We have had our eye on Topaz, Ireland's largest convenience and fuel retailer, for almost half that time. Topaz is made up of 444 sites across the island, together with a commercial fuel operation with more than 30 depots and 2 owned terminals. On February 1st, 2016 we acquired this top-notch chain, expanding our footprint into one of Europe's best-performing economies.

Topaz site at Ballacolla, Co. Laois, Ireland.

Topaz is among the best in the industry in Europe when it comes to food service. Its strong position in the Irish fuel market and its control over its fuel supply chain will allow us to capture a range of synergies in both wholesale and retail, in addition to the benefits of making it part of our international family of merchants. From a strong starting point, we are focusing our efforts on making this Irish business even stronger.

In Canada, after nearly 15 years of looking for the right investment opportunity, on March 8, 2016 we concluded an agreement with Imperial Oil Limited ("Imperial Oil") to acquire its Esso-branded network in Ontario and parts of Québec. It is truly the crown jewel of convenience retailing in Canada, one of the most well-developed, best-run networks we could add to our own.

Imperial's sites are a great strategic fit for Couche-Tard. Adding its network to our own strengthens our offering in Ontario and particularly in the Greater Toronto Area. It also reinforces our network in the province of Québec and enhances our visibility on great corners across both provinces. This deal brings together three great brands: Couche-Tard®, Esso and Tim Hortons – an existing partner at many of Imperial Oil's Esso sites. That's very exciting.

An Esso site, part of our recent acquisition in Ontario and Québec. (Photo credit: Chris Gordaneer)

Each of these acquisitions, in Canada and Ireland, is a testament to our continued commitment to being a disciplined acquirer. They have been worth the wait.

Danish Rivals Unified under Circle K

In another example of patience and discipline, on May 1st, 2016, just after the end of our 2016 fiscal year, we completed our acquisition of Shell's downstream retail business in Denmark. With this transaction, Couche-Tard's network now has a leading position in Denmark. That includes a total of 286 company-operated stores, of which 153 are company-owned and dealer-operated locations and

A Shell site at Sydhavnen in Denmark, part of the Couche-Tard family.

44 that are owned and operated by dealers, in a total that includes 211 automated fuel sites. Combining these assets couldn't come at a better time as, together, we begin to bring the Circle K® brand to our Danish network.

More Than Major Acquisitions

In the U.S. we made smaller but still notable acquisitions in the fiscal year, including assets of Texas Star Investments Inc. and its affiliates, encompassing 18 company-operated stores and 2 stand-alone quick service restaurants located in Texas; another one that included 21 company-operated stores located in Texas, Mississippi and Louisiana from Tiger Tote Food Stores Inc. and its affiliates; and 13 company-operated stores located in Indiana and Kentucky from Kocolene Marketing LLC.

In separate, single-site transactions, we acquired an additional 19 stores.

In our report last year we declared that we would "further increase our focus on the construction of new-to-industry (NTI) sites and the raze and rebuild of existing sites." In fiscal 2016, we completed the construction, relocation or rebuilding of 93 stores. Several of these cases have seen our new, global Circle K® brand appear for the first time on large, modern stores in local markets in the U.S. and Canada. In fiscal 2017, we intend to continue this focus, delivering on ambitious organic growth plan.

Mexico Embraces Our New, Global Brand

In addition to rolling out our refreshed Circle K® identity to North America and Europe, we are working with our international licensees to make the brand truly global. On July 30, 2015 we signed an agreement with Comercializadora Círculo CCK, S.A. de C.V. to bring more than 700 of its existing *Extra* convenience stores in Mexico under the Circle K® banner by October 2017. This agreement will increase the number of Circle K® stores in Mexico to encompass a minimum of 2,400 stores by 2030.

Interior of Circle K Rio in Tijuana, part of our growing family of Circle K stores in Mexico.

Looking ahead

In a world where time is becoming more precious every day, we see convenience retailing as increasingly relevant. Occupying great corner locations, with modern stores that embrace current trends, is one key to our continued success. That means evolving to become problem solvers and community hubs. We will meet our customers' needs by going beyond the offer of excellent products and services that we are justly known for today. Our people will continue to be part of the communities they serve as we reach out to take our place on your corner in more locations than ever before.

Thanks to our dedicated team and the support of our investors and our board members, we continue to grow – and we do not intend to slow down any time soon.

Alain Bouchard
Founder and Executive Chairman of the Board

BRIAN HANNASCH

President and Chief Executive Officer

Let’s Make It Easy

We have been strong on many fronts through fiscal 2016, with positive contributions from acquisitions, newly-opened stores and – most importantly – from our continuing organic growth. We have once again delivered a solid performance which is further enhanced by our new, global brand, Circle K®. The brand platform we have embraced across our entire business includes a clear call to action: “Let’s make it easy, so folks (our customers) can take it easy.”

Delivering Results

Fiscal 2016 was our eighth straight year of record earnings. Our net earnings increased to $1,193.7 million, up 28.4% over fiscal 2015. Excluding non-recurring items, net earnings for fiscal 2016 would have been approximately $1,188.0 million, or $2.09 per share on a diluted basis – an increase of 16.7% compared with fiscal 2015. EBITDA for fiscal 2016 was $2,332.2 million, an increase of $456.7 million or 24.4% compared with fiscal 2015, including contribution from acquisitions.

We are continually working to improve our top line, simultaneously driving up same-store merchandising figures and increasing fuel volumes. In parallel we are actively working in all our operations to identify and implement synergies and to realize cost reduction opportunities.

Just after the closing of the fiscal year, we issued €750.0 million of senior unsecured notes on the European bond market with attractive conditions. We have significant operations in Europe and issuing these “Eurobonds” will allow us to further support those operations and our development in our European markets. The proceeds from the notes have been used to pay down a portion of amounts outstanding under our existing senior credit facilities and for other general corporate purposes. The transaction extends the maturity of our debt and our balance sheet remains strong, allowing us to capitalize on any opportunities that may arise.

Global Brand

On September 22, 2015, we announced our decision to unite our knowledge and experience, our commitment and passion for retail behind one powerful, global brand: Circle K®.

Our new, global Circle K® brand has already started replacing existing Circle K®, Statoil®, and Kangaroo Express® branding on stores and service stations across the United States and Europe, and it will soon be coming to Mac’s® in Canada. It is also appearing on licensed stores worldwide. Due to the specifics of the market in the province of Québec in Canada, we have chosen to retain our founding Couche-Tard® retail brand in that market.

From left to right: President & CEO Brian Hannasch with founders Richard Fortin, Réal Plourde and Alain Bouchard at the unveiling of global Circle K brand in September 2015.

The global Circle K® brand started rolling out to stores in the United States from January 2016. In Europe, the roll-out began in May 2016, while Canadian customers outside the province of Québec will begin to see the new Circle K® brand in May 2017.

This is much more than a signage exercise. We can already see that our new, global Circle K® brand positions us better than ever to reap the benefits of worldwide best practice sharing. Together with our

call to action and the three operational pillars that support it – fast and friendly service, products for people on the go and easy visits – the brand platform establishes a strong framework that we want our customers to associate with us for many years to come.

Changing the Landscape

We are happy to report that, at the end of fiscal 2016, more than 400 of our stores, mainly in the southeastern United States, have been rebranded to the global Circle K® brand. The former The Pantry's Kangaroo Express®-branded stores in these areas were among the first to rebrand. Beyond just changing signs, we have introduced some of our global Circle K® concepts into these stores, including Polar Pop® and Simply Great Coffee®, with great success.

Celebrating the launch of the first Circle K store in Europe in Lânna, Sweden on May 3, 2016 (Front: Rhebecca Borgvall; Pontus Johansson, station manager; Philip Eriksson. Back: Hans-Olav Høidahl, EVP Scandinavia; Fanny Pasini; Morgan Wiktorsson, SVP Sweden; Sara Isaksson; Jacob Schram, Group President European Operations; Ellinore Holm.)

In Europe the roll-out of Circle K® in our three largest markets has just begun. As of May 3, 2016 we have started replacing the Statoil® brand in Norway, Sweden and Denmark at a rate of around one store per day in each country.

Giving up one of Scandinavia's best-known and respected retail brands isn't done without risk. But we are seeing the new Circle K® brand come alive at our stores and experiencing the commitment of all our people to their new brand. We also see very early, but very promising results from our rebranded sites. I am optimistic that we will be able to retain the strengths of the old brand and go on to make Circle K® even stronger in the years to come.

Performing in our key categories

In fiscal 2016, same-store merchandise revenues increased by 4.6% in the United States, including The Pantry stores, by 2.8% in Europe and by 2.9% in Canada. Overall, our performance is attributable to strong operations and fast and friendly customer service, our merchandising strategies and competitive offer and to our expanded fresh food assortment, which is attracting more customers into our stores.

Coffee that is Simply Great

The year has been characterized by strong contributions from organic growth in merchandise sales. One great example is the growing success of our Simply Great Coffee™ program. Simply Great Coffee™ is now available in over 1,500 stores in our core markets in 21 business units across Europe and North America. The program is one of the main drivers of organic merchandise sales, with continuous double-digit unit growth. Our focus on taste, with high quality drinks and unique recipes for each country or region, has led to Simply Great Coffee™ being awarded "Best in Test" in four countries in Europe in 2016.

Simply Great Coffee™ is a global program that is winning awards.

New Food Concepts

Our "Real HOT DOGS™" concept has been rolled out to all our stores across 8 countries and 1,200 stores in Europe. The concept offers customers a great new experience within a well-established category and is creating a new level of excitement and awareness. That in turn is delivering strong,

double-digit volume growth. Taking its cue from “Real HOT DOGS™”, a totally new concept for the bakery category, featuring fresh baked-on-site products, is being prepared to roll out in Europe in fiscal 2017. Our total fresh food unit volume performance in Europe is up by 11.6%.

Foodvenience (Fresh food prepared on site) is a growing favorite among customers.

Driving great organic growth in North America are our new purpose-built “foodvenience” (food prepared on-site plus convenience) stores, which have opened in 5 locations in fiscal 2016 and we have 21 additional stores planned for fiscal 2017. Our “Made To Go™” program continues to expand, with fresh, made-to-order, high quality food. We have also expanded our fresh delivery program into an additional 200 stores, with the goal of expanding fresh deliveries into 1,200 more stores over the next 2 years.

Private Brands

We continue to roll out new private brand products and to search for new opportunities with the goal of improving profitability while providing real value to our customers. Private brand continues to be one of our fastest-growing products. We now have over 300 private brand products for sale in our stores.

New global Circle K branding applied to our private label products: Circle K Favorites®.

Going the extra mile

In fiscal 2016, same-store road transportation fuel volumes increased by 6.6% in the United States, including The Pantry stores, by 2.6% in Europe, and 0.9% in Canada due to – among other things – our pricing strategies and the growing contribution from our proprietary branded and premium fuels, including *miles®* and *milesPLUS®* in Europe.

An automated (fuel only) site located at Sollentuna, Sweden rebranded from JET® to INGO® during fiscal 2016.

During this past fiscal year, we completed the rebranding of our automated fuel sites in Scandinavia, from Statoil 1-2-3® and JET® to INGO®. We are very pleased with the outcome of this program, which has resulted in even better performance and greater customer preference for this dynamic young brand. We are taking lessons from this successful rebranding and applying them to our global Circle K® rebranding program.

Towards the end of the third quarter of fiscal 2016, we completed a review of our fuel branding, supply and distribution strategy in the southeastern part of the U.S. As a result, we decided to change the fuel branding of more than 1,000 of our sites in that region. We expect that this decision will allow us to realize significant synergies through higher fuel volumes and better pricing conditions from the new agreements.

Making the most of our acquisitions

Discipline is vital in identifying the right acquisitions at the right price. Hard working, talented and committed integration teams are vital when it comes to making the most of those acquisitions.

Our integration of The Pantry stores, acquired at the end of fiscal 2015, is living up to its potential. Contributions from these stores played a significant role in fiscal year 2016 results. We are showing strong, positive same-store results in both in-store sales and fuel volumes. In addition, we have recorded $58.0 million in cost reductions before income taxes during fiscal year 2016 and since the acquisition. We are ahead of schedule on reaching our synergies target.

Meanwhile, the integration processes for our newest acquisitions, Shell in Denmark and Topaz in Ireland, are already well under way. The integration teams we have put together are very experienced and hard at work on their tasks. We expect both acquisitions to be significant contributors to the performance of our European operations in the coming fiscal year.

In a company profile in February, Forbes stated "…The real story [behind Couche-Tard] is how the company uses M&A to innovate its business". In fact, we don't just look for strategic opportunities, but also for which pieces of a target business are better than ours, that we can learn from. We seek to leverage economies of scale wherever we can, while identifying local innovations that the company can benefit from globally. This way we learn from every acquisition and turn the individual strengths of the businesses we acquire into our own strengths.

A perfect example of this is the Topaz acquisition. The addition of Ireland's leading fuel and convenience retailer to our family of merchants brings with it an extensive and attractive convenience and fuel network, with good locations, quality forecourts and stores, an excellent food offering and very professional teams. On the convenience side, Topaz is among the best in the industry in Europe when it comes to food service. We are very excited about copying all of its great ideas with pride and bringing them to our stores across the rest of Europe and in North America.

Fresh food display at Topaz store at Dublin Airport, Ireland.

Corporate Responsibility

Social and environmental responsibility is an integrated part of everyday life in any company. It is not a stand-alone part of our business; it is rooted in our DNA and how we work. All our product categories are dynamic and continuously developed towards greater sustainability and social responsibility, including fuel, car wash, coffee and fresh food.

People

We strive to offer a dynamic, fun working environment for our people and teams. We take pride in offering targeted training and development programs that provide the expertise our people need to grow and develop as merchants.

As a large, global company we offer significant opportunities for personal and professional growth and career advancement. A large percentage of our managerial teams are made up of individuals promoted from within through our succession planning processes. In addition, global mobility is on the rise in Couche-Tard. Already today we have several leadership exchanges in place between our European and North American operations.

Environment

Reducing Energy Consumption

In North America, we are in the sixth year of a continuing journey to reduce energy consumption in our stores, offices and other facilities. Year to date we have driven down energy consumption more than 3.3% through the use of LED lighting solutions, occupancy sensors, lighting controllers and heating, ventilation and air-conditioning optimizers – as well as a raised awareness of energy consumption among our employees. Over the last 4 years, we have driven down energy consumption by 14.7%.

More Eco-Friendly Fuels

Circle K miles® being delivered to a store in Økern, Norway.

Over the last few years, we have developed in Europe new and improved fuels under the brand *miles®*. The additives in *miles®* fuels make them more efficient and the increased mileage they deliver reduces emissions. We estimate that we have reduced CO_2 emissions by the equivalent of 150,000 cars' worth per year since launching our latest generation fuels.

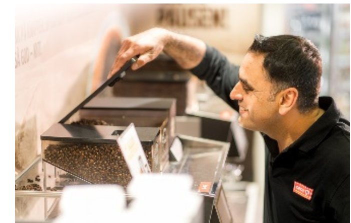
Saving Water and the Environment

Couche-Tard has entered into a global agreement with the world's largest producer of car washes. The agreement includes co-operation in developing even more efficient car washes in terms of both quality and energy.

In North America, we have reduced water consumption by nearly 6% in our operations. In Europe, "Eco"-labeled chemicals are now in use at all our car washes in Scandinavia and at many in Central and Eastern Europe. In addition, programs to replace outdated lighting units and to improve the water recycling and oil separation facilities at each car wash site are underway.

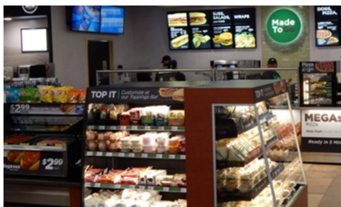
Coffee with a Conscience

Today coffee is a destination product for our customers. Our sourcing, coffee blending, equipment and brewing procedures are all tailored and highly professional in our global concept, Simply Great Coffee™. Together with our suppliers, we are continually working to reduce our carbon footprint throughout the total value chain. Coffee packaging is an example of one element of our coffee concept that is already positively contributing to this equation.



Rai Rizwan Arshad, Station Manager, checking the supply of fresh coffee beans at Circle K Økern, Norway.

Healthier Choices for People on the Go



Circle K's Made to Go™ line offers fresh wraps, salads and sandwiches. Shown above on display at Circle K in Casa Grande, Arizona.

We are continually developing our food service offering. Hot dogs and hamburgers still dominate the preferences of our customers on the go, but we have succeeded in introducing a variety of healthy food and drink alternatives, from smoothies and juices to salads and wraps. During fiscal 2016 in Europe, we participated in the World Health Organization's salt initiative, which aims to lower the salt content of prepared foods to support a healthier lifestyle.

Community

At Couche-Tard, we are active members of the communities in which we operate. It's one way to get to know the people we serve a little bit better and to have a positive impact on their lives.

This year, our community efforts resulted in raising more than $23 million in donations for various organizations dedicated to the well-being of others, specifically with a focus on youths.

We take great pride in our collaborations with *Le Club des Petits Déjeuners*, *Big Brothers Big Sisters, Captain's Canuck's Crime Stopper* and *Froster Active Kids* in Canada. We support the *Victory Junction Camp*, *Salute our Troops*, the *March of Dimes* and the *Red Cross* in the U.S. In Europe, we partner with the *Pink Ribbon Campaign*, the *Norwegian Cancer Society* and *BRIS* (an organization focusing on the rights of youths in society).

Toronto's Police Chief Mark Saunders and Toronto Mayor John Tory at the launch of Captain Canuck's Crime Stopper comic book, intended to build safety awareness among youths in Canada and sold in Mac's stores in Canada.

We are proud of, and grateful for, the energy, enthusiasm and commitment our people show as they actively engage in these causes and others across the globe.

Outlook

Fiscal 2017 will be a year of integrating and learning from our newest acquisitions – Topaz in Ireland and Shell in Denmark. We also very much look forward to completing our acquisition of the Esso-branded Imperial Oil locations in Québec and Ontario.

The journey to become *the world's preferred destination for convenience and fuel* continues, as we strive to create an ever-more modern convenience store. This can only be done by making things clear and simple for ourselves and as easy as possible for our customers. We will be focused on the three pillars of our global platform – fast and friendly service, products for people on the go and easy visits. As a united global brand, we will be stronger than all our individual brands combined. We will benefit even more from our scale, international presence and expertise, while relentlessly focusing on our customers. This is the foundation we will build upon.

In closing, I want to thank the 100,000+ people that make up the Couche-Tard family of merchants for their hard work and dedication, and for their efforts to make it just a little bit easier for our millions of customers, every day.

Brian Hannasch
President and Chief Executive Officer

Management Discussion and Analysis

The purpose of this Management Discussion and Analysis ("MD&A") is, as required by regulators, to explain management's point of view on the financial condition and results of the operations of Alimentation Couche-Tard Inc. ("Couche-Tard") as well as its performance during the fiscal year ending April 24, 2016. More specifically, it aims to let the reader better understand our development strategy, performance in relation to objectives, future expectations, and how we address risk and manage our financial resources. This MD&A also provides information to improve the reader's understanding of Couche-Tard's consolidated financial statements and related notes. It should therefore be read in conjunction with those documents. By "we", "our", "us" and "the Corporation", we refer collectively to Couche-Tard and its subsidiaries.

Except where otherwise indicated, all financial information reflected herein is expressed in United States dollars ("US dollars") and determined on the basis of International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). We also use measures in this MD&A that do not comply with IFRS. Where such measures are presented, they are defined and the reader is informed. This MD&A should be read in conjunction with the annual consolidated financial statements and related notes included in our 2016 Annual Report, which, along with additional information relating to Couche-Tard, including the most recent Annual Information Form, is available on SEDAR at http://www.sedar.com/ and on our website at http://corpo.couche-tard.com/.

Forward-Looking Statements

This MD&A includes certain statements that are "forward-looking statements" within the meaning of the securities laws of Canada. Any statement in this MD&A that is not a statement of historical fact may be deemed to be a forward-looking statement. When used in this MD&A, the words "believe", "could", "should", "intend", "expect", "estimate", "assume" and other similar expressions are generally intended to identify forward-looking statements. It is important to know that the forward-looking statements in this MD&A describe our expectations as at July 12, 2016, which are not guarantees of the future performance of Couche-Tard or its industry, and involve known and unknown risks and uncertainties that may cause Couche-Tard's or the industry's outlook, actual results or performance to be materially different from any future results or performance expressed or implied by such statements. Our actual results could be materially different from our expectations if known or unknown risks affect our business, or if our estimates or assumptions turn out to be inaccurate. A change affecting an assumption can also have an impact on other interrelated assumptions, which could increase or diminish the effect of the change. As a result, we cannot guarantee that any forward-looking statement will materialize and, accordingly, the reader is cautioned not to place undue reliance on these forward-looking statements. Forward-looking statements do not take into account the effect that transactions or special items announced or occurring after the statements are made may have on our business. For example, they do not include the effect of sales of assets, monetization, mergers, acquisitions, other business combinations or transactions, asset write-downs or other charges announced or occurring after forward-looking statements are made.

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

The foregoing risks and uncertainties include the risks set forth under "Business Risks" in our 2016 Annual Report as well as other risks detailed from time to time in reports filed by Couche-Tard with securities regulators in Canada.

Our Business

We are the leader in the Canadian convenience store industry. In the United States, we are the largest independent convenience store operator in terms of number of company-operated stores. In Europe, we are a leader in convenience store and road transportation fuel retail in Ireland and in the Scandinavian and Baltic countries and in Ireland, with a significant presence in Poland.

As of April 24, 2016, our network comprised 7,888 convenience stores throughout North America, including 6,490 stores offering road transportation fuel. Our North American network consists of 15 business units, including 11 in the United States covering 41 states and four in Canada covering all ten provinces. About 80,000 people are employed throughout our network and at our service offices in North America.

In Europe, we operate a broad retail network across Scandinavia, Ireland, Poland, the Baltics and Russia through ten business units. As of April 24, 2016, this network comprised 2,659 service stations, the majority of which offer road transportation fuel and convenience products while the others are unmanned automated fuel stations. We also offer other products, including stationary energy, marine fuel and chemicals. Including employees at franchise stations carrying our brands, about 25,000 people work in our retail network, terminals and service offices across Europe.

In addition, almost 1,500 stores are operated by independent operators under the Circle K banner in 13 other countries or regions worldwide (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam). These bring our total network to close to 12,000 sites.

Our mission is to offer our customers fast and friendly service by developing a warm and customized relationship with them, while finding ways to pleasantly surprise them on a daily basis. To this end, we strive to meet the demands and needs of people on the go. We offer food, hot and cold beverages, car wash services, road transportation fuel and other high quality products and services designed to meet or exceed customers' demands in a clean, welcoming and efficient environment. Our positioning in the industry stems primarily from the success of our business model, which is based on a decentralized management structure, an ongoing comparison of best practices and operational expertise enhanced by our experience in the various regions of our network. Our positioning is also a result of our focus on in-store merchandise and on our continued investment in our people and our stores.

Value creation

In the United States, the convenience store sector is fragmented and in a consolidation phase. We are participating in this process through our acquisitions, the market shares we gain when competitors close sites, and by improving our offering. In Europe and Canada, the convenience store sector is often dominated by a few major players, including integrated oil companies. Some of these integrated oil companies are in the process of selling, or are expected to sell, their retail assets. We intend to study investment opportunities that might come to us through this process.

No matter the context, to create value for our Corporation and its shareholders, acquisitions have to be concluded at reasonable conditions. Therefore, we do not favor store count growth to the detriment of profitability. In addition to acquisitions, organic contributions have played an important role in the recent growth of our net earnings. Highlights have included the on-going improvements we have made to our offer, including fresh products, to our supply terms and to our efficiency. All these elements have contributed to the growth in our net earnings and to value creation for our shareholders and other stakeholders. We intend to continue in this direction.

Exchange Rate Data

We use the US dollar as our reporting currency which provides more relevant information given the predominance of our operations in the United States.

The following table sets forth information about exchange rates based upon closing rates expressed as US dollars per comparative currency unit:

	12-week periods ended		**52-week periods ended**		
	April 24, 2016	April 26, 2015	**April 24, 2016**	April 26, 2015	April 27, 2014
Average for period [(1)]					
Canadian Dollar	**0.7508**	0.7993	**0.7607**	0.8708	0.9439
Norwegian krone	**0.1186**	0.1277	**0.1203**	0.1454	0.1665
Swedish krone	**0.1203**	0.1174	**0.1188**	0.1333	0.1533
Danish krone	**0.1501**	0.1471	**0.1486**	0.1656	0.1805
Zloty	**0.2582**	0.2673	**0.2606**	0.2959	0.3200
Euro	**1.1190**	1.0980	**1.1085**	1.2431	1.3466
Lats [(2)]	**-**	-	**-**	-	1.9002
Litas [(3)]	**-**	-	**-**	0.3790	0.3897
Ruble	**0.0141**	0.0170	**0.0153**	0.0213	0.0300

	As at April 24, 2016	As at April 26, 2015
Period end		
Canadian Dollar	**0.7892**	0.8217
Norwegian krone	**0.1217**	0.1286
Swedish krone	**0.1231**	0.1159
Danish krone	**0.1510**	0.1457
Zloty	**0.2572**	0.2697
Euro	**1.1239**	1.0875
Ruble	**0.0150**	0.0196

(1) Calculated by taking the average of the closing exchange rates of each day in the applicable period.
(2) On January 1st, 2014, Latvia changed its currency from the Lats to the Euro.
(3) On January 1st, 2015, Lithuania changed its currency from the Litas to the Euro.

As we use the US dollar as our reporting currency, in our consolidated financial statements and in this document, unless indicated otherwise, results from our Canadian, European and corporate operations are translated into US dollars using the average rate for the period. Unless otherwise indicated, variances and explanations regarding changes in the foreign exchange rate and the volatility of the Canadian dollar and European currencies which we discuss in the present document are therefore related to the translation into US dollars of our Canadian, European and corporate operations' results.

Fiscal 2016 Overview

Net earnings amounted to $1,193.7 million for fiscal 2016 compared with $930.0 million, up 28.4% over fiscal 2015. Diluted net earnings per share stood at $2.10, compared with $1.63 for the previous year, up 28.8%.

Results for fiscal 2016 include a $27.2 million pre-tax curtailment gain on defined benefits pension plans obligation, a $22.9 million income tax expense stemming from an internal reorganisation, a $17.8 million pre-tax accelerated depreciation and amortization expense in connection with our global brand initiative, a $12.4 million pre-tax charge on early termination of certain fuel supply contracts, a $10.4 million pre-tax write-off charge in connection with our fuel rebranding project as well as a $5.0 million pre-tax net foreign exchange loss. Results for fiscal 2015 included a non-recurring $41.8 million tax expense related to an internal reorganization, restructuring and integration pre-tax costs of $30.3 million in connection with the acquisition of The Pantry and restructuring activities in Europe, a net pre-tax foreign exchange loss of $22.7 million, a $11.0 million pre-tax loss from the disposal of our aviation fuel business, a curtailment gain on defined benefits pension plans obligation of $2.6 million pre-tax as well as a pre-tax negative goodwill of $1.2 million.

Excluding these items as well as acquisition costs from both fiscal years, net earnings for fiscal 2016 would have been approximately $1,188.0 million ($2.09 per share on a diluted basis) compared with $1,018.0 million ($1.79 per share on a diluted basis) for fiscal 2015, an increase of $170.0 million, or 16.7%. This increase is attributable to the solid contribution from acquisitions, including The Pantry store network and to strong organic growth from both convenience store and fuel operations as well as from to higher fuel margins. These items, which contributed to the growth in net earnings, were partially offset by the negative net impact from the translation of revenues and expenses from our Canadian and European operations into US dollars as well as from the impact of the disposal of our aviation fuel and lubricants businesses and by the impact of the higher consolidated income tax rate.

The Pantry Inc. ("The Pantry")

Our results for the 12 and 52-week periods ended April 24, 2016 include those of The Pantry which we acquired on March 16, 2015.

Purchase price allocation and adjustments to results previously reported

During fiscal 2016, we adjusted and finalized the purchase price allocation of The Pantry to reflect our fair value assessment of the assets acquired, the liabilities assumed and the goodwill for the transaction. The adjustments we made to the preliminary purchase price allocation did not have a significant impact on our previously reported net earnings.

Synergies and cost reductions initiatives

We are actively working on realizing identified cost reductions opportunities in connection with The Pantry acquisition in addition to realizing available synergies through growth of in-store sales and fuel volumes in this geographic area, improving our operations, sharing our business awareness and each company's best practices, and optimizing supply conditions.

Cost reductions

We expect to achieve a minimum of $85.0 million[1] in cost reductions before income taxes over the 24-month period following the acquisition. Since the acquisition, we have already taken actions that should allow us to realize annual cost reductions we estimate at approximately $66.0 million[1] before income taxes. We realized cost reductions estimated at approximately $58.0 million before income taxes during fiscal 2016 and since the acquisition. These cost reductions mainly reduced operating, selling, administrative and general expenses and, to a lesser extent, the cost of sales. These amounts do not necessarily represent the full annual impact of all of our initiatives.

Merchandise and service supply costs

In addition to the cost reductions discussed above, we have taken actions which should allow us to reduce our annual merchandise and service supply costs by approximately $27.0 million[1], before income taxes. These reductions should mainly result from economies of scale as well as from the negotiation of improved supply conditions. We estimate that realized savings amounted to approximately $26.0 million before income taxes during fiscal 2016 and since the acquisition.

Fuel branding, supply and distribution

During the second half of fiscal 2016, we finalized the review of our fuel branding, supply and distribution strategy for the Southeastern region of the United States which we had initiated following the acquisition of The Pantry. As a result of our review, we made the decision to change the fuel branding for more than 1,000 stores in this region. Consequently, we terminated some of our existing fuel supply agreements and entered into new contracts. This decision will allow us to realize significant synergies through higher fuel volumes and better pricing conditions. As a result of these changes, during fiscal 2016, our results include the negative impact of payments totalling $12.4 million for the early termination of existing fuel supply contracts. Additionally, our results for fiscal 2016 include a write-off charge of approximately $10.4 million resulting from the replacement of fuel signage and equipment before the end of their useful lives. A significant portion of the costs for the new assets will be assumed by our new fuel suppliers. We believe that anticipated synergies associated with our strategy will quickly repay for these charges.

Replacement of store equipment

Following extensive and thorough analysis, we concluded that some of the store equipment and signage acquired as part of The Pantry acquisition would need to be replaced or upgraded before the end of their current useful lives in order to implement some of our programs and to ensure a consistent offering and branding across the markets that The Pantry stores operate in. We expect that these replacements and upgrades will improve the customer experience and will support our growth objectives. In connection with this plan, the depreciation period for the assets we plan to replace or upgrade has been shortened to reflect our current replacement and upgrade plans, resulting in a higher depreciation expense fiscal 2016 and in a slightly higher expected depreciation expense for the next two fiscal years.

Statoil Fuel & Retail – Synergies and cost reductions initiatives

Since the acquisition of Statoil Fuel & Retail, we have been actively working on identifying and implementing available synergies and cost reductions opportunities.

During fiscal 2016, between May 2015 and December 2015, we recorded incremental synergies and cost savings which we estimated at approximately $12.0 million, before income taxes. These synergies and cost reductions mainly impacted operating, selling, administrative and general expenses as well as the cost of sales. Since the acquisition and until December 2015, we estimate that total realized annual synergies and cost savings amount to more than $199.0 million before income taxes, which corresponds to the higher range of synergies and cost reductions objectives that we had set following the acquisition.

These synergies and cost reductions came from a variety of sources including cost reductions following the delisting of Statoil Fuel & Retail, the renegotiation of certain agreements with our suppliers, the reduction of in-store costs and the restructuring of certain departments.

[1] As our synergies and cost reductions objective is considered a forward-looking statement, we are required, pursuant to securities laws, to clarify that our synergies and cost reductions estimate is based on a number of important factors and assumptions. Among other things, our synergies and cost reductions objective is based on our comparative analysis of organizational structures and current levels of spending across our network as well as on our ability to bridge the gap, where relevant. Our synergies and cost reductions objective is also based on our assessment of current contracts in North America and how we expect to be able to renegotiate these contracts to take advantage of our increased purchasing power. In addition, our synergies and cost reductions objective assumes that we will be able to establish and maintain an effective process for sharing best practices across our network. Finally, our objective is also based on our ability to integrate The Pantry's systems with ours. An important change in these facts and assumptions could significantly impact our synergies and cost reduction estimate as well as the timing of the implementation of our different initiatives.

Although we have now reached the higher range of our initial synergies and cost reductions objective associated with the acquisition of Statoil Fuel & Retail, we believe that several additional opportunities still exist. In line with our business model, we intend to continue our work towards optimizing the efficiency of our European network.

Network growth

Multi-sites acquisitions

On June 2, 2015, we acquired from Cinco J, Inc., Tiger Tote Food Stores, Inc. and their affiliates, 21 company-operated stores in the U.S. states of Texas, Mississippi and Louisiana. We own the land and buildings for 18 sites and lease the land and own the buildings for the remaining three sites. As part of this agreement we also acquired 141 dealer fuel supply agreements, five development properties as well as customer relations for 93 dealer sites.

On September 24, 2015, we acquired from Kocolene Marketing LLC, 13 company-operated stores in the U.S. states of Indiana and Kentucky. We own the land and buildings for 12 sites and lease the land and building for the remaining site.

On December 1, 2015, we acquired from Texas Star Investments and its affiliates, 18 company-operated stores, two quick service restaurants and a dealer fuel supply network located in the U.S. state of Texas. We own the land and buildings for 17 sites and lease these same assets for the remaining sites.

On February 1, 2016, we acquired all outstanding shares of Topaz Energy Group Limited, Resource Property Investment Fund plc, and Esso Ireland Limited, collectively known as "Topaz" for a total cash consideration of €258.0 million or $280.9 million plus a contingent consideration of a maximum undiscounted amount of €15.0 million ($16.3 million) payable upon signature of two contracts. Topaz is the leading convenience and fuel retailer in Ireland with a network comprising 444 service stations. Of these service stations, 158 are operated by Topaz and 286 are operated by dealers. As a result of this transaction, we became owner of the land and buildings for 77 sites, lessor of the land and owner of the buildings for 24 sites and lessor of these same assets for the remaining sites. The agreement also encompasses a significant commercial fuel operation, with two owned terminals and over 30 depots. In line with our business model, we expect realizing synergies through growth of in-store sales and fuel volumes, improving our operations, sharing our business awareness and each company's best practices as well as optimizing supply conditions. We also expect to realize some cost reductions through the integration of Topaz into our network.

Available cash was used for these acquisitions with the exception of Topaz which was financed using our revolving credit facilities.

Single-site acquisitions

During fiscal 2016, we acquired 19 company-operated stores through distinct transactions. Available cash was used for these acquisitions.

Store construction

We completed the construction, relocation or reconstruction of 93 stores during fiscal 2016.

As of April 24, 2016, 30 stores were under construction and should open in the upcoming quarters.

Transactions subsequent to quarter-end

On May 1, 2016, subsequent to the end of fiscal 2016, we completed the acquisition of all the shares of Dansk Fuel A/S, which represents A/S Dansk Shell's retail business, comprising 315 service stations, their commercial fuel business and their aviation fuel business. We will retain 131 sites, of which 90 are owned and 41 are leased from third parties. Of these 131 sites, 74 are full-service stations, 49 are unmanned automated fuel stations and 8 are truck stops. Following the completion of this transaction, our network in Denmark now includes a total of 483 stores of which 286 are company-operated, 153 are company-owned and dealer-operated and 44 are dealer-owned and dealer-operated. Included therein are 211 automated sites. We financed this transaction with our available cash and existing credit facilities.

As per the requirements of the European commission, we will divest a mix of both our current sites and Shell-branded stations, including the Shell/7-Eleven network and Shell's dealer-owned network. In addition, we will divest A/S Dansk Shell's commercial and aviation fuels businesses. We signed an agreement for the sale of the divested assets with DCC Holding A/S, a subsidiary of DCC plc. Pending the customary regulatory approvals, this transaction is expected to close during the second half of fiscal 2017. Until approval and completion of this transaction, Couche-Tard and the divested businesses will continue to operate separately. A trustee has been appointed to manage and operate Dansk Fuel A/S during this interim period. We will not have control over the relevant activities, consequently, the shares of Dansk Fuel will be accounted for as an investment in an associated company during this period.

On May 26, 2016, we signed an agreement to purchase from Sevenoil Est OÜ and its affiliates 23 company-operated sites located in Estonia of which 11 are full service fuel stations with convenience stores and 12 are unmanned automated fuel stations. Under the agreement, we would own the land and building for all sites. The transaction is anticipated to close in the second quarter of fiscal year 2017 and is subject to the standard regulatory approvals and closing conditions.

Outstanding transaction

On March 8, 2016, we signed an agreement with Imperial Oil ("Imperial") to acquire certain of its Canadian retail assets located in the provinces of Ontario and Québec. The transaction comprises 279 of Imperial's Esso-branded fuel and convenience sites in Canada. Of these sites, 229 are located in Ontario - the majority of which in the Greater Toronto Area - and 50 sites are located in the Province of Québec, all of which are in the Greater Montréal Area or on the south shore of Montréal. The agreement also includes 13 land banks and two dealer sites, as well as a long-term supply agreement for Esso branded fuel. Imperial owns 238 sites and 41 are leased from third parties. The total transaction is priced at approximately CA$1.68 billion. Pending the customary regulatory approvals and closing conditions, the transaction is expected to close during the first half of fiscal 2017. We expect to finance this transaction using our available cash and existing credit facilities.

International network

On July 24, 2015, we exercised our option to repurchase the non-controlling interest in Circle K Asia s.à.r.l. ("Circle K Asia") for a cash consideration of $11.8 million. The difference between the consideration paid and the value of the non-controlling interest as at July 24, 2015 was recorded to contributed surplus. As a result of this transaction, our redemption liability recorded to our consolidated balance sheet was nullified and its reversal was recorded to retained earnings. We now hold 100% of the shares. We do not expect this transaction to have a significant impact on our consolidated financial statements.

On July 30, 2015, we signed an agreement with Comercializadora Circulo CCK, S.A. DE C.V. to rebrand over 700 of their existing *Extra* convenience stores located throughout Mexico to the Circle K brand by October 2017. Under this agreement, the number of Circle K stores in Mexico should increase to a minimum of 2,400 by 2030. As of April 24, 2016, a total of 29 stores were rebranded.

During fiscal 2016, we have been advised by Circle K Sunkus ("Sunkus"), a wholly-owned subsidiary of UNY Group Holding's Co., Ltd., that it will be rebranding its 3,273 Circle K stores in Japan over the next few years. The timing of this rebranding announced by Sunkus coincides with the recent merger of UNY Group Holding's Co., Ltd. with Family Mart Co., Ltd. This will not impact our financial results since we have not been collecting any fees from this licensee.

Sunkus is an independent operator in Japan and holds the exclusive rights to the "Circle K" trademark in this country which it acquired in 1993 from ConocoPhilips, Circle K's previous owner. We subsequently acquired the Circle K network from ConocoPhilips in 2003.

Although this rebranding has not been completed as of April 24, 2016, those stores have been excluded from our international network store count.

Summary of changes in our store network during the fourth quarter and fiscal 2016

The following table presents certain information regarding changes in our store network over the 12-week period ended April 24, 2016 [(1)]:

	12-week period ended April 24, 2016				
Type of site	**Company-operated [(2)]**	**CODO [(3)]**	**DODO [(4)]**	**Franchised and other affiliated [(5)]**	**Total**
Number of sites, beginning of period	7,790	529	765	1,113	10,197
Acquisitions	161	8	278	-	447
Openings / constructions / additions	33	1	11	9	54
Closures / disposals / withdrawals	(57)	(5)	(39)	(50)	(151)
Store conversion	2	(3)	1	-	-
Number of sites, end of period	7,929	530	1,016	1,072	10,547
Number of automated fuel stations included in the period end figures [(6)]	901	-	18	-	919

The following table presents certain information regarding changes in our store network over the 52-week period ended April 24, 2016 [(1)]:

Type of site	52-week period ended April 24, 2016 Company-operated [(2)]	CODO [(3)]	DODO [(4)]	Franchised and other affiliated [(5)]	Total
Number of sites, beginning of period	7,787	559	600	1,132	10,078
Acquisitions	229	8	417	-	654
Openings / constructions / additions	87	10	57	59	213
Closures / disposals / withdrawals	(178)	(22)	(79)	(119)	(398)
Store conversion	4	(25)	21	-	-
Number of sites, end of period	7,929	530	1,016	1,072	10,547

(1) These figures include 50% of the stores operated through RDK, a joint venture.
(2) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by Couche-Tard or one of its commission agents.
(3) Sites for which the real estate is controlled by Couche-Tard (through ownership or lease agreements) and for which the stores (and/or the service stations) are operated by an independent operator in exchange for rent and to which Couche-Tard supplies road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.
(4) Sites controlled and operated by independent operators to which Couche-Tard supplies road transportation fuel through supply contracts. Some of these sites are subject to a franchise agreement, licensing or other similar agreement under one of our main or secondary banners.
(5) Stores operated by an independent operator through a franchising, licensing or another similar agreement under one of our main or secondary banners.
(6) These sites sell road transportation fuel only.

In addition, almost 1,500 stores are operated by independent operators under the Circle K banner in 13 other countries or regions worldwide (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam). These bring our total network to around 12,000 sites.

Disposal of the lubricants business

On October 1, 2015, we closed the disposal of our lubricants business to Fuchs Petrolub SE. The disposal was done through a share purchase agreement pursuant to which Fuchs Petrolub SE acquired 100% of all issued and outstanding shares of Statoil Fuel & Retail Lubricants Sweden AB. Total proceeds from the disposal were $81.0 million. We recognized a pre-tax gain on disposal of $47.4 million in relation to this transaction.

Global Circle K brand

On September 22, 2015, we announced the creation of a new, global convenience brand, "Circle K™". The new Circle K brand will replace our existing Circle K®, Statoil®, Mac's®, and Kangaroo Express® branding on stores and service stations across Canada (except in Québec), the United States and Europe. The new Circle K brand will also appear on licensed stores worldwide and will be a fundamental part of our future growth.

In connection with this rebranding project, we have started to incur additional capital expenditures and other expenses in order to replace and upgrade various existing assets. This project should span over the course of the next few years. As a result of our plan for the replacement and upgrade of these assets, we have accelerated the depreciation and amortization of certain existing assets, including but not limited to, store signage and the Statoil trade name. Consequently, an incremental depreciation and amortization expense of $17.8 million was recorded to earnings of fiscal 2016. We expect incremental depreciation and amortization expense over and above normal levels of approximately $23.0 million to $26.0 million for fiscal 2017 and of approximately $14.0 million to $16.0 million for fiscal 2018.

Defined benefits plans curtailment

During fiscal 2016, we announced to our employees in Norway our decision to convert certain of our existing defined benefits pension plans into defined contributions plans. In connection with the termination of the defined benefits plans, a pre-tax curtailment gain of $27.2 million was recorded to earnings with a corresponding offset to the defined benefits pension plans obligation.

During May 2016, subsequent to the end of fiscal 2016, we also announced to our employees in Canada and in the United States our decision to convert, going forward, most of our existing defined benefits pension plans to defined contributions plans. We do not expect that this decision will have a significant impact on our consolidated financial statements.

Those changes are in line with our global strategy, which is to offer, when allowed by local regulations, defined contributions pension plans to our employees and to our management.

Issuance of Canadian dollar denominated senior unsecured notes

On June 2, 2015, we issued Canadian dollar denominated senior unsecured notes totaling CA$700.0 million ($564.2 million) with a coupon rate of 3.6% and maturing on June 2, 2025. Interest is payable semi-annually on June 2 and December 2 of each year. The net proceeds from the issuance were mainly used to repay a portion of our term revolving unsecured operating credit facility.

Cross-currency interest rate swaps

Between June 12, 2015 and June 19, 2015, in connection with the issuance of Canadian dollar denominated notes detailed above, we entered into cross-currency interest rate swap agreements for a total notional amount of CA $700.0 million, allowing us to synthetically convert a portion of our Canadian dollar denominated debt into US dollars.

Receive – Notional	Receive – Rate	Pay – Notional	Pay – Rate	Maturity
CA$175.0	3.6%	US$142.2	3.8099%	June 2, 2025
CA$175.0	3.6%	US$142.7	3.8650%	June 2, 2025
CA$100.0	3.6%	US$81.2	3.8540%	June 2, 2025
CA$100.0	3.6%	US$81.2	3.8700%	June 2, 2025
CA$100.0	3.6%	US$81.2	3.8570%	June 2, 2025
CA$50.0	3.6%	US$41.3	3.8230%	June 2, 2025

Issuance of Norwegian krone denominated senior unsecured notes

On February 18, 2016, we issued Norwegian krone (“NOK”) denominated senior unsecured notes totaling NOK 675.0 million ($78.4 million) with a coupon rate of 3.85% and maturing on February 18, 2026. Interest is payable semi-annually on April 20 and October 20 of each year. The net proceeds from the issuance were mainly used to repay a portion of our term revolving unsecured operating credit facility.

Issuance of Euro denominated senior unsecured notes

On May 6, 2016, subsequent to the end of fiscal 2016, we issued Euro denominated senior unsecured notes totaling €750.0 million (approximately $858.0 million) with a coupon rate of 1.875% and maturing on May 6, 2026. Interest is payable annually on May 6. The net proceeds of approximately €746.4 million from the issuance were mainly used to repay a portion of our term revolving unsecured operating credit facility.

Credit rating

On July 24, 2015, Standard & Poor’s Ratings Services, a credit rating agency, changed our credit outlook from stable to positive.

Dividends

During its July 12, 2016 meeting, the Corporation’s Board of Directors (the “Board”) approved an increase in the quarterly dividend of CA 1.00¢ per share to CA 7.75¢ per share, an increase of almost 15.0%.

During the same meeting, the Board declared a quarterly dividend of CA 7.75¢ per share for the fourth quarter of fiscal 2016 to shareholders on record as at July 21, 2016 and approved its payment for August 4, 2016. This is an eligible dividend within the meaning of the Income Tax Act of Canada.

During fiscal 2016, the Board declared total dividends of CA 26.75¢ per share.

Outstanding shares and stock options

As at July 8, 2016, Couche-Tard had 147,766,540 Class A multiple voting shares and 419,927,261 Class B subordinate voting shares issued and outstanding. In addition, as at the same date, Couche-Tard had 2,359,534 outstanding stock options for the purchase of Class B subordinate voting shares.

Statement of Earnings Categories

Merchandise and service revenues. In-store merchandise revenues are comprised primarily of the sale of tobacco products, fresh food products, including quick service restaurants, beer/wine, grocery items, candy, snacks and various beverages. Merchandise sales in Europe also include the wholesale of merchandise and goods to certain independent operators and franchisees made from our distribution center. Service revenues include fees from automatic teller machines, sales of calling cards and gift cards, revenues from car washes, the commission on sale of lottery tickets and issuance of money orders, fees for cashing cheques as well as sales of postage stamps and bus tickets. Service revenues also include franchise fees, license fees from affiliates and royalties from franchisees.

Road transportation fuel revenues. We include in our revenues the total dollar amount of road transportation fuel sales, including any embedded taxes when they are included in the purchase price, if we take ownership of the road transportation fuel inventory. In the United States and in Europe, in some instances, we purchase road transportation fuel and sell it to certain independent store operators at cost plus a mark-up. We record the full value of these revenues (cost plus mark-up) as road transportation fuel revenues. Where we act as a selling agent for a petroleum distributor, only the commission we earn is recorded as revenue.

Other income. Other income includes the sale of stationary energy, marine fuel, aviation fuel (until December 31, 2014), lubricants (until September 30, 2015) and chemical products. Other income also includes rent revenue from operating leases for certain land and buildings we own as well as car rental revenues.

Gross profit. Gross profit consists mainly of revenues less the cost of merchandise and road transportation fuel sold. Cost of sales is mainly comprised of the specific cost of merchandise and road transportation fuel sold, including applicable freight less vendor rebates. For in-store merchandise, the cost of inventory is generally determined using the retail method (retail price less a normal margin), and for road transportation fuel, it is generally determined using the average cost method. The road transportation fuel gross margin for stores generating commissions corresponds to the sales commission.

Operating, selling, administrative and general expenses. The primary components of operating, selling, administrative and general expenses are labor, net occupancy costs, electronic payment modes fees, commissions to dealers and overhead.

Key performance indicators used by management, which can be found under “Summary analysis of consolidated results of fiscal 2016 - Other Operating Data”, are merchandise and service gross margin, growth of same-store merchandise revenues, road transportation fuel gross margin and growth of same-store road transportation fuel volume, return on equity and return on capital employed.

Summary analysis of consolidated results for the fourth quarter of fiscal 2016

The following table highlights certain information regarding our operations for the 12-week periods ended April 24, 2016 and April 26, 2015. This data includes results from The Pantry, starting from March 16, 2015, the acquisition date and from Topaz from February 1, 2016, the acquisition date.

(In millions of US dollars, unless otherwise stated)	**12-week period ended April 24, 2016**	12-week period ended April 26, 2015	Change %
Revenues	**7,397.1**	7,285.5	1.5
Operating income	**294.2**	182.7	61.0
Net earnings	**206.2**	126.0	63.7
Selected Operating Data:			
Merchandise and service gross margin [1]:			
Consolidated	**34.7%**	34.1%	
United States	**33.7%**	33.4%	
Europe	**43.1%**	42.1%	
Canada	**32.9%**	32.5%	
Growth of same-store merchandise revenues [2] [3]:			
United States	**3.2%**	5.2%	
Europe	**2.2%**	3.0%	
Canada	**2.2%**	3.8%	
Road transportation fuel gross margin:			
United States (cents per gallon) [3]	**16.78**	15.46	8.5
Europe (cents per litre) [4]	**7.74**	8.55	(9.5)
Canada (CA cents per litre) [3]	**6.09**	6.18	(1.5)
Growth of same-store road transportation fuel volume [3]:			
United States	**3.6%**	6.4%	
Europe	**1.1%**	3.7%	
Canada	**(0.8%)**	1.5%	

(1) Includes other revenues derived from franchise fees, royalties and rebates on some purchases made by franchisees and licensees as well as merchandise wholesale.
(2) Does not include services and other revenues (as described in footnote 1 above). Growth in Canada and Europe is calculated based on local currencies. Includes results for The Pantry stores since the acquisition date.
(3) For company-operated stores only. Includes results for The Pantry stores since the acquisition date.
(4) Total road transportation fuel.

Revenues

Our revenues were $7.4 billion for the fourth quarter of fiscal 2016, up by $111.6 million, an increase of 1.5% compared with the corresponding quarter of fiscal 2015, mainly attributable to the contribution from acquisitions as well as to the continued growth in same-store merchandise revenues and road transportation fuel volumes in both North America and Europe. These items, which contributed to the increase in revenues, were partly offset by a lower road transportation fuel average selling price, by the negative net impact from the translation of revenues of our Canadian and European operations into US dollars and by the disposal of our lubricants business during the second quarter of fiscal 2016.

More specifically, the growth in merchandise and service revenues for the fourth quarter of fiscal 2016 was $320.2 million. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, merchandise and service revenues increased by $342.3 million or 17.0%. This increase is attributable to the contribution from acquisitions which amounted to approximately $289.0 million as well as to organic growth. Same-store merchandise revenues increased by 3.2% in the United States, including The Pantry stores and by 2.2% in both Europe and Canada. Overall, our performance is attributable to our dynamic merchandising strategies, to our competitive offer and to our expanded fresh food assortment, which is attracting more customers into our stores.

Road transportation fuel revenues decreased by $248.8 million in the fourth quarter of fiscal 2016. Excluding the negative net impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues decreased by $200.0 million or 3.9%. This decrease was attributable to the impact of a lower average road transportation fuel selling price, which had a negative impact of approximately $1.0 billion, partly offset by the contribution from acquisitions which amounted to approximately $637.0 million, by the contribution of our recently opened stores and by our organic growth. Same store road transportation fuel volumes increased by 3.6% in the United States, including The Pantry stores and by 1.1% in Europe due to - among other things – our micro-market strategies as well as to the growing contribution from premium fuels and “miles™” and “milesPLUS™”, our proprietary fuel brands in Europe. In Canada, our same-store road

transportation fuel volumes decreased by 0.8% due, in part, to the weakening economy in the western part of the country and to competitive pressures.

The following table shows the average selling price of road transportation fuel in our various markets, starting with the first quarter of the fiscal year ended April 26, 2015:

Quarter	1st	2nd	3rd	4th	**Weighted average**
52-week period ended April 24, 2016					
United States (US dollars per gallon)	2.64	2.36	1.99	1.86	**2.20**
Europe (US cents per litre)	72.16	66.12	57.04	51.59	**60.92**
Canada (CA cents per litre)	103.17	97.79	88.41	82.28	**92.86**
52-week period ended April 26, 2015					
United States (US dollars per gallon)	3.59	3.36	2.54	2.34	**2.89**
Europe (US cents per litre)	101.53	95.18	73.99	66.51	**83.53**
Canada (CA cents per litre)	121.64	117.00	96.27	93.63	**106.59**

It should be noted that the lower average road transportation fuel selling price has no direct negative impact on our fuel gross margin. In fact, a lower fuel selling price usually works in our favor as customers tend to travel more in this context – buying more fuel – while also leaving them with more cash for their discretionary spending.

Other revenues increased by $40.2 million in the fourth quarter of fiscal 2016. This increase is mainly explained by the contribution from acquisitions, which amounted to approximately $132.0 million, partly offset by the disposal of our lubricants business, which had an impact of approximately $46.0 million as well as by negative net impact from the translation of revenues from our European operations into US dollars.

Gross profit

In the fourth quarter of fiscal 2016, the consolidated merchandise and service gross profit was $810.1 million, an increase of $121.5 million compared with the corresponding quarter of fiscal 2015. Excluding the net negative impact from the translation of our European and Canadian operations into US dollars, consolidated merchandise and service gross profit increased by $128.5 million or 18.7%. This increase is attributable to the contribution from acquisitions, which amounted to approximately $98.0 million, and to organic growth. The gross margin increased by 0.3% in the United States to 33.7%, by 1.0% in Europe to 43.1% and by 0.4% in Canada to 32.9%. Overall, this performance reflects changes in the product mix and the improvements we brought to our supply terms, as well as our merchandising strategy in line with market competitiveness and the economic conditions within each market. In Europe, the growth in margin is attributable to the change in our product mix toward categories with higher margins, including car washes and fresh food.

In the fourth quarter of fiscal 2016, the road transportation fuel gross margin was 16.78 ¢ per gallon in the United States, CA 6.09 ¢ per litre in Canada and 7.74 ¢ per litre in Europe. The decrease in Europe is attributable to the net impact of the translation of our European results into US dollars and to the impact of lower margins in Ireland compared with our margins in continental Europe. The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of the fiscal year ended April 26, 2015, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	**Weighted average**
52-week period ended April 24, 2016					
Before deduction of expenses related to electronic payment modes	18.34	25.66	19.90	16.78	**20.15**
Expenses related to electronic payment modes	4.37	4.19	3.84	3.74	**4.02**
After deduction of expenses related to electronic payment modes	13.97	21.47	16.06	13.04	**16.13**
52-week period ended April 26, 2015					
Before deduction of expenses related to electronic payment modes	23.08	24.17	24.93	15.46	**21.75**
Expenses related to electronic payment modes	5.27	5.03	4.33	4.12	**4.63**
After deduction of expenses related to electronic payment modes	17.81	19.14	20.60	11.34	**17.12**

As demonstrated by the table above, road transportation fuel margins in the United States can be volatile from one quarter to another but tend to normalize in the longer term. Margin volatility and expenses related to electronic payment modes are not as significant in Europe and Canada.

Operating, selling, administrative and general expenses

For the fourth quarter of fiscal 2016, operating, selling, administrative and general expenses increased by 12.5% compared with the corresponding period of fiscal 2015 but increased by only 0.8% if we exclude certain items as demonstrated by the following table:

	12-week period ended April 24, 2016
Total variance as reported	**12.5%**
Subtract:	
Increase from incremental expenses related to acquisitions	15.9%
Decrease from revision of estimates for provisions and other non-recurring expenses in 2015	(1.9%)
Decrease from the net impact of foreign exchange translation	(1.3%)
Decrease from divestment of the aviation fuel and lubricants businesses	(1.1%)
Decrease from lower electronic payment fees, excluding acquisitions	(0.5%)
Increase from charges on the termination of fuel supply agreements	0.4%
Acquisition costs recognized to earnings of fiscal 2016	0.3%
Acquisition costs recognized to earnings of fiscal 2015	(0.1%)
Remaining variance	**0.8%**

The remaining variance for the fourth quarter of fiscal 2016 in expenses is mainly due to normal inflation, to the higher expenses needed to support our strong organic growth, to the higher average number of stores and to proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint than the average of our existing network. We continue to favor a rigorous control of costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA) and adjusted EBITDA

During the fourth quarter of fiscal 2016, EBITDA increased by 45.0% compared with the same quarter last year, from $319.2 million to $462.7 million.

Excluding the specific items shown in the table below from EBITDA of the fourth quarter of fiscal 2016 and of the fourth quarter of fiscal 2015, the adjusted EBITDA for the fourth quarter of fiscal 2016 increased by $124.0 million or 36.3% compared with the corresponding period of the previous fiscal year. Net of acquisition costs recorded to earnings, acquisitions contributed approximately $29.0 million to adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $5.0 million.

It should be noted that EBITDA and adjusted EBITDA are not performance measures defined by IFRS, but we, as well as investors and analysts, use these measures to evaluate our financial and operating performance. Note that our definition of these measures may differ from the one used by other public corporations:

	12-week periods ended	
(in millions of US dollars)	**April 24, 2016**	April 26, 2015
Net earnings, as reported	**206.2**	126.0
Add:		
Income taxes	**62.8**	45.5
Net financial expenses	**31.7**	15.6
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**162.0**	132.1
EBITDA	**462.7**	319.2
Remove:		
Charge on early termination of fuel supply agreements	**(3.2)**	-
Restructuring and integration costs	**-**	(22.2)
Loss on disposal of the aviation fuel business	**-**	(0.6)
Negative goodwill	**-**	0.1
Adjusted EBITDA	**465.9**	341.9

Depreciation, amortization and impairment of property and equipment, intangible assets and other assets

For the fourth quarter of fiscal 2016, depreciation, amortization and impairment expenses increased by $29.9 million mainly as a result of investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. The depreciation, amortization and impairment expense was also increased by the accelerated depreciation and amortization of certain assets in connection with our global rebranding project, which had an impact of $7.7 million for the fourth quarter of fiscal 2016 and by the acceleration of the depreciation and amortization of certain of The Pantry stores' assets which will need to be replaced or upgraded before the end of their current useful lives. Those items, which

contributed to the increase in depreciation, amortization and impairment expenses, were partially offset by the net impact of the translation of our European and Canadian operations into US dollars.

Net financial expenses

The fourth quarter of fiscal 2016 shows net financial expenses of $31.7 million, an increase of $16.1 million compared with the fourth quarter of fiscal 2015. Excluding the net foreign exchange loss of $5.8 million and the net foreign exchange gain of $3.5 million recorded respectively in the fourth quarters of fiscal 2016 and fiscal 2015, net financial expenses increased by $6.8 million. This increase is mainly attributable to the rise in our long term debt in connection with the financing of The Pantry and Topaz acquisitions. The net foreign exchange loss of $5.8 million for the fourth quarter of fiscal 2016 is mainly due to the impact of foreign exchange variations on certain cash balances.

Income taxes

The income tax rate for the fourth quarter of fiscal 2016 was 23.3% compared with an income tax rate of 26.5% for the fourth quarter of fiscal 2015.

Net earnings and adjusted net earnings

We closed the fourth quarter of fiscal 2016 with net earnings of $206.2 million, compared with $126.0 million for the fourth quarter of the previous fiscal year, an increase of $80.2 million or 63.7%. Diluted net earnings per share stood at $0.36, compared with $0.22 the previous year. The translation of revenues and expenses from our Canadian and European operations into US dollars had a negative net impact of approximately $1.0 million on net earnings of the fourth quarter of fiscal 2016.

Excluding the items shown in the table below from net earnings of the fourth quarter of fiscal 2016 and fiscal 2015, this quarter's net earnings would have been approximately $221.0 million, compared with $138.0 million for the comparable quarter of the previous year, an increase of $83.0 million or 60.1%. Adjusted diluted net earnings per share would have been approximately $0.39 for the fourth quarter of fiscal 2016, compared with $0.24 for the corresponding period of fiscal 2015, an increase of 62.5%.

The table below reconciles adjusted net earnings to reported net earnings:

	12-week periods ended	
(in millions of US dollars)	**April 24, 2016**	April 26, 2015
Net earnings, as reported	**206.2**	126.0
Remove:		
Impact of accelerated depreciation and amortization	**(7.7)**	-
Net foreign exchange (loss) gain	**(5.8)**	3.5
Charge on early termination of fuel supply agreements	**(3.2)**	-
Acquisition costs	**(2.7)**	(1.2)
Restructuring costs	**-**	(22.2)
Loss on disposal of the aviation fuel business	**-**	(0.6)
Negative goodwill	**-**	0.1
Tax impact of the items above and rounding	**4.6**	8.4
Adjusted net earnings	**221.0**	138.0

It should be noted that adjusted net earnings is not a performance measure defined by IFRS, but we, as well as investors and analysts, use this measure to evaluate our financial and operating performance. Note that our definition of this measure may differ from the one used by other public corporations.

Summary analysis of consolidated results of fiscal 2016

The following table highlights certain information regarding our operations for the 52-week periods ended April 24, 2016, April 26, 2015 and April 27, 2014. This data includes results from The Pantry, starting from March 16, 2015, the acquisition date and from Topaz, starting February 1, 2016, the acquisition date.

	52-weeks		
(in millions of US dollars, unless otherwise stated)	**2016**	2015	2014
Statement of Operations Data:			
Merchandise and service revenues [1]:			
United States	**7,366.5**	5,311.0	4,821.7
Europe	**933.8**	990.4	1,048.4
Canada	**1,771.6**	1,974.4	2,082.7
Total merchandise and service revenues	**10,071.9**	8,275.8	7,952.8
Road transportation fuel revenues:			
United States	**15,864.1**	14,599.0	15,493.3
Europe	**5,422.3**	7,111.0	8,824.9
Canada	**2,019.8**	2,571.9	2,890.6
Total road transportation fuel revenues	**23,306.2**	24,281.9	27,208.8
Other revenues [2]:			
United States	**14.9**	16.0	14.7
Europe	**751.1**	1,955.7	2,784.7
Canada	**0.5**	0.5	1.1
Total other revenues	**766.5**	1,972.2	2,800.5
Total revenues	**34,144.6**	34,529.9	37,962.1
Merchandise and service gross profit [1]:			
United States	**2,452.3**	1,748.4	1,575.8
Europe	**397.0**	408.2	434.2
Canada	**581.4**	649.2	689.3
Total merchandise and service gross profit	**3,430.7**	2,805.8	2,699.3
Road transportation fuel gross profit:			
United States	**1,479.4**	1,093.3	796.1
Europe	**811.5**	870.9	928.8
Canada	**148.9**	164.4	163.5
Total road transportation fuel gross profit	**2,439.8**	2,128.6	1,888.4
Other revenues gross profit [2]:			
United States	**14.9**	16.0	14.7
Europe	**195.6**	317.1	384.6
Canada	**0.5**	0.5	1.1
Total other revenues gross profit	**211.0**	333.6	400.4
Total gross profit	**6,081.5**	5,268.0	4,988.1
	3,835.1		3,419.9
Operating, selling, administrative and general expenses		3,378.4	
Gain on disposal of lubricant business	**(47.4)**	-	-
Curtailment gain on defined benefits pension plans obligation	**(27.2)**	(2.6)	(0.9)
Restructuring and integration costs	**-**	30.3	-
Loss on disposal of aviation fuel business	**-**	11.0	-
Negative goodwill	**-**	(1.2)	(48.4)
Loss (gain) on disposal of property and equipment and other assets	**18.8**	(1.5)	-
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**632.4**	533.9	583.2
Operating income	**1,669.8**	1,319.7	1,034.3
Net earnings	**1,193.7**	930.0	812.2
Other Operating Data:			
Merchandise and service gross margin [1]:			
Consolidated	**34.1%**	33.9%	33.9%
United States	**33.3%**	32.9%	32.7%
Europe	**42.5%**	41.2%	41.4%
Canada	**32.8%**	32.9%	33.1%
Growth of same-store merchandise revenues [3] [4]:			
United States	**4.6%**	3.9%	3.8%
Europe	**2.8%**	2.0%	1.6%
Canada	**2.9%**	3.4%	1.9%
Road transportation fuel gross margin:			
United States (cents per gallon) [4]	**20.15**	21.74	18.11
Europe (cents per litre) [5]	**8.82**	10.33	10.94
Canada (CA cents per litre) [4]	**6.41**	6.35	5.98
Volume of road transportation fuel sold [5]:			
United States (millions of gallons)	**7,260.2**	5,118.9	4,611.5
Europe (millions of litres)	**9,200.8**	8,428.5	8,488.4
Canada (millions of litres)	**3,072.3**	2,987.6	2,920.9
Growth of (decrease in) same-store road transportation fuel volume [4]:			
United States	**6.6%**	3.4%	1.7%
Europe	**2.6%**	2.4%	2.5%
Canada	**0.9%**	(0.1%)	1.3%
Per Share Data:			
Basic net earnings per share (dollars per share)	**2.10**	1.64	1.44
Diluted net earnings per share (dollars per share)	**2.10**	1.63	1.43
Cash dividend per share (CA cents per share)	**26.75**	19.00	13.60

	April 24, 2016	April 26, 2015	April 27, 2014
Balance Sheet Data:			
Total assets	**12,246.0**	10,989.9	10,545.0
Interest-bearing debt	**2,857.0**	3,068.3	2,606.4
Shareholders' equity	**5,043.6**	3,889.1	3,962.4
Indebtedness Ratios:			
Net interest-bearing debt/total capitalization (6)	**0.31 : 1**	0.39 : 1	0.35 : 1
Net interest-bearing debt/Adjusted EBITDA (7) (11)	**0.97 : 1**	1.18 : 1	1.32 : 1
Adjusted net interest-bearing debt/Adjusted EBITDAR (8) (11)	**1.98 : 1**	2.17 : 1	2.44 : 1
Returns:			
Return on equity (9) (11)	**27.0%**	24.9%	22.6%
Return on capital employed (10) (11)	**18.5%**	16.2%	13.3%

(1) Includes revenues derived from franchise fees, royalties, suppliers rebates on some purchases made by franchisees and licensees as well as wholesale merchandise.
(2) Includes revenues from rental of assets, from sale of aviation and marine fuel, heating oil, kerosene, lubricants and chemicals.
(3) Does not include services and other revenues (as described in footnote 1 and 2 above). Growth in Canada is calculated based on Canadian dollars. Growth in Europe is calculated based on Norwegian krone. Includes results from The Pantry stores for fiscal year ended April 24, 2016.
(4) For company-operated stores only. Includes results from The Pantry stores for fiscal year ended April 24, 2016.
(5) Total road transportation fuel.
(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, Amortization and Impairment) adjusted for specific items. 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, Impairment and Rent expense) adjusted for specific items. 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 for the corresponding period. 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 for the corresponding period. 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.
(11) This ratio is presented on a pro forma basis. As of April 24, 2016, it includes Couche-Tard's and Topaz's results for the 52-week period ended April 24, 2016. As of April 26, 2015, it includes Couche-Tard's results for fiscal year ended April 26, 2015 as well as The Pantry's results for the 52-week period ended April 26, 2015. The Pantry's and Topaz's earnings and balance sheet figures have been adjusted to make their presentation in line with Couche-Tard's policies. Given the timing of the acquisition of Topaz, we have not yet completed the fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction.

Revenues

Our revenues were $34.1 billion for fiscal 2016, down $385.3 million, a decrease of 1.1% compared with fiscal 2015, mainly attributable to a lower road transportation fuel average selling price, to the negative net impact from the translation of revenues of our Canadian and European operations into US dollars and to the disposal of our aviation fuel and lubricants businesses. These items, which contributed to the decrease in revenues, were partly offset by the strong contribution from acquisitions and by the growth in same-store merchandise revenues and road transportation fuel volumes in both North America and Europe.

More specifically, the growth in merchandise and service revenues for fiscal 2016 was $1.8 billion. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, merchandise and service revenues increased by $2.2 billion or 26.3%. This increase is attributable to the contribution from acquisitions which amounted to approximately $1.9 billion, to the contribution of newly opened stores and to strong organic growth. Same-store merchandise revenues grew by 4.6% in the United States, including The Pantry stores, by 2.8% in Europe and by 2.9% in Canada. Overall, our performance is attributable to our dynamic merchandising strategies, to our competitive offer and to our expanded fresh food assortment, which is attracting more customers into our stores.

Road transportation fuel revenues decreased by $975.7 million in fiscal 2016. Excluding the negative net impact from the translation of revenues of our Canadian and European operations into US dollars, road transportation fuel revenues increased by $398.8 million or 1.6%. This increase was attributable to the contribution from acquisitions which amounted to approximately $4.2 billion, to the contribution of our recently opened stores and to organic growth. Same-store road transportation fuel volumes increased by 6.6% in the United States, including The Pantry stores and by 2.6% in Europe due to - among other things – our micro-market strategies as well as to the growing contribution from premium fuels and "***miles***™" and "***milesPLUS***™", our proprietary fuel brands in Europe. In Canada, our same-store road transportation fuel volumes increased by 0.9%. These growth factors were partly offset by the impact of the lower average selling price of road transportation fuel, which resulted in a decrease in revenues of approximately $4.9 billion. It should be noted that the lower average road transportation fuel selling price has no direct negative impact on our fuel gross margin. In fact, a lower fuel selling price usually works in our favor as customers tend to travel more in this context – buying more fuel – while also leaving them with more cash for discretionary spending.

The following table shows the average selling price of road transportation fuel in our various markets, starting with the first quarter of the fiscal year ended April 26, 2015:

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 24, 2016					
United States (US dollars per gallon)	2.64	2.36	1.99	1.86	**2.20**
Europe (US cents per litre)	72.16	66.12	57.04	51.59	**60.92**
Canada (CA cents per litre)	103.17	97.79	88.41	82.28	**92.86**
52-week period ended April 26, 2015					
United States (US dollars per gallon)	3.59	3.36	2.54	2.34	**2.89**
Europe (US cents per litre)	101.53	95.18	73.99	66.51	**83.53**
Canada (CA cents per litre)	121.64	117.00	96.27	93.63	**106.59**

Other revenues decreased by $1.2 billion in fiscal 2016. This decrease is mainly explained by the disposal of our aviation fuel and lubricants businesses, which had an impact of approximately $954.0 million as well as by the negative net impact from the translation of revenues from our European operations into US dollars, partly offset by the contribution from acquisitions, which amounted to approximately $132.0 million.

Gross profit

In fiscal 2016, the consolidated merchandise and service gross profit was $3.4 billion, an increase of $624.9 million compared with fiscal 2015. Excluding the net negative impact from the translation of our European and Canadian operations into US dollars, consolidated merchandise and service gross profit increased by $762.9 million or 27.2%. This increase is attributable to the contribution from acquisitions, which amounted to approximately $629.0 million, and to organic growth. The gross margin increased by 0.4% in the United States and by 1.3% in Europe. Overall, this performance reflects changes in the product mix and the improvements we brought to our supply terms, as well as our merchandising strategy in line with market competitiveness and the economic conditions within each market. In Europe, the growth in margin is attributable to the change in our product mix toward categories with higher margins, including car washes. In Canada, the gross margin was 32.8%, a slight decrease of 0.1%.

In fiscal 2016, the road transportation fuel gross margin was 20.15 ¢ per gallon in the United States, CA6.41 ¢ per litre in Canada and 8.82 ¢ per litre in Europe. The decrease in Europe is entirely attributable to the impact of the translation of our European results into US dollars. In local currencies, the margin in Europe was similar to the margin of fiscal 2015. The road transportation fuel gross margin of our company-operated stores in the United States and the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of the fiscal year ended April 26, 2015, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	Weighted average
52-week period ended April 24, 2016					
Before deduction of expenses related to electronic payment modes	18.34	25.66	19.90	16.78	**20.15**
Expenses related to electronic payment modes	4.37	4.19	3.84	3.74	**4.02**
After deduction of expenses related to electronic payment modes	13.97	21.47	16.06	13.04	**16.13**
52-week period ended April 26, 2015					
Before deduction of expenses related to electronic payment modes	23.08	24.17	24.93	15.46	21.75
Expenses related to electronic payment modes	5.27	5.03	4.33	4.12	4.63
After deduction of expenses related to electronic payment modes	17.81	19.14	20.60	11.34	17.12

As demonstrated by the table above, road transportation fuel margins in the United States can be volatile from one quarter to another but tend to normalize in the longer term. Margin volatility and expenses related to electronic payment modes are not as significant in Europe and Canada.

Operating, selling, administrative and general expenses

For fiscal 2016, operating, selling, administrative and general expenses increased by 13.5%, compared with fiscal 2015 but increased by only 1.5% if we exclude certain items as demonstrated by the following table:

	52-week period ended April 24, 2016
Total variance as reported	**13.5%**
Subtract:	
Increase from incremental expenses related to acquisitions	20.8%
Decrease from the net impact of foreign exchange translation	(6.1%)
Decrease from divestment of the aviation fuel and lubricants businesses	(2.2%)
Decrease from revision of estimates for provisions and other non-recurring expenses in 2015	(0.7%)
Decrease from lower electronic payment fees, excluding acquisitions	(0.6%)
Increase from charges on the termination of fuel supply agreements	0.4%
Increase from non-recurring integration costs and expenses in connection with our global brand initiatives	0.3%
Acquisition costs recognized to earnings of fiscal 2016	0.2%
Acquisition costs recognized to earnings of fiscal 2015	(0.1%)
Remaining variance	**1.5%**

The remaining variance in expenses is mainly due to normal inflation, to the higher expenses needed to support our strong organic growth, to the higher average number of stores and to proportionally higher operational expenses in our recently built stores, as these stores generally have a larger footprint than the average of our existing network. We continue to favor a rigorous control of costs throughout our organization, while ensuring we maintain the quality of service we offer to our customers.

Earnings before interest, taxes, depreciation, amortization and impairment (EBITDA) and adjusted EBITDA

During fiscal 2016, EBITDA increased by 24.4% compared with last year, from $1.9 billion to $2.3 billion.

Excluding the specific items shown in the table below from EBITDA for fiscal 2016 and fiscal 2015, adjusted EBITDA for fiscal 2016 increased by $376.0 million or 19.7% compared with the corresponding period of the previous fiscal year, to $2.3 billion. Net of acquisition costs recorded to earnings, acquisitions contributed approximately $257.0 million to adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $138.0 million.

It should be noted that EBITDA and adjusted EBITDA are not performance measures defined by IFRS, but we, as well as investors and analysts, use these measures to evaluate our financial and operating performance. Note that our definition of these measures may differ from the one used by other public corporations:

	52-week periods ended	
(in millions of US dollars)	**April 24, 2016**	April 26, 2015
Net earnings, as reported	**1,193.7**	930.0
Add:		
Income taxes	**398.6**	306.2
Net financial expenses	**107.5**	105.4
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**632.4**	533.9
EBITDA	**2,332.2**	1,875.5
Remove:		
Charge on early termination of fuel supply agreements	**(12.4)**	-
Net gain from the disposal of the lubricants business	**47.4**	-
Curtailment gain on pension plan obligation	**27.2**	2.6
Write-off expense on fuel rebranding	**(10.4)**	-
Non-recurring integration costs and expenses in connection with our global brand initiatives	**(8.6)**	-
Restructuring and integration costs	**-**	(30.3)
Loss on disposal of the aviation fuel business	**-**	(11.0)
Negative goodwill	**-**	1.2
Adjusted EBITDA	**2,289.0**	1,913.0

Depreciation, amortization and impairment of property and equipment, intangible assets and other assets

For fiscal 2016, depreciation, amortization and impairment expenses increased by $98.5 million, mainly as a result of investments made through acquisitions, the replacement of equipment, the addition of new stores and the ongoing improvement of our network. The depreciation, amortization and impairment expense was also increased by the accelerated depreciation and amortization of certain assets in connection with our global rebranding project, which had an impact of $17.8 million for fiscal 2016 and by the acceleration of the depreciation and amortization of certain of The Pantry stores' assets which will need to be replaced or upgraded before the end of their current useful lives. Those items, which contributed to the increase in depreciation, amortization and impairment expenses, were partially offset by the net impact of the translation of our European and Canadian operations into US dollars.

Net financial expenses

Fiscal 2016 shows net financial expenses of $107.5 million, an increase of $2.1 million compared with fiscal 2015. Excluding the net foreign exchange losses of $5.0 million and $22.7 million recorded respectively in fiscal 2016 and 2015, net financial expenses increased by $19.8 million. This increase is mainly attributable to the rise in our long term debt in connection with the financing of The Pantry and Topaz acquisitions and the assumption of their finance leases obligations, partly offset by the reduction in our average debt balance following repayments made on our revolving and acquisition facilities during fiscal years 2015 and 2016. The net foreign exchange loss of $5.0 million for fiscal 2016 is mainly due to the impact of foreign exchange variations on certain cash balances.

Income taxes

The income tax rate fiscal 2016 was 25.0%, compared to 24.8% in 2015. The income tax rate was affected by the fact that the net gain from the disposal of the lubricants business is not taxable and was partly offset by a tax expense of $22.9 million in connection with an internal reorganization. Excluding those items, we estimate that the income tax rate for fiscal 2016 would have been approximately 24.5%.

Net earnings and adjusted net earnings

We closed fiscal 2016 with net earnings of $1,193.7 million, compared with $930.0 million for the previous fiscal year, an increase of $263.7 million or 28.4%. Diluted net earnings per share stood at $2.10 compared with $1.63 the previous year, an increase of 28.8%. The translation of revenues and expenses from our Canadian and European operations into US dollars had a negative net impact of approximately $72.0 million on net earnings of fiscal 2016.

Excluding the items shown in the table below from net earnings for fiscal 2016 and fiscal 2015, net earnings for fiscal 2016 would have been approximately $1,188.0 million, up $170.0 million or 16.7%, while adjusted diluted earnings per share would have been approximately $2.09 compared with $1.79 the previous year, an increase of 16.8%.

The table below reconciles adjusted net earnings to reported net earnings:

	52-week periods ended	
(in millions of US dollars)	**April 24, 2016**	April 26, 2015
Net earnings, as reported	**1,193.7**	930.0
Remove:		
Impact of accelerated depreciation and amortization	**(17.8)**	-
Net foreign exchange loss	**(5.0)**	(22.7)
Charge on early termination of fuel supply agreements	**(12.4)**	-
Acquisition costs	**(6.2)**	(2.7)
Net gain from the disposal of the lubricants business	**47.4**	-
Curtailment gain on pension plans obligation	**27.2**	2.6
Tax expense stemming from an internal reorganisation	**(22.9)**	(41.8)
Write-off expense on fuel rebranding	**(10.4)**	-
Non-recurring integration costs and expenses in connection with our global brand initiatives	**(8.6)**	-
Restructuring costs	**-**	(30.3)
Loss on disposal of the aviation fuel business	**-**	(11.0)
Negative goodwill	**-**	1.2
Tax impact of the items above and rounding	**14.4**	16.7
Adjusted net earnings	**1,188.0**	1,018.0

It should be noted that adjusted net earnings is not a performance measure defined by IFRS, but we, as well as investors and analysts, use this measure to evaluate our financial and operating performance. Note that our definition of this measure may differ from the one used by other public corporations.

Financial Position as at April 24, 2016

As shown by our indebtedness ratios included in the “Summary analysis of consolidated results for fiscal 2016” section and our net cash provided by operating activities, our financial position is excellent.

Our total consolidated assets amounted to $12.3 billion as at April 24, 2016, an increase of $1.3 billion over the balance as at April 26, 2015. This increase stems primarily from the overall rise in assets resulting from the acquisitions we made during fiscal 2016 as well as significant investments in property and equipment, partly offset the effect of the disposal of the lubricants business. It should be noted that we have updated our balance sheet as of April 26, 2015 to reflect the adjustments made to the preliminary purchase price allocation for The Pantry acquisition.

During the 52-week period ended on April 24, 2016, we recorded a return on capital employed of 18.5%.

Significant balance sheet variations are explained as follows:

Accounts receivable

Accounts receivable increased by $150.9 million, from $1.3 billion as at April 26, 2015 to $1.4 billion as at April 24, 2016. The increase mainly stems from acquisitions as well as from the positive net impact of exchange rates variation at the balance sheet date, which was approximately $50.0 million, partly offset by the impact of lower road transportation fuel selling prices as well as from the disposal of the lubricants business.

Property and equipment

Property and equipment increased by $804.7 million, from $5.6 billion as at April 26, 2015 to $6.4 billion as at April 24, 2016, mainly as a result of the significant investments in our stores during fiscal 2016 as well as the acquisition of Topaz, partly offset by the depreciation, amortization and impairment expense and the impact of the sale of the lubricants business. Property and equipment was also affected by the positive net impact of the exchange rates variation at the balance sheet date, which was approximately $19.0 million.

Goodwill

Goodwill increased by $221.8 million, from $1.6 billion as at April 26, 2015 to $1.9 billion as at April 24, 2016, mainly as a result of acquisitions in the U.S. as well as from the acquisition of Topaz. As the acquisition of Topaz was closed shortly before the end of fiscal 2016 and given the size of the transaction, we have not completed our fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction. Consequently, the balance sheet for Topaz includes the net book values from Topaz's accounting records at that date as adjusted to be in line with the Corporation's accounting policies. The difference between the purchase price and the net book value related to this acquisition was included in goodwill in the preliminary purchase price allocation and the fair values of assets acquired and liabilities assumed will be adjusted during fiscal 2017. The goodwill was also affected by the positive net impact of the exchange rates variation at the balance sheet date, which was approximately $4.0 million.

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities increased by $244.0 million, from $2.3 billion as at April 26, 2015 to $2.5 billion as at April 24, 2016. The increase mainly stems from acquisitions, partly offset by the impact of a lower road transportation fuel cost as well as from the disposal of the lubricants business. The net positive impact of exchange rates variation at the balance sheet date was approximately $3.0 million.

Long-term debt and current portion of long-term debt

Long-term debt decreased by $211.3 million, from $3.1 billion as at April 26, 2015 to $2.9 billion as at April 24, 2016. Long-term debt decreased from the net debt repayments of approximately $968.0 million we made during fiscal 2016. This decrease was partly offset by the issuance of Canadian dollar denominated senior unsecured notes for an amount of $562.0 million as and by the issuance of NOK denominated senior unsecured notes for an amount of $78.4 million as well as by new capital leases from the acquisition of Topaz. Our long-term debt also decreased from the impact of the weakening of the Canadian dollar, NOK and Euro against the US dollar, which was approximately $29.0 million.

Shareholders' equity

Shareholders' equity amounted to $5.0 billion as at April 24, 2016, up $1.2 billion compared with April 26, 2015, mainly reflecting net earnings for fiscal 2016, partly offset by dividends declared and other comprehensive income for fiscal 2016. For the 52-week period ended April 24, 2016, we recorded a return on equity of 27.0%.

Liquidity and Capital Resources

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

Our revolving credit facilities are detailed as follow:

Revolving unsecured operating credit D, maturing in December 2019 ("operating credit D")

Credit agreement consisting of a revolving unsecured facility of a maximum amount of $2,525.0 million. On November 20, 2015, we amended our operating credit D to extend its maturity until December 2019. On January 25, 2016, we amended our operating credit D to add the euro as an available currency. No other terms were changed significantly. As at April 24, 2016, $884.2 million

of our operating credit D had been used. As at the same date, the effective interest rate was 1.33% and standby letters of credit in the amount of $27.7 million were outstanding.

Term revolving unsecured operating credit E, maturing in December 2016 (“operating credit E”)

Credit agreement consisting of an initial maximum amount of $50.0 million with an initial term of 50 months. The credit facility is available in the form of a revolving unsecured operating credit, available in US dollars. The amounts borrowed, if any, bear interest at variable rates based on the US base rate or the LIBOR rate plus a variable margin. As at April 24, 2016, operating credit E was unused.

Term revolving unsecured operating credit F, maturing in January 2020 (“operating credit F”)

As at April 24, 2016, as a result of the Topaz acquisition, we have has a credit agreement consisting of a revolving unsecured facility of an initial maximum amount of €25.0 million ($28.1 million) maturing on January 30, 2020. The credit facility is available in the form of a revolving unsecured operating credit, available in Euros. The amounts borrowed bear interest at variable rates based on the funding base rate or the Euribor rate plus a variable margin. As at April 24, 2016, operating credit F was unused.

Available liquidities

As at April 24, 2016, a total of approximately $1.7 billion was available under our revolving unsecured operating credit facilities and we were in compliance with the restrictive covenants and ratios imposed by the credit agreements at that date. Thus, at the same date, we had access to approximately $2.3 billion through our available cash and revolving unsecured operating credit facilities.

Selected Consolidated Cash Flow Information

	52-week periods ended		
(in millions of US dollars)	**April 24, 2016**	April 26, 2015	Variation
Operating activities			
Net cash provided by operating activities	**1,887.9**	1,714.5	173.4
Investing activities			
Purchase of property and equipment, intangible assets and other assets, net of proceeds from the disposal of property and equipment and other assets	**(806.7)**	(562.9)	(243.8)
Business acquisitions	**(437.3)**	(929.4)	492.1
Proceeds from disposal of the lubricants business	**81.0**	-	81.0
Proceeds from disposal of the aviation fuel business	**-**	94.6	(94.6)
Other	**(18.3)**	(1.1)	(17.2)
Net cash used in investing activities	**(1,181.3)**	(1,398.8)	217.5
Financing activities			
Net increase (decrease) of revolving unsecured operating credit	**(967.7)**	1,043.7	(2,011.4)
Issuance of Canadian dollar denominated senior unsecured notes, net of financing costs	**562.0**	-	562.0
Repayment of debt assumed on business acquisition	**(225.2)**	(529.1)	303.9
Cash dividends paid	**(104.1)**	(86.9)	(17.2)
Issuance of NOK denominated senior unsecured notes, net of financing costs	**78.0**	-	78.0
Net decrease in other debt	**(24.6)**	(18.0)	(6.6)
Repurchase of non-controlling interest	**(11.8)**	-	(11.8)
Settlement of cross-currency interest rate swaps	**(10.0)**	-	(10.0)
Issuance of shares upon exercise of stock options	**0.8**	3.8	(3.0)
Repayments under the unsecured non-revolving acquisition credit facility	**-**	(555.0)	555.0
Net cash from (used in) financing activities	**(702.6)**	(141.5)	(561.1)
Credit ratings			
Standard and Poor’s – Corporate credit rating	**BBB**	BBB-	
Moody’s - Senior unsecured notes credit rating	**Baa2**	Baa2	

Operating activities

During fiscal 2016, net cash from our operations reached $1,887.9 million, up $173.4 million compared with fiscal year 2015, mainly due to higher net earnings.

Investing activities

During fiscal 2016, investing activities were primarily for net investments in property and equipment, intangible assets and other assets which amounted to $806.7 million and for business acquisitions for an amount of $437.3 million. These items were partly offset by the net proceeds from the disposal of the lubricants business, which amounted to $81.0 million.

Net investments in property and equipment, intangible assets and other assets were primarily for the replacement of equipment in some of our stores in order to enhance our offering of products and services, the addition of new stores and the ongoing improvement of our network, as well as for information technology.

Financing activities

During fiscal 2016, we repaid a total net amount of $967.7 million on our operating credit D. During the same period, we issued Canadian dollar denominated senior unsecured notes for an amount of $562.0 million and NOK denominated senior unsecured notes for an amount of $78.0 million. We also repaid debt assumed in the acquisition of Topaz for an amount of $225.2 million, paid dividends for an amount of $104.1 million and repurchased the non-controlling interest in Circle K Asia for a cash consideration of $11.8 million.

Contractual Obligations and Commercial Commitments

Set out below is a summary of our material contractual obligations as at April 24, 2016 (1):

	2017	2018	2019	2020	2021	Thereafter	Total
	(in millions of US dollars)						
Long-term debt (2)	2.1	237.1	886.2	355.3	236.8	831.9	**2,549.4**
Finance lease obligations	52.2	67.3	41.3	37.6	34.4	233.7	**466.5**
Operating lease obligations	391.2	369.8	343.4	308.7	262.1	1,147.8	**2,823.0**
Total	445.5	674.2	1,270.9	701.6	533.3	2,213.4	**5,838.9**

(1) The summary does not include the payments required under defined benefit pension plans.
(2) Does not include future interest payments.

Long-term debt. As at April 24, 2016, our long-term totalled $2,857.0 million, the details of which are as follow:

i. Canadian dollar denominated senior unsecured notes totalling $1,573.2 million, divided into five tranches:
    a. Tranche 1 with a notional amount of CA$300.0 million, maturing on November 1st, 2017, bearing interest at 2.861%.
    b. Tranche 2 with a notional amount of CA$450.0 million, maturing on November 1st, 2019, bearing interest at 3.319%.
    c. Tranche 3 with a notional amount of CA$250.0 million, maturing on November 1st, 2022, bearing interest at 3.899%.
    d. Tranche 4 with a notional amount of CA$300.0 million, maturing on August 21st, 2020, bearing interest at 4.214%.
    e. Tranche 5 with a notional amount of CA$700.0 million, maturing on June 2nd, 2025, bearing interest at 3.600%.

ii. NOK denominated senior unsecured notes totalling $81.8 million, with a notional amount of NOK675.0 million, maturing on February 18, 2026, bearing interest at 3.85%.

iii. Borrowings of $884.2 million under our revolving unsecured operating credits denominated in US and Canadian dollars, maturing in December 2019. The effective interest rate was 1.33% as at April 24, 2016.

iv. Other long-term debts of $317.8 million, including obligations related to building and equipment under finance leases.

Finance leases and operating leases obligations. We lease an important portion of our real estate using conventional operating leases and finance leases mainly for the rental of stores, land, equipment and office buildings. Generally our real estate leases in Canada are for primary terms of five to ten years and in the United States, they are for ten to 20 years, in both cases, usually with options to renew. In Europe, the lease terms range from short-term contracts to contracts with maturities up to more than 100 years and most lease contracts include options to renew at market prices. When leases are determined to be operating leases, obligations and related assets are not included in our consolidated balance sheets. Under certain of the store leases, we are subject to additional rent based on store revenues as well as future escalations in the minimum lease amount. When leases are determined to be finance leases, obligations and related assets are included in our consolidated balance sheets. When possible, we will favor purchasing our assets rather than leasing them.

Contingencies. Various claims and legal proceedings have been initiated against us in the normal course of our operations and through acquisitions. Although the outcome of such matters is not predictable with assurance, we have no reason to believe that the outcome of any such current matter could reasonably be expected to have a materially adverse impact on our financial position, results of operations or the ability to carry on any of our business activities.

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

Guarantees. We assigned a number of lease agreements for premises to third parties. Under some of these agreements, we retain ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sub lessees fail to pay. As at April 24, 2016, the total future lease payments under such agreements are approximately $1.6 million and the fair value of the guarantee is not significant. Historically, we have not made any significant payments in connection with these indemnification provisions. In Europe, we have issued guarantees to third parties and on behalf of third parties for maximum undiscounted future payments totalling $14.3 million. These guarantees primarily relate to financial guarantee commitments for car rental agreements and on behalf of retailers in Sweden. Guarantees on behalf of retailers in Sweden comprise items such as guarantees towards retailer's car washes and store inventory, in addition to guarantees towards suppliers of electricity and heating. The carrying amount and fair value of the guarantee commitments recognized in the balance sheet at April 24, 2016 were not significant.

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

Other commitments. We have entered into various product purchase agreements which require us to purchase minimum amounts or quantities of merchandise and road transportation fuel annually. We have generally exceeded such minimum requirements in the past and expect to continue doing so for the foreseeable future. Failure to satisfy the minimum purchase requirements could result in termination of the contracts, changes in the pricing of the products, payments to the applicable providers of a predetermined percentage of the commitments and repayments of a portion of rebates received.

Off-Balance Sheet Arrangements

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

Selected Quarterly Financial Information

Our 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 2017, contains 53 weeks, the fourth quarter comprises 13 weeks. The following is a summary of selected consolidated financial information derived from our interim consolidated financial statements for each of the eight most recently completed quarters.

(in millions of US dollars except for per share data)	52-week period ended April 24, 2016				52-week period ended April 26, 2015			
Quarter	**4th**	3rd	2nd	1st	4th	3rd	2nd	1st
Weeks	**12 weeks**	16 weeks	12 weeks	12 weeks	12 weeks	16 weeks	12 weeks	12 weeks
Revenues	**7,397.1**	9,331.1	8,436.8	8,979.6	7,285.5	9,107.8	8,946.3	9,190.3
Operating income before depreciation, amortization and impairment of property and equipment, intangibles assets and other assets	**456.2**	618.7	685.8	541.5	314.8	536.8	510.0	492.0
Depreciation, amortization and impairment of property and equipment, intangibles assets and other assets	**162.0**	192.8	137.6	140.0	132.1	152.4	122.7	126.7
Operating income	**294.2**	425.9	548.2	401.5	182.7	384.4	387.3	365.3
Share of earnings of joint ventures and associated companies accounted for using the equity method	**6.5**	8.8	8.2	6.5	4.4	7.7	5.1	4.7
Net financial expenses	**31.7**	33.5	25.2	17.1	15.6	41.2	18.6	30.0
Net earnings	**206.2**	274.0	415.7	297.8	126.0	248.1	286.4	269.5
Net earnings per share								
Basic	**$0.36**	$0.48	$0.73	$0.52	$0.22	$0.44	$0.51	$0.48
Diluted	**$0.36**	$0.48	$0.73	$0.52	$0.22	$0.44	$0.50	$0.47

The volatility of road transportation fuel gross margins, mostly in the United States, seasonality and changes in the exchange rates have an impact on the variability of our quarterly net earnings. With that said, the majority of our operating income is derived from merchandise and service sales.

Analysis of consolidated results for the fiscal year ended April 26, 2015

Revenues

Our revenues were $34.5 billion in fiscal 2015, down $3.4 billion, a decrease of 9.0%, mainly attributable to lower road transportation fuel average retail prices, to the negative net impact from the translation of revenues of our Canadian and European operations into US dollars and to the sale of our aviation fuel business. Those items contributing to the reduction in total revenues were partly offset by the continued growth in same-store merchandise revenues and road transportation fuel volume in both North America and Europe as well as by the contribution from acquisitions.

More specifically, the growth of merchandise and service revenues for fiscal 2015 was $323.0 million. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, which was approximately $253.0 million, consolidated merchandise and service sales increased by $576.0 million or 7.2%. This increase is attributable to the contribution from acquisitions which amounted to approximately $304.0 million as well as to organic growth. Same-store merchandise revenues increased by 3.9% in the United States, by 3.4% in Canada and by 2.0% in Europe. Those increases in same-store merchandise sales are attributable to our dynamic merchandising strategies, our competitive offer as well as to our expanded fresh food offer which is attracting more customers into our stores.

Road transportation fuel revenues decreased by $2.9 billion in fiscal 2015. Excluding the negative net impact from the translation of revenues from our Canadian and European operations into US dollars which amounted to approximately $971.0 million, road transportation fuel revenues decreased by $2.0 billion or 7.2%. This decrease was mainly attributable to the lower average selling price of road transportation fuel which generated a decrease in revenues of approximately $3.4 billion, partially offset by acquisitions which contributed to an increase in revenues of approximately $854.0 million as well as by organic growth. Same-store road transportation fuel volume increased by 3.4% in the United States, by 2.4% in Europe, while it decreased by 0.1% in Canada due to amongst other things, the perfecting of our pricing strategies as well as the contribution of "*miles*™" in Europe.

The following table shows the average selling price of road transportation fuel in our markets, starting with the first quarter of the fiscal year ended April 27, 2014. Average prices for Europe are also impacted by the translation into US dollars.

Quarter	1st	2nd	3rd	4th	**Weighted average**
52-week period ended April 26, 2015					
United States (US dollars per gallon)	3.59	3.36	2.54	2.34	**2.89**
Europe (US cents per litre)	101.53	95.18	73.99	66.51	**83.53**
Canada (CA cents per litre)	121.64	117.00	96.27	93.63	**106.59**
52-week period ended April 27, 2014					
United States (US dollars per gallon)	3.51	3.45	3.24	3.47	**3.41**
Europe (US cents per litre)	100.72	103.25	107.49	104.11	**104.38**
Canada (CA cents per litre)	114.53	117.05	113.11	118.74	**115.63**

Other revenues decreased by $828.3 million in fiscal 2015, mostly attributable to the disposal of the aviation fuel business, the negative net impact from the translation of revenues of our European operations into US dollars and to the decrease in marine fuel and heating oil revenues due to lower selling prices and volumes.

Gross profit

In fiscal 2015, the consolidated merchandise and service gross margin was $2.8 billion, an increase of $106.5 million compared with fiscal 2014. Excluding the negative net impact from the translation of our European and Canadian operations into US dollars, which was approximately $94.0 million, consolidated merchandise and service gross margin increased by $201.0 million or 7.4%. This increase is attributable to the contribution from acquisitions which amounted to approximately $103.0 million and to organic growth. In the United States, the gross margin was up 0.2% to 32.9% while it decreased by 0.2% in both Canada and Europe to reach 32.9% and 41.2% respectively. Overall, this performance reflects changes in the product-mix, the improvements we brought to our supply terms as well as our merchandising strategy in line with market competitiveness and economic conditions within each market.

The road transportation fuel gross margin for our company-operated stores in the United States increased by 3.63 ¢ per gallon, from 18.11 ¢ per gallon during fiscal 2014 to 21.74 ¢ per gallon in fiscal 2015. In Canada, the gross margin increased to CA6.35 ¢ per litre for fiscal 2015 compared with CA5.98 ¢ per litre for fiscal 2014. In Europe, the total road transportation fuel gross margin was 10.33 ¢ per litre for fiscal 2015, a decrease of 0.61 ¢ per litre compared with 10.94 ¢ per litre for fiscal 2014. This decrease is entirely attributable to the impact of the translation of our European results into US dollars. In local currencies, the margin in Europe was higher than that of fiscal 2014. The road transportation fuel gross margin of our company-operated stores in the United States as well as the impact of expenses related to electronic payment modes for the last eight quarters, starting with the first quarter of fiscal year ended April 27, 2014, were as follows:

(US cents per gallon)

Quarter	1st	2nd	3rd	4th	**Weighted average**
52-week period ended April 26, 2015					
Before deduction of expenses related to electronic payment modes	23.08	24.17	24.93	15.46	**21.74**
Expenses related to electronic payment modes	5.27	5.03	4.33	4.12	**4.63**
After deduction of expenses related to electronic payment modes	17.81	19.14	20.60	11.34	**17.11**
52-week period ended April 27, 2014					
Before deduction of expenses related to electronic payment modes	19.42	21.56	17.02	14.85	**18.11**
Expenses related to electronic payment modes	4.99	5.04	4.79	4.98	**4.94**
After deduction of expenses related to electronic payment modes	14.43	16.52	12.23	9.87	**13.17**

As demonstrated by the table above, road transportation fuel margins in the United States are volatile from one quarter to another. Expenses related to electronic payment modes and associated volatility are not as significant in Europe and in Canada.

Operating, selling, administrative and general expenses

For fiscal 2015, operating, selling, administrative and general expenses decreased by 1.3% compared with fiscal 2014, but increased by 0.8% if we exclude certain items, as demonstrated by the following table:

Total variance as reported	**(1.3%)**
Subtract:	
Decrease from the net impact of foreign exchange translation	(5.2%)
Increase from incremental expenses related to acquisitions	3.3%
Decrease from divesture of the aviation fuel business	(0.7%)
Increase from revision of estimates for provisions and other non-recurring expenses	0.6%
Decrease from lower electronic payment fees, excluding acquisitions	(0.2%)
Acquisition costs recognized to earnings of fiscal 2015	0.1%
Remaining variance	**0.8%**

We continue to favor tight control of costs throughout the organization while being sure to maintain the quality of service we offer to our customers.

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

During fiscal 2015, EBITDA increased by 14.3% compared with the previous fiscal year, reaching $1,875.5 million.

Excluding restructuring and integration costs, the loss on disposal of the aviation fuel business, the curtailment gain on pension plan obligations and the negative goodwill from both comparable periods, fiscal 2015 adjusted EBITDA increased by $322.1 million or 20.2% compared with the corresponding period of the previous fiscal year, reaching $1,913.0 million. Net of acquisition, restructuring and integration costs recorded to earnings, acquisitions contributed approximately $43.0 million to adjusted EBITDA, while the variation in exchange rates had a negative net impact of approximately $68.0 million.

It should be noted that EBITDA and adjusted EBITDA are not performance measures defined by IFRS, but we, as well as investors and analysts, use these measures to evaluate the Corporation's financial and operating performance. Note that our definition of these measures may differ from the one used by other public corporations:

	52-weeks periods ended	
(in millions of US dollars)	**April 26, 2015**	April 27, 2014
Net earnings, as reported	**930.0**	812.2
Add:		
Income taxes	**306.2**	134.2
Net financial expenses	**105.4**	110.6
Depreciation, amortization and impairment of property and equipment and other assets	**533.9**	583.2
EBITDA	**1,875.5**	1,640.2
Remove:		
Restructuring and integration costs	**(30.3)**	-
Loss on disposal of the aviation fuel business	**(11.0)**	-
Curtailment gain on pension plan obligation	**2.6**	0.9
Negative goodwill	**1.2**	48.4
Adjusted EBITDA	**1,913.0**	1,590.9

Depreciation, amortization and impairment of property and equipment and other assets

For fiscal 2015, depreciation, amortization and impairment expense decreased by $49.3 million. Excluding the impairment charge of $6.8 million on a non-operational lubricant production plant recorded in fiscal 2014, depreciation, amortization and impairment expense decreased by $42.5 million. This decrease is mainly attributable to the net impact from the translation of our European and Canadian operations into US dollars, partially offset by the impact of investments made through acquisitions, replacement of equipment, addition of new stores and ongoing improvement of our network.

Net financial expenses

For fiscal 2015, we recorded net financial expenses of $105.4 million compared with $110.6 million for fiscal 2014. Excluding the net foreign exchange loss of $22.7 million and the net foreign loss of $10.1 million recorded respectively in fiscal 2015 and in fiscal 2014, fiscal 2015 posted net financial expenses of $82.7 million, down $17.8 million compared with fiscal 2014. This

decrease is mainly attributable to the reduction of our long-term debt following repayments made on our revolving and acquisition facilities in the first half of fiscal 2015. The net foreign exchange loss of $22.7 million is mainly due to the impact of the exchange rate fluctuations on certain inter-company balances and loans.

Income taxes

For fiscal 2015, the income tax rate is 24.8% compared with a rate of 14.2% for the previous fiscal year. Fiscal 2015 was affected by an internal reorganization which increased the income tax expense by $41.8 million. Had this reorganization not been implemented, the income tax rate would have been approximately 21.4%. The income tax rate for fiscal 2014 was impacted by the effect on deferred taxes of a foreign loss only deductible and recognized for tax purposes as well as by a decrease in our statutory income tax rates in Norway and in Denmark. Excluding those non-recurring items, the income tax rate for fiscal 2014 would have been 15.5%.The remaining increase is attributable to the higher proportion of our results coming from the United States, where the tax rates are higher and to the reimbursement of a portion of our debt before the acquisition of The Pantry.

Net earnings

We closed fiscal 2015 with net earnings of $930.0 million, compared with $812.2 million for the previous fiscal year, an increase of $117.8 million. Diluted net earnings per share stood at $1.63 compared with $1.43 the previous year. The translation of earnings from our Canadian and European operations into the US dollars had a negative net impact of approximately $28.0 million on net earnings of fiscal 2015.

Excluding from net earnings of fiscal 2015 the loss on disposal of our aviation fuel business, restructuring and integration costs, the non-recurring tax expense of $41.8 million, the curtailment gain, the negative goodwill, the net foreign exchange loss as well as acquisition costs and excluding from net earnings of fiscal 2014 the negative goodwill, the net foreign exchange loss, the non-recurring income tax recovery, the impairment charge on a non-operational lubricant plant in Poland, the curtailment gain as well as acquisition costs, fiscal 2015 net earnings would have stood at approximately $1,019.0 million, up $253.0 million or 33.0% compared to fiscal 2014, while fiscal 2015 diluted earnings per share would have stood at approximately $1.79, an increase of 32.6%.

Internal Controls over Financial Reporting

We maintain a system of internal controls over financial reporting designed to safeguard assets and ensure that financial information is reliable. We also maintain a system of disclosure controls and procedures designed to ensure the reliability, completeness and timeliness of the information we disclose in this MD&A and other public disclosure documents, also taking into account materiality. Disclosure controls and procedures are designed to ensure that information required to be disclosed by us in reports filed with securities regulatory agencies is recorded and/or disclosed on a timely basis, as required by law, and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As at April 24, 2016, our management, following its assessment, certifies the design and operating effectiveness of disclosure controls and procedures.

We undertake ongoing evaluations of the effectiveness of our internal controls over financial reporting and implement control enhancements, when appropriate. As at April 24, 2016, our management and our external auditors reported that these internal controls were effective.

We have excluded Topaz's internal control over financial reporting from our evaluation of the overall effectiveness of our internal control over financial reporting. This is due to the timing of the transaction, which occurred on February 1st, 2016. The limitation was primarily based on the time required to assess Topaz's controls over financial reporting and to confirm they are consistent with ours, as permitted by the Canadian Securities Administrator's National Instrument 52-109 for 365 days following an acquisition. We expect to finalize our assessment by February 1st, 2017.

Topaz's balance sheet and results are included in our consolidated financial statements since the acquisition date. They constituted approximately 8.5% of total consolidated assets as of April 24, 2016 while they represented approximately 1.2% of consolidated revenues and approximately 0.3% of consolidated net earnings for fiscal year 2016.

Critical Accounting Policies and Estimates

Estimates. This MD&A is based on our consolidated financial statements, which have been prepared in accordance with IFRS. These standards require us to make certain estimates and assumptions that affect our financial position and results of operations as reflected in our consolidated financial statements. On an ongoing basis, we review our estimates. These estimates are based on our best knowledge of current events and actions that we may undertake in the future. Actual results could differ from those

estimates. The most significant accounting judgments and estimates that we have made in the preparation of the consolidated financial statements are discussed along with the relevant accounting policies when applicable and relate primarily to the following topics: vendor rebates, useful lives of tangible and intangible assets, income taxes, leases, employee future benefits, provisions, impairment and business combinations.

Inventory. Our inventory is comprised mainly of products purchased for resale including tobacco products, fresh goods, beer and wine, grocery items, candies and snacks, other beverages and road transportation fuel. Inventories are valued at the lesser of cost and net realizable value. Cost of merchandise is generally valued based on the retail price less a normal margin and the cost of road transportation fuel inventory is generally determined according to the average cost method. The cost of lubricant inventory and aviation fuel is determined using the first in first out method. Inherent in the determination of margins are certain management judgments and estimates, which could affect ending inventory valuations and results of operations.

Impairment of long-lived assets. Property and equipment are tested for impairment should events or circumstances indicate that their book value may not be recoverable, as measured by comparing their net book value to their recoverable amount, which corresponds to the higher of fair value less costs to sell and value in use. Should the carrying amount of long-lived assets exceed their fair value, an impairment loss in the amount of the excess would be recognized. Our evaluation of the existence of impairment indicators is based on market conditions and our operational performance. The variability of these factors depends on a number of conditions, including uncertainty about future events. These factors could cause us to conclude that impairment indicators exist and require that impairment tests be performed, which could result in determining that the value of certain long-lived assets is impaired, resulting in a write-down of such long-lived assets.

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

Asset retirement obligations. Asset retirement obligations primarily relate to estimated future costs to remove underground road transportation fuel storage tanks and are based on our 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 present 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 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.

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

In each of the U.S. states in which we operate, with the exception of Iowa, Florida, Texas, West Virginia and Maryland, there is a state fund to cover the cost of certain environmental remediation activities after the applicable trust fund deductible is met, which varies by state. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain environmental contamination caused by the use of road transportation fuel equipment. Road transportation fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. We pay annual registration fees and remits sales taxes to applicable states. Insurance coverage differs from state to state.

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

We use 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 consolidated 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 we are 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 we intend to settle our current tax assets and liabilities on a net basis.

We are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. We recognize liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Employee future benefits. We accrue our obligations under employee pension plans and the related costs, net of plan assets. We have 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 our best estimate of salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in Other comprehensive income with no impact on net earnings;
- Past service costs are recorded to earnings at the earlier of the following dates:
  - When the plan amendment or curtailment occurs;
  - When we recognize related restructuring costs or termination benefits;
- Net interest on the defined benefit liability (asset) represents the net defined benefit liability (asset), multiplied by the discount rate and is recorded in financial expenses.

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

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. We determine the appropriate discount rate at the end of each fiscal year. This is the rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, we consider the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

Insurance and workers' compensation. In the U.S. and Ireland, we are self-insured for certain losses related to general liability and workers' compensation. The expected ultimate cost for claims incurred as of the consolidated balance sheet date is discounted and is recognized as a liability. This cost is estimated based on analysis of our 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.

Changes in Accounting Standards

Revised Standards

Presentation of financial statements

On February 1, 2016, we adopted amendments to IAS 1, “Presentation of Financial Statements”, that clarify materiality, aggregation and disaggregation of items presented in the balance sheet, statement of earnings and statement of comprehensive income as well as order of notes to financial statements. The adoption of these amendments did not have a material impact on our consolidated financial statements.

Recently issued accounting standards not yet implemented

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, “Revenue from Contracts with Customers”, to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue”, IAS 11, “Construction Contracts”, and other revenue-related interpretations. In September 2015, the IASB deferred the mandatory effective date of IFRS 15 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

Classification and measurement of financial assets and financial liabilities

In July 2014, the IASB completed IFRS 9, “Financial Instruments” in its three-part project to replace IAS 39, “Financial Instruments: Recognition and Measurement” with a single approach to determine whether a financial asset is measured at amortized cost or fair value. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard is effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. We are currently evaluating the impact of this standard on our consolidated financial statements.

Leases

In January 2016, the IASB issued IFRS 16, “Leases”, which will replace IAS 17, “Leases”. The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided we have adopted IFRS 15 “Revenue from Contracts with Customers”. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a “right-of-use asset” for virtually all lease contracts, and record it on the balance sheet, except with respect to lease contracts that meet limited exception criteria. Given that we have significant contractual obligations in the form of operating leases under IAS 17, there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the timing of recognition and presentation of expenses associated with the lease arrangements. We are currently evaluating the impact of the standard on our consolidated financial statements.

Income Taxes

In January 2016, the IASB issued amendments to IAS 12, "Income Taxes" regarding the recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. We are currently evaluating the impact of these amendments on our consolidated financial statements.

Statement of Cash Flows

In January 2016, the IASB published amendments to IAS 7, “Statement of Cash Flows”. The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity’s financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. We are currently evaluating the impact of the standard on our consolidated financial statements.

Business Risks

We are constantly looking to control and improve our operations. In this perspective, identification and management of risks are key components of such activities. We have identified and assessed key risk factors that could negatively impact our objectives and their ensuing performance.

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

Road transportation fuel. Our results are sensitive to the changes in road transportation fuel prices and gross margin. Factors beyond our control such as market-driven changes in supply terms, road transportation fuel price fluctuations due to, amongst other things, general political and economic conditions, as well as the market’s limited ability to absorb road transportation fuel prices fluctuations, are factors that could influence road transportation fuel selling price and related gross margin. During fiscal 2016 road transportation fuel revenues accounted for approximately 68.0% of our total revenue, yet the road transportation fuel gross margin represented only about 40.0% of our overall gross profits. In fiscal 2016, a change of one cent per gallon (approximately 0.26 cents per litre) would have resulted in a change of approximately $105.0 million in road transportation fuel gross profit, with a corresponding impact of approximately $0.12 on earning per share on a diluted basis.

Electronic payment modes. We are exposed to significant fluctuations in expenses related to electronic payment modes resulting from large changes in road transportation fuel retail prices, particularly in our U.S. markets, because the majority of this expense is based on a percentage of the retail prices of road transportation fuel. For fiscal 2016, a variation of 10% in our expenses associated with electronic payment modes would have had an impact of approximately $0.04 on earning per share on a diluted basis.

Tobacco products. Tobacco products represent our largest product category of merchandise and service revenues. For fiscal 2016, revenues of tobacco products were approximately 38.0% of total merchandise and service revenues. Significant increases in wholesale cigarette costs, a tax increase on tobacco products, as well as current and future legislation and national and local campaigns to discourage smoking in the United States, Canada and Europe, may have an adverse impact on the demand for tobacco products, and may therefore adversely affect our revenues and profits in light of the competitive landscape and consumer sensitivity to the price of such products.

In addition, we sell brands of cigarettes that are manufactured to be sold by Couche-Tard on an exclusive basis and we could be sued for health problems caused by the use of tobacco products. In fact, various health-related legal actions, proceedings and claims arising out of the sale, distribution, manufacture, development, advertising and marketing of cigarettes have been brought against vendors of tobacco products. Any unfavorable verdict against us in a health-related suit could adversely affect our business, financial condition and results of operations. In conformity with accounting standards, we have not established any reserves for the payment of expenses or adverse results related to any potential health-related litigation.

Competition. The industries and geographic areas in which we operate are highly competitive and marked by a constant change in terms of the number and type of retailers offering the products and services found in our stores. We compete with other convenience store chains, independent convenience stores, gas station operators, large and small food retailers, quick service restaurants, local pharmacies and pharmacy chains and dollar stores. There can be no assurance that we will be able to compete successfully against our competitors. Our business may also be adversely affected if we do not sustain our ability to meet customer requirements relative to price, quality, customer service and service offerings.

Environmental laws and regulations. Our operations, particularly those relating to the storage, transportation and sale of fuel products, are subject to numerous environmental laws and regulations in the countries in which we operate, including laws and regulations governing the quality of fuel products, ground pollution and emissions and discharges into air and water, the implementation of targets regarding the use of certain bio-fuel or renewable energy products, the handling and disposal of hazardous wastes, the use of vapor reduction systems to capture fuel vapor, and the remediation of contaminated sites.

Our operations expose us to certain risks, particularly at our terminals and other storage facilities, where large quantities of fuel are stored, and at our fuel stations. These risks include equipment failure, work accidents, fires, explosions, vapour emissions, spills and leaks at storage facilities and/or in the course of transportation to or from our or a third party's terminals, fuel stations or other sites. In addition, we are also exposed to the risk of accidents involving the tanker trucks used in our fuel product distribution system. These types of hazards and accidents may cause personal injuries or the loss of life, business interruptions and/or property, equipment and environmental contamination and damage. Further, we may be subject to litigation, compensation claims, governmental fines or penalties or other liabilities or losses in relation to such incidents and accidents and may incur significant costs as a result. Under various national, provincial, state and local laws and regulations, we may, as the owner or operator, be liable for the costs of removal or remediation of contamination at our current or former sites, whether or not we knew of, or caused, the presence of such contamination. Such incidents and accidents may also affect our reputation or our brands, leading to a decline in the sales of our products and services and may adversely impact our business, financial condition and results of operations.

Acquisitions. Acquisitions have been and should continue to be a significant part of our growth strategy. Our ability to identify strategic acquisitions in the future may be limited by the number of attractive acquisition targets with motivated sellers, internal demands on our resources and, to the extent necessary, our ability to obtain financing on satisfactory terms for larger acquisitions, if at all.

Achieving anticipated benefits and synergies of an acquisition will depend in part on whether the operations, systems, management and cultures of our corporation and the acquired business can be integrated in an efficient and effective manner and whether the presumed bases or sources of synergies produce the benefits anticipated. We may not be able to achieve anticipated synergies and cost savings for an acquisition for many reasons, including contractual constraints, an inability to take advantage of expected synergistic savings and increased operating efficiencies, loss of key employees, or changes in tax laws and regulations. The process of integrating an acquired business may lead to greater than expected operating costs, significant one-time write-offs or restructuring charges, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, or suppliers). Failure to successfully integrate an acquired business may have an adverse effect on our business, financial condition and results of operations.

Although we perform a due diligence investigation of the businesses or assets that we acquire, there may be liabilities or expenses of the acquired business or assets that we do not uncover during our due diligence investigation and for which we, as a successor owner, may be responsible. The discovery of any material liabilities relating to an acquisition could have a material adverse effect on our business, financial condition and results of operations.

Dependence on third party suppliers. Our fuel business is dependent upon the supply of refined oil products from a relatively limited number of suppliers and upon a distribution network serviced principally by third party tanker trucks. In the case of our key suppliers, an event causing disruptions to any of these suppliers' supply chains or refineries could have a significant effect on our ability to receive refined oil products for resale or raw materials for use in the production of our lubricants, or result in us paying a higher cost to obtain such products.

Accounts receivable. We are exposed to risk related to the creditworthiness and performance of our customers, suppliers and contract counterparties. As of April 24, 2016, we had outstanding accounts receivable totaling $1,334.4 million. This amount primarily consists of credit card receivables, vendor rebates due from our suppliers and receivables arising from the sale of fuel and other products to independent, franchised or licensed gas station operators as well as to other industrial and commercial clients. Contracts with longer payment cycles or difficulties in enforcing contracts or collecting accounts receivables could lead to material fluctuations in our cash flows and could adversely impact our business, financial condition and results of operations.

Legislative and regulatory requirements. As discussed above under "Environmental Laws and Regulations", our operations are subject to numerous environmental laws and regulations. In addition, convenience store operations are subject to extensive regulations, including regulations relating to the sale of alcohol and tobacco products, various food safety and product quality requirements, minimum wage laws, and tax laws and regulations. We currently incur substantial operating and capital costs for compliance with existing health, safety, environmental and other laws and regulations applicable to our operations. If we fail to comply with any laws and regulations or permit limitations or conditions, or fail to obtain any necessary permits or registrations, or to extend current permits or registrations upon expiry of their terms, or to comply with any restrictive terms contained in our current permits or registrations, we may be subject to, among other things, civil and criminal penalties and, in certain circumstances, the temporary or permanent curtailment or shutdown of a part of our operations. In addition, the laws and regulations applicable to our operations are subject to change and it is expected that, given the nature of our business, we will continue to be subject to increasingly stringent health, safety, environmental laws and regulations and other laws and regulations that may increase the cost of operating our business above currently expected levels and require substantial future capital and other expenditures. As a result, there can be no assurance that the effect of any future laws and regulations or any changes to existing laws and regulation, or their current interpretation, on our business, financial condition and results of operations would not be material.

Our business may also be affected by laws and regulations addressing global climate change and the role in it played by fossil fuel combustion and the resulting carbon emissions. Some jurisdictions in which we operate have enacted measures to limit carbon emissions, and such measures increase the costs of petroleum-based fuels above what they otherwise would be and may adversely affect the demand for road transportation fuel. Similarly, adoption of other environmental protection measures affecting the petroleum supply chain, such as more stringent requirements applicable to the exploration, drilling, and transportation of crude oil and to the refining and transportation of petroleum products, may also increase the costs of petroleum-based fuels with similar effects on demand for road transportation fuel. The impact of such developments, individually or in combination, could adversely affect our sales of road transportation fuel.

Exchange rate. The functional currency of our parent Company is the Canadian dollar. As such, our investments in our U.S. and European operations are exposed to net changes in currency exchange rates. Should changes in currency exchange rates occur, the amount of our net investment in our U.S. and European operations could increase or decrease. From time to time, we use cross-currency interest rate swap agreements to hedge a portion of this risk.

We are also exposed to foreign currency risk with respect to a portion of our long-term debt denominated in US dollars and certain intercompany loans. As at April 24, 2016, all else being equal, a hypothetical variation of 5.0% of the US dollar against the Canadian dollar would have had a net impact of approximately $104.0 million on other comprehensive income. We do not currently use derivative instruments to mitigate this risk.

We use the US dollar as our reporting currency. As such, changes in currency exchange rates could materially increase or decrease our foreign currency-denominated net assets on consolidation which would increase or decrease, as applicable, shareholders' equity. In addition, changes in currency exchange rates will affect the translation of the revenue and expenses of our Canadian and European operations and will result in lower or higher net earnings than would have occurred had the exchange rate not changed.

In addition to currency translation risks, we incur a currency transaction risk, whenever one of our subsidiaries enters into a revenue contract with a different currency than its functional currency. Given the volatility of exchange rates, we may not be able to manage our currency transaction and/or translation risks effectively, and volatility in currency exchange rates could have an adverse effect on our business, financial condition and results of operations.

Credit risk. We are exposed to credit risk arising from our embedded total return swaps and cross-currency interest rate swaps when these swaps result in a receivable from financial institutions. We do not currently use derivative instruments to mitigate this risk.

Interest rates. We are exposed to interest rate fluctuations associated with changes in the short-term interest rate. Borrowings under our credit facilities bear interest at variable rates, and other debt we incur could likewise bear interest at variable rates. As of April 24, 2016, we carried variable rate debt of approximately $884.2 million. Based on the amount of our variable rate debt as at April 24, 2016, a one percentage point increase in interest rates would decrease our earnings per share by $0.01 on a diluted basis. If market interest rates increase, variable-rate debt will create higher debt service requirements, which could adversely affect our cash flow. We do not currently use derivative instruments to mitigate this risk.

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

Litigation. In the ordinary course of business, we are a defendant in a number of legal proceedings, suits, and claims common to companies engaged in our business and an adverse outcome in such proceedings could adversely affect our business, financial condition and results of operations. Effectively, convenience store businesses and other foodservices operators can be adversely affected by litigation and complaints from customers or government agencies resulting from food quality, illness, or other health or environmental concerns or operating issues stemming from one or more locations. Lack of fresh food handling experience among our workforce increases the risk of food borne illness resulting in litigation and reputational damage. Adverse publicity about these allegations may negatively affect us, regardless of whether the allegations are true, by discouraging customers from purchasing fuel, merchandise or food at one or more of our convenience stores. We could also incur significant liabilities if a lawsuit or claim results in a decision against us. Even if we are successful in defending such litigation, our litigation costs could be significant, and the litigation may divert time and money away from our operations and adversely affect our performance or our ability to continue operating branded quick service restaurants under franchise agreements.

Insurance. We carry comprehensive liability, fire and extended coverage insurance on most of our facilities, with policy specifications and insured limits customarily carried in our industry for similar properties. There can be no assurance that we will be able to continue to obtain such insurance on favourable terms or at all. Some types of losses, such as losses resulting from wars, acts of terrorism, or natural disasters, generally are not insured because they are either uninsurable or not economically practical.

Seasonality and natural disasters. Weather conditions can have an impact on our revenues as historical purchase patterns indicate that our customers increase their transactions and also purchase higher margin items when weather conditions are favourable. We have operations in the Southeast and West Coast regions of the United States and, although these regions are generally known for their mild weather, these regions are susceptible to severe storms, hurricanes, earthquakes and other natural disasters.

Economic conditions. Our revenues may be negatively influenced by changes in global, national, regional and/or local economic variables and consumer confidence. Changes in economic conditions could adversely affect consumer spending patterns, travel and tourism in certain of our market areas.

For several years, the global capital and credit markets and the global economy have experienced significant uncertainty, characterized by the bankruptcy, failure, collapse or sale of various financial institutions, the European sovereign debt crisis and a considerable level of intervention from governments around the world. These conditions may, in particular, adversely affect the demand for our products. As the contraction of the global capital and credit markets spreads throughout the broader economy, major markets around the world have experienced very weak or negative economic growth. Although there may be signs of economic recovery, the markets remain fragile and could again enter periods of negative economic growth. There can be no assurance that our business will not be affected by adverse global economic conditions.

Acts of war or terrorism. Acts of war and terrorism could impact general economic conditions and the supply and price of crude oil. Such events could adversely impact our business, financial condition and results of operations.

Long-term changes in customer behaviour. In the road transportation fuel and convenience business sector, customer traffic is generally driven by consumer preferences and spending trends, growth of road traffic and trends in travel and tourism. A decline in the number of potential customers using our fuel stations and convenience stores due to changes in consumer preferences, changes in discretionary consumer spending or modes of transportation could adversely impact our business, financial condition and results of operations. Additionally, negative publicity or perception surrounding fuel suppliers could adversely affect their

reputations and brand image which may negatively affect our fuel sales and gross profits. Similarly advanced technology and increased use of “green” automobiles (i.e. those automobiles that do not use petroleum-based fuel or that run on hybrid fuel sources) could drive down demand for fuel.

Global operations. We have significant operations in multiple jurisdictions throughout the world. Some of the risks inherent in the scope of our international operations include: the difficulty of enforcing agreements and collecting receivables through certain foreign legal systems, more expansive legal rights of foreign labor unions and employees, foreign currency exchange rate fluctuations, the potential for changes in local economic conditions, potential tax inefficiencies in repatriating funds from foreign subsidiaries and exchange controls and restrictive governmental actions, such as restrictions on transfer or repatriation of funds and trade protection matters, including prohibitions or restrictions on acquisitions or joint ventures. Any of these factors could materially and adversely affect our business, financial condition and results of operations.

Technological changes and scientific developments. Developments regarding climate change and the effects of greenhouse gas emissions on climate change and the environment may decrease the demand for our major product, petroleum-based fuel. Attitudes toward our product and its relationship to the environment and the “green movement” may significantly affect our sales and ability to market our product. New technologies developed to steer the public toward non-fuel dependant means of transportation may create an environment with negative attitude toward fuel, thus affecting the public’s attitude toward our major product and potentially having a material effect on our business, financial condition and results of operations. Further, new technologies developed to improve fuel efficiency or governmental mandates to improve fuel efficiency may result in decreased demand for petroleum-based fuel, which could have a material effect on our business, financial condition and results of operation.

Sensitive information – data protection. In the normal course of our business as a fuel and merchandise retailer, we obtain large amounts of personal data, including credit and debit card information from our customers. While we have invested significant amounts in the protection of our information technology and maintain what we believe are adequate security controls over individually identifiable customer, employee and vendor data provided to us, a breakdown or a breach in our systems that results in the unauthorized release of individually identifiable customer or other sensitive data could nonetheless occur and have a material effect on our reputation, operating results and financial condition. Such a breakdown or breach could also materially increase the costs we incur to protect against such risks. Also, a material failure on our part to comply with regulations relating to our obligation to protect such sensitive data or to the privacy rights of our customers, employees and others could subject us to fines or other regulatory sanctions and potentially to lawsuits.

Information technology systems. We depend on information technology systems (“IT systems”) to manage numerous aspects of our business transactions and to provide information to management. Our IT systems are an essential component of our business and growth strategies, and a serious disruption to out IT systems could significantly limit our ability to manage and operate our business efficiently. These systems are vulnerable to, among other things, damage and interruption from power loss or natural disasters, computer system and network failures, loss of telecommunications services, physical and electronic loss of data, security breaches, computer viruses and laws and regulations necessitating mandatory upgrades and timelines with which we may not be able to comply. Any serious disruption could cause our business and competitive position to suffer and adversely affect our operating results.

Outlook

For fiscal 2017, our priority will be to work on the integration of Topaz, of Dansk Fuel and of the Canadian Esso stations into our network. We also look forward to continuing our work on the integration of The Pantry stores into our network and to realizing synergies associated with that integration in addition to pursuing our work around value creation in Europe. We will also continue working to improve and expand our network, including the construction of new stores and the relocation and reconstruction of existing stores. We also intend to maintain our ongoing focus on sales, supply terms and operating expenses while keeping an eye on growth opportunities that may be available in our various markets.

We will also work toward the deployment of our new global convenience brand, Circle K™, throughout North America, Europe and our licensed stores worldwide. We are setting out to make it easy for existing and new customers in more countries than ever before to prefer Circle K™ as their destination for convenience and fuel, with a fresh look and feel and even better products for people on the go, always combined with fast and friendly service.

Much as in previous years, we will pay special attention to the reduction of our debt level. Thus we will continue improving our financial flexibility and the quality of our credit rating, allowing us to be adequately positioned to realize potential acquisition opportunities.

July 12, 2016

Management's Report

The consolidated financial statements of Alimentation Couche-Tard Inc. and the financial information contained in this Annual Report are the responsibility of management. This responsibility is applied through a judicious choice of accounting procedures and principles, the application of which requires the informed judgment of management. The consolidated financial statements were prepared according to Canadian generally accepted accounting principles as set out in Part I of the Chartered Professional Accountants of Canada (CPA Canada) Handbook - Accounting, which incorporates International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and were approved by the Board of Directors. In addition, the financial information included in the Annual Report is consistent with the consolidated financial statements.

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

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

The consolidated financial statements for the fiscal years ended April 24, 2016 and April 26, 2015 were audited by PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, and their report indicates the extent of their audit and their opinion on the consolidated financial statements.

July 12, 2016

/s/ Brian Hannasch
Brian Hannasch
President and
Chief Executive Officer

/s/ Claude Tessier
Claude Tessier
Chief Financial Officer

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting for Alimentation Couche-Tard Inc, as such term is defined in Canadian securities regulations. With our participation, management carried out an evaluation of the effectiveness of our internal control over financial reporting as at our fiscal year end, which is April 24, 2016. The framework on which such evaluation was based is contained in the report entitled *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. On February 1, 2016, the Corporation acquired Topaz Energy Group Limited, Resource Property Investment Fund plc and Esso Ireland Limited, collectively known as "Topaz". Management excluded from its evaluation of the effectiveness of our internal control over financial reporting Topaz's internal control over financial reporting. Topaz's results since the acquisition date are included in the Corporation's consolidated financial statements and constituted approximately 8.5% of total consolidated assets as at April 24, 2016 and approximately 1.2% of consolidated revenues and 0.3% of consolidated net earnings for the fiscal year then ended. Refer to note 4 to the consolidated financial statements for a discussion about this acquisition. Based on this evaluation, management concluded that Alimentation Couche-Tard Inc.'s internal control over financial reporting was effective as at April 24, 2016.

PricewaterhouseCoopers LLP, a partnership of Chartered Professional Accountants, audited the effectiveness of Alimentation Couche-Tard Inc.'s internal control over financial reporting as at April 24, 2016 and have issued their unqualified opinion thereon, which is included herein.

July 12, 2016

/s/ Brian Hannasch	*/s/ Claude Tessier*
Brian Hannasch President and Chief Executive Officer	Claude Tessier Chief Financial Officer

Independent Auditor's Report

To the Shareholders of
Alimentation Couche-Tard Inc.

July 12, 2016

We have completed integrated audits of Alimentation Couche-Tard Inc. and its subsidiaries' consolidated financial statements for the fiscal years ended April 24, 2016 and April 26, 2015 and its internal control over financial reporting as at April 24, 2016. Our opinions, based on our audits, are presented below.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Alimentation Couche-Tard Inc. and its subsidiaries, which comprise the consolidated balance sheets as at April 24, 2016 and April 26, 2015 and the consolidated statements of earnings, comprehensive income, changes in shareholders' equity and cash flows for the fiscal years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Alimentation Couche-Tard Inc. and its subsidiaries as at April 24, 2016 and April 26, 2015 and their financial performance and their cash flows for the fiscal years then ended in accordance with International Financial Reporting Standards.

Report on internal control over financial reporting

We have also audited the effectiveness of Alimentation Couche-Tard Inc. and its subsidiaries' internal control over financial reporting as at April 24, 2016.

Management's responsibility for internal control over financial reporting

Management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting.

Auditor's responsibility

Our responsibility is to express an opinion, based on our audit, on whether the Corporation's internal control over financial reporting was effectively maintained in accordance with criteria established in *Internal Control – Integrated Framework (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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

Management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Topaz Energy Group Limited, Resource Property Investment Fund plc and Esso Ireland Limited, collectively known as "Topaz", a recent acquisition included in the 2016 consolidated financial statements of Alimentation Couche-Tard Inc., and constituted approximately 8.5% of total assets as of April 24, 2016, and approximately 1.2% of revenue and 0.3% of net earnings for the fiscal year ended April 24, 2016. Our audit of internal control over financial reporting of Alimentation Couche-Tard Inc. also did not include an evaluation of the internal control over financial reporting of Topaz.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion. A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with International Financial Reporting Standards, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Opinion

In our opinion, Alimentation Couche-Tard Inc. and its subsidiaries maintained, in all material respects, effective internal control over financial reporting as at April 24, 2016, based on criteria established in *Internal Control – Integrated Framework (2013)*, issued by COSO.

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

Montreal, Canada

[1] CPA auditor, CA, public accountancy permit No. A116853

Consolidated Statements of Earnings

For the fiscal years ended April 24, 2016 and April 26, 2015
(in millions of US dollars (Note 2), except per share amounts)

	2016	2015 (adjusted, Note 2)
	$	$
Revenues	**34,144.6**	34,529.9
Cost of sales	**28,063.1**	29,261.9
Gross profit	**6,081.5**	5,268.0
Operating, selling, administrative and general expenses (Note 8)	**3,835.1**	3,378.4
Gain on disposal of lubricants business (Note 5)	**(47.4)**	-
Curtailment gain on defined benefits pension plans obligation (Note 27)	**(27.2)**	(2.6)
Loss (gain) on disposal of property and equipment and other assets	**18.8**	(1.5)
Restructuring and integration costs (Note 23)	**-**	30.3
Loss on disposal of aviation fuel business (Note 5)	**-**	11.0
Negative goodwill (Note 4)	**-**	(1.2)
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets	**632.4**	533.9
	4,411.7	3,948.3
Operating income	**1,669.8**	1,319.7
Share of earnings of joint ventures and associated companies accounted for using the equity method (Note 6)	**30.0**	21.9
Financial expenses	**109.4**	91.8
Financial revenues	**(6.9)**	(9.1)
Foreign exchange loss from currency conversion	**5.0**	22.7
Net financial expenses (Note 10)	**107.5**	105.4
Earnings before income taxes	**1,592.3**	1,236.2
Income taxes (Note 11)	**398.6**	306.2
Net earnings	**1,193.7**	930.0
Net earnings attributable to:		
Shareholders of the Corporation	**1,193.5**	929.3
Non-controlling interest (Note 7)	**0.2**	0.7
Net earnings	**1,193.7**	930.0
Net earnings per share (Note 12)		
Basic	**2.10**	1.64
Diluted	**2.10**	1.63

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

Consolidated Statements of Comprehensive Income

For the fiscal years ended April 24, 2016 and April 26, 2015
(in millions of US dollars (Note 2), except per share amounts)

	2016	2015 (adjusted, Note 2)
	$	$
Net earnings	**1,193.7**	930.0
Other comprehensive income (loss)		
Items that may be reclassified subsequently to earnings		
Translation adjustments		
Changes in cumulative translation adjustments [(1)]	**120.7**	(803.4)
Cumulative translation adjustments reclassified to earnings	**-**	1.9
Change in fair value of cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in certain of its foreign operations	**(75.8)**	(99.3)
Net interest on cross-currency interest rate swaps designated as a hedge of the Corporation's net investment in certain of its foreign operations [(2)]	**(2.6)**	-
Cash flow hedges		
Change in fair value of financial instruments [(3)] (Note 28)	**5.7**	16.4
Gain realized on financial instruments transferred to earnings [(4)] (Note 28)	**(7.7)**	(14.3)
Available-for-sale investment		
Change in fair value of an available-for-sale investment [(5)]	**(13.8)**	-
Items that will never be reclassified to earnings		
Net actuarial gain (loss) (Note 27) [(6)]	**18.9**	(26.8)
Other comprehensive income (loss)	**45.4**	(925.5)
Comprehensive income	**1,239.1**	4.5
Comprehensive income attributable to:		
Shareholders of the Corporation	**1,238.9**	3.8
Non-controlling interest	**0.2**	0.7
Comprehensive income	**1,239.1**	4.5

(1) For the fiscal years ended April 24, 2016 and April 26, 2015, these amounts include losses of $89.0 and $13.3, respectively, arising from the translation of US dollar and Norwegian krone denominated long-term debts designated as foreign exchange hedges of the Corporation's net investments in its operations in the US and Norway, respectively and the translation of US dollar denominated long-term debt, in combination with cross currency interest rate swaps, designated a foreign exchange hedge of the Corporation's net investments in its operations in Denmark, the Baltics and Ireland (net of income taxes of $14.2 and $2.1, respectively).
(2) For the fiscal year ended April 24, 2016, this amount is net of income taxes of $1.0.
(3) For the fiscal years ended April 24, 2016 and April 26, 2015, these amounts are net of income taxes of $2.5 and $5.7, respectively.
(4) For the fiscal years ended April 24, 2016 and April 26, 2015, these amounts are net of income taxes of $2.9 and $5.2, respectively.
(5) For the fiscal year ended April 24, 2016, this amount is net of income taxes of $1.7.
(6) For the fiscal years ended April 24, 2016 and April 26, 2015, these amounts are net of income taxes of $9.2 and $9.9, respectively.

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

Consolidated Statements of Changes in Shareholders' Equity

For the fiscal years ended April 24, 2016 and April 26, 2015
(in millions of US dollars (Note 2))

2016

	Attributable to shareholders of the Corporation						
	Capital stock	**Contributed surplus**	**Retained earnings**	**Accumulated other comprehensive income (loss) (Note 26)**	**Total**	**Non-controlling interest**	**Total equity**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, beginning of year (adjusted, Note 2)	**697.2**	**10.7**	**3,919.8**	**(738.6)**	**3,889.1**	**13.9**	**3,903.0**
Comprehensive income:							
Net earnings			**1,193.5**		**1,193.5**	**0.2**	**1,193.7**
Other comprehensive income				**45.4**	**45.4**		**45.4**
Comprehensive income					**1,238.9**	**0.2**	**1,239.1**
Dividends declared			**(104.1)**		**(104.1)**	**(0.7)**	**(104.8)**
Nullification of redemption liability (Note 7)			**13.0**		**13.0**		**13.0**
Repurchase of non-controlling interest (Note 7)					**-**	**(11.8)**	**(11.8)**
Non-controlling interest transferred to contributed surplus (Note 7)		**1.6**			**1.6**	**(1.6)**	**-**
Stock option-based compensation expense (Note 25)		**4.3**			**4.3**		**4.3**
Initial fair value of stock options exercised	**1.8**	**(1.8)**			**-**		**-**
Cash received upon exercise of stock options	**0.8**				**0.8**		**0.8**
Balance, end of year	**699.8**	**14.8**	**5,022.2**	**(693.2)**	**5,043.6**	**-**	**5,043.6**

2015
(adjusted, Note 2)

	Attributable to shareholders of the Corporation						
	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss) (Note 26)	Total	Non-controlling interest	Total equity
	$	$	$	$	$	$	$
Balance, beginning of year	686.5	11.6	3,077.4	186.9	3,962.4	14.2	3,976.6
Comprehensive income:							
Net earnings			929.3		929.3	0.7	930.0
Other comprehensive loss				(925.5)	(925.5)		(925.5)
Comprehensive income					3.8	0.7	4.5
Reduction of non-controlling interest					-	(0.6)	(0.6)
Dividends declared			(86.9)		(86.9)	(0.4)	(87.3)
Stock option-based compensation expense (Note 25)		6.0			6.0		6.0
Initial fair value of stock options exercised	6.9	(6.9)			-		-
Cash received upon exercise of stock options	3.8				3.8		3.8
Balance, end of year	697.2	10.7	3,919.8	(738.6)	3,889.1	13.9	3,903.0

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

Consolidated Statements of Cash Flows

For the fiscal years ended April 24, 2016 and April 26, 2015
(in millions of US dollars (Note 2))

	2016	2015 (adjusted, Note 2)
	$	$
Operating activities		
Net earnings	**1,193.7**	930.0
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation, amortization and impairment of property and equipment, intangible assets and other assets, net of amortization of deferred credits	**605.0**	458.0
Gain on disposal of lubricants business (Note 5)	**(47.4)**	-
Deferred income taxes	**38.4**	(72.5)
Curtailment gain on defined benefits pension plans obligation (Note 27)	**(27.2)**	(2.6)
Deferred credits	**22.9**	17.1
Loss (gain) on disposal of property and equipment and other assets	**18.8**	(1.5)
Share of earnings of joint ventures and associated companies accounted for using the equity method, net of dividends received (Note 6)	**(11.3)**	7.4
Loss on disposal of aviation fuel business (Note 5)	**-**	11.0
Negative goodwill (Note 4)	**-**	(1.2)
Other	**5.4**	17.2
Changes in non-cash working capital (Note 13)	**89.6**	351.6
Net cash provided by operating activities	**1,887.9**	1,714.5
Investing activities		
Purchases of property and equipment, intangible assets and other assets	**(905.7)**	(634.5)
Business acquisitions (Note 4)	**(437.3)**	(929.4)
Proceeds from disposal of property and equipment and other assets	**99.0**	71.6
Proceeds from disposal of lubricants business (Note 5)	**81.0**	-
Deposit for business acquisition	**(18.7)**	-
Restricted cash	**0.4**	(1.1)
Proceeds from disposal of aviation fuel business (Note 5)	**-**	94.6
Net cash used in investing activities	**(1,181.3)**	(1,398.8)
Financing activities		
Net (decrease) increase in term revolving unsecured operating credit D (Note 20)	**(967.7)**	1,043.7
Issuance of Canadian dollar denominated senior unsecured notes, net of financing costs (Note 20)	**562.0**	-
Repayment of debt assumed on business acquisition	**(225.2)**	(529.1)
Cash dividends paid	**(104.1)**	(86.9)
Issuance of NOK denominated senior unsecured notes**, net** of financing costs (Note 20)	**78.0**	-
Net decrease in other debt (Note 20)	**(24.6)**	(18.0)
Repurchase of non-controlling interest (Note 7)	**(11.8)**	-
Settlement of cross-currency interest rate swaps	**(10.0)**	-
Issuance of shares upon exercise of stock-options	**0.8**	3.8
Repayments under the unsecured non-revolving acquisition credit facility	**-**	(555.0)
Net cash used in financing activities	**(702.6)**	(141.5)
Effect of exchange rate fluctuations on cash and cash equivalents	**19.6**	(107.7)
Net increase in cash and cash equivalents	**23.6**	66.5
Cash, cash equivalents and bank overdraft, beginning of year	**575.8**	509.3
Cash and cash equivalents, end of year	**599.4**	575.8
Supplemental information:		
Interest paid	**84.7**	62.7
Interest and dividends received	**25.0**	21.6
Income taxes paid	**351.0**	279.1
Cash and cash equivalents components:		
Cash and demand deposits	**597.3**	553.7
Liquid investments	**2.1**	22.1
	599.4	575.8

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

Consolidated Balance Sheets

As at April 24, 2016 and April 26, 2015
(in millions of US dollars (Note 2))

	2016	2015 (adjusted, Note 2)
	$	$
Assets		
Current assets		
Cash and cash equivalents	**599.4**	575.8
Restricted cash	**1.7**	2.1
Accounts receivable (Note 14)	**1,416.2**	1,265.3
Inventories (Note 15)	**816.7**	827.6
Prepaid expenses	**67.9**	61.0
Income taxes receivable	**32.9**	10.5
	2,934.8	2,742.3
Property and equipment (Note 16)	**6,404.8**	5,600.1
Goodwill (Note 17)	**1,851.0**	1,629.2
Intangible assets (Note 17)	**631.9**	695.9
Other assets (Note 18)	**342.0**	221.4
Investment in joint ventures and associated companies (Note 6)	**91.2**	75.6
Deferred income taxes (Note 11)	**48.2**	63.9
	12,303.9	11,028.4
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 19)	**2,516.7**	2,272.7
Provisions (Note 23)	**106.1**	138.9
Income taxes payable	**54.1**	37.3
Current portion of long-term debt (Note 20)	**28.6**	21.4
	2,705.5	2,470.3
Long-term debt (Note 20)	**2,828.4**	3,046.9
Provisions (Note 23)	**475.0**	413.5
Pension benefit liability (Note 27)	**100.3**	126.6
Other financial liabilities (Note 21)	**221.8**	161.6
Deferred credits and other liabilities (Note 22)	**264.9**	312.4
Deferred income taxes (Note 11)	**664.4**	594.1
	7,260.3	7,125.4
Equity		
Capital stock (Note 24)	**699.8**	697.2
Contributed surplus	**14.8**	10.7
Retained earnings	**5,022.2**	3,919.8
Accumulated other comprehensive loss (Note 26)	**(693.2)**	(738.6)
Equity attributable to shareholders of the Corporation	**5,043.6**	3,889.1
Non-controlling interest	**-**	13.9
	5,043.6	3,903.0
	12,303.9	11,028.4

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

On behalf of the Board,

/s/ Brian Hannasch	*/s/ Alain Bouchard*
Brian Hannasch	**Alain Bouchard**
Director	Director

Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2016 and April 26, 2015
(in millions of US dollars (Note 2), except share and stock option data)

1. GOVERNING STATUTES AND NATURE OF OPERATIONS

Alimentation Couche-Tard Inc. (the "Corporation") is governed by the Business Corporations Act (Quebec). The Corporation's head office is located in Laval, at 4204 Boulevard Industriel, Quebec, Canada.

As at April 24, 2016, the Corporation operates and licenses 10,547 convenience stores across North America, Ireland, Scandinavia (Norway, Sweden and Denmark), Poland, the Baltics (Estonia, Latvia and Lithuania), and Russia, of which 7,929 are company-operated, and generates income primarily from the sales of tobacco products, grocery items, beverages, fresh food offerings, including quick service restaurants, car wash services, other retail products and services, road transportation fuel, stationary energy, marine fuel and chemicals.

In addition, about 1,500 stores are operated by independent operators under the Circle K banner in 13 other countries or regions worldwide (China, Costa Rica, Egypt, Guam, Honduras, Hong Kong, Indonesia, Macau, Malaysia, Mexico, the Philippines, the United Arab Emirates and Vietnam) which brings the total network to approximately 12,000 stores worldwide.

2. BASIS OF PRESENTATION

Year-end date

The Corporation's year-end is the last Sunday of April of each year. The fiscal years ended April 24, 2016 and April 26, 2015 are referred to as 2016 and 2015.

Basis of presentation

The Corporation prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in Part I of the CPA Canada Handbook - Accounting, which incorporates International Financial Reporting Standards ("IFRS''), as issued by the International Accounting Standards Board ("IASB").

Reporting currency

The parent corporation's functional currency is the Canadian dollar. However, the Corporation uses the US dollar as its reporting currency to provide more relevant information considering its predominant operations in the US.

Approval of the financial statements

The Corporation's consolidated financial statements were approved on July 12, 2016 by the Board of Directors, which also approved their publication.

Comparative figures

The Corporation has made adjustments to the preliminary purchase price allocation for the acquisition of The Pantry Inc. As a result, changes were made to Depreciation, amortization and impairment of property and equipment, intangible assets and other assets in the Consolidated Statement of Earnings for the fiscal year ended April 26, 2015 which increased by $3.5. Consequently, Earnings before income taxes and Net earnings decreased by the same amount. The Consolidated Balance Sheet as at April 26, 2015 was also adjusted to consider these changes. See Note 4 for details on the adjustments made to the preliminary purchase price allocation for this acquisition.

The Corporation previously recorded certain lottery tickets on hand as inventory. As a result of a harmonization of its processes the Corporation now records all its lottery tickets on hand as other receivables. The consolidated balance sheet as at April 26, 2015 has been adjusted accordingly. Merchandise inventory was decreased by $32.0, other current accounts receivable were increased by $70.5 and accounts payable and accrued expenses were increased by $38.5. These adjustments had no impact on net changes in non-cash working capital in the consolidated statement of cash flows, on net assets in the consolidated balance sheet and on reported revenues and expenses in the consolidated statement of earnings.

3. ACCOUNTING POLICIES

Change in accounting policy

Presentation of financial statements

The Corporation adopted amendments to IAS 1, "Presentation of Financial Statements", that clarify materiality, aggregation and disaggregation of items presented in the balance sheet, statement of earnings and statement of comprehensive income as well as order of notes to financial statements. The adoption of these amendments by the Corporation did not have a material impact on its consolidated financial statements.

Change in accounting estimates

On September 22, 2015, the Corporation announced the creation of a new, global convenience brand, "Circle K™". In connection with this rebranding project which should span over the course of the next few years, the Corporation has accelerated the depreciation and amortization of certain existing assets. Consequently, an incremental depreciation and amortization expense of $17.8 was recorded to earnings of fiscal 2016. The Corporation expects incremental depreciation and amortization expense related to this change of approximately $23.0 to $26.0 for fiscal 2017 and of approximately $14.0 to $16.0 for fiscal 2018.

Use of estimates and judgments

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. On an ongoing basis, management reviews its estimates. These estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future. Actual results could differ from those estimates. The most significant accounting judgments and estimates that the Corporation has made in the preparation of the consolidated financial statements are discussed along with the relevant accounting policies when applicable and relate primarily to the following topics: Vendor rebates, useful lives of tangible and intangible assets, income taxes, leases, employee future benefits, provisions, impairment and business combinations.

Principles of consolidation

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, which are generally wholly owned. They also include the Corporation's share of earnings of joint ventures and associated companies 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 generally has a direct or indirect shareholding of 100% of the voting rights in its subsidiaries. These criteria are reassessed regularly and subsidiaries are fully consolidated from the date control is transferred to the Corporation and deconsolidated from the date control ceases.

The Corporation holds contracts with franchisees and independent operators. These franchisees and independent operators manage their store and are responsible for merchandising and financing their inventory. Their financial statements are not included in the Corporation's consolidated financial statements.

Foreign currency translation

Functional currency

The functional currency is the currency of the primary economic environment in which an entity operates. The functional currency of the parent corporation and its Canadian operations is the Canadian dollar. The functional currency of foreign subsidiaries is generally their local currency, mainly the US dollar for US operations and various other European currencies for operations in Europe.

Foreign currency transactions

Transactions denominated in foreign currencies are translated into the relevant functional currency as follows: Monetary assets and liabilities are translated using the exchange rate in effect at the consolidated balance sheet date and revenues and expenses are translated using the average exchange rate on a 4-week period basis. Non-monetary assets and liabilities are translated using historical rates or using 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 statements of earnings except for assets and liabilities designated as part of hedging relationships.

Consolidation and foreign operations

The consolidated financial statements are consolidated in Canadian dollars using the following procedure: Assets and liabilities are translated into Canadian dollars using the exchange rate in effect at the consolidated balance sheet date. Revenues and expenses are translated using the average exchange rate on a 4-week period basis. Individual transactions with a significant impact on the consolidated statements of earnings are translated using the transaction date exchange rate.

Gains and losses arising from such translation are included in Accumulated other comprehensive income in Equity. The translation difference derived from each foreign subsidiary, associated company or joint venture is transferred to the consolidated statements of earnings as part of the gain or loss arising from the divestment or liquidation of such a foreign entity when there is a loss of control, joint control or significant influence, respectively.

Reporting currency

The Corporation has adopted the US dollar as its reporting currency. The Canadian dollar consolidated financial statements are translated into the reporting currency using the procedure described above. Capital stock, Contributed surplus and Retained earnings are translated using historical rates. Non-monetary assets at fair value are translated using 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 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.

Revenue recognition

For its three major product categories, merchandise and services, road transportation fuel and other, the Corporation generally recognizes revenue at point of sale for convenience operations. Merchandise sales primarily comprise the sale of tobacco products, grocery items, candy and snacks, beverages, beer, wine and fresh food offerings, including quick service restaurants. Merchandise sales in Europe also include sale of merchandise and goods to certain independent operators and franchisees made from the Corporation's distribution center which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made.

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

In markets where refined oil products are purchased excluding excise duties, revenues from sales to customers are reported net of excise duties. In markets where refined oil products are purchased including excise duties, revenues and costs of goods sold are reported including these duties.

Other revenues include sale of stationary energy, marine fuel, aviation fuel, lubricants and chemicals which are generally recognized on the passing of possession of the goods and when the transfer of the associated risk is made. Other revenues also include rental income from operating leases, which is recognized on a straight-line basis, over the term of the lease.

Cost of sales and vendor rebates

Cost of sales mainly comprises the cost of finished goods, input materials and transportation costs when they are incurred to bring products to the point of sale. For the Corporation's own production, such as the production of lubricants, the cost of goods sold also includes direct labour costs, production overheads, and production facility operating costs.

The Corporation records cash received from vendors related to vendor rebates as a reduction in the price of the vendors' products and reflects them as a reduction of cost of sales and related inventory in its consolidated statements of earnings and consolidated balance sheets when it is probable that they will be received. The Corporation estimates the probability based on the consideration of a variety of factors, including quantities of items sold or purchased, market shares and other conditions specified in the contracts. The accuracy of the Corporation's estimates can be affected by many factors, some of which are beyond its control, including changes in economic conditions and consumer buying trends. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results. Amounts received but not yet earned are presented in deferred credits.

Operating, selling, administrative and general expenses

The main items comprising Operating, selling, administrative and general expenses are labour, net occupancy costs, credit and debit card fees, overhead as well as transportation costs incurred to bring products to the final customer.

Cash and cash equivalents

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

Restricted cash

Restricted cash comprises escrow deposits for pending acquisitions.

Inventories

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

Income taxes

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

The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Property and equipment, depreciation, 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	Lesser of the lease term or 40 years
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 ("CGU"). 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 or if necessary due to the timing of acquisitions. Should the carrying amount of a CGU's goodwill exceed its recoverable amount, an impairment loss would be recognized.

Intangible assets

Intangible assets mainly comprise trademarks, franchise agreements, customer relationships, motor fuel supply agreements, software, favorable leases and licenses. Licenses and trademarks that 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 or if necessary due to the timing of acquisitions. Motor fuel supply agreements, franchise agreements and trademarks with finite lives are recorded at cost and are amortized using the straight-line method over the term of the agreements they relate to. Favorable leases represent lease terms that are more favorable than those currently available in the marketplace and they are amortized using the straight-line method over the term of the lease. Customer relationships, software, and other intangible assets are amortized using the straight-line method over a period of 3 to 15 years.

Deferred charges

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

Leases

Determining whether an arrangement contains a lease

At inception of an arrangement, the Corporation analyzes whether an arrangement is or contains a lease by assessing if:

- fulfilment of the arrangement is dependent on the use of a specified asset or assets; and
- the arrangement conveys a right to use the asset or assets.

The Corporation has assessed that some arrangements with franchisees contain embedded lease agreements and accordingly, accounts for a portion of those agreements as lease agreements.

The Corporation distinguishes between lease contracts and capacity contracts. Lease contracts provide the right to use a specific asset for a period of time. Capacity contracts confer the right to and the obligation to pay for availability of certain capacity volumes related primarily to transportation. Such capacity contracts that do not involve specified single assets or that do not involve substantially all the capacity of an undivided interest in a specific asset are not considered to qualify as leases for accounting purposes. Capacity payments are recognized in the consolidated statements of earnings in Operating, selling, administrative and general expenses.

Lease arrangements in which the Corporation is a lessee

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 characterization of a lease transaction is not always evident, 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 to the Corporation. Judgment is required on various aspects that include, but are not limited to, the fair value of the leased asset, the economic life of the leased asset, whether or not to include renewal options in the lease term and determining an appropriate discount rate to calculate the

present value of the minimum lease payments. The Corporation's activities involve a considerable number of lease agreements, most of which are determined to be operational in nature. 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 sheets.

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 shall be deferred and amortized in proportion to the lease payments over the period during which the asset is expected to be used; or
- 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.

Lease arrangements in which the Corporation is a lessor

Leases in which the Corporation transfers substantially all the risks and rewards of ownership of an asset to a third party are classified as finance leases. The Corporation recognizes lease payments receivable in the consolidated balance sheets and presents them as accounts receivable. Lease payments received under finance leases are apportioned between financial revenues and reduction of the receivable.

Leases that do not transfer substantially all the benefits and risks incidental to ownership of the property to a third party are accounted for as operating leases. When a lease contains a predetermined fixed escalation of the minimum rent, the Corporation recognizes the related rent revenue on a straight-line basis over the term of the lease and, consequently, records the difference between the recognized rental revenue and the rent received under the lease as rent receivable.

Financing costs

Financing costs related to term loans and debt securities are included in the initial carrying amount of the corresponding debt and are amortized using the effective interest rate method that is based on the estimated cash flow over the expected life of the liability. Financing costs related to revolving loans are included in other assets and are amortized using the straight-line method over the expected life of the underlying agreement.

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.

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 ("PSU") compensation cost and the related liability are recorded on a straight-line basis over the corresponding vesting period based on the fair market value of Class B shares and the best estimate of the number of PSUs that will ultimately be paid. The 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 salary escalation and retirement ages of employees;
- Plan assets are valued at fair value;
- Actuarial gains and losses arise from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments. Actuarial gains and losses are recognized immediately in Other comprehensive income with no impact on net earnings;
- Past service costs are recorded to earnings at the earlier of the following dates:
    - When the plan amendment or curtailment occurs;
    - When the Corporation recognizes related restructuring costs or termination benefits; and
- Net interest on the defined benefit liability (asset) represents the net defined benefit liability (asset), multiplied by the discount rate and is recorded in financial expenses.

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.

The present value of pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations. The Corporation determines the appropriate discount rate at the end of each fiscal year. This is the rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Corporation considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation.

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 consolidated 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.

The present value of provisions depends on a number of factors that are assessed on a regular basis using a number of assumptions, including the discount rate, the expected cash flow to settle the obligation and the number of years until the realization of the provision. Any changes in these assumptions or in governmental regulations will impact the carrying amount of provisions. Where the actual cash flows are different from the amounts that were initially recorded, such differences will impact earnings in the period in which the payment is made. Historically, the Corporation has not experienced significant differences in its estimates compared with actual results.

Environmental costs

The Corporation provides for estimated future site remediation costs to meet government standards for known site contaminations when such costs can be reasonably estimated. Estimates of the anticipated future costs for remediation activities at such sites are based on the Corporation’s prior experience with remediation sites and consideration of other factors such as the condition of the site contamination, the location of the 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 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 primarily relate to estimated future costs to remove road transportation 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 present value of an asset retirement obligation with a corresponding increase to the carrying value of the related long-lived asset at the time a 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 US and Ireland, 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 consolidated 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.

Restructuring

Restructuring provisions are recognized only when a detailed formal plan for the restructuring exists and the plan has either commenced or the plan’s main features have been announced to those affected by it. In order to determine the initial recorded liability, the present value of estimated future cash flows are calculated using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

A detailed formal plan usually includes:

- identifying the concerned business or part of the business;
- the principal locations affected;
- details regarding the employees affected;
- the restructuring’s timing; and
- the expenditures that will have to be undertaken.

Financial instruments recognition and measurement

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

Financial assets and financial liabilities	Classification	Subsequent measurement [(1)]	Classification of gains and losses
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	Available for sale financial assets	Fair value	Other comprehensive income subject to reclassification to net earnings
Derivative financial instruments	Financial assets at fair value through profit or loss	Fair value	Net earnings
Derivative financial instruments designated as hedges	Effective hedging instruments	Fair value	Other comprehensive income subject to reclassification to net earnings
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

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

Hedging and derivative financial instruments

Embedded total return swap

The Corporation uses an investment contract which includes an embedded total return swap to manage current and forecasted risks related to changes in the fair value of the PSUs granted by the Corporation. The embedded total return swap is recorded at fair value on the consolidated balance sheets under other assets.

The Corporation has documented and designated the embedded total return swap as a cash flow hedge of the anticipated cash settlement transaction related to the granted PSUs. The Corporation has determined that the embedded total return swap is an effective hedge at the time of the establishment of the hedge and for the duration of the embedded total return swap. The changes in the fair value of the total return swap are initially recorded in other comprehensive income and subsequently reclassified to consolidated net earnings in the same period that the change in the fair value of the PSUs affects consolidated net earnings. Should the hedged transaction no longer be expected to occur, any gains, losses, revenues or expenses associated with the hedging item that had previously been recognized in Other comprehensive income as a result of applying hedge accounting will be recognized in the reporting period’s net earnings under Operating, selling, administrative and general expenses.

US dollar denominated long-term debt

The Corporation designates a portion of its US dollar denominated long-term debt as a foreign exchange hedge of its net investment in its operations in the US. The remaining portion, in combination with cross currency interest rates swaps is designated as a foreign exchange hedge of its net investment in its operations in Denmark, the Baltics and Ireland. Accordingly, the gains or losses arising from the translation of the US dollar denominated debt and changes in fair value of the associated cross-currency interest rate swaps that are determined to be an effective hedge are recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Corporation’s net investment in its operations in the US, Denmark, the Baltics and Ireland.

Norwegian krone denominated long-term debt

The Corporation designates its entire Norwegian krone denominated long-term debt as a foreign exchange hedge of its net investment in its Norwegian operations. Accordingly, the gains or losses arising from the translation of this debt that is determined to be an effective hedge are recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Corporation’s net investment in its Norwegian operations.

Cross-currency interest rate swaps

The Corporation uses cross-currency interest rate swaps to manage the currency fluctuation risk associated with forecasted cash disbursements in foreign currency. The Corporation designates these cross-currency interest rate swaps as a foreign exchange hedge of its net investment in its foreign operations. Accordingly, the portion of the gains or losses arising from the translation of the cross-currency interest rate swaps that are determined to be an effective hedge are recognized in Other comprehensive income, counterbalancing gains and losses arising from translation of the Corporation’s net investment in its foreign operations.

Guarantees

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

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 to 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 net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If, after reassessment, 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.

Determination of the fair value of the acquired assets and liabilities requires judgment and the use of assumptions that, if changed, may affect the consolidated statements of earnings and consolidated balance sheets.

For purchase price allocation and impairment testing purposes, goodwill and other intangible assets with indefinite useful lives are allocated to CGUs based on the lowest level at which management reviews the results which is not higher than the operating segment. The allocation is made to those CGUs which are expected to benefit from the business combination and in which the goodwill and intangible assets with indefinite useful lives arose.

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

Recently issued accounting standards not yet implemented

Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15, "Revenue from Contracts with Customers", to specify how and when to recognize revenue as well as requiring the provision of more informative and relevant disclosures. IFRS 15 supersedes IAS 18, "Revenue", IAS 11, "Construction Contracts", and other revenue-related interpretations. In September 2015, the IASB deferred the mandatory effective date of IFRS 15 to fiscal years beginning on or after January 1, 2018. Earlier application is permitted. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

Classification and measurement of financial assets and financial liabilities

In July 2014, the IASB completed IFRS 9, "Financial Instruments" in its three-part project to replace IAS 39, "Financial Instruments: Recognition and Measurement" with a single approach to determine whether a financial asset is measured at amortized cost or fair value. The standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The standard is effective for fiscal years beginning on or after January 1, 2018 with earlier adoption permitted. The Corporation is currently evaluating the impact of this standard on its consolidated financial statements.

Leases

In January 2016, the IASB issued IFRS 16, "Leases", which will replace IAS 17, "Leases". The new standard will be effective for fiscal years beginning on or after January 1, 2019, with early adoption permitted provided the Corporation has adopted IFRS 15 Revenue from Contracts with Customers. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a "right-of-use asset" for virtually all lease contracts, and record it on the balance sheet, except with respect to lease contracts that meet limited exception criteria. Given that the Corporation has significant contractual obligations in the form of operating leases (Note 29) under IAS 17, there will be a material increase to both assets and liabilities upon adoption of IFRS 16, and material changes to the timing of recognition and presentation of expenses associated with the lease arrangements. The Corporation is currently evaluating the impact of the standard on its consolidated financial statements.

Income Taxes

In January 2016, the IASB issued amendments to IAS 12, "Income Taxes" regarding the recognition of deferred tax assets for unrealized losses, effective for annual periods beginning on or after January 1, 2017. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value. The Corporation is currently evaluating the impact of these amendments on its consolidated financial statements.

Statement of Cash Flows

In January 2016, the IASB published amendments to IAS 7, "Statement of Cash Flows". The amendments are intended to clarify IAS 7 to improve information provided to users of financial statements about an entity's financing activities. They are effective for annual periods beginning on or after January 1, 2017, with earlier application being permitted. The Corporation is currently evaluating the impact of the standard on its consolidated financial statements.

4. BUSINESS ACQUISITIONS

The Corporation has made the following business acquisitions:

2016

Acquisition of Topaz

On February 1, 2016, the Corporation acquired all outstanding shares of Topaz Energy Group Limited, Resource Property Investment Fund plc and Esso Ireland Limited, collectively known as “Topaz” for a total cash consideration of €258.0 or $280.9 plus a contingent consideration of a maximum undiscounted amount of €15.0 ($16.3) payable upon signature of two contracts. The fair value of the contingent consideration was estimated at €15.0 ($16.3) using the Corporation’s knowledge of the negotiations’ progress at the acquisition date and represents the Corporation's best estimate. Topaz is the leading convenience and fuel retailer in Ireland with a network comprising 444 service stations. Of these service stations, 158 are operated by Topaz and 286 by dealers. As a result of this transaction, the Corporation became owner of the land and buildings for 77 sites, lessor of the land and owner of the buildings for 24 sites and lessor of these same assets for the remaining sites. The agreement also encompasses a significant commercial fuel operation, with over 30 depots and two owned terminals.

Acquisition costs of $1.0 in connection with this acquisition are included in Operating, selling, administrative and general expenses. Given the size and timing of the transaction, the Corporation has not completed its fair value assessment of the assets acquired, the liabilities assumed and the goodwill for this transaction. Consequently, the fair value adjustments related to this acquisition are included in goodwill in the preliminary purchase price allocation. Our preliminary work has identified the following intangible assets which have not yet been valued in this preliminary allocation: customer relations, software, favorable leases and a trademark. This preliminary allocation is subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed. The preliminary purchase price allocation based on available information as at the date of authorization of these consolidated financial statements is as follows:

	$
Assets	
Current assets	
Cash and cash equivalents	28.4
Accounts receivable	213.5
Inventories	38.1
Prepaid expenses	12.9
	292.9
Property and equipment	509.0
Identifiable intangible assets	5.1
Other assets	5.1
Deferred income taxes	2.2
	814.3
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	237.7
Provisions	2.4
Current portion of long-term debt	231.3
	471.4
Long term debt	153.0
Provisions	19.5
Pension benefit liability	9.6
	653.5
Net identifiable assets	160.8
Acquisition goodwill	136.4
Consideration	297.2
Contingent consideration	16.3
Cash and cash equivalents acquired	28.4
Net cash flow for the acquisition	252.5

The Corporation expects that none of the goodwill related to this transaction will be deductible for tax purposes.

This acquisition was concluded in order to penetrate new markets and to increase economies of scale. Since the date of acquisition, revenues and net earnings from this acquisition amounted to $400.1 and $3.7, respectively. Pro-forma revenues and net earnings had the Corporation concluded this acquisition at the beginning of its fiscal year amount to $35,404.7 and $1,206.2, respectively.

Other acquisitions

- On December 1, 2015, the Corporation acquired from Texas Star Investments and its affiliates, 18 company-operated stores, two quick service restaurants and a dealer fuel supply network located in the US state of Texas. The Corporation owns the land and buildings for 17 sites and leases these same assets for the remaining sites.
- On September 24, 2015, the Corporation acquired from Kocolene Marketing LLC, 13 company-operated stores in the US states of Indiana and Kentucky. The Corporation owns the land and buildings for 12 sites and leases the land and building for the remaining site.
- On June 2, 2015, the Corporation acquired from Cinco J, Inc., Tiger Tote Food Stores, Inc., and their affiliates 21 company-operated stores in the US states of Texas, Mississippi and Louisiana. The Corporation owns the land and buildings for 18 sites and leases the land and owns the buildings for the remaining three sites. As part of this agreement, the Corporation also acquired agreements for the supply of fuel to 141 stores operated by independent operators, five development properties and customer relations for 93 dealer sites.
- During fiscal year 2016, the Corporation also acquired 19 other stores through distinct transactions. The Corporation owns the land and buildings for 15 sites and leases these same assets for the remaining four.

Acquisition costs of $5.2 in connection with these acquisitions and other unrealized or ongoing acquisitions are included in Operating, selling, administrative and general expenses.

These acquisitions were settled for a total cash consideration of $184.8. Since the Corporation has not yet completed its fair value assessment of the assets acquired, the liabilities assumed and goodwill for all transactions, the preliminary allocations of certain acquisitions are subject to adjustments to the fair value of the assets, liabilities and goodwill until the process is completed.

The purchase price allocations based on the estimated fair value on the date of acquisition and available information as at the date of publication of these consolidated financial statements are as follows:

	$
Tangible assets acquired	
Inventories	**7.0**
Property and equipment	**86.9**
Other assets	**2.9**
Total tangible assets	**96.8**
Liabilities assumed	
Provisions	**1.2**
Deferred credits and other liabilities	**4.9**
Total liabilities	**6.1**
Net tangible assets acquired	**90.7**
Intangible assets	**11.3**
Goodwill	**82.8**
Total cash consideration paid	**184.8**

The Corporation expects that $10.5 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, to penetrate new markets and to increase its economies of scale. These acquisitions generated goodwill mainly due to the strategic location of stores acquired. Since the date of acquisition, revenues and net earnings from these stores amounted to $322.9 and $6.8, 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 its fiscal year.

On March 8, 2016, the Corporation signed an agreement with Imperial Oil ("Imperial") to acquire certain of its Canadian retail assets located in the provinces of Ontario and Québec. The transaction comprises 279 of Imperial's Esso-branded fuel and convenience sites in Canada. Of these sites, 229 are located in Ontario - the majority of which in the Greater Toronto Area - and 50 sites are located in the Province of Québec, all of which are in the Greater Montréal Area or on the south shore of Montréal. The agreement also includes 13 land banks and two dealer sites, as well as a long-term supply agreement for Esso branded fuel. Imperial owns 238 sites and 41 are leased from third parties. The total transaction is priced at approximately CA$1.68 billion. Pending the customary regulatory approvals and closing conditions, the transaction is expected to close during the first half of fiscal 2017. The Corporation expects to finance this transaction using its available cash and existing credit facilities.

2015

Acquisition of The Pantry Inc. ("The Pantry")

On March 16, 2015, the Corporation acquired 100% of the outstanding shares of The Pantry through an all-cash transaction valued at $36.75 per share. At the acquisition date, The Pantry operated over 1,500 convenience stores in 13 US states, the majority of which dispensed road transportation fuel. As a result of this transaction, the Corporation became owner of the land and buildings for 409 sites, lessor of the land and owner of the buildings for 52 sites and lessor of these same assets for the remaining sites. This acquisition was settled for a total cash consideration of $850.7. Acquisition costs of $0.9 in connection with this acquisition are included in Operating, selling, administrative and general expenses.

The table below shows The Pantry's initial purchase price allocation as reported in the Corporation's 2015 annual consolidated financial statements and the changes made to adjust it to the final allocation based on available information as at the date of authorization of these consolidated financial statements.

	Initial allocation	Changes	Final allocation
	$	$	$
Assets			
Current assets			
Cash and cash equivalents	93.8	-	93.8
Accounts receivable	60.9	-	60.9
Inventories	135.7	-	135.7
Prepaid expenses	25.8	(3.3)	22.5
Income taxes receivable	0.4	0.1	0.5
	316.6	(3.2)	313.4
Property and equipment	660.8	275.5	936.3
Identifiable intangible assets	11.8	74.1	85.9
Environmental costs receivable	65.7	-	65.7
Other assets	2.0	(0.8)	1.2
	1,056.9	345.6	1,402.5
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	219.7	13.8	233.5
Provisions	22.5	0.3	22.8
Current portion of finance lease obligations	7.6	(0.4)	7.2
Current portion of long-term debt	529.1	-	529.1
	778.9	13.7	792.6
Finance lease obligations	97.6	(5.7)	91.9
Provisions	116.2	(1.2)	115.0
Unfavorable leases	-	98.5	98.5
Other liabilities	16.4	0.4	16.8
Deferred income taxes	44.8	51.8	96.6
	1,053.9	157.5	1,211.4
Net identifiable assets	3.0	188.1	191.1
Acquisition goodwill	847.7	(188.1)	659.6
Consideration paid in cash	850.7	-	850.7
Cash and cash equivalents acquired	93.8	-	93.8
Net cash flow for the acquisition	756.9	-	756.9

Other acquisitions

- On June 23, 2014, the Corporation acquired 13 company-operated stores and two non-operating stores in the US state of South Carolina from Garvin Oil Company. The Corporation owns the land and buildings for all sites.
- On October 8, 2014, the Corporation acquired 55 stores in the US states of Illinois and Indiana from Tri Star Marketing Inc. Of these, 54 are company-operated and one is operated by an independent operator. The Corporation owns the land and buildings for 54 sites and leases the land and owns the building for the remaining site. Through this transaction, the Corporation also acquired three biodiesel blending facilities.
- During fiscal year 2015, the Corporation also acquired 32 other stores through distinct transactions. The Corporation owns the land and buildings for 23 sites and leases these same assets for the remaining nine.

Acquisition costs of $1.8 in connection with these acquisitions and other unrealized acquisitions are included in Operating, selling, administrative and general expenses.

These acquisitions were settled for a total cash consideration of $172.5. Purchase price allocations based on the estimated fair value on the date of acquisition and available information as at the date of authorization of these consolidated financial statements is as follows:

	$
Tangible assets acquired	
Inventories	**10.4**
Property and equipment	**143.1**
Total tangible assets	**153.5**
Liabilities assumed	
Accounts payable and accrued liabilities	**2.0**
Provisions	**1.2**
Deferred credits and other liabilities	**5.0**
Total liabilities	**8.2**
Net tangible assets acquired	**145.3**
Intangible assets	**1.3**
Goodwill	**27.1**
Negative goodwill recorded to earnings	**(1.2)**
Total cash consideration paid	**172.5**

Approximately $12.9 of the goodwill related to these transactions was deductible for tax purposes.

These acquisitions were concluded in order to expand the Corporation's market share, to penetrate new markets and to increase its economies of scale. These acquisitions generated goodwill mainly due to the strategic location of stores acquired and negative goodwill due to the difference between the acquisition price and the fair value of net assets acquired.

5. DISPOSAL OF BUSINESSES

Lubricants business

On October 1, 2015, the Corporation closed the disposal of its lubricants business to Fuchs Petrolub SE. The disposal was done through a share purchase agreement pursuant to which Fuchs Petrolub SE acquired 100% of issued and outstanding shares of Statoil Fuel & Retail Lubricants Sweden AB. Total proceeds from the disposal of the lubricants business were $81.0. The Corporation recognized a gain on disposal of $47.4 in relation to this transaction.

Aviation fuel business

On December 31, 2014, the Corporation closed the sale of its aviation fuel business through a share purchase agreement pursuant to which BP Global Investments Ltd. acquired 100% of all issued and outstanding shares of Statoil Fuel & Retail Aviation AS for total proceeds of $107.4 including an amount of $91.4 for intercompany debt assumed by the buyer and of which $12.3 was receivable as at April 26, 2015, amount which was received during fiscal year 2016. The Corporation recognized a loss on disposal of $11.0 and a curtailment gain on defined benefits pension plans obligation of $2.6 in relation to this sale transaction. The disposal also resulted in a $1.9 cumulated loss on translation adjustments being reclassified to earnings and included in the loss on disposal.

6. INVESTMENT IN JOINT VENTURES AND ASSOCIATED COMPANIES

	2016	2015
	$	$
Investment in joint ventures	**89.6**	73.9
Investment in associated companies	**1.6**	1.7
	91.2	75.6

The Corporation's investment in joint ventures and associated companies, none of which are individually significant to the Corporation, are recorded according to the equity method. The following amounts represent the Corporation's share of the joint ventures' and associated companies' net earnings and comprehensive income:

	2016	2015
	$	$
Joint ventures		
Net earnings and comprehensive income	**29.8**	21.9
Associated companies		
Net earnings and comprehensive income	**0.2**	-
	30.0	21.9

7. REPURCHASE OF NON-CONTROLLING INTEREST IN CIRCLE K ASIA S.À.R.L.

On July 24, 2015, the Corporation exercised its option to repurchase the non-controlling interest in Circle K Asia s.à.r.l. ("Circle K Asia") for a cash consideration of $11.8. The difference between the consideration paid and the value of the non-controlling interest as at July 24, 2015 was recorded to contributed surplus. As a result of this transaction, the Corporation's redemption liability was nullified and its reversal was recorded to retained earnings. The Corporation now owns 100% of Circle K Asia's operations.

8. SUPPLEMENTARY INFORMATION RELATING TO EXPENSES

	2016	2015 (adjusted, Note 2)
	$	$
Cost of sales	**28,063.1**	29,261.9
Selling expenses	**3,721.1**	3,242.6
Administrative expenses	**578.7**	512.5
Operating expenses	**111.9**	193.2
	32,474.8	33,210.2

The above expenses include rent expense of $378.5 ($323.6 in 2015), net of sub-leasing income of $24.1 ($23.1 in 2015).

	2016	2015
	$	$
Employee benefit charges		
Salaries	**1,420.4**	1,206.0
Fringe benefits and other employer contributions	**181.2**	164.9
Employee future benefits (Note 27)	**96.8**	82.3
Termination benefits	**5.4**	18.4
Stock-based compensation and other stock-based payments (Note 25)	**10.9**	13.8
Curtailment gain on defined benefits pension plans obligation (Note 27)	**(27.2)**	(2.6)
	1,687.5	1,482.8

9. COMPENSATION OF KEY MANAGEMENT PERSONNEL

	2016	2015
	$	$
Salaries and other current benefits	**9.6**	9.2
Stock-based compensation and other stock-based payments	**8.2**	7.6
Employee future benefits (Note 27)	**2.3**	2.4
	20.1	19.2

Key management personnel comprise members of the Board of Directors and senior management.

10. NET FINANCIAL EXPENSES

	2016	2015
	$	$
Financial expenses		
Interest expense		
Interest on long-term debt	**65.1**	57.9
Interest on finance lease obligations	**18.1**	6.1
Net interest on defined benefit plans (Note 27)	**2.8**	3.4
Change in fair value of derivative financial instrument	**-**	2.5
Interest on bank overdrafts and bank loans	**0.2**	1.1
Accretion of provisions (Note 23)	**16.0**	16.0
Other finance costs	**7.2**	4.8
	109.4	91.8
Financial revenues		
Interest on bank deposits	**(2.6)**	(3.1)
Other financial revenues	**(4.3)**	(6.0)
	(6.9)	(9.1)
Foreign exchange loss	**5.0**	22.7
Net financial expenses	**107.5**	105.4

11. INCOME TAXES

	2016	2015
	$	$
Current income taxes	**360.2**	378.7
Deferred income taxes	**38.4**	(72.5)
	398.6	306.2

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

	2016	2015
	%	%
Combined statutory income tax rate in Canada [(a)]	**26.90**	26.90
Impact of other jurisdictions' tax rates	**(1.23)**	(2.96)
Impact of tax rate changes	**(0.04)**	(0.02)
Other permanent differences	**(0.59)**	0.78
Effective income tax rate	**25.04**	24.70

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

The components of deferred income tax assets and liabilities are as follows:

						2016
	Balance as at April 26, 2015 (adjusted, Note 2)	**Recognized to earnings**	**Recognized directly to other comprehensive income or equity**	**Transfer from income taxes payable**	**Recognized through business acquisitions**	**Balance as at April 24, 2016**
	$	**$**	**$**	**$**	**$**	**$**
Deferred income tax assets						
Property and equipment	**(18.6)**	**35.7**	**0.1**	**-**	**-**	**17.2**
Expenses deductible during the following years	**25.4**	**(6.7)**	**(0.5)**	**-**	**-**	**18.2**
Goodwill	**(33.9)**	**27.2**	**-**	**-**	**-**	**(6.7)**
Deferred charges	**8.0**	**2.5**	**(0.6)**	**-**	**-**	**9.9**
Tax attributes	**54.3**	**(47.6)**	**4.6**	**-**	**3.5**	**14.8**
Asset retirement obligations	**16.4**	**(11.9)**	**(0.3)**	**-**	**-**	**4.2**
Deferred credits	**(3.9)**	**0.4**	**0.7**	**-**	**-**	**(2.8)**
Unrealized exchange gain	**(4.7)**	**(2.9)**	**(3.7)**	**-**	**-**	**(11.3)**
Other	**20.9**	**(19.3)**	**2.0**	**-**	**1.1**	**4.7**
	63.9	**(22.6)**	**2.3**	**-**	**4.6**	**48.2**
Deferred income tax liabilities						
Property and equipment	**641.4**	**5.4**	**12.3**	**-**	**1.2**	**660.3**
Goodwill	**3.9**	**72.0**	**0.9**	**-**	**-**	**76.8**
Expenses deductible during the following years	**(132.5)**	**12.3**	**(1.1)**	**-**	**-**	**(121.3)**
Intangible assets	**121.2**	**(40.8)**	**-**	**-**	**-**	**80.4**
Asset retirement obligations	**(44.1)**	**(12.0)**	**(1.0)**	**-**	**-**	**(57.1)**
Tax attributes	**(54.0)**	**(3.6)**	**1.4**	**29.3**	**-**	**(26.9)**
Deferred charges	**(8.4)**	**(2.4)**	**1.2**	**-**	**-**	**(9.6)**
Deferred credits	**(1.3)**	**(11.9)**	**(0.2)**	**-**	**-**	**(13.4)**
Revenues taxable during the following years	**61.7**	**10.1**	**6.1**	**-**	**-**	**77.9**
Unrealized exchange loss (gain)	**1.5**	**0.5**	**(2.0)**	**-**	**-**	**-**
Other	**4.7**	**(13.8)**	**6.4**	**-**	**-**	**(2.7)**
	594.1	**15.8**	**24.0**	**29.3**	**1.2**	**664.4**

						2015
	Balance as at April 27, 2014	Recognized to earnings	Recognized directly to other comprehensive income or equity	Transfer from income taxes payable	Recognized through business acquisitions (adjusted, Note 2)	Balance as at April 26, 2015 (adjusted, Note 2)
	$	$	$	$	$	$
Deferred income tax assets						
Property and equipment	29.9	(48.5)	-	-	-	(18.6)
Expenses deductible during the following years	19.3	5.0	1.1	-	-	25.4
Goodwill	(9.3)	(24.6)	-	-	-	(33.9)
Deferred charges	2.6	5.4	-	-	-	8.0
Tax attributes	1.2	53.1	-	-	-	54.3
Asset retirement obligations	3.7	12.7	-	-	-	16.4
Deferred credits	(2.6)	(0.7)	(0.6)	-	-	(3.9)
Unrealized exchange gain	8.5	(0.3)	(12.9)	-	-	(4.7)
Other	(1.6)	22.5	-	-	-	20.9
	51.7	24.6	(12.4)	-	-	63.9
Deferred income tax liabilities						
Property and equipment	545.4	(29.5)	(48.2)	-	173.7	641.4
Goodwill	117.9	(96.2)	(17.8)	-	-	3.9
Expenses deductible during the following years	(97.8)	(2.2)	7.2	-	(39.7)	(132.5)
Intangible assets	60.9	57.1	-	-	3.2	121.2
Asset retirement obligations	(64.8)	10.6	10.5	-	(0.4)	(44.1)
Tax attributes	(27.2)	(32.1)	14.4	32.1	(41.2)	(54.0)
Deferred charges	(9.1)	(0.7)	0.4	-	1.0	(8.4)
Deferred credits	(10.0)	8.9	(0.2)	-	-	(1.3)
Revenues taxable during the following years	53.9	25.6	(17.8)	-	-	61.7
Unrealized exchange loss (gain)	11.9	(11.1)	0.7	-	-	1.5
Other	(15.3)	21.7	(1.7)	-	-	4.7
	565.8	(47.9)	(52.5)	32.1	96.6	594.1

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2016	2015 (adjusted, Note 2)
	$	$
Deferred tax assets:		
Deferred tax assets to be recovered in more than 12 months	**44.9**	54.9
Deferred tax assets to be recovered within 12 months	**3.3**	9.0
	48.2	63.9
Deferred tax liabilities:		
Deferred tax liabilities to be settled in more than 12 months	**726.9**	633.3
Deferred tax liabilities to be settled within 12 months	**(62.5)**	(39.2)
	664.4	594.1

Deferred income tax liabilities that would be payable on the retained earnings of certain subsidiaries have not been recognized because such amounts are not expected to materialize in the foreseeable future. Temporary differences related to these investments amounted to $962.9 ($552.7 in 2015).

12. NET EARNINGS PER SHARE

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

	2016	2015 (adjusted, Note 2)
	$	$
Net earnings available to Class A and B shareholders	**1,193.5**	929.3
Weighted average number of shares (in thousands)	**567,425**	566,013
Dilutive effect of stock options (in thousands)	**1,770**	2,698
Weighted average number of diluted shares (in thousands)	**569,195**	568,711
Basic net earnings per share available for Class A and B shareholders	**2.10**	1.64
Diluted net earnings per share available for Class A and B shareholders	**2.10**	1.63

In calculating diluted net earnings per share for 2016, 203,713 stock options are excluded due to their antidilutive effect (651,274 excluded stock options in 2015).

For fiscal 2016, the Board declared total dividends of CA 26.75¢ per share (CA 19.0¢ per share in 2015).

13. SUPPLEMENTARY INFORMATION RELATING TO CHANGES IN NON-CASH WORKING CAPITAL

	2016	2015 (adjusted, Note 2)
	$	$
Accounts receivable	**74.0**	307.6
Inventories	**24.7**	36.3
Prepaid expenses	**5.9**	14.2
Accounts payable and accrued liabilities	**(30.7)**	(108.8)
Income taxes payable	**15.7**	102.3
	89.6	351.6

14. ACCOUNTS RECEIVABLE

	2016	2015 (adjusted, Note 2)
	$	$
Trade accounts receivable and vendor rebates receivable [(a)]	**685.9**	513.2
Credit and debit cards receivable [(a)]	**586.3**	600.3
Provision for doubtful accounts	**(28.5)**	(27.1)
Credit and debit cards receivable and trade accounts receivable and vendor	**1,243.7**	1,086.4
Other accounts receivable	**172.5**	178.9
	1,416.2	1,265.3

(a) These amounts are presented net of an amount of $163.2 presented in reduction of Accounts payable and accrued expenses due to netting arrangements ($130.5 as at April 26, 2015).

The following details the aging of credit and debit cards receivable and trade accounts receivable and vendor rebates receivable that are not impaired:

	2016	2015
	$	$
Not past due	**1,080.3**	1,012.3
Past due 1-30 days	**121.9**	50.5
Past due 31-60 days	**11.6**	12.4
Past due 61-90 days	**11.8**	6.2
Past due 91 days and over	**18.1**	5.0
	1,243.7	1,086.4

Movements in the provision for doubtful accounts are as follows:

	2016	2015
	$	$
Balance, beginning of year	**27.1**	27.6
Business acquisitions	**5.3**	0.4
Provision for doubtful accounts, net of unused beginning balance	**3.9**	14.4
Receivables written off during the year	**(8.2)**	(8.5)
Effect of exchange rate variations	**0.4**	(6.8)
Balance, end of year	**28.5**	27.1

15. INVENTORIES

	2016	2015 (adjusted, Note 2)
	$	$
Merchandise	**543.9**	524.0
Road transportation fuel	**271.7**	274.0
Lubricant products (Note 5)	**-**	26.9
Other products	**1.1**	2.7
	816.7	827.6

16. PROPERTY AND EQUIPMENT

	Land	**Buildings and building components**	**Equipment**	**Leasehold improvements**	**Total**
	$	**$**	**$**	**$**	**$**
Year ended April 24, 2016					
Net book amount, beginning	**1,585.8**	**1,805.0**	**1,978.0**	**231.3**	**5,600.1**
Additions	**116.8**	**190.4**	**562.8**	**39.1**	**909.1**
Business acquisitions (Note 4)	**266.9**	**218.2**	**110.8**	**-**	**595.9**
Disposals	**(49.6)**	**(28.0)**	**(73.0)**	**(1.5)**	**(152.1)**
Depreciation and amortization expense	**(1.4)**	**(162.4)**	**(343.7)**	**(53.8)**	**(561.3)**
Impairment expense	**(0.7)**	**(3.4)**	**(1.6)**	**-**	**(5.7)**
Transfers	**0.7**	**32.3**	**(32.4)**	**(0.6)**	**-**
Effect of exchange rate variations	**8.3**	**15.1**	**(2.6)**	**(2.0)**	**18.8**
Net book amount, end [(a)]	**1,926.8**	**2,067.2**	**2,198.3**	**212.5**	**6,404.8**
As at April 24, 2016					
Cost	**1,931.6**	**2,771.4**	**3,904.2**	**566.0**	**9,173.2**
Accumulated depreciation, amortization and impairment	**(4.8)**	**(704.2)**	**(1,705.9)**	**(353.5)**	**(2,768.4)**
Net book amount [(a)]	**1,926.8**	**2,067.2**	**2,198.3**	**212.5**	**6,404.8**
Portion related to finance leases	**155.3**	**133.4**	**43.2**	**-**	**331.9**
Year ended April 26, 2015 (adjusted, Note 2)					
Net book amount, beginning	1,447.1	1,763.0	1,735.6	185.3	5,131.0
Additions	50.3	111.5	425.0	33.8	620.6
Business acquisitions (Note 4)	271.6	400.7	344.5	62.6	1,079.4
Disposals	(44.4)	(38.8)	(52.7)	(2.3)	(138.2)
Depreciation and amortization expense	(0.7)	(131.0)	(271.0)	(42.3)	(445.0)
Impairment expense	-	(2.1)	(0.8)	-	(2.9)
Transfers	5.8	(5.5)	0.2	(0.5)	-
Effect of exchange rate variations	(143.9)	(292.8)	(202.8)	(5.3)	(644.8)
Net book amount, end [(a)]	1,585.8	1,805.0	1,978.0	231.3	5,600.1
As at April 26, 2015 (adjusted, Note 2)					
Cost	1,591.4	2,317.5	3,398.5	550.5	7,857.9
Accumulated depreciation, amortization and impairment	(5.6)	(512.5)	(1,420.5)	(319.2)	(2,257.8)
Net book amount [(a)]	1,585.8	1,805.0	1,978.0	231.3	5,600.1
Portion related to finance leases	23.3	119.0	38.9	-	181.2

(a) The net book amount as at April 24, 2016 includes $404.8 related to construction in progress ($317.7 as at April 26, 2015).

17. GOODWILL AND INTANGIBLE ASSETS

Goodwill

	2016	2015 (adjusted, Note 2)
	$	$
Net book amount, beginning of year	**1,629.2**	1,088.7
Business acquisitions (Note 4)	**219.2**	686.7
Disposal of aviation fuel business	**-**	(1.9)
Disposal of lubricants business	**(0.3)**	-
Effect of exchange rate variations	**2.9**	(144.3)
Net book amount, end of year	**1,851.0**	1,629.2

Intangible assets

	Trademarks	Franchise agreements	Software (a)	Customer relationships	Licences	Fuel supply agreements	Favorable leases	Other	Total
	$	$	$	$	$	$	$	$	$
Year ended April 24, 2016									
Net book amount, beginning	**349.3**	**72.2**	**174.0**	**5.8**	**24.5**	**6.5**	**60.8**	**2.8**	**695.9**
Additions	**-**	**-**	**25.7**	**-**	**-**	**-**	**-**	**-**	**25.7**
Business acquisitions (Note 4)	**-**	**-**	**4.4**	**0.6**	**0.2**	**8.7**	**-**	**2.5**	**16.4**
Disposals	**(8.5)**	**(0.3)**	**(2.7)**	**-**	**-**	**(0.3)**	**(3.0)**	**-**	**(14.8)**
Rent, depreciation and amortization expense	**(28.2)**	**(15.0)**	**(21.8)**	**(5.6)**	**-**	**(3.8)**	**(6.6)**	**(1.2)**	**(82.2)**
Effect of exchange rate variations	**0.7**	**(1.8)**	**(7.9)**	**(0.2)**	**-**	**-**	**0.1**	**-**	**(9.1)**
Net book amount, end	**313.3**	**55.1**	**171.7**	**0.6**	**24.7**	**11.1**	**51.3**	**4.1**	**631.9**
As at April 24, 2016									
Cost	**382.5**	**112.5**	**252.1**	**94.9**	**24.7**	**58.7**	**60.0**	**7.6**	**993.0**
Accumulated depreciation and amortization	**(69.2)**	**(57.4)**	**(80.4)**	**(94.3)**	**-**	**(47.6)**	**(8.7)**	**(3.5)**	**(361.1)**
Net book amount	**313.3**	**55.1**	**171.7**	**0.6**	**24.7**	**11.1**	**51.3**	**4.1**	**631.9**
Year ended April 26, 2015 (adjusted, Note 2)									
Net book amount, beginning	411.4	110.1	201.9	54.1	24.5	10.3	8.6	2.6	823.5
Additions	-	-	26.6	-	-	-	-	-	26.6
Business acquisitions (Note 4)	16.3	3.0	7.4	-	-	3.4	55.7	1.4	87.2
Disposals	(5.3)	-	-	(3.2)	-	(0.2)	(0.8)	(0.1)	(9.6)
Rent, depreciation and amortization expense	(18.2)	(18.7)	(18.0)	(39.1)	-	(7.0)	(0.8)	(1.0)	(102.8)
Effect of exchange rate variations	(54.9)	(22.2)	(43.9)	(6.0)	-	-	(1.9)	(0.1)	(129.0)
Net book amount, end	349.3	72.2	174.0	5.8	24.5	6.5	60.8	2.8	695.9
As at April 26, 2015 (adjusted, Note 2)									
Cost	392.5	114.6	233.7	97.8	24.5	57.7	63.0	6.5	990.3
Accumulated depreciation and amortization	(43.2)	(42.4)	(59.7)	(92.0)	-	(51.2)	(2.2)	(3.7)	(294.4)
Net book amount	349.3	72.2	174.0	5.8	24.5	6.5	60.8	2.8	695.9

(a) The net book amount as at April 24, 2016 includes $28.5 related to software in progress ($22.7 as at April 26, 2015).

Goodwill and intangible assets with indefinite useful lives are allocated to CGUs based on the geographical location of the acquired stores. Allocation as at April 24, 2016 and April 26, 2015 is as follows:

	2016		2015	
CGU	**Intangible assets with indefinite useful lives**	**Goodwill**	Intangible assets with indefinite useful lives	Goodwill (adjusted , Note 2)
			$	$
Canada	**-**	**155.6**	-	162.0
United States	**179.2**	**1,138.6**	179.2	1,058.8
Scandinavia	**64.4**	**414.3**	63.6	406.9
Central and Eastern Europe	**25.8**	**1.6**	26.2	1.5
Ireland	**-**	**140.9**	-	-
Lubricants (Note 5)	**-**	**-**	4.3	-
	269.4	**1,851.0**	273.3	1,629.2

The intangible assets with indefinite useful lives for the United States CGU are the Circle K trademark and licenses. The intangible asset with indefinite useful life for the Scandinavia, Central and Eastern Europe ("CEE") and Lubricants CGUs is the droplet logo. The Scandinavia CGU, includes the activities of Norway, Sweden and Denmark while the CEE CGU includes the activities of Poland, Latvia, Lithuania, Estonia and Russia. For the annual impairment test, the recoverable amount of the CGU has been determined based on fair value less costs to sell and the

Corporation uses an approach based on earnings to determine this value. Under this method, the cash flows of the CGU for a three-year period were used. The key assumptions on which management has based its determination of fair value less costs to sell are the discount rate, the growth rate and the exchange rate. These assumptions primarily reflect past experience.

For the Scandinavia CGU, the main assumptions used are as follows:

	2016	2015
Discount rate before taxes	**12.8%**	12.8%
Growth rate	**1.0%**	1.0%

These assumptions represent management's best estimate given current market conditions and risks specific to each of these assets.

The recoverable amounts of the United States and Canada CGUs were determined on the basis of their fair value less costs to sell and the Corporation uses an approach based on EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) multiples of comparable corporations to determine these values.

18. OTHER ASSETS

	2016	2015 (adjusted, Note 2)
	$	$
Environmental costs receivable (Note 23)	**76.8**	81.4
Deposits	**39.7**	10.1
Pension benefit asset (Note 27)	**41.2**	17.8
Investment contract including an embedded total return swap (Note 28)	**31.3**	32.6
Deferred charges, net	**4.2**	5.3
Other	**148.8**	74.2
	342.0	221.4

19. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2016	2015 (adjusted, Note 2)
	$	$
Accounts payable and accrued expenses [(a)]	**1,474.1**	1,387.3
Sales and excise taxes	**662.5**	545.3
Salaries and related benefits	**188.2**	197.8
Deferred credits	**25.0**	19.1
Other	**166.9**	123.2
	2,516.7	2,272.7

(a) This amount is presented net of an amount of $121.3 from Credit and debit cards receivable and $41.9 from Trade accounts receivable and vendor rebates receivable due to netting arrangements ($110.5 and $20.0, respectively as at April 26, 2015).

20. LONG-TERM DEBT

	2016	2015 (adjusted, Note 2)
	$	$
Canadian dollar denominated senior unsecured notes [(a)]	**1,573.2**	1,064.2
US dollar denominated term revolving unsecured operating credit D, maturing in December 2019 [(b)]	**841.2**	1,837.2
Canadian dollar denominated term revolving unsecured operating credit D, maturing in December 2019 [(b)]	**43.0**	-
NOK denominated senior unsecured notes maturing on February 2026 [(c)]	**81.8**	-
NOK floating-rate bonds, 5.04%, maturing in February 2017	**1.8**	1.9
NOK fixed-rate bonds, 5.75%, maturing in February 2019	**1.6**	1.7
Note payable, secured by the assets of certain stores, 8.75%, repayable in monthly instalments, maturing in 2019	**1.2**	1.5
Obligations related to buildings and equipment under finance leases, with an average rate of 5.8%, payable on various dates until 2050	**313.2**	161.8
	2,857.0	3,068.3
Current portion of long-term debt	**28.6**	21.4
	2,828.4	3,046.9

(a) Canadian dollar denominated senior unsecured notes

On June 2, 2015, the Corporation issued Canadian dollar denominated senior unsecured notes totaling CA$ 700.0 ($564.2) (tranche 5). Interest is payable semi-annually on June 2 and December 2 of each year. The Corporation used the net proceeds from the issuance to repay a portion of its term revolving unsecured operating credit D.

As at April 24, 2016, the Corporation had Canadian dollar denominated senior unsecured notes totalling CA$2.0 billion, divided as follows:

	Principal amount	Maturity	Coupon rate	Effective rate as at April 24, 2016
Tranche 1 - November 1, 2012 issuance	CA$300.0	November 1, 2017	2.861%	2.9682%
Tranche 2 - November 1, 2012 issuance	CA$450.0	November 1, 2019	3.319%	3.4039%
Tranche 3 - November 1, 2012 issuance	CA$250.0	November 1, 2022	3.899%	3.9634%
Tranche 4 - August 21, 2013 issuance	CA$300.0	August 21, 2020	4.214%	4.3173%
Tranche 5 - June 2, 2015 issuance	CA$700.0	June 2, 2025	3.600%	3.6463%

Notes issued on November 1, 2012 and June 2, 2015 are subject to cross-currency interest rate swaps (Note 21).

(b) Term revolving unsecured operating credit D

As at April 24, 2016, the Corporation has a credit agreement consisting of a revolving unsecured facility. As at April 26, 2015, this facility had a maximum amount of $2,525.0 and its maturity was December 2018. The credit facility was 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 $150.0 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 and on the utilization rate of the credit facility, apply to the unused portion of the credit facility. Stamping fees, standby letters of credit fees and the variable margin used to determine the interest rate applicable to borrowed amounts are determined according to a leverage ratio of the Corporation. Under the credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

The following amendments have been made to this operating credit during fiscal year 2016:

- On November 20, 2015, its maturity was extended to December 2019.
- On January 25, 2016, the euro was added as an available currency under the facility. The amounts borrowed in euro bear interest at variable rates based on Euribor plus a variable margin.

No other terms were changed significantly.

As at April 24, 2016, the effective interest rate is 1.33% (1.04% as at April 26, 2015). As at April 24, 2016 and April 26, 2015, the available line of credit was unused and the Corporation was in compliance with the restrictive provisions and ratios imposed by the credit agreement.

(c) Norwegian krone denominated senior unsecured notes

On February 18, 2016, the Corporation issued Norwegian krone denominated senior unsecured notes totalling NOK 675.0 ($78.4) with a coupon rate of 3.85% and maturing on February 18, 2026. Interest is payable semi-annually on April 20 and October 20 of each year. The effective rate is 3.8928%. The net proceeds from the issuance were mainly used to repay a portion of the Corporation's term revolving unsecured operating credit D.

Term revolving unsecured operating credit E

As at April 24, 2016, the Corporation has a credit agreement consisting of a revolving unsecured facility of an initial maximum amount of $50.0 with an initial term of 50 months. The credit facility is available in the form of a revolving unsecured operating credit, available in US dollars. The amounts borrowed bear interest at variable rates based on the US base rate or the LIBOR rate plus a variable margin.

Standby fees, which vary based on a leverage ratio and on the utilization rate of the credit facility, apply to the unused portion of the credit facility. The variable margin used to determine the interest rate applicable to amounts borrowed is determined according to a leverage ratio of the Corporation. Under the credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 24, 2016 and April 26, 2015, operating credit E was unused.

Term revolving unsecured operating credit F

As at April 24, 2016, as a result of the Topaz acquisition, the Corporation has a credit agreement consisting of a revolving unsecured facility of an initial maximum amount of €25.0 ($28.1) maturing on January 30, 2020. The credit facility is available in the form of a revolving unsecured operating credit, available in Euros. The amounts borrowed bear interest at variable rates based on the funding base rate or the Euribor rate plus a variable margin.

Standby fees, which vary based on a leverage ratio and on the utilization rate of the credit facility, apply to the unused portion of the credit facility. The variable margin used to determine the interest rate applicable to amounts borrowed is determined according to a leverage ratio of the Corporation. Under the credit agreement, the Corporation must maintain certain financial ratios and respect certain restrictive provisions.

As at April 24, 2016, operating credit F was unused.

Bank overdraft facilities

The Corporation has access to bank overdraft facilities totalling approximately $254.4 ($202.7 as at April 26, 2015). As at April 24, 2016 and April 26, 2015, they were not used.

Letters of credit

As at April 24, 2016, the Corporation had outstanding letters of credit of $82.8 ($81.6 as at April 26, 2015) of which $27.7 ($56.3 as at April 26, 2015) reduced funds available under the Corporation's Term revolving unsecured operating credit D.

Obligations related to finance leases

Instalments on obligations related to finance leases for the next fiscal years are as follows:

	Obligations related to buildings and equipment under finance leases
	$
2017	52.2
2018	67.3
2019	41.3
2020	37.6
2021	34.4
2022 and thereafter	233.7
	466.5
Interest expense included in minimum lease payments	153.3
	313.2

21. CROSS-CURRENCY INTEREST RATE SWAPS

The Corporation has entered into cross-currency interest rate swap agreements, allowing it to synthetically convert a portion of its Canadian dollar and US dollar denominated debts into US dollars and euros, respectively.

Receive – Notional	**Receive – Rate**	**Pay – Notional**	**Pay – Rate**	**Maturity**	**Fair value as at April 24, 2016 (Note 28)**	Fair value as at April 26, 2015 (Note 28)
CA$1,700.0	From 2.8610% to 3.8990%	US$1,572.7	From 2.0340% to 3.8700%	From November 1, 2017 to June 2, 2025	**$221.8**	$161.6
US$584.0	1.2875%	€522.8	0.35%	April 29, 2016	**$2.2**	-
					$224.0	$161.6
Current other financial liabilities					**$2.2**	-
Long-term other financial liabilities					**$221.8**	$161.6

The Canadian dollar to US dollar cross-currency interest rate swap agreements are designated as a foreign exchange hedge of the Corporation's net investment in its operations in the US. The US dollar to euro cross-currency interest rate swap agreements, in combination with the US dollar denominated long-term debt, is designated as a foreign exchange hedge of the Corporation's net investment in its operations in Denmark, the Baltics and Ireland.

22. DEFERRED CREDITS AND OTHER LIABILITIES

	2016	2015 (adjusted, Note 2)
	$	$
Deferred rent expense	**66.0**	64.0
Deferred branding credits	**25.0**	32.9
Deferred credits	**12.1**	21.9
Unfavorable leases	**78.9**	100.2
Other liabilities	**82.9**	93.4
	264.9	312.4

Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2016 and April 26, 2015
(in millions of US dollars (Note 2), except share and stock option data)

23. PROVISIONS

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

	Asset retirement obligations (a)	Provision for environmental costs (b)	Restructuring provision (c)	Provision for workers' compensation (d)	Provision for general liability (d)	Other provisions	Total
	$	$	$	$	$	$	$
2016							
Balance, beginning of year	**266.0**	**170.5**	**23.9**	**43.3**	**30.0**	**18.7**	**552.4**
Business acquisitions (Note 4)	**18.6**	**1.6**	**-**	**0.8**	**1.0**	**1.1**	**23.1**
Liabilities incurred	**2.4**	**29.5**	**6.0**	**22.7**	**23.3**	**17.9**	**101.8**
Liabilities settled	**(6.5)**	**(29.2)**	**(17.2)**	**(22.5)**	**(18.8)**	**(14.1)**	**(108.3)**
Accretion expense	**14.7**	**0.9**	**-**	**0.3**	**0.1**	**-**	**16.0**
Reversal of provisions	**(2.4)**	**(3.5)**	**(0.5)**	**-**	**(2.6)**	**(2.9)**	**(11.9)**
Change in estimates	**20.8**	**(10.2)**	**-**	**(4.8)**	**(1.7)**	**-**	**4.1**
Effect of exchange rate variations	**2.2**	**(0.6)**	**(0.3)**	**-**	**-**	**2.6**	**3.9**
Balance, end of year	**315.8**	**159.0**	**11.9**	**39.8**	**31.3**	**23.3**	**581.1**
Current portion	**42.3**	**28.2**	**6.6**	**17.6**	**10.4**	**1.0**	**106.1**
Long-term portion	**273.5**	**130.8**	**5.3**	**22.2**	**20.9**	**22.3**	**475.0**
2015 (adjusted, Note 2)							
Balance, beginning of year	283.2	110.7	30.6	28.6	17.6	22.2	492.9
Business acquisitions (Note 4)	38.4	75.3	-	14.3	11.0	-	139.0
Liabilities incurred	0.6	24.1	13.5	16.7	15.3	0.6	70.8
Liabilities settled	(3.9)	(28.3)	(14.0)	(16.1)	(13.3)	(2.7)	(78.3)
Accretion expense	14.6	0.9	-	0.4	0.1	-	16.0
Reversal of provisions	(3.2)	(2.8)	-	-	-	-	(6.0)
Change in estimates	(18.3)	2.3	-	(0.6)	(0.7)	-	(17.3)
Effect of exchange rate variations	(45.4)	(11.7)	(6.2)	-	-	(1.4)	(64.7)
Balance, end of year	266.0	170.5	23.9	43.3	30.0	18.7	552.4
Current portion	42.4	29.8	19.4	17.2	13.9	16.2	138.9
Long-term portion	223.6	140.7	4.5	26.1	16.1	2.5	413.5

(a) The total undiscounted amount of estimated cash flows to settle the asset retirement obligations is approximately $604.9 and is expected to be incurred over the next 40 years. Should changes occur in estimated future removal costs, tank useful lives, lease terms or governmental regulatory requirements, revisions to the liability could be made.
(b) Environmental costs should be disbursed over the next 20 years.
(c) Restructuring costs should be settled over the next two years.
(d) Workers' compensation and general liability indemnities should be disbursed over the next five years.

Environmental costs

The Corporation is subject to Canadian, US and European legislation governing the storage, handling and sale of road transportation fuel and other petroleum-based products. The Corporation considers that it is compliant with all important aspects of current environmental legislation.

The Corporation has an ongoing training program for its employees on environmental issues and performs preventative site testing and site restoration in cooperation with regulatory authorities. The Corporation also examines its motor fuel equipment annually.

In each of the US states in which the Corporation operates, with the exception of Iowa, Florida, Texas, West Virginia and Maryland, there is a state fund to cover the cost of certain environmental remediation activities after the applicable trust fund deductible is met, which varies by state. These state funds provide insurance for motor fuel facilities operations to cover some of the costs of cleaning up certain environmental contamination caused by the use of road transportation fuel equipment. Road transportation fuel storage tank registration fees and/or a motor fuel tax in each of the states finance the trust funds. The Corporation pays annual registration fees and remits sales taxes to applicable states. Insurance coverage differs from state to state.

In order to provide for the above-mentioned environmental costs, the Corporation has recorded a $159.0 provision for environmental costs as at April 24, 2016 ($170.5 as at April 26, 2015). Furthermore, the Corporation has recorded an amount of $81.6 for environmental costs receivable from trust funds as at April 24, 2016 ($85.3 as at April 26, 2015), of which $4.8 ($3.9 as at April 26, 2015) is included in Accounts receivable and the remainder is included in Other assets.

24. CAPITAL STOCK

Authorized

Unlimited number of shares without par value

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

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

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

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

Issued and fully paid

The changes in number of outstanding shares are as follows:

	2016	2015
Class A multiple voting shares		
Balance, beginning of year	**148,101,840**	148,101,840
Conversion into Class B shares	**(335,300)**	**-**
Balance, end of year	**147,766,540**	148,101,840
Class B subordinate voting shares		
Balance, beginning of year	**419,262,255**	417,646,072
Issued as part of a previous acquisition	**54**	2,376
Stock options exercised	**225,962**	1,613,807
Issued on conversion of Class A shares	**335,300**	-
Balance, end of year	**419,823,571**	419,262,255

25. STOCK-BASED COMPENSATION AND OTHER STOCK-BASED PAYMENTS

Stock option plan

The Corporation has a stock option plan (the "Plan") under which it has authorized the grant of up to 50,676,000 stock options for the purchase of its Class B subordinate voting shares.

Stock options have up to a 10-year term, vest 20.0% on the date of the grant and cumulatively thereafter on each anniversary date of the grant and are exercisable at the designated market price on the date of grant. The grant price of each stock option shall not be set below the weighted average closing price for a board lot of the Class B shares on the Toronto Stock Exchange for the five days preceding the grant. Each stock option is exercisable into one Class B share of the Corporation at the price specified in the terms of the stock option. To allow option holders to proceed with a cashless exercise of their options, the Plan allows them to elect to receive a number of subordinate shares equivalent to the difference between the total number of subordinate shares underlying the options exercised and the number of subordinate shares required to settle the exercise of the options.

The table below presents the status of the Corporation's stock option plan as at April 24, 2016 and April 26, 2015 and the changes therein during the years then ended:

		2016		2015
	Number of stock options	**Weighted average exercise price**	Number of stock options	Weighted average exercise price
		CA$		CA$
Outstanding, beginning of year	**2,517,911**	**14.80**	3,578,805	6.83
Granted	**208,138**	**57.78**	669,415	34.36
Exercised	**(240,273)**	**7.95**	(1,730,309)	5.88
Cancelled	**(11,571)**	**32.44**	-	-
Outstanding, end of year	**2,474,205**	**19.00**	2,517,911	14.80
Exercisable stock options, end of year	**1,893,316**	**12.47**	1,940,379	9.38

For options exercised in fiscal 2016, the weighted average share price at the date of exercise was CA$57.99 (CA$47.88 in 2015).

The following table presents information on the stock options outstanding and exercisable as at April 24, 2016:

	Options outstanding			Options exercisable	
Range of exercise prices	Number of stock options outstanding as at April 24, 2016	Weighted average remaining contractual life (years)	Weighted average exercise price	Number of stock options exercisable as at April 24, 2016	Weighted average exercise price
CA$			CA$		CA$
4 – 5	169,010	2.43	4.60	169,010	4.60
5 – 6	526,660	3.21	5.99	526,660	5.99
6 – 9	808,291	0.76	8.53	808,291	8.53
9 – 16	105,000	6.26	15.87	84,000	15.87
16 – 35	661,531	8.42	34.39	264,612	34.39
36 – 59	203,713	9.45	57.79	40,743	57.79
	2,474,205			1,893,316	

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

	2016	2015
Expected dividends (per share)	**CA$0.24**	CA$0.18
Expected volatility	**29.30%**	29.03%
Risk-free interest rate	**1.26%**	1.68%
Expected life	**8 years**	8 years

The weighted average fair value of stock options granted was CA$18.80 in 2016 (CA$11.55 in 2015).

For 2016, compensation cost charged to the consolidated statements of earnings amounts to $3.1 ($3.0 in 2015).

Deferred share unit plan

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

The DSU expense and the related liability are recorded at the grant date. The liability is adjusted periodically to reflect any variation in the market value of the Class B shares. As at April 24, 2016, the Corporation has a total of 261,566 DSUs outstanding (240,961 as at April 26, 2015) and an obligation of $11.3 ($9.6 as at April 26, 2015) is recorded in deferred credits and other liabilities. The obligation is subject to an embedded total return swap (Note 28). The compensation cost amounts to $2.0 in 2016 ($4.3 in 2015).

Phantom stock units

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

The table below presents the status of the Corporation's PSU plan as at April 24, 2016 and April 26, 2015 and the changes therein during the years then ended in number of units:

	2016	2015
Outstanding, beginning of year	**1,212,632**	1,251,537
Granted	**225,489**	334,278
Paid	**(575,632)**	(273,819)
Cancelled	**(96,888)**	(99,364)
Outstanding, end of year	**765,601**	1,212,632

As at April 24, 2016, an obligation of $10.2 is recorded in Accounts payable and accrued liabilities ($21.9 as at April 26, 2015) and $10.2 is recorded in Deferred credits and other liabilities ($9.5 as at April 26, 2015). The obligation is subject to an embedded total return swap (Note 28). For 2016, the compensation cost amounts to $5.8 ($6.5 for 2015).

26. ACCUMULATED OTHER COMPREHENSIVE INCOME

As at April 24, 2016

	Attributable to shareholders of the Corporation						
	Items that may be reclassified to earnings					Will never be reclassified to earnings	
	Cumulative translation adjustments	**Net investment hedge**	**Net interest on net investment hedge**	**Available-for-sale investment**	**Cash flow hedge**	**Cumulative net actuarial loss**	**Accumulated other comprehensive loss**
	$	**$**	**$**	**$**	**$**	**$**	**$**
Balance, before income taxes	**(434.1)**	**(237.4)**	**2.5**	**(15.5)**	**4.6**	**(15.4)**	**(695.3)**
Less: Income taxes	**-**	**0.3**	**0.7**	**(1.7)**	**1.1**	**(2.5)**	**(2.1)**
Balance, net of income taxes	**(434.1)**	**(237.7)**	**1.8**	**(13.8)**	**3.5**	**(12.9)**	**(693.2)**

As at April 26, 2015

	Attributable to shareholders of the Corporation					
	Items that may be reclassified to earnings				Will never be reclassified to earnings	
	Cumulative translation adjustments	Net investment hedge	Net interest on net investment hedge	Cash flow hedge	Cumulative net actuarial loss	Accumulated other comprehensive loss
	$	$	$	$	$	$
Balance, before income taxes	(554.8)	(161.6)	6.1	7.0	(43.5)	(746.8)
Less: Income taxes	-	0.3	1.7	1.5	(11.7)	(8.2)
Balance, net of income taxes	(554.8)	(161.9)	4.4	5.5	(31.8)	(738.6)

27. EMPLOYEE FUTURE BENEFITS

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

Defined benefit plans

The Corporation measures its accrued defined benefit obligation and the fair value of plan assets for accounting purposes on the last Sunday of April of each year.

The Corporation has defined benefit plans in Canada, the United States, Norway, Sweden and Ireland. Those plans provide benefits based on average earnings at retirement, or based on the years with the highest salaries and the number of years of service. The most recent actuarial valuation of the pension plans for funding purposes was as at December 31, 2015, and the next required valuation will be as at December 31, 2016.

Some plans include benefits adjustments in line with the consumer price index, whereas most of them do not provide such adjustments. The majority of the benefit payments are from trustee-administered funds; however, there are also a number of unfunded plans where the Corporation meets the benefit payment obligation as it falls due. Plan assets held in trusts are governed by local regulations and practice in each country, as is the nature of the relationship between the Corporation and the trustees and their composition. Responsibility for governance of the plans, investment decisions and contribution schedules lies jointly with the plan committees and the Corporation.

During fiscal year 2016, the Corporation announced to employees its decision to convert certain of its existing defined benefits pension plans into defined contributions plans. In connection with the termination of the defined benefits plans, a pre-tax curtailment gain of $27.2 was recorded to earnings with a corresponding offset to the defined benefits pension plans obligation.

During May 2016, subsequent to the end of fiscal 2016, the Corporation also announced to its employees in Canada and in the United States its decision to convert, going forward, most of its existing defined benefits pension plans to defined contributions plans. The Corporation does not expect that this decision will have a significant impact on its consolidated financial statements.

Notes to the Consolidated Financial Statements

For the fiscal years ended April 24, 2016 and April 26, 2015
(in millions of US dollars (Note 2), except share and stock option data)

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

	2016	2015
	$	$
Present value of accrued defined benefit obligation		
Balance, beginning of year	**412.6**	452.7
Business acquisition	**9.5**	-
Current service cost	**9.8**	15.8
Interest cost	**8.1**	14.9
Benefits paid	**(18.1)**	(23.0)
Settlement payments from plan assets	**(118.5)**	-
Loss from change in demographic assumptions	**-**	0.4
Loss (gain) from change in financial assumptions	**(33.5)**	93.0
Experience gains	**(3.2)**	(23.0)
Curtailment gain	**(27.2)**	(2.6)
Disposal of business	**(5.0)**	(8.1)
Effect of exchange rate fluctuations	**(10.9)**	(107.5)
Balance, end of year	**223.6**	412.6
Plans' assets		
Fair value, beginning of year	**303.8**	362.9
Settlement payments from plan assets	**(118.5)**	-
Premiums transferred	**(6.3)**	-
Interest income	**5.3**	11.5
Return on assets (excluding amounts included in interest income)	**(8.6)**	33.7
Employer contributions	**3.0**	10.3
Benefits paid	**(9.5)**	(19.8)
Administrative expenses	**(0.1)**	(0.1)
Disposal of business	**(2.6)**	(6.6)
Effect of exchange rate fluctuations	**(2.0)**	(88.1)
Fair value, end of year	**164.5**	303.8

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

	2016	2015
	$	$
Present value of defined benefit obligation for funded pension plans	**(132.5)**	(311.3)
Fair value of plans' assets	**164.5**	303.8
Net funded status of funded plans – net (deficit) surplus	**32.0**	(7.5)
Present value of defined benefit obligation for unfunded pension plans	**(91.1)**	(101.3)
Net accrued pension benefit liability	**(59.1)**	(108.8)

The pension benefit asset of $41.2 ($17.8 as at April 26, 2015) is included in Other assets and the pension benefit liability of $100.3 ($126.6 as at April 26, 2015) is presented separately in the consolidated balance sheets.

The defined benefit obligation and plan assets are composed by country as follows:

	Canada	United States	Norway	Sweden	Ireland	Total
2016	$	$	$	$	$	$
Present value of defined benefit obligation	**(58.5)**	**(13.1)**	**(45.6)**	**(96.9)**	**(9.5)**	**(223.6)**
Fair value of plans' assets	**22.3**	**-**	**7.2**	**135.0**	**-**	**164.5**
Funded status of plan – (deficit) surplus	**(36.2)**	**(13.1)**	**(38.4)**	**38.1**	**(9.5)**	**(59.1)**
2015						
Present value of defined benefit obligation	(61.6)	(10.7)	(218.8)	(121.5)	-	(412.6)
Fair value of plans' assets	23.7	-	145.6	134.5	-	303.8
Funded status of plan – (deficit) surplus	(37.9)	(10.7)	(73.2)	13.0	-	(108.8)

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

	2016				2015			
	Quoted	Unquoted	Total		Quoted	Unquoted	Total	
	$	$	$	%	$	$	$	%
Cash and cash equivalents	**0.3**	**-**	**0.3**	**0.2**	-	-	-	-
Equity securities	**77.6**	**0.2**	**77.8**	**47.3**	92.9	4.4	97.3	32.0
Debt instruments								
Government	**68.7**	**-**	**68.7**	**41.8**	82.5	-	82.5	27.2
Corporate	**8.5**	**-**	**8.5**	**5.2**	53.3	46.3	99.6	32.8
Real estate	**-**	**1.1**	**1.1**	**0.7**	-	16.6	16.6	5.5
Other assets	**7.8**	**0.3**	**8.1**	**4.8**	5.9	1.9	7.8	2.5
Total	**162.9**	**1.6**	**164.5**	**100.0**	234.6	69.2	303.8	100.0

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

	2016	2015
	$	$
Current service cost, net of employee contributions	**9.8**	15.8
Administrative expenses	**0.1**	0.1
Pension expense for the year	**9.9**	15.9
Net interest expense	**2.8**	3.4
Curtailment gain	**(27.2)**	(2.6)
Amount recognized in earnings for the year	**(14.5)**	16.7

The pension expense for the year is included in Operating, selling, administrative and general expenses in the consolidated statements of earnings. The curtailment gain is presented separately in the consolidated statements of earnings while the net interest expense is included in Financial expenses.

The amount recognized in Other comprehensive income for the fiscal year is determined as follows:

	2016	2015
	$	$
Loss from change in demographic assumptions	**-**	0.4
(Gain) loss from change in financial assumptions	**(33.5)**	93.0
Experience gains	**(3.2)**	(23.0)
Return on assets (excluding amounts included in interest income)	**8.6**	(33.7)
Amount recognized in Other comprehensive income	**(28.1)**	36.7

The Corporation expects to make a contribution of $2.5 to the defined benefit plans during the next financial year.

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

					2016				2015
	Canada	**United States**	**Norway**	**Sweden**	**Ireland**	Canada	United States	Norway	Sweden
	%	**%**	**%**	**%**	**%**	%	%	%	%
Discount rate	**3.90**	**3.90**	**2.25**	**3.50**	**1.40**	3.75	3.75	2.50	2.00
Rate of compensation increase	**3.70**	**4.00**	**2.50**	**2.75**	**-**	3.70	4.00	2.75	2.75
Rate of benefit increase	**2.00**	**2.00**	**0.10**	**1.75**	**1.10**	2.00	2.00	0.55	1.50
Rate of social security base amount increase (*G-amount*)	**-**	**-**	**2.25**	**2.75**	**-**	-	-	2.50	2.75

The Corporation uses mortality tables provided by regulatory authorities and actuarial associations in each country. The G-amount is the expected increase of pensions paid from the state. In some European countries, the Corporation is responsible for the difference between what the pensioners receive from the state and the entitled pension based on their salary at the time of retirement.

The weighted average duration of the defined benefit obligation of the Corporation is 20 years.

The sensitivity of the defined benefit obligation to changes in the weighted principal actuarial assumptions is as follows:

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.50%	Decrease by 9.7%	Increase by 10.9%
Rate of compensation increase	0.50%	Increase by 2.1%	Decrease by 1.7%
Rate of benefit increase	0.50%	Increase by 8.4%	Decrease by 8.3%
Increase of life expectancy	1 year	Increase by 3.8%	-

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, because changes in some of the assumptions may be correlated. When calculating the above sensitivity analyses, the same method has been applied as when calculating the pension liability recognized in the consolidated balance sheets.

Through its defined benefit pension plans, the Corporation is exposed to the following risks:

Asset returns: The value of the plans' defined benefit obligations is calculated using a discount rate set with reference to corporate bond yields. If plan assets underperform this yield, this will create a deficit. All of the capitalized plans hold a significant proportion of equities, which are expected to outperform corporate bonds in the long term. Furthermore, the Corporation actively monitors the performance of the assets to ensure the expected return. To mitigate the risks of assets underperforming, investment policies require a diversified portfolio that spreads risk across different types of instruments.

Changes in bond yields: A decrease in corporate bond yields will increase plan defined benefit obligations. However, this same decrease will increase existing bond values held by the various plans.

Change in demographic assumptions: A change in demographic assumptions (rate of salary increase or pension increase, change in mortality table) will increase or decrease the obligation.

For funded plans, the individual plans have investment policy objectives to have investment average duration in line with the average expected life of the obligation and scheduled benefit payments. The Corporation and the trustees actively monitor the duration and the expected yield of the investments to ensure they match the expected cash outflows arising from the pension benefit payments. Also, as presented above, to

mitigate the risks, the investments are well diversified. The Corporation does not use derivatives to offset its risk and has not changed the processes from the previous fiscal year.

In Europe, it is the Corporation's responsibility to make or not make contributions to the defined benefit plans. The Corporation contributes to these plans except when they are overcapitalized. For funded plans that are running a deficit, the Corporation makes payments based on the actuaries' recommendations and existing regulations. The Corporation is committed to making special payments in the coming years to eliminate the deficit. These contributions have no significant impact on the Corporation's cash flows. The Corporation does not have a funded plan in the United States.

Defined contribution plans

The Corporation's total pension expense under its defined contribution plans and mandatory governmental plans for 2016 is $85.4 ($66.4 in 2015).

Deferred compensation plan – United States operations

The Corporation sponsors a deferred compensation plan that allows certain employees in its US operations to defer up to 25.0% of their base salary and 100.0% of their cash bonuses for any given year. Interest accrued on the deferral and amounts due to the participants are generally payable on retirement, except in certain limited circumstances. Obligations under this plan amount to $28.5 as at April 24, 2016 ($26.6 as at April 26, 2015) and are included in Deferred credits and other liabilities.

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

Financial risk management objectives and policies

The Corporation's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk, liquidity risk and price risk. The Corporation uses forward contracts to hedge certain risk exposures, primarily foreign currency and price risk as well as a cross-currency interest rate swap to hedge its foreign currency risk related to its net investments in its operations in the US, Denmark, the Baltics and Ireland.

Foreign currency risk

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

The Corporation is exposed to foreign currency risk with respect to its long-term debt denominated in US dollars, its Norwegian krone denominated senior unsecured notes and the cross-currency interest rate swaps, all of which are designated as net investment hedges. As at April 24, 2016, with all other variables held constant, a hypothetical variation of 5.0% of the US dollar and Norwegian krone against the Canadian dollar would have had a net impact of $103.7 on Other comprehensive income. Given the Corporation has adopted the US dollar as its reporting currency, part of these impacts are compensated by the translation of the Canadian dollar consolidated financial statements into US dollars.

Interest rate risk

The Corporation's fixed rate long-term debt is exposed to a risk of change in fair value due to changes in interest rates. As at April 24, 2016, the Corporation did not hold any derivative instruments to mitigate this risk.

The Corporation is exposed to a risk of change in cash flows due to changes in interest rates on its variable rate long-term debt. As at April 24, 2016, the Corporation did not hold any derivative instruments to mitigate this risk. The Corporation analyzes its cash flow exposure on an ongoing basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Corporation calculates the impact on net earnings of a defined interest rate shift. Based on variable rate long-term debt balances as at April 24, 2016, the annual impact on net earnings of a 1.0% shift in interest rates would have been $6.5 ($13.4 based on balances as at April 26, 2015).

Credit risk

The Corporation is exposed to credit risk with respect to Cash and cash equivalents, Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable, the investment contract including an embedded total return swap and the cross-currency interest rate swaps when their fair value is favourable to the Corporation.

Key elements of the Corporation's credit risk management approach include credit risk policies, credit mandates, an internal credit rating process, credit risk mitigation tools and continuous monitoring and management of credit exposures. Prior to entering into transactions with new counterparties, the Corporation's credit policy requires counterparties to be formally identified, approved, and assigned internal credit ratings as well as exposure limits. Once established, counterparties are reassessed according to policy and monitored continuously. Counterparty risk assessments are based on a quantitative and qualitative analysis of recent financial statements, when available, and other relevant business information. In addition, the Corporation evaluates any past payment performance, the counterparties' size and business diversification, and the inherent industry risk. The internal credit ratings reflect the Corporation's assessment of the counterparties' credit risk. The Corporation has maximum credit exposures for individual counterparties. The Corporation monitors outstanding balances and individual exposures against limits on a regular basis.

Credit risk related to Trade accounts receivable and vendor rebates receivable related to convenience stores' operations is limited considering the nature of the Corporation's activities and its counterparties. As at April 24, 2016, no single creditor accounted for over 10.0% of total Trade accounts receivable and vendor rebates receivable and the related maximum credit risk exposure corresponds to their carrying amount.

The Corporation mitigates the credit risk related to Cash and cash equivalents and Credit and debit cards receivable by dealing with major financial institutions that have very low or minimal credit risk. As at April 24, 2016, the maximum credit risk exposure related to Cash and cash equivalents and Credit and debit cards receivable corresponds to their carrying amount in addition to the credit risk exposure related to the Statoil/MasterCard credit cards as described below.

In some European markets, customers can settle their purchases by the use of a combined Statoil/MasterCard credit card. The Corporation has entered into agreements whereby the risks and rewards related to the credit cards, such as fee income, administration expenses and bad debt, are shared between the Corporation and external banks. Outstanding balances are charged to the customer monthly. The Corporation's exposure as at April 24, 2016 relates to receivables of $182.7, of which $85.3 was interest-bearing. These receivables are not recognized in the Corporation's consolidated balance sheets. For fiscal 2016, the expensed losses were not significant. In light of accurate credit assessments and continuous monitoring of outstanding balances, the Corporation believes that the credits do not represent any significant risk. The income and risks related to these arrangements with the banks are reported, settled and accounted for on a monthly basis.

The Corporation is exposed to credit risk arising from the financial instrument containing an embedded total return swap and from the cross-currency interest rate swaps when these swaps are favourable to the Corporation. In accordance with its risk management policy, to reduce this risk, the Corporation has entered into these swaps with major financial institutions with a very low credit risk.

Liquidity risk

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

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

The contractual maturities of financial liabilities and their related interest as at April 24, 2016 are as follows:

	Carrying amount	Contractual cash flows	Less than one year	Between one and two years	Between two and five years	More than five years
	$	$	$	$	$	$
Non-derivative financial liabilities [1]						
Accounts payable and accrued liabilities [2]	1,827.0	1,827.0	1,827.0	-	-	-
Canadian dollar denominated senior unsecured notes	1,573.2	2,019.9	71.1	307.9	758.3	882.6
NOK denominated senior unsecured notes	81.8	113.4	3.2	3.2	9.6	97.4
US dollar denominated term revolving unsecured operating credit D	841.2	880.6	11.0	11.0	858.6	-
Canadian dollar denominated term revolving unsecured operating credit D	43.0	45.9	0.8	0.8	44.3	-
NOK fixed-rate bonds	1.6	1.9	0.1	0.1	1.7	-
NOK floating-rate bonds	1.8	1.9	1.9	-	-	-
Other long-term debt	314.4	468.6	52.7	67.7	113.9	234.3
Cross-currency interest rate swaps to pay	-	331.2	49.3	49.1	116.7	116.1
Cross-currency interest rate swaps to receive	-	(304.1)	(46.8)	(46.1)	(106.3)	(104.9)
	4,684.0	5,386.3	1,970.3	393.7	1,796.8	1,225.5

(1) Based on spot rates, as at April 24, 2016, for balances in Canadian dollars, in Norwegian kroner, in euros and balances bearing interest at variable rates.
(2) Excludes deferred credits as well as statutory accounts payable and accrued liabilities such as sales taxes, excise taxes and property taxes.

Price risk

The Corporation's sales of refined oil products, which include road transportation fuel, stationary energy and lubricants, constitute a material share of its gross profit. As a result, its business, financial position, results of operation and cash flows are affected by changes in the commodity prices of such products. The Corporation seeks to pass on any changes in purchase prices to its customers by adjusting sales prices to reflect changes in refined oil products prices. The time lag between a change in refined oil product prices and a change of prices of fuel sold by the Corporation can impact the gross profit on sales of these products. As at April 24, 2016, the Corporation did not hold any derivative instruments to mitigate this risk.

The Corporation's obligations related to its PSU plan and DSU plan create a form of price risk as the recorded amounts of the related liabilities fluctuate in part with the fair value of the Corporation's Class B shares. To mitigate this risk, the Corporation has entered into a financial arrangement with an investment grade financial institution which includes an embedded total return swap with an underlying representing Class B shares recorded at fair market value on the consolidated balance sheets under Other assets. The financial arrangement is adjusted as needed to reflect new awards, adjustments and/or settlements of PSUs and DSUs. As at April 24, 2016, the impact on net earnings or shareholders' equity of a 5.0% shift of the value of the contract would not have been significant.

Fair value

The fair value of Trade accounts receivable and vendor rebates receivable, Credit and debit cards receivable and Accounts payable and accrued liabilities is comparable to their carrying amount given their short maturity. The fair value of Obligations related to buildings and equipment under finance leases is comparable to its carrying amount given that implicit interest rates are generally consistent with equivalent market interest rates for similar obligations. The carrying value of the term revolving unsecured operating credit D approximates its fair value given that its credit spread is similar to the credit spread the Corporation would obtain under similar conditions at the reporting date.

Fair value hierarchy

Fair value measurements are categorized in accordance with the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2: inputs other than quoted prices included in Level 1 but that are observable for the asset or liability, either directly or indirectly; and
Level 3: inputs for the asset or liability that are not based on observable market data.

The estimated fair value of each class of financial instrument, the methods and assumptions that were used to determine it and their fair value hierarchy are as follows:

Financial instruments at fair value on the consolidated balance sheets:

- The fair value of the investment contract including an embedded total return swap, which is mainly based on the fair market value of the Corporation's Class B shares, is $45.3 as at April 24, 2016 ($54.7 as at April 26, 2015) (Level 2); and
- The fair value of the cross-currency interest rate swaps, which is determined based on market rates obtained from the Corporation's financial institutions for similar financial instruments, is $224.0 as at April 24, 2016 ($161.6 as at April 26, 2015) (Level 2). They are presented as Other financial liabilities on the consolidated balance sheets.

Financial instruments not at fair value on the consolidated balance sheets:

- The fair value of the Canadian dollar denominated senior unsecured notes, which is based on observable market data, is $1,636.5 as at April 24, 2016 ($1,128.8 as at April 26, 2015); and
- The fair value of the Norwegian kroner denominated senior unsecured notes, which is based on observable market data, is $82.6 as at April 24, 2016.

Capital risk management

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

In order to maintain or adjust its capital structure, the Corporation may issue new shares, redeem its shares, sell assets to reduce debt or adjust the amount of dividends paid to shareholders (Notes 20 and 24).

In its capital structure, the Corporation considers its stock option, PSU and DSU plans (Note 25). From time to time, the Corporation uses share repurchase programs to achieve its capital management objectives.

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

	2016	2015
	$	$
Current portion of long-term debt	**28.6**	21.4
Long-term debt	**2,828.4**	3,046.9
Less: Cash and cash equivalents	**599.4**	575.8
Net interest-bearing debt	**2,257.6**	2,492.5
Shareholders' equity	**5,043.6**	3,889.1
Net interest-bearing debt	**2,257.6**	2,492.5
Total capitalization	**7,301.2**	6,381.6
Net interest-bearing debt to total capitalization ratio	**30.9%**	39.1%

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

- A leverage ratio, which is the ratio of total Long-term debt less Cash and cash equivalents to EBITDA for the four most recent quarters. EBITDA is a non-IFRS measure; and
- An interest coverage ratio, which is the ratio of EBITDA for the four most recent quarters to the total interest paid in the same periods. EBITDA is a non-IFRS measure.

The Corporation monitors these ratios regularly and was in compliance with these covenants as at April 24, 2016 and April 26, 2015.

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

29. CONTRACTUAL OBLIGATIONS

Minimum lease payments

As at April 24, 2016, the Corporation has entered into operating lease agreements which call for aggregate minimum lease payments of $2,823.0 for the rental of commercial space, equipment and warehouses. Several of these leases contain renewal options and certain sites are subleased to third parties. The minimum lease payments for the next fiscal years are as follows:

	$
Less than one year	391.2
One to five years	1,284.0
More than five years	1,147.8

As at April 24, 2016, the total amount of future minimum sublease payments expected to be received under sublease agreements related to these operating leases is $50.5.

Purchase commitments

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

30. CONTINGENCIES AND GUARANTEES

Contingencies

Various claims and legal proceedings have been initiated against the Corporation in the normal course of its operations and through acquisitions. Although the outcome of such matters is not predictable, the Corporation has no reason to believe that the outcome of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

Guarantees

The Corporation assigned a number of lease agreements for premises to third parties. Under some of these agreements, the Corporation retains ultimate responsibility to the landlord for payment of amounts under the lease agreements should the sublessees fail to pay. As at April 24, 2016, the total future lease payments under such agreements are approximately $1.6 and the fair value of the guarantee is not significant. Historically, the Corporation has not made any significant payments in connection with these indemnification provisions.

Also, in Europe, the Corporation has issued guarantees to third parties and on behalf of third parties for maximum undiscounted future payments totalling $14.3. These guarantees mainly relate to commitments under financial guarantees for car rental agreements and on behalf of retailers in Sweden. Guarantees on behalf of retailers in Sweden comprise items such as guarantees towards retailers' car washes and store inventory, in addition to guarantees towards suppliers of electricity and heating. The carrying amount and fair value of the guarantee commitments recognized in the consolidated balance sheet as at April 24, 2016 were not significant.

31. SEGMENTED INFORMATION

The Corporation operates convenience stores in the United States, Europe and Canada. It essentially operates in one reportable segment, the sale of goods for immediate consumption, road transportation fuel and other products mainly through corporate stores and franchise operations. The Corporation operates its convenience store and road transportation fuel retailing chain under several banners, including Circle K, Couche-Tard, Mac's, Kangaroo Express, Statoil, Ingo, Topaz and Re.Store. Revenues from external customers fall mainly into three categories: merchandise and services, road transportation fuel and other.

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

	2016				2015 (adjusted, Note 2)			
	US	**Europe**	**Canada**	**Total**	US	Europe	Canada	Total
	$	**$**	**$**	**$**	$	$	$	$
External customer revenues [(a)]								
Merchandise and services	**7,366.5**	**933.8**	**1,771.6**	**10,071.9**	5,311.0	990.4	1,974.4	8,275.8
Road transportation fuel	**15,864.1**	**5,422.3**	**2,019.8**	**23,306.2**	14,599.0	7,111.0	2,571.9	24,281.9
Other	**14.9**	**751.1**	**0.5**	**766.5**	16.0	1,955.7	0.5	1,972.2
	23,245.5	**7,107.2**	**3,791.9**	**34,144.6**	19,926.0	10,057.1	4,546.8	34,529.9
Gross profit								
Merchandise and services	**2,452.3**	**397.0**	**581.4**	**3,430.7**	1,748.4	408.2	649.2	2,805.8
Road transportation fuel	**1,479.4**	**811.5**	**148.9**	**2,439.8**	1,093.3	870.9	164.4	2,128.6
Other	**14.9**	**195.6**	**0.5**	**211.0**	16.0	317.1	0.5	333.6
	3,946.6	**1,404.1**	**730.8**	**6,081.5**	2,857.7	1,596.2	814.1	5,268.0
Total long-term assets [(b)]	**5,171.8**	**3,499.0**	**577.6**	**9,248.4**	4,841.6	2,773.6	556.6	8,171.8

(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.

32. SUBSEQUENT EVENTS

Acquisitions

On May 26, 2016, the Corporation signed an agreement to purchase from Sevenoil Est OÜ and its affiliates 23 company-operated sites located in Estonia of which 11 are full service fuel stations with convenience stores and 12 are unmanned automated fuel stations. Under the agreement, the Corporation would own the land and building for all sites. The transaction is anticipated to close in the second quarter of fiscal year 2017 and is subject to the standard regulatory approvals and closing conditions.

On May 1, 2016, the Corporation completed the acquisition of all the shares of Dansk Fuel A/S, which represents A/S Dansk Shell's retail business, comprising 315 service stations, their commercial fuel business and their aviation fuel business. The Corporation will retain 131 sites, of which 90 are owned and 41 are leased from third parties. Of these 131 sites, 74 are full-service stations, 49 are unmanned automated fuel stations and eight are truck stops. Following the completion of this transaction, the Corporation's network in Denmark now includes a total of 483 stores of which 286 are company-operated, 153 are company-owned and dealer-operated and 44 are dealer-owned and dealer-operated. Included therein are 211 automated sites. The Corporation financed this transaction with its available cash and existing credit facilities.

As per the requirements of the European commission, the Corporation will divest a mix of both its current sites and Shell-branded stations, including the Shell/7-Eleven network and Shell's dealer-owned network. In addition, it will divest A/S Dansk Shell's commercial and aviation fuels businesses. The Corporation signed an agreement for the sale of the divested assets with DCC Holding A/S, a subsidiary of DCC plc. Pending the customary regulatory approvals, this transaction is expected to close during the second half of fiscal 2017. Until approval and completion of this transaction, Couche-Tard and the divested businesses will continue to operate separately. A trustee has been appointed to manage and operate Dansk Fuel A/S during this interim period. Couche-Tard will not have control over the relevant activities, consequently, the shares of Dansk Fuel will be accounted for as an investment in an associated company during this period.

Dividends

During its July 12, 2016 meeting, the Corporation's Board of Directors declared a dividend of CA7.75¢ per share to shareholders on record as at July 21, 2016 and approved its payment for August 4, 2016.

Issuance of euro denominated senior unsecured notes

On May 6, 2016, the Corporation proceeded with the issuance of euro denominated senior unsecured notes totaling €750.0 with a coupon rate of 1.875% and maturing on May 6, 2026. Interest is payable annually on May 6 of each year. The net proceeds from the issuance were mainly used to repay a portion of the Corporation's term revolving unsecured operating credit facility.

Board of Directors

Alain Bouchard
Founder and Executive Chairman

Nathalie Bourque(1)

Jacques D'Amours

Jean Élie
Chair of the Audit Committee

Richard Fortin

Brian Hannasch
President and Chief Executive Officer

Mélanie Kau
Chair of the Human Resources and Corporate Governance Committee

Monique F. Leroux(2)

Réal Plourde

Daniel Rabinowicz(1)

Jean Turmel(2)
Lead Director

(1) Member of the Human Resources and Corporate Governance Committee.
(2) Member of the Audit Committee.

Senior Management

Alain Bouchard
Founder and Executive Chairman

Brian Hannasch
President and Chief Executive Officer

Claude Tessier
Chief Financial Officer

Jean Bernier
Group President, Global Fuels and North-East Operations

Darrell Davis
Senior Vice President, Operations

Geoffrey C. Haxel
Senior Vice President, Operations

Hans-Olav Høidahl
Executive Vice President, Scandinavia

Jørn Madsen
Executive Vice President, Central and Eastern Europe

Timothy Alexander Miller
Senior Vice President, Global Fuels

Jacob Schram
Group President, European Operations

Dennis Tewell
Senior Vice President, Operations

General Information

Head Office
4204, boulevard Industriel
Laval, Québec, H7L 0E3
Canada

Stock Exchange
Toronto Stock Exchange
Symbols: **ATD.A** and **ATD.B**
Constituent of the TSX 60 index

Transfer Agent
CST Trust Company, 2001 Robert Bourassa Boulevard, Suite 1600, Montréal, Québec, Canada, H3A 2A6
Canada

Auditors
PricewaterhouseCoopers LLP
1250 René-Lévesque Boulevard West, Suite 2500
Montréal, Québec, H3B 4Y1
Canada

Investor Relations
Claude Tessier, Chief Financial Officer
investor.relations@couche-tard.com
1-450-662-6632, ext. 4607

Corporate Secretary
Sylvain Aubry, Senior Director, Legal Affairs and Corporate Secretary
sylvain.aubry@couche-tard.com
1-450-662-6632, ext. 4619

Annual Shareholders Meeting
September 20, 2016 in Laval, Québec, Canada

Additional information on Alimentation Couche-Tard. Inc. and press releases are available on the company's website at: **www.couche-tard.com**.

www.couche-tard.com

Eco-logo certified paper, process chlorine free, 100% post-consumer fiber content, acid-free, manufactured with biogas.