Quarter-ended September 30, 2013

# Report to Shareholders

## Management's Discussion and Analysis — Q3 2013

Management's Discussion and Analysis ("MD&A") provides a comparison of Parkland Fuel Corporation's performance for the three and nine month period ended September 30, 2013 with the three and nine month period ended September 30, 2012. This discussion should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2012, dated February 25, 2013 and the Corporation's Annual Information Form dated March 27, 2013. This MD&A includes discussion of Parkland's affairs up to November 7, 2013. All amounts disclosed are in Canadian dollars, unless otherwise noted.

Prospective data, comments and analysis are also provided wherever appropriate to assist existing and new investors to see the business from a corporate management point of view. Such disclosure is subject to reasonable constraints of maintaining the confidentiality of certain information that, if published, would potentially have an adverse impact on the competitive position of Parkland.

Additional information relating to Parkland can be found at www.parkland.ca. The Corporation's continuous disclosure materials, including its annual and quarterly MD&A, audited annual and unaudited interim financial statements, its 2012 Annual Information Form, Management Information Circular and Proxy, Material Change Reports and the various news releases issued by the Corporation are also available on its website or directly through the SEDAR system at www.sedar.com.

Investors are also encouraged to enrol in Parkland's investor information services to receive the monthly Business Driver newsletter and news alerts. To sign up please go to http://bit.ly/PKI-Info or visit www.parkland.ca.

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## Caution Regarding Forward-Looking Statements

Certain information included herein is forward-looking. Forward-looking statements include, without limitation, statements regarding the value of the common shares to be issued and cash to be paid in consideration for the acquisition of SPF Energy Inc. ("Acquisition" or "SPF"), the successful completion of the Acquisition and the timing thereof, the anticipated benefits, including, without limitation, the opportunities, capabilities and synergies, that may result as a consequence of the Acquisition, the sources of funding for the Acquisition, the accretive impact of the Acquisition, the operations of SPF and Parkland following the completion of the Acquisition, the satisfaction of all conditions to the completion of the Acquisition, including, without limitation, obtaining all necessary third party and regulatory consents and approvals, Parkland's expectation of its future financial position, business and growth strategies, including the manner in which such strategies will be implemented, budgets, projected costs, sources of growth, capital expenditures, financial results, future acquisitions and the efficiencies to be derived therefrom and plans and objectives of or involving Parkland. Many of these statements can be identified by looking for words such as "believe", "expects", "expected", "will", "intends", "projects", "projected", "anticipates", "estimates", "continues", or similar words and include, but are not limited to, statements regarding the accretive effects of acquisitions and the anticipated benefits of acquisitions. Parkland believes the expectations reflected in such forward-looking statements are reasonable but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon. Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in Parkland's annual information form and other continuous disclosure documents. Such forward-looking statements necessarily involve known and unknown risks and uncertainties and other factors, which may cause Parkland's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. Such factors include, but are not limited to: failure to complete the Acquisition, failure to obtain the necessary regulatory or other third party approvals, failure to achieve the anticipated benefits of the Acquisition, failure to meet financial, operational and strategic objectives and plans, general economic, market and business conditions; industry capacity; competitive action by other companies; refining and marketing margins; the ability of suppliers to meet commitments; actions by governmental authorities including increases in taxes; changes in environmental and other regulations; and other factors, many of which are beyond the control of Parkland. Any forward-looking statements are made as of the date hereof and Parkland does not undertake any obligation, except as required under applicable law, to publicly update or revise such statements to reflect new information, subsequent or otherwise.

Parkland wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Readers should also refer to the section **Business Risks** at the end of this MD&A and in the 2012 Annual Information Form for additional information on risk factors and other events that are not within Parkland's control. Parkland's future financial and operating results may fluctuate as a result of these and other risk factors.

## Executive Summary

Parkland delivered Adjusted EBITDA of $37.8 million in the third quarter of 2013, a 38% decrease from the same period in 2012, due to refiner's margins falling below the five year average during the quarter and lower business activity in the commercial sector, offset by profits from recently acquired companies including Elbow River.

### Q3 2013 Operational Highlights:

**Grow**

- Volumes increased 62% or 671 million litres year over year primarily due to recent acquisitions;
- Subsequent to the 2013 third quarter, Parkland announced the acquisition of SPF Energy Inc. ("Acquisition" or "SPF") for approximately $110 million, consisting of approximately $89 million cash and approximately $21 million in common shares of Parkland. SPF is anticipated to add $20 million in Adjusted EBITDA and 1.1 billion liters of refined petroleum product annually; and
- Including the impact of the SPF acquisition, the Adjusted EBITDA forecast guidance for 2014 to 2016 has been increased by $10.0 million.

**Supply**

- Gasoline refiner's margins fell dramatically to low end of five year range in third quarter of 2013; and
- Parkland's supply options, terminal assets and logistics prove to be pivotal in managing both planned and unexpected refiner interruptions during the quarter.

**Operate**

- All strategic cost reduction programs remain on track;
- MG&A costs increase 33% compared year over year primarily due to integration of newly acquired companies; and
- Increased third quarter operating costs largely the result of the Elbow River Marketing, Sparling's Propane, TransMontaigne and Magnum Oil acquisitions.

## Consolidated Highlights:

| *(in millions of Canadian dollars, except volume and per Share amounts)* | Three months ended September 30, **2013** | 2012 | % Change | Nine months ended September 30, **2013** | 2012 | % Change |
|---|---|---|---|---|---|---|
| **Income Statement Summary:** | | | | | | |
| Sales and operating revenues | **1,509.0** | 1,059.5 | 42 | **4,064.6** | 3,135.2 | 30 |
| Gross profit | **112.8** | 112.5 | - | **369.3** | 333.0 | 11 |
| Operating costs | **44.1** | 33.3 | (32) | **130.0** | 113.1 | (15) |
| Marketing, general and administrative | **24.9** | 18.5 | (35) | **77.1** | 57.9 | (33) |
| Depreciation and amortization expense | **14.1** | 12.3 | (15) | **42.4** | 38.7 | (10) |
| | **29.7** | 48.4 | (39) | **119.8** | 123.3 | (3) |
| Customer finance income | **(0.6)** | (0.8) | (25) | **(1.8)** | (2.5) | (28) |
| Finance costs | **4.4** | 4.6 | 4 | **14.0** | 16.1 | 13 |
| Foreign exchange gain (loss) | **0.9** | - | - | **(0.8)** | (0.1) | 700 |
| Loss on disposal of property, plant and equipment | **1.2** | (0.6) | - | **1.6** | - | - |
| (Gain) loss on risk management activities | **(2.5)** | 1.1 | - | **11.5** | 6.8 | (69) |
| Earnings before income taxes | **26.3** | 44.1 | (40) | **95.3** | 103.0 | (7) |
| Income tax expense | **7.2** | 12.3 | 41 | **25.3** | 27.7 | 9 |
| Net earnings | **19.1** | 31.8 | (40) | **70.0** | 75.3 | (7) |
| Net earnings per share | | | | | | |
| - Basic | **0.27** | 0.48 | (44) | **1.00** | 1.14 | (12) |
| - Diluted [1] | **0.27** | 0.44 | (39) | **0.99** | 1.08 | (8) |
| **Non-GAAP Financial Measures:** | | | | | | |
| Adjusted EBITDA [2][3] | **37.8** | 60.6 | (38) | **156.9** | 157.9 | (1) |
| Distributable cash flow [2][4] | **23.2** | 44.7 | (48) | **110.4** | 109.2 | 1 |
| Distributable cash flow per share [2][4] | **0.33** | 0.66 | (50) | **1.55** | 1.63 | (4) |
| Dividends | **18.4** | 17.1 | 8 | **54.3** | 50.5 | 8 |
| Dividend to distributable cash flow payout ratio [2][4] | **79%** | 38% | | **49%** | 46% | |
| **Key Metrics:** | | | | | | |
| Fuel volume (millions of litres) | **1,762.0** | 1,091.0 | 62 | **4,742.0** | 3,179.0 | 49 |
| Return on capital employed (ROCE)[2][5] | **20.9%** | 24.0% | | | | |
| Employees | **1,323** | 1,155 | 15 | | | |
| **Fuel Key Metrics - Cents per litre:** | | | | | | |
| Average Retail fuel adjusted gross profit [6] | **4.99** | 4.38 | 14 | **4.76** | 4.77 | - |
| Average Commercial fuel adjusted gross profit [6] | **7.94** | 8.54 | (7) | **9.81** | 9.55 | 3 |
| Operating costs | **2.50** | 3.05 | 18 | **2.74** | 3.56 | 23 |
| Marketing, general and administrative | **1.41** | 1.70 | 17 | **1.63** | 1.82 | 11 |
| Depreciation and amortization expense | **0.80** | 1.13 | 29 | **0.89** | 1.22 | 27 |
| **Liquidity and bank ratios:** | | | | | | |
| Net debt:adjusted EBITDA [2][7] | **1.51** | 1.05 | | | | |
| Senior debt:adjusted EBITDA [2][7] | **0.86** | 0.33 | | | | |
| Interest coverage [2][6] | **8.09** | 5.20 | | | | |

(1) Diluted earnings (loss) per share can be impacted by an anti-dilutive impact of conversion of the debentures. Quarterly diluted earnings (loss) per share may therefore not accumulate to the same per share value as the year-to-date calculation.

(2) Please refer to the Non-GAAP Measures section in the MD&A for definitions.

(3) Please see Adjusted EBITDA discussion in the MD&A.

(4) Please see Distributable Cash Flow reconciliation table in the MD&A.

(5) Please see ROCE discussion in the MD&A.

(6) Please see Segmented Results discussion in the MD&A

(7) Please refer to the Non-GAAP Measures section in the MD&A for reconciliations.

## Who We Are

Parkland Fuel Corporation is Canada's largest independent supplier and reseller of fuel and related petroleum products, as well as a North American marketer of petroleum commodities. Within Canada, Parkland manages a nationwide network of fuel sales channels for retail, commercial, wholesale and residential heating customers.

Parkland is the bridge that connects Canadian refiners and end users. By leveraging a customer service model that endeavours to be the most responsive, accurate and accountable in the industry, Parkland aims to be the easiest fuel supplier and fuel reseller to do business with.

### Retail Fuel

Parkland Retail Fuels supports a network of more than 700 retail service stations that serve Canadian motorists from coast to coast.

Parkland is a Retail Branded Distributor for Imperial Oil Limited with locations in British Columbia, Alberta, Saskatchewan, Ontario and the Northwest Territories operating under the Esso brand. Parkland also maintains two proprietary brands: Fas Gas Plus and Race Trac.

### Commercial Fuel

Parkland Commercial Fuels is a nationwide operation serving commercial, industrial and residential customers. This division delivers bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids and other related products and services to commercial, industrial and residential customers through an extensive nationwide delivery network. Parkland is Shell’s largest reseller of distillate and lubricants in Canada.

Parkland Commercial Fuels’ family of successful brands includes: Bluewave Energy, Columbia Fuels, Island Petroleum, Neufeld Petroleum & Propane and Sparlings Propane.

### Wholesale, Supply and Distribution

Parkland Wholesale, Supply and Distribution is responsible for managing Parkland's fuel supply and inventory, which includes the purchase of fuel from refiners, distributing fuel via third party long-haul carriers and railcars, and serving wholesale and reseller customers.

Fuel supply contracts are maintained with multiple oil refiners which allows Parkland to obtain fuel supplies at competitive prices and enhances the security of the Corporation’s fuel supply.

#### Supply

The Supply team is focused on enhancing profits through management of the supply portfolio. This area includes negotiating and enhancing supply contracts, management of the supply portfolio to take advantage of long-term and short-term opportunities, and achieving operational excellence in logistics and supply processes.

**Wholesale**
The Wholesale team is focused on building a flexible portfolio of wholesale customers who need a secure and dependable source of supply. This team works to achieve the right mix between volume, margin, and payment terms for both the customer and Parkland.

**Logistics, Storage and Marketing**
On February 15, 2013, Parkland acquired the business of Elbow River Marketing. Elbow River markets, transports and supplies petroleum products throughout North America utilizing a fleet of 1,257 rail cars. Through a strong network of relationships, Elbow River Marketing is able to connect buyers and sellers of liquefied petroleum gases (butane, propane, and condensate), crude oil, heavy fuel oil, and a growing portfolio of refined fuel and bio-fuel products.

## Parkland's Values

**Integrity** - *We will always do the right thing;*
**People** - *Respect the needs of customers, employees and others;*
**Teamwork** - *Achieve greater results by working together; and*
**Success** - *Set and achieve challenging goals.*

## Investing in Parkland

**Clear growth strategy**

Parkland is a growth company in an industry that has experienced a trend of consolidation. The Corporation is well positioned to assist other independent fuel marketers looking for a partner to help with their succession plans, and major refiners looking for a partner to help steward and grow their downstream marketing channels. During and after the acquisition process, Parkland works with these partners to serve their customers, care for their employees, and grow their businesses. This is how Parkland intends to deliver value to its partners and investors.

**Dividend yield**

Parkland's Board of Directors has a strong conviction about the importance of distributing part of Parkland's profit to its shareholder base. Parkland continues to offer investors an annual dividend of $1.04 per share that is paid monthly.

**Focus**

As the largest Canadian independent fuel marketer, Parkland has evolved over more than fifty years to become a company focused on downstream fuel marketing. The Parkland team continually strives to learn, improve and evolve in the pursuit of being the premier downstream fuel marketer in Canada.

**History of success**

| As at the period ended September 30, 2013 (%, except as noted) | Trailing 1 year | Trailing 3 years | Trailing 5 years |
|---|---|---|---|
| Total shareholder return [1] | 17% | 99% | 231% |
| Compound annual total shareholder return [1] | 17% | 26% | 27% |
| Trailing twelve months growth in fuel volumes | 36% | | |
| Dividend yield at September 30, 2013 | 5.7% | | |
| Price to earnings multiple at September 30, 2013 | 16.0 | | |

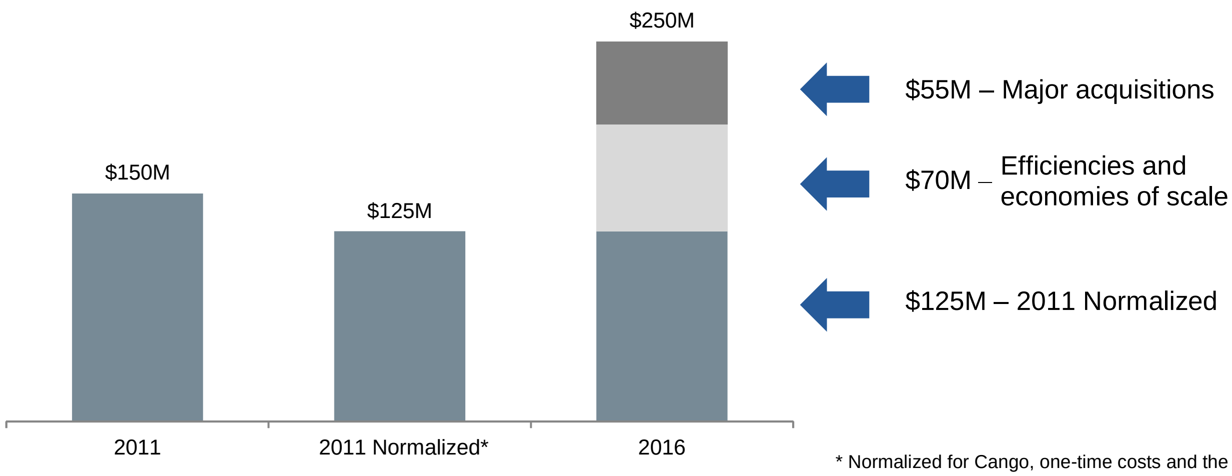
[1] Please refer to the Non-GAAP Measures section in the MD&A for definitions.

## Parkland's Strategy – The Parkland Penny Plan

**Doubling 2011 Normalized Adjusted EBITDA through The Penny Plan**

Parkland aspires to double 2011 normalized Adjusted EBITDA of $125 million through acquisitions and efficiencies by the end of 2016. (Normalized Adjusted EBITDA ignores one-time costs and irregular profits to reflect the economics that are anticipated for Parkland in 2014). By the end of 2016, the Penny Plan targets one cent per litre in savings, efficiencies and economies of scale over seven billion litres of fuel for an incremental gain of $70 million in Adjusted EBITDA. Acquisitions are targeted to contribute an additional $55 million in Adjusted EBITDA for a total targeted increase of $125 million in Adjusted EBITDA.

## 5-Year Adjusted EBITDA Plan




* Normalized for Cango, one-time costs and the average annualized benefit under the refiner's margin contract excluding performance from outlier years

## Grow – 1/3 of a cent

*Consolidating Canada's Fragmented Fuel Distribution Market*

Canada's market for diesel, gasoline and heating oil consumed 73.6 billion litres in 2012 through a fragmented mix of sales channels that include both large and small independent fuel marketers as well as the major refiners.

Parkland has aspirations to grow from 4.2 billion litres in annual fuel sales in 2011 to more than 7 billion litres by 2016 through a combination of organic growth and acquisitions. Based on Parkland's 2012 business mix, this growth in volume equates to approximately $55 million in additional Adjusted EBITDA.

Organic growth is targeted to deliver average fuel volume increases of 100 million litres annually for a total of 0.5 billion litres by 2016. Acquisitions are targeted to deliver approximately 2.5 billion litres in fuel volume growth over the course of the five year plan. However, acquisitions are contingent on reasonable pricing and Parkland will not over-pay. Based on recent market research, it is anticipated that more than 7 billion litres in fuel marketing business will change hands before the end of 2016.

Parkland's ability to integrate newly acquired companies is also a part of how the Corporation achieves new efficiencies. The acquisition process allows Parkland to identify value and then realize it. Parkland achieves efficiencies by leveraging its supply portfolio, executing on customer revenue growth opportunities, and reducing back office costs.

There are three primary sources of potential growth for Parkland:

1) **Acquisition of independent fuel marketers** – Independent fuel marketers are defined as those that do not have refining capacity of their own. Parkland's 2010 acquisition of Bluewave Energy, 2011 acquisition of Cango and 2013 acquisitions of Elbow River Marketing, TransMontaigne and Sparling's Propane fall into this category.

2) **Acquisition of business from major Canadian refiners** – Major Canadian petroleum refiners are, in some cases, actively divesting parts of their downstream marketing channels. Parkland's acquisition of Shell Canada's after-market lubricant business and distribution rights for select markets falls into this category.

3) **Organic growth** - This includes retail gas station upgrades, acquiring new retail dealers, and building new retail and commercial outlets. Organic growth is typically between 2% and 3% annually.

As the largest independent fuel marketer in Canada, Parkland is well positioned to assist other independent fuel marketers looking for a partner to help with their succession plans, and major refiners looking for a partner to help steward and grow their downstream marketing channels. During and after the acquisition process, Parkland works with these partners to serve their customers, care for their employees, and grow their businesses. When independent fuel marketers or refiners look to divest their fuel marketing business, Parkland strives to be their partner of choice. Parkland intends to continue to be proactive, focused and disciplined in its approach to such acquisitions.

## Supply – 1/3 of a cent

*Maintaining a Material Supply Advantage*

At the end of 2013, a supply contract that allows Parkland to economically benefit when refiner's margins are strong and which make a significant contribution to the Corporation's current earnings, comes to an end. Parkland has been actively executing a plan to replace the volume and the normalized economic benefit of this contract.

In addition to replacing the normalized economic benefit, Parkland believes an additional third of a cent per litre in improved supply and distribution costs is achievable through effective management of the supply and wholesale portfolio.

Parkland's dedicated Wholesale, Supply and Distribution team is working to achieve these goals through effective supply management which includes:

1) Negotiating supply contracts that reflect Parkland's total sales portfolio, scope of operations, and ability to sell an equal mix of diesel and gasoline;
2) Maintaining a portfolio of contracts and other supply options to ensure Parkland's customers have a secure and reliable source of supply even when supply disruptions occur;
3) Achieving the lowest overall buy price across all of Parkland's markets on a daily and hourly basis; and
4) Investing in supply infrastructure that enhance supply security and optionality such as the Bowden terminal which is now operational.

## Operate – 1/3 of a cent

*Superior Customer Service Delivered Cost Effectively*

The final third of a cent per litre will be found in greater operational efficiencies and savings through programs like "Give Me Five!". Give Me Five! is a strategic cost initiative that trains employees on how to identify savings opportunities, and provides them with the resources and tools to extract value from those opportunities. This employee led initiative identified $11.0 million in potential savings, with approximately $3.0 million realized in 2012 and the balance incorporated into Parkland's 2013 and future plans.

Operating effectively in the fuel marketing industry also means operating in a safe, prudent, and responsible manner. In 2013, Parkland has continued to drive toward a culture of safety across all its operations.

By operating effectively through a robust integration process and reducing waste, Parkland plans to achieve exceptional service and efficiency in the downstream fuel marketing industry.

## 2014 – 2016 Forecast Guidance

Parkland provided detailed forecast guidance at an investor day held in Toronto on April 15, 2013. As a result of the anticipated acquisition of SPF Energy Inc. expected to close later this year, Parkland has revised the Adjusted EBITDA forecast by increasing the range in each of 2014, 2015 and 2016 by $10 million. The new Adjusted EBITDA forecast amounts are as follows:

| ***Adjusted EBITDA[1] Forecast ($ millions)*** | **2014** | **2015** | **2016** | **Acquisition assumptions:** (Adjusted EBITDA acquired per year) |
|---|---|---|---|---|
| *Expected Case* | 200 | 226 | 252 | 12 |
| *Low Case* | 185 | 210 | 228 | 7 |
| *High Case* | 209 | 239 | 269 | 15 |

(1) Please see the Non-GAAP Measures section in the MD&A for a complete definition of Adjusted EBITDA

These forecasts assume that Parkland maintains its current business mix, is able to achieve 2-4% organic growth annually including tuck-in acquisitions and acquires annual Adjusted EBITDA as outlined in the table above. All other major assumptions in the previously announced guidance have not changed.

# Core Capabilities

Parkland is Canada's largest independent fuel supplier and reseller. While the Corporation's reach is national, the service is local. Parkland has evolved over more than fifty years to become a corporation specializing solely on downstream fuel marketing. Through constant learning, improvement and evolution Parkland is continually striving to be the best downstream fuel marketing business in Canada.

Parkland's core capabilities include:

- A reach and scope that encompasses North America which allows it to see opportunities between markets that other independents can't see;
- A diverse portfolio of regional markets and products that protect it against the risk of competitive, operational and environmental disruptions in any one market;
- The scale to have a dedicated supply team. This allows Parkland to secure economic benefit from its supply portfolio;
- Strategic storage and rail infrastructure combined with logistical expertise in moving fuel and other commodities between markets in North America;
- Supply security through a portfolio of contracts with multiple refiners across Canada; and
- Distribution channels that provide a balanced sales portfolio of gasoline and diesel which provide a competitive supply advantage;

Parkland is the bridge that connects Canadian refiners to Canadian communities, with a local focus that grows business.

# Key Performance Drivers

### Volumes

Volumes, not revenues, are the "top line" number to watch in Parkland's results. Costs and margins are driven on a per litre basis. Revenues, assuming volumes are static, are driven by the price of crude and by extension the wholesale price for fuel charged by the refiners.

It is possible for fuel volumes to grow, and profits to increase, even as revenues diminish.

**Profit margins on a cents per litre basis**
Margins in the fuel marketing divisions are provided on a cents per litre or “cpl” basis. Margins contract and expand based on competitive conditions, seasonality, demand, and supply availability. Margins on a per litre basis determine the profitability of Parkland’s business.

**Supply costs**
Supply costs show up in the Wholesale, Supply and Distribution Division. Achieving lower costs in supply results in increased profit in this division as Parkland charges its marketing divisions a standard transfer price.

**Operating costs on a cents per litre basis**
Parkland manages two types of costs: Marketing, general and administrative (“MG&A”) and Operating costs (“Opex”). Monitoring these costs on a cents per litre basis provides investors with information about the progress Parkland is making on achieving transactional efficiency. However, investors should be aware that as Parkland’s business mix changes, both as a result of acquisitions and through regular seasonal fluctuations, the Corporation’s Opex on a cents per litre basis will also fluctuate.

## Putting it all together
Parkland currently markets more than five billion litres of fuel across Canada. At today’s run rate, achieving an efficiency or margin improvement of one cent could deliver more than $50 million in increased Adjusted EBITDA.

## Parkland Penny Plan Scorecard

| | Commitment | Analysis | 2016 Target | September 2013 | December 2012 |
|---|---|---|---|---|---|
| **Grow** | Organic Growth<br>Organic growth includes volume increases through sales activities, same store/branch sales growth, building retail stations and commercial branches. | **Lower Consumption in Oil and Gas Sector**<br>Base volumes, excluding Elbow River Marketing, continue to be down due to softness across several commercial sectors partially offset by strong sales efforts. | 500 million litres | **(83.6)** YTD million litres | **(29.7)** YTD million litres |
| **Grow** | Major Acquisitions<br>Parkland seeks to acquire major commercial businesses, retail dealer networks, corporate owned retail networks, and wholesale businesses all of which have fundamentally different Adjusted EBITDA/L characteristics. | **$47 million in Adjusted EBITDA Added**<br>The acquisitions of Elbow River Marketing, Sparling's Propane, SPF Energy Inc. and TransMontaigne will contribute towards the $55 million in Adjusted EBITDA Parkland is targeting by 2016. The mergers and acquisitions environment remains very active. The year to date results exclude 1,315 million litres of fuel and propane volume from Elbow River Marketing. | 2.5 billion litres | **1,720** million litres | - |
| **Supply** | Supply Margins<br>The supply team is targeting to replace the normalized profit† of a major supply contract that ends December 31, 2013. Commentary for this section is limited due to the confidential and, in some cases, competitively sensitive nature of the information. | **On Track**<br>Parkland continues to extend its progress on replacing the average normalized profit† of its refiner's margin contract through the negotiation of supply contracts, supply management, terminals, and the addition of Elbow River Marketing. No problems are foreseen in replacing the volume. | 100% Normalized profit plus 1/3 cent | **On Track** | **On Track** |
| **Operate** | Operating Costs<br>Greater operational efficiency and economies of scale through growth will drive lower operating costs on a cents per litre (cpl) basis. Business mix will also play a factor. | **Progress Continues**<br>Elbow River Marketing's volumes and operating costs have been excluded. The primary reason for the decrease is the addition of TransMontaigne's high volume wholesale business. | 3.60 cpl | **3.49** cpl TTM | **3.61** cpl TTM |
| **Operate** | Administration Costs<br>Marketing, general and administrative ("MG&A") costs are expected to hold steady or decline as the corporation grows through back office system efficiencies and initiatives like "Give me 5!" | **MG&A Down on Increased Volumes**<br>Elbow River Marketing's volumes and MG&A costs as well as acquisition costs have been excluded. | 1.59 cpl | **1.79** cpl TTM | **1.87** cpl TTM |
| **Operate** | TRIF<br>**Total Recordable Injury Frequency**<br>(per 100 full time equivalent employees per year) | **Safety Remains a Focus**<br>TTM Lost Time Injury Frequency increased to 0.99 at the end of Q3 2013 from 0.96 in Q2. TTM Total Recordable Injury Frequency was similar in Q3 2013 compared to 2.55 in Q2 2013. | Less than 2 | **2.62** TTM | **2.33** TTM |

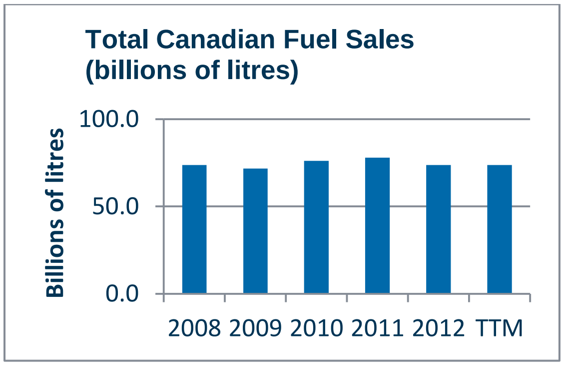
* Normalized for Cango and one-time costs; †The average annualized benefit under this contract excluding performance from outlier years

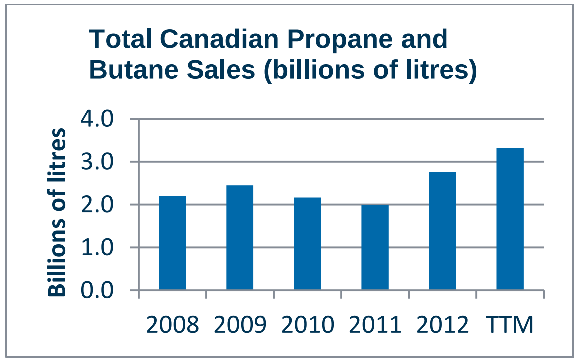
Note: 2016 cost targets will be updated in the event of a significant change to Parkland's business mix.

Abbreviations: cpl = cents per litre

# Economic Developments and Outlook

Domestic sales of gasoline, diesel and light fuel oil in Canada contracted by 5.3% in 2012 to 73.8 billion litres compared with 78.0 billion litres in 2011, but remained stable at around 73.8 billion litres for the twelve months ending April 30, 2013. Domestic sales of propane and butane increased by 38% to 2.8 billion litres in 2012 compared with 2.0 billion in 2011 and have continued to grow in the twelve months ending April 2013.




**Canadian Fuel Market**
Domestic sales of diesel, gasoline and light fuel were 73.8 billion litres for the trailing twelve months at the end of April 2013. Source: Statistics Canada CANSIM table 134-0004.

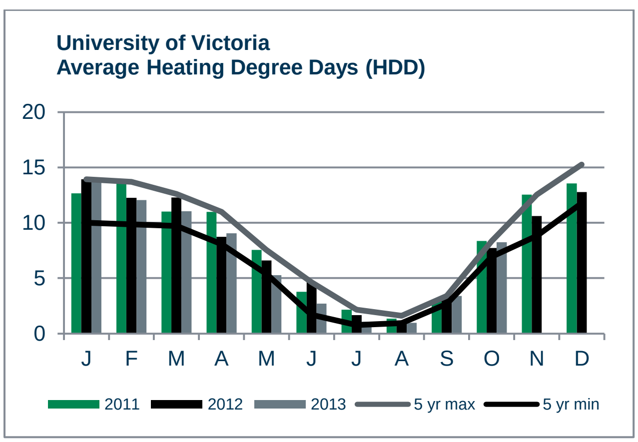
**Canadian Propane and Butane Market**
Domestic sales of propane and butane were 3.3 billion litres for the trailing twelve months at the end of April 2013. Source: Statistics Canada CANSIM table 134-0004.

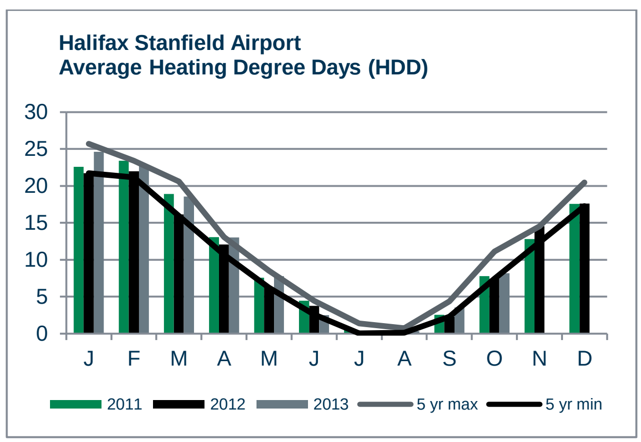
### World Economy:

The Canadian fuel marketing industry is relatively unaffected by the world economy, and is driven primarily by population, weather and Canada's resource extraction industries.

### Weather:

During the winter, cold weather drives the sale of heating oil and drives greater consumption of fuel in Parkland's other lines of business. While heating degree days (HDD) are not relevant to the third quarter results, October 2013 HDD for both Victoria and Halifax were higher than the previous year which should have a positive effect on sales volumes.



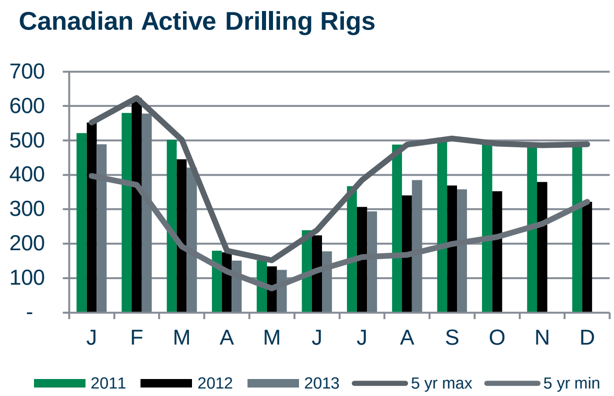

**Victoria, BC - Heating Degree Days**

**Halifax, NS - Heating Degree Days**

**Heating Degree Days - Definition**
Heating degree days (HDD) correlate to the demand for energy needed to heat homes or businesses. The heating requirement for a given structure at a specific location is considered to be directly proportional to the number of HDD at that location. Heating degree days for a given day are the number of Celsius degrees that the mean temperature is below 18°C. If the temperature is equal to or greater than 18°C, then the number will be zero. For example, a day with a mean temperature of 15.5°C has 2.5 heating degree-days; a day with a mean temperature of 20.5°C has zero degree-days. Heating degree-days are used primarily to estimate the heating requirements of buildings.

Heating degree day data for Victoria and Halifax is shown in the graphs above. Heating Degree Day data is available for all Canadian markets at: http://www.climate.weatheroffice.gc.ca/climateData/canada_e.html. Please note that the Halifax station has now moved to Environment Canada's new NAV system, and that information from this station for the month of January 2013 appears to be incomplete. Monthly and seasonal forecasts are available through Environment Canada at: http://www.weatheroffice.gc.ca/saisons/index_e.html

**Resource Industry:**
For the three months ended September 30, 2013, the Canadian Association of Oilwell Drilling Contractors (CAODC) reported an average monthly drilling rig count of 346 per month, a 2.1 percent increase compared with 339 per month for the same period in 2012. This increase was predominantly as a result of oil wells in regions outside of Parkland's Commercial Division operating area.



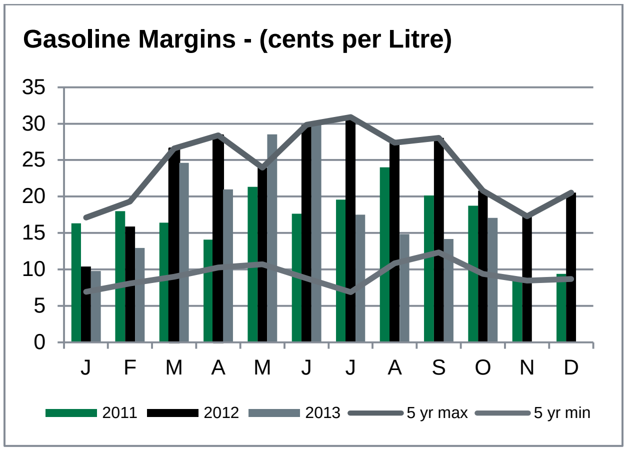

**Average Monthly Drilling Rig Counts**
Average monthly rig counts, shown above, are used as a proxy for the health of Canada's oil and gas industry. Rig counts are publically available through the CAODC:
http://www.caodc.ca/statistics/rigcounts.html

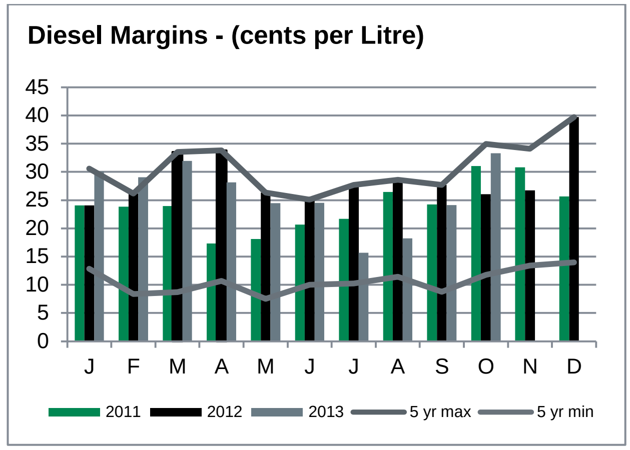
**Refiner's Margins:**
Parkland currently purchases approximately one billion litres of fuel annually from a refiner under an agreement that is priced using a formula that allows Parkland to share in a portion of refiner's margins. This agreement expires December 31, 2013. Due to the volatile nature of refiner's margins, and their impact on Parkland, it is useful to monitor this data.

Refiner's margins for gasoline contracted significantly during the third quarter particularly in August and September. On average for the third quarter of 2013, refiner's margins for gasoline were consistently lower than the levels seen during the same period in 2012 and near the bottom of five year average values. Diesel margins in the third quarter of 2013 decreased to near the five year average.

While October has seen some recovery in refiner's margins, it's important to note the seasonal squeeze in margins typically seen in Q4 on the gasoline side.

Note that the refiner’s margin data presented below is current as of October 29, 2013.




**Gasoline Refiner’s Margins**

**Diesel Refiner’s Margins**

Edmonton refiner’s margins are approximated by subtracting the wholesale prices charged by refiners in Edmonton from the cost of Edmonton Par crude on a cents per litre basis. Refiner’s margins can be calculated using information from the Kent Marketing Group: http://www.kentmarketingservices.com

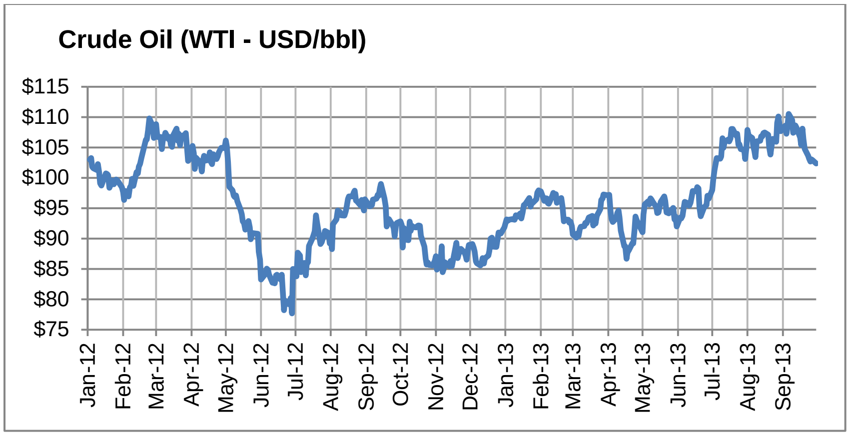
**Crude Pricing:**

Crude pricing impacts Parkland’s working capital requirements including the value of its accounts receivables, inventories and accounts payable. Additionally, net earnings can be impacted by gains or losses on inventories held. Generally, crude and refined product inventories realize a gain in a rising crude pricing environment, or a loss in a falling crude pricing environment.

As demonstrated later, fuel product pricing is directly correlated with crude pricing. Therefore, as crude prices increase or decrease, so too does Parkland’s working capital requirements. This, in turn, impacts Parkland’s Return on Capital Employed (“ROCE”).

In Parkland’s Retail Division, a rising crude price increases fuel product pricing which puts increased pressure on the wholesale to retail marketing margin, as increases in the price “on the street” usually lag increases in wholesale price. Therefore, Parkland’s Retail Division benefits from stable or declining crude pricing.

Parkland’s Commercial Division, on the other hand, benefits from rising crude prices which tend to encourage oil and gas exploration and production activity, an important industry to Parkland’s Western Canadian operations.



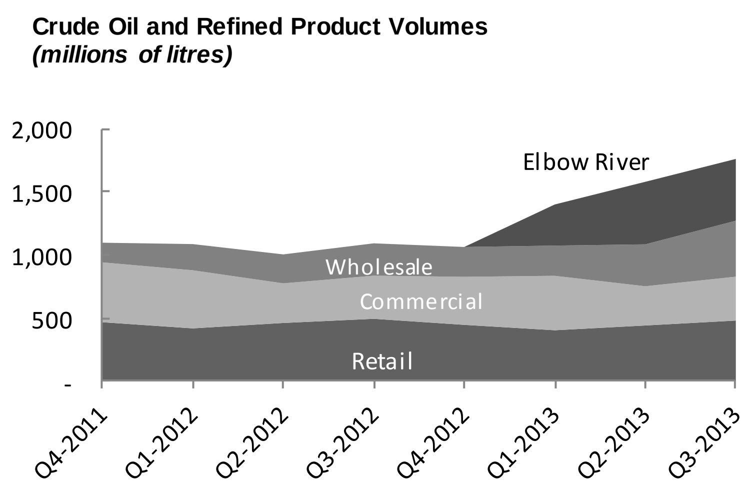

**Crude Pricing – West Texas Intermediate (USD/bbl)**
Movements in crude pricing impact Parkland's Commercial and Retail Divisions in different and often opposing ways. Data is current to September 20, 2013.

# Consolidated Financial Review

## Fuel and Petroleum Products Volumes

*Q3 2013 vs. Q3 2012*

Fuel and petroleum products ("Fuel") volumes increased 671 million litres or 62% to 1.8 billion litres in the third quarter of 2013 from 1.1 billion litres in the prior period of 2012. This increase was due to 491 million litres from the acquisition of Elbow River Marketing, 189 million litres due to the acquisition of TransMontaigne and 19 million litres due to the acquisition of Sparling's Propane, partially offset by a 6 million litre reduction in volumes from the Cango network due to site rationalization and reduced activity in key industries including oil and gas and construction and the discontinuation of low margin fuel marketer agreements in Northern Alberta.




**Fuel Volumes**
Fuel volumes have increased through a combination of acquisitions and organic growth. Commercial fuels experiences higher volumes throughout the winter months during quarters one and four, due to higher demand for heating oil and propane. Retail Fuels experiences higher volumes in the second and third quarters, during the summer driving season.

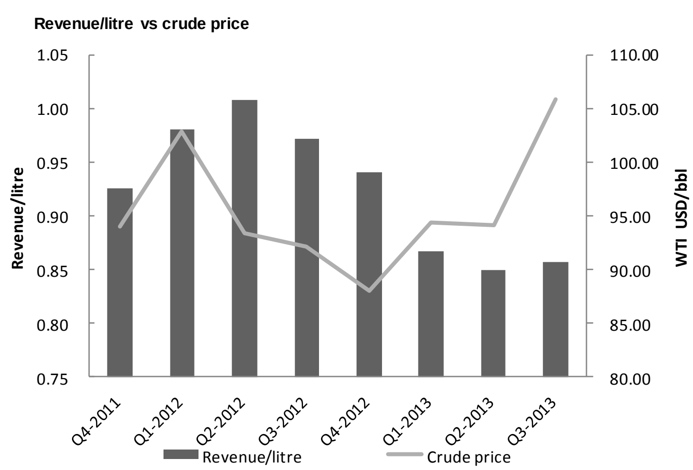
*YTD 2013 vs. 2012*
Fuel volumes for the nine months ended September 30, 2013 increased 49% to 4.7 billion litres from 3.2 billion litres in the prior year. The increase is primarily due to 1.3 billion litres from the acquisition of Elbow River Marketing, 288 million litres from the acquisition of TransMontaigne and 44 million litres due to the acquisition of Sparling's Propane, partially offset by a 24 million litre reduction in volumes from the Cango network due to site rationalization and reduced activity in key industries including oil and gas and construction and the discontinuation of low margin fuel marketer agreements in Northern Alberta.

## Revenue

*Q3 2013 vs. Q3 2012*
Sales and operating revenue for the three month period ended September 30, 2013 increased by 42% to $1.5 billion compared with $1.1 billion for the same period of 2012. This is mainly due to the inclusion of $256 million in Elbow River Marketing revenue and $174 million in TransMontaigne revenue, and $8.9 million from Sparling's Propane, partially offset by the decrease in volume related to Cango site rationalization and reduced activity in key industries including oil and gas and construction and the discontinuation of low margin fuel marketer agreements in Northern Alberta.

There is a strong correlation between revenue and the price of crude. Revenue fluctuates with changing commodity prices. Changes in volume have a more direct impact on profitability, whereas changes in revenue impact working capital and Return on Capital Employed ("ROCE").

*YTD 2013 vs. 2012*
Sales and operating revenue for the nine months ended September 30, 2013 increased by 30% to $4.1 billion compared with $3.1 billion for the quarter ended September 30, 2012. This is mainly due to the inclusion of $685 million in Elbow River Marketing revenue, $265 million in TransMontaigne revenue and $20.7 million in revenue from Sparlings Propane, partially offset by the decrease in volume related to Cango site rationalization and reduced activity in key resource industries.




**Correlation between Crude Oil Prices and Revenue**
Parkland's revenue is driven by fuel volumes, the cost of refined product and, by extension, the price of crude oil. In the absence of large changes in fuel volumes, revenue tends to fluctuate directly with the price of crude for many of Parkland's divisions. Parkland's product portfolio continues to evolve through acquisitions and organic growth which directly impacts revenue per litre. In the first quarter of 2013 Parkland acquired Elbow River which sells unrefined petroleum & NGL products which sell at a lower price per litre.

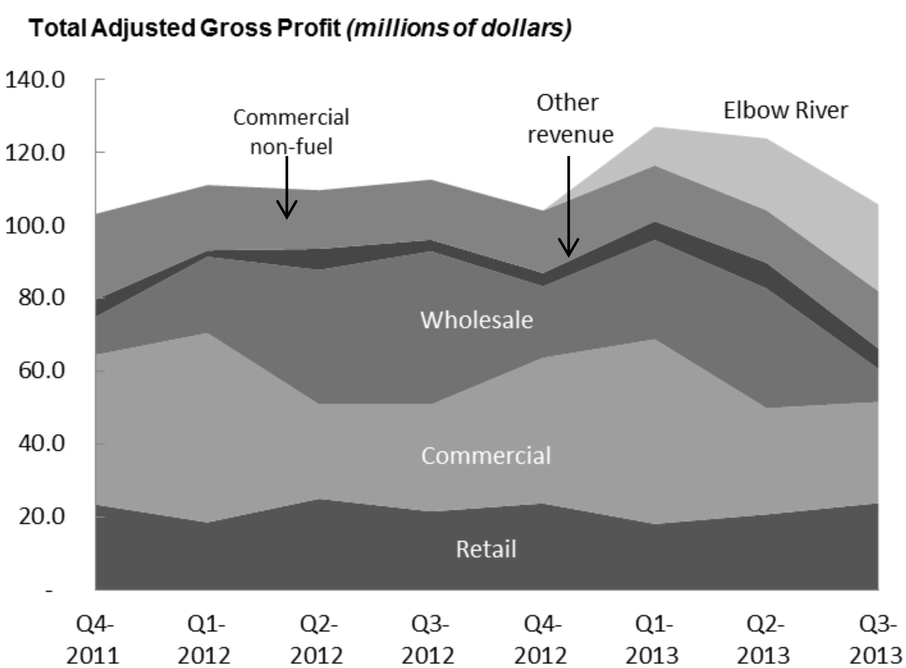
## Adjusted Gross Profit [(1)]

*Q3 2013 vs. Q3 2012*

Adjusted gross profit for the three months ended September 30, 2013 decreased 6% or $7.1 million to $105.4 million compared with $112.5 million for the same period in 2012. On a product segment basis:

- Fuel and petroleum products adjusted gross profit decreased 9% or $8.8 million to $84.0 million in the third quarter of 2013 compared with $92.8 million in the third quarter of 2012 primarily due to significantly lower refiner's margins as crack spreads have decreased significantly in the third quarter of 2013. This has been partially offset by the inclusion of $16.4 million adjusted gross profit of Elbow River Marketing, $1.7 million of adjusted gross profit of Sparling's Propane, and $1.9 million from TransMontaigne since the acquisition dates.
- Commercial non-fuel adjusted gross profit decreased by 1% or $0.2 million to $15.0 million in the third quarter of 2013 compared with $15.2 million in the third quarter of 2012. The decrease in commercial non-fuel adjusted gross profit is principally due to decreased lubricant margin from transition to Shell branded product.
- Other non-fuel adjusted gross profit increased 42% or $1.9 million to $6.4 million in the third quarter of 2013 compared with $4.5 million in the third quarter of 2012 primarily due to the acquisition of Elbow River Marketing, the addition of storage revenue from the Bowden facility and increased cartage charges to Retail dealers.

(1) Please see Segmented Results discussion in the MD&A.




**Quarterly Profit Changes**

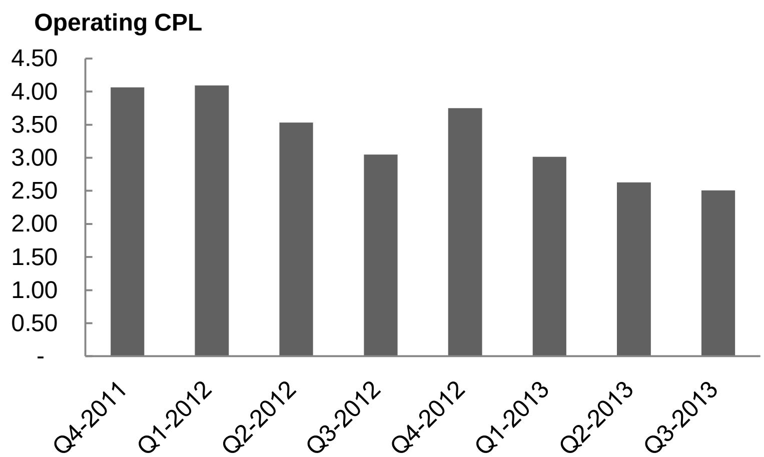
Parkland's gross profit is driven by the type of fuel product sold, as gross margins vary by product significantly. During the third quarter 2013 refiner's margins decreased to five year historical averages which negatively impacted the wholesale division, as they participate in refiner's margins. The acquisition of Elbow River Marketing in Q1 2013 changed the product mix of Parkland significantly as they are a large volume business that takes advantage of arbitrage opportunities and sells a variety of petroleum and NGL products which tend to have a lower overall gross margin, but operate at lower overhead costs.

*YTD 2013 vs. 2012*
Adjusted gross profit for the nine months ended September 30, 2013 increased 8% or $25.0 million to $358.1 million compared with $333.1 million for the nine months ended September 30, 2013. On a product segment basis:

- Total fuel and petroleum products adjusted gross profit increased 8% or $22.8 million to $294.6 million for the nine months ended September 30, 2013 compared with $271.8 million for the nine months ended September 30, 2012 primarily due to the inclusion of $43.0 million adjusted gross profit of Elbow River Marketing, $4.4 million of adjusted gross profit of Sparling's Propane and $2.6 million from TransMontaigne partially offset by lower refiner's margins.
- Commercial non-fuel adjusted gross profit decreased 9% or $4.5 million to $44.7 million for the nine months ended September 30, 2012 compared with $49.2 million in 2012 due to decreased oil and gas activity and the lubricant brand transition to Shell as noted in the quarter.
- Other non-fuel adjusted gross profit increased 55% or $6.7 million to $18.8 million for the nine months ended September 30, 2013 compared with $12.1 million in 2012 primarily due to the acquisition of Elbow River Marketing and increased cartage charges to Retail Fuels dealers.

## Operating Expenses

*Q3 2013 vs. Q3 2012*
Operating and direct costs increased by 33% to $44.1 million (2.5 cpl) for the three months ended September 30, 2013, compared with $33.2 million (3.0 cpl) in the three months ended September 30, 2012, primarily due to the acquisition of Elbow River Marketing $5.6 million, $0.7 million from TransMontaigne and $2.3 million from Sparling's Propane, partially offset by business simplification and standardization in Parkland's Retail Fuels Division, reduced volumes and cost initiatives within the Commercial Fuels Division.



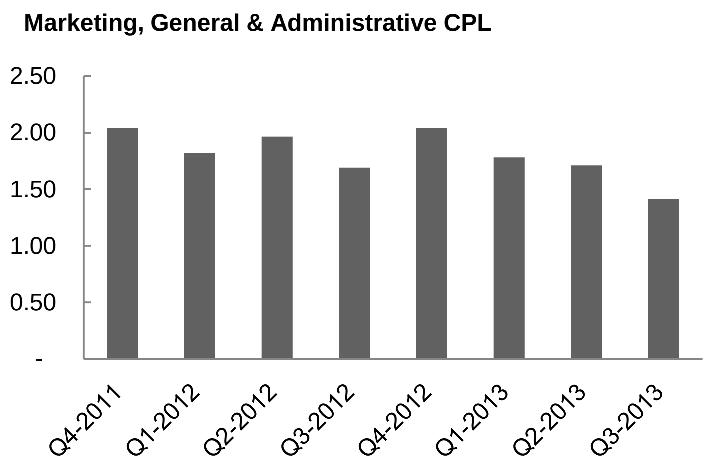

**Quarterly Operating Expenses on a CPL basis:**
Prior to the first quarter of 2013 operating cost cpl does not include Elbow River Marketing. Elbow River Marketing activities are high volume and low operating cost which reduces Parkland's consolidated operating cost cpl. Prior to the second quarter of 2013 operating cost cpl does not include TransMontaigne or Sparling's Propane. TransMontaigne is a wholesale operation and its activities are high volume and low operating cost. Sparling's Propane is a commercial operation and its activities are lower volume, higher margin and higher operating costs.

*YTD 2013 vs.2012*
Operating and direct costs increased by 15% to $130.0 million (2.7 cpl) in the nine months ended September 30, 2013, compared with $113.1 million (3.6 cpl) in 2012 due to the same reasons as described in the quarter.

## Marketing, General and Administrative Expenses

*Q3 2013 vs. Q3 2012*
Marketing, general and administrative expenses (“MG&A”) increased 35% to $24.9 million (1.4 cpl) in the third quarter of 2013 compared with $18.5 million (1.7 cpl) in the third quarter of 2012. Marketing, general and administrative costs in the third quarter of 2013 increased $4.5 million as a result of the acquisition of Elbow River Marketing, $0.4 million from the purchase of TransMontaigne, $0.4 million from the acquisition of Sparlings Propane, and $0.8 million in acquisition related costs.

*YTD 2013 vs. 2012*
Marketing, general and administrative expenses increased 33% to $77.1 million (1.6 cpl) in the nine months ended September 30, 2013, compared with $57.9 million (1.8 cpl) for the nine months ended September 30, 2012. Marketing, general and administrative costs in the first nine months of 2013 increased $19.2 million as a result of the acquisition of Elbow River Marketing $13.2 million, $1.0 million from the purchase of TransMontaigne, $1.0 million from the acquisition of Sparling’s Propane and $4.1 million in acquisition related costs.




**Marketing General and Administrative Expenses on a CPL basis.:**
In the third quarter of 2013 MG&A costs continue to decline on a cpl basis as Parkland’s volumes continue to increase as a result of recent acquisitions in 2013 Elbow River Marketing, TransMontaigne, and Sparlings Propane.

## Adjusted Earnings Before Interest, Tax, Depreciation and Amortization ("Adjusted EBITDA")

| *(in thousands of Canadian dollars)* | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| Net earnings | **19,061** | 31,821 | **69,920** | 75,272 |
| Finance costs (1) | **4,425** | 4,590 | **14,009** | 16,050 |
| Loss/(gain) on disposal of property, plant and equipment | **1,217** | (631) | **1,617** | 49 |
| Income tax expense | **7,130** | 12,409 | **25,325** | 27,667 |
| Unrealized (gain) loss from the change in fair value commodities | | | | - |
| forward contracts and US dollar forward exchange contracts | **(9,521)** | - | **(661)** | - |
| Unrealized loss on foreign exchange | **597** | 9 | **159** | 13 |
| Acquisition related costs | **768** | 71 | **4,088** | 95 |
| Amortization and depreciation | **14,076** | 12,282 | **42,410** | 38,734 |
| Adjusted EBITDA (2)(3) | **37,753** | 60,551 | **156,867** | 157,880 |

(1) Includes realized and unrealized (gain) loss on the interest rate swap

(2) Includes the realized and unrealized (gain) loss on put options

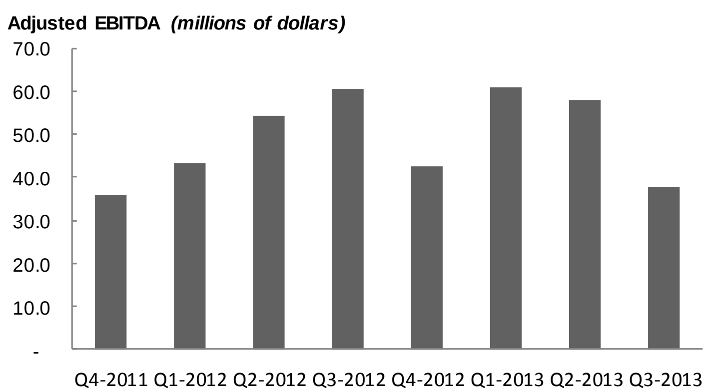
(3) Please refer to the Non-GAAP Measures section in the MD&A for definitions.

*Q3 2013 vs. Q3 2012*

Adjusted EBITDA for the third quarter of 2013 decreased by 38% to $37.8 million compared with $60.6 million in the third quarter of 2012. The decrease in Adjusted EBITDA is mainly the result of crack spreads decreasing to below five year historical average levels resulting in lower refiner's margins, lower Commercial Fuels earnings, partially offset by the acquisition of Elbow River Marketing with Adjusted EBITDA of $6.8 million.

*YTD 2013 vs. 2012*

Adjusted EBITDA for the nine months ended September 30, 2013 was $156.9 million, a decrease of 1% compared with $157.9 million for the nine months ended September 30, 2012 principally due to lower Commercial Fuels results and lower refiner's margins partially offset by the Elbow River Marketing acquisition which added $19.2 million of Adjusted EBITDA during the first nine months.




**Adjusted EBITDA:**

Refiner's margins decreased in the third quarter of 2013 below the average five year levels.

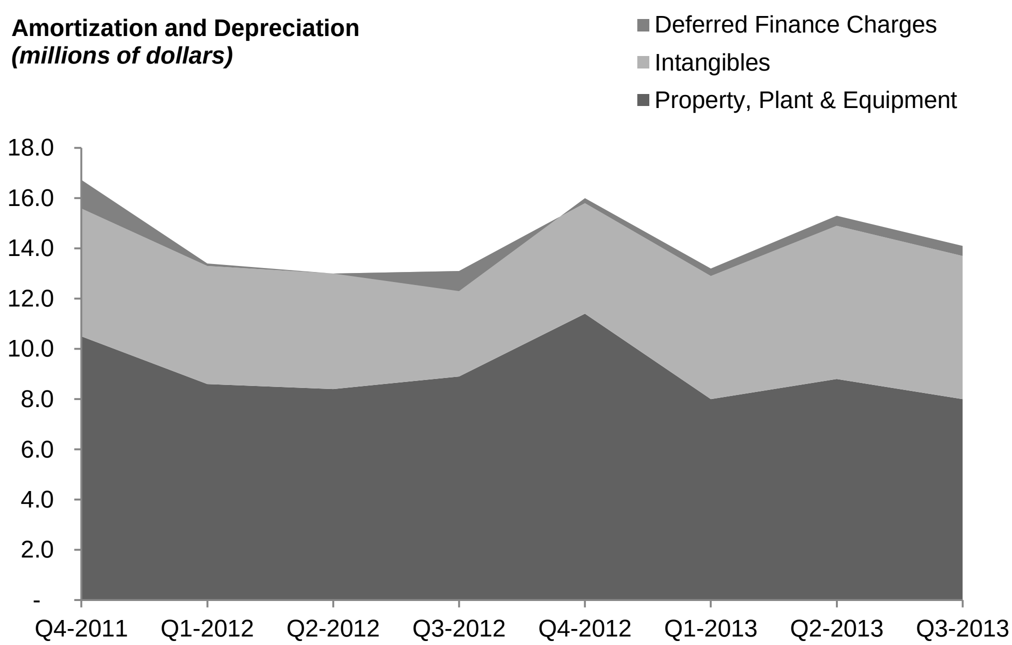
## Depreciation and Amortization

*Q3 2013 vs. Q3 2012*

Depreciation and amortization expenses in the third quarter of 2013 increased 15% or $1.8 million to $14.1 million compared with $12.3 million in the third quarter of 2012. This is mainly due to the acquisition of Elbow River Marketing, TransMontaigne and Sparling's Propane, partially offset by reducing amortization expense related to tanks. Effective April 1, 2013, the amortization period for tanks included in property, plant, and equipment changed. Prior to the second quarter of 2013, Parkland amortized all tanks over a range of a five to thirty year period. With this change in estimate, effective April 1, 2013 onwards, tanks are prospectively amortized over a thirty year period. The impact of this revision in the useful life estimate is a decrease in depreciation and amortization expense by approximately $1.5 million a quarter $6.0 million a year.

*YTD 2013 vs. 2012*

Depreciation and amortization expenses for the nine months ended September 30, 2013 increased 10% or $3.7 million to $42.4 million compared with $38.7 million for the nine months ended September 30, 2012, mainly due to the same reasons as noted in the quarter.




**Amortization and Depreciation:**
The amortization and depreciation expenses attributable to intangible assets are significant due to acquisitions that Parkland has made since 2007. Depreciation of property, plant and equipment has remained fairly constant over the last eight quarters with the exception of Q4 2012 which included significant adjustments relating to asset retirement obligations.

## Finance Costs

*Q3 2013 vs. Q3 2012*

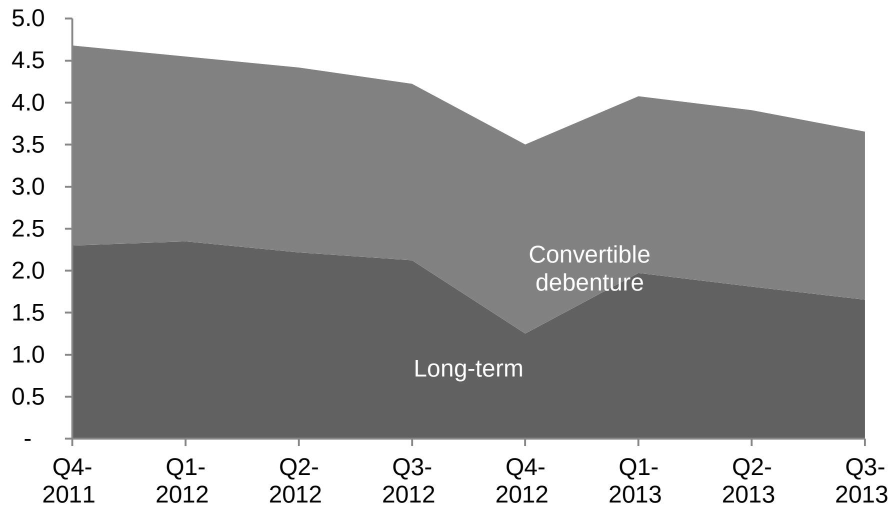
Finance costs were $4.4 million in the third quarter of 2013 compared with $4.6 million for the same period in 2012, a decrease of 4%. Finance costs are interest on long-term debt, interest and accretion on convertible debentures, accretion on refinery and terminal remediation, asset retirement obligations and loss (gain) on interest rate swaps.

Interest on long-term debt for the third quarter of 2013 decreased by $0.4 million to $1.7 million compared with $2.1 million in the third quarter of 2012 due to decreased interest rates and average debt levels throughout the third quarter 2013 compared with the same period 2012. Long-term debt including the current portion has increased to $170.5 million as at September 30, 2013, an increase of $49.9 million from $120.6 million as at June 30, 2013.

Interest and accretion on convertible debentures for the third quarter of 2013 was $2.6 million compared with $2.7 million in the third quarter of 2012.

Accretion on the asset retirement obligation and refinery and terminal remediation increased $0.9 million to $0.2 million in the third quarter of 2013 from ($0.7) million in the third quarter of 2012.

**Interest costs *(millions of dollars)***



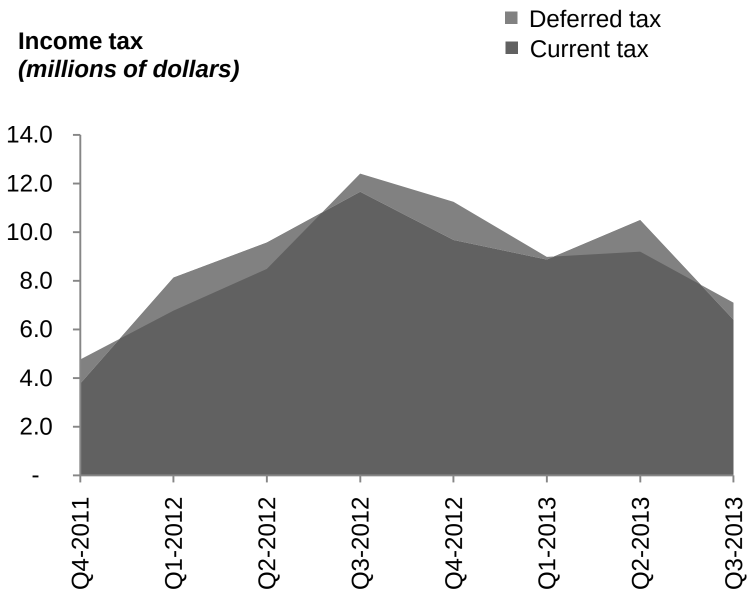

**Interest Costs:**
Interest costs decreased for Parkland as a result of the conversion of convertible debentures to common shares, and improved capital management which resulted in Parkland negotiating reduced interest terms on its long term debt in the past two years. Long term includes Credit Facility interest, capital lease interest and mortgage interest. During the first quarter of 2013 interest costs increased compared to the fourth quarter of 2012 due to the acquisition of Elbow River Marketing.

*YTD 2013 vs. 2012*
For the nine months ended September 30, 2013 finance costs were $14.0 million compared with $16.1 million in 2012. This decrease is mainly due to the conversion of debentures to common shares and lower interest rates on the credit facility.

## Income Tax

*Q3 2013 vs. Q3 2012*
Income tax expense of $7.1 million was incurred in the third quarter compared with $12.4 million for the same period in 2012. The decrease is attributable to a decline in pre-tax earnings.

*YTD 2013 vs. 2012*
Income tax expense of $25.3 million was incurred for the nine months ended September 30, 2013 compared with an expense of $27.7 million in 2012 for the same reason described above.

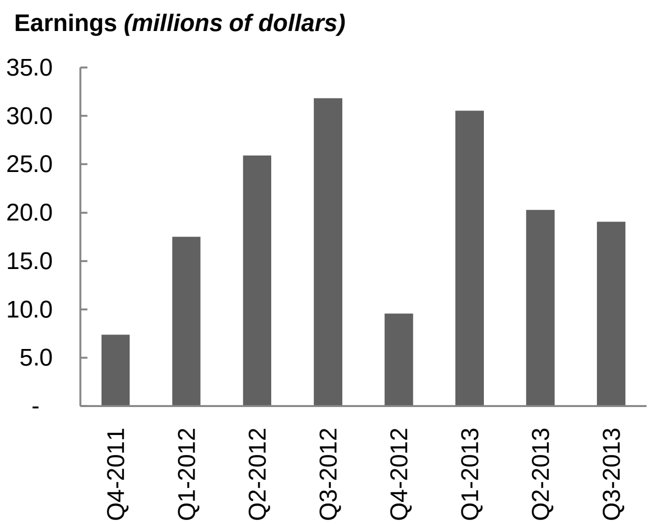



**Income Tax:**
Changes in income tax expenses are primarily due to changes in pre-tax earnings.

## Net Earnings

*Q3 2013 vs. Q3 2012*

Parkland's net earnings in the third quarter of 2013 were $19.1 million, a decrease of $12.7 million compared with net earnings of $31.8 million in the third quarter of 2012. The decrease in net earnings in the third quarter of 2013 compared with the prior year was primarily due to a $22.8 million decrease in Adjusted EBITDA, $1.8 million increase in depreciation and amortization costs, $1.8 million in increase in loss on disposal of property plant and equipment, partially offset by a $5.3 million decrease in income taxes and a gain on risk management activities of $9.5 million. The gain on risk management activities is due to unrealized gains from the change in fair value of commodity forward contracts and US dollar forward exchange contracts.

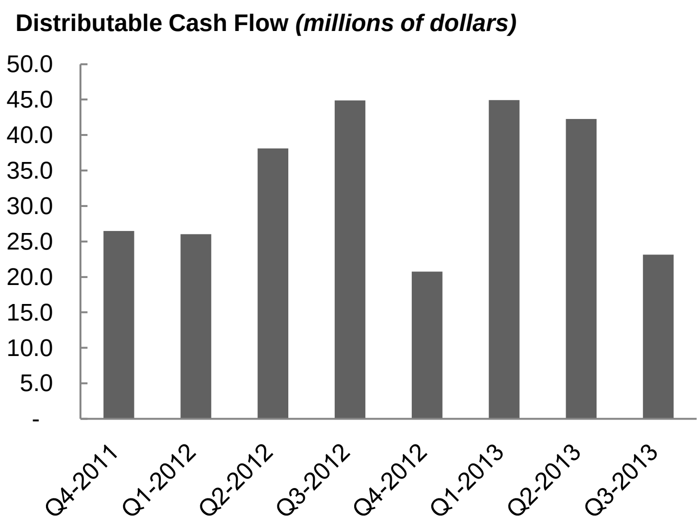



**Earnings:**
Net earnings during the most recent quarters have been impacted by record high refiner's margins, these margins have decreased during the third quarter of 2013. This has been partially offset by the acquisition of Elbow River Marketing.

*YTD 2013 vs. 2012*
Net earnings for the nine months ended September 30, 2013 were $69.9 million, a decrease of $5.4 million compared with $75.3 million in 2012. The decrease in net earnings was primarily due to $1.0 million decrease in Adjusted EBITDA, $3.7 million increase in depreciation and amortization, $4.0 million increase in acquisition related costs, $1.6 milllion loss on disposal of property, plant and equipment, partially offset by $2.0 million decrease in finance costs, a $0.7 million unrealized gain from the change in fair value of commodity related contracts and US dollar forward exchange contracts and a $2.3 million decrease in income taxes.

# Reconciliation of Distributable Cash Flow

## Distributable Cash Flow




*Q3 2013 vs. Q3 2012*
Distributable cash flow exceeded dividends in the third quarter by $4.8 million compared with $27.6 million in the third quarter of 2012. The dividend payout ratio for the third quarter of 2013 was 79% compared with 38% in the third quarter of 2012. Distributable cash flow decreased $21.5 million to $23.2 million in the third quarter of 2013 compared with $44.7 million in the third quarter of 2012. The decrease in distributable cash flow and increase in the dividend payout ratio are primarily due to the $22.8 million decrease in Adjusted EBITDA, a decrease of $3.3 million in proceeds on disposal, partially offset by a decrease in current income taxes of $5.3 million.

*YTD 2013 vs. 2012*
Distributable cash flow for the nine months ended September 30, 2013 exceeded dividends by $56.1 million compared with $58.7 million for the nine months ended September 30, 2012. The dividend payout ratio for the nine months ended September 30, 2013 was 49% compared with 46% for the nine months ended September 30, 2012. Distributable cash flow increased $1.2 million to $110.4 million in the first nine months of 2013 compared to $109.2 million in the first nine months 2012. The increase in distributable cash flow and increase in dividend payout ratio is primarily due to a $4.9 million decrease in current income taxes, a $2.1 decrease in maintenance capital expenditures, a $2.7 million decrease in interest costs, partially offset by a $6.8 million decrease in proceeds on property plant and equipment and a $1.0 million decrease in Adjusted EBITDA.

| (in thousands of Canadian dollars except per Share amounts) | Three months ended September 30, 2013 | 2012 | Nine months ended September 30, 2013 | 2012 |
|---|---|---|---|---|
| Cash flow from operating activities | **(39,140)** | 47,607 | **141,295** | 180,944 |
| Less: Total capital expenditures and intangibles | **(9,918)** | (13,424) | **(26,256)** | (33,703) |
| Standardized distributable cash flow | **(49,058)** | 34,183 | **115,039** | 147,241 |
| Add back (deduct): | | | | |
| Growth capital expenditures and intangibles | **5,097** | 8,865 | **14,376** | 19,730 |
| Proceeds on disposal of capital items | **1,287** | 4,572 | **2,734** | 9,502 |
| Change in other long-term liabilities | **-** | - | **(2,385)** | - |
| Change in non-cash working capital | **65,831** | (2,937) | **(19,362)** | (67,259) |
| Distributable cash flow (1) | **23,157** | 44,683 | **110,402** | 109,214 |
| Shares outstanding | **71,020** | 67,204 | **71,020** | 67,204 |
| Distributable cash flow per share (1) | **0.33** | 0.66 | **1.55** | 1.63 |
| Dividends | **18,396** | 17,060 | **54,298** | 50,483 |
| Dividend payout ratio (1) | **79%** | 38% | **49%** | 46% |

(1) Please refer to the Non-GAAP Measures section in the MD&A for definitions.

# Dividends

The following table sets forth the record date, date of payment, payment date, amount per share, and total dividends paid during the year:

| Record Date | Payment Date | Amount Per Share | Total Dividends (*$000's*) |
|---|---|---|---|
| January 22, 2013 | February 15, 2013 | 0.085 | 5,812 |
| February 25, 2013 | March 15, 2013 | 0.085 | 5,870 |
| March 22, 2013 | April 15, 2013 | 0.087 | 6,021 |
| April 22, 2013 | May 15, 2013 | 0.087 | 6,041 |
| May 23, 2013 | June 14, 2013 | 0.087 | 6,067 |
| June 21, 2013 | July 15, 2013 | 0.087 | 6,089 |
| July 22, 2013 | August 15, 2013 | 0.087 | 6,111 |
| August 22, 2013 | September 13, 2013 | 0.087 | 6,135 |
| September 20, 2013 | October 15, 2013 | 0.087 | 6,157 |
| October 22, 2013 | November 15, 2013 | 0.087 | 6,179 |
| **Total dividends declared to Shareholders in 2013** | | 0.864 | 60,482 |

## 2013 Dividend Plan

Parkland intends to continue to pay dividends on a monthly basis of $0.0867 per share, equivalent to $1.04 per share annually. Parkland's business has grown significantly over the past several years and a similar growth trajectory is anticipated as the fuel industry continues to consolidate. This dividend level has been set to allow Parkland to continue to execute growth plans through a combination of internally generated funds, external debt and equity capital. At the discretion of Parkland's Board of Directors, Parkland will determine the amount of any future dividends payable. From time to time this amount may vary depending on a number of factors.

# Premium Dividend™ and Discount Dividend Reinvestment Plan

In January 2011, Parkland launched the Premium Dividend and discount Dividend Reinvestment Plan ("DRIP") as a means to incrementally raise equity capital for growth and other corporate purposes at a low cost. In addition to the option of receiving a monthly cash dividend of $0.0867 per share, Canadian investors can choose either the Premium Dividend™ or enhanced Dividend Reinvestment Plan.

- The Premium Dividend™ – This provides eligible shareholders with a 2% cash premium on top of their regular cash dividend. Participants electing this option receive a monthly payment of $0.0885 per share for dividends declared to shareholders of record on and after March 22, 2013. Prior to March 22, 2013 participants received $0.0867 per share.

- Dividend Reinvestment – This allows shareholders to purchase additional shares with their dividend at a 5% discount to the volume weighted average price as defined by the plan.

Those shareholders who do not elect to participate in the Premium Dividend™ or enhanced Dividend Reinvestment Plan still receive their regular monthly dividend of $0.0867 per share.

Parkland's DRIP is administered by Valiant Trust. Details are available from Parkland or from Valiant Trust**.**

## Dividends Analysis

*A comparison of dividends with cash flow from operating activities, net earnings and Adjusted EBITDA*

Net earnings include significant non-cash charges including depreciation and amortization and accretion. These non-cash charges do not impact Parkland's distributable cash flow.

| *(in thousands of Canadian dollars except per Share amounts)* | **Three Months Ended September 30,** | | **Nine Months Ended September 30,** | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| Cash flow from operating activities | **(39,140)** | 47,607 | **141,294** | 180,944 |
| Net earnings | **19,061** | 31,821 | **69,920** | 75,272 |
| Adjusted EBITDA [1] | **37,753** | 60,551 | **156,867** | 157,880 |
| Dividends | **18,396** | 17,060 | **54,298** | 50,483 |
| (Shortage) excess of cash flow from operating activities relative to dividends | **(57,536)** | 30,547 | **86,996** | 130,461 |
| Excess of cash flow from net earnings relative to dividends | **665** | 14,761 | **15,622** | 24,789 |
| Excess of cash flow from Adjusted EBITDA relative to dividends | **19,357** | 43,491 | **102,569** | 107,397 |

[1] Please refer to the Non-GAAP Measures section in the MD&A for definitions.

*Q3 2013 vs. Q3 2012*

Cash flow from operating activities in the three months ended September 30, 2013 was $57.5 million lower than dividends compared to $30.5 million higher in 2012. The decrease is primarily due to a $22.8 million decrease in Adjusted EBITDA and net year over year decrease in non-cash working capital of $68.8 million as a result of a $16.1 million increase in accounts receivable, a $4.6 million increase in inventories, a $30.2 million decrease in accounts payable and accrued liabilities, a $7.9 million decrease in income tax payable and a $7.5 million increase in prepaid expenses and other in the third quarter 2013.

*YTD 2013 vs. 2012*

Cash flow from operating activities in the nine months ended September 30, 2013 was $87.0 million higher than dividends compared to $130.5 million higher in 2012. The decrease is primarily due to a $1.0 million decrease in Adjusted EBITDA and a net year over year decrease in non-cash working capital of $47.9 as a result of a $10.8 million increase in inventories, a $17.6 million decrease in income tax payable, a $52.3 million decrease in accounts payable, a $4.4 million decrease in deferred revenue, partially offset by a $2.3 million decrease in prepaid expenses and other, a $35.5 million decrease in accounts receivable, a $1.6 million increase related to share incentive compensation and an increase in other long term liabilities of $2.4 million.

## Return on Capital Employed ("ROCE")

| *(In thousands of Canadian dollars)* | **September 30, 2013** | September 30, 2012 |
|---|---|---|
| **Four quarter average** | | |
| Bank indebtedness | **3,139** | - |
| Long-term debt (including current portion) | **162,474** | 185,852 |
| Convertible debentures | **129,239** | 136,311 |
| Shareholders' equity | **391,725** | 312,534 |
| | **686,577** | 634,697 |
| Less: | | |
| Cash and cash equivalents | **(11,982)** | (57,074) |
| Capital Employed | **674,595** | 577,623 |
| | | |
| Net earnings (trailing twelve months "TTM") | **79,502** | 82,655 |
| Add/(Deduct) | | |
| Finance costs (1) | **18,207** | 26,588 |
| Loss/(gain) on disposal of property, plant and equipment | **1,850** | (1,058) |
| Unrealized (gain) loss on Foreign Exchange | **169** | 17 |
| Unrealized (gain) loss from the change in fair value of commodities forward contracts and US dollar forward exchange contracts | **(662)** | - |
| Acquisition costs | **5,353** | 95 |
| Income tax expense | **36,575** | 30,078 |
| TTM Adjusted EBIT (2)(3) | **140,994** | 138,375 |
| | | |
| Return on Capital Employed(1) | **20.9%** | 24.0% |

(1) Includes realized and unrealized (gain) loss on the interest rate swap

(2) Includes the realized and unrealized (gain) loss on put options

(3) Please refer to the Non-GAAP Measures section in the MD&A for definitions.

Average capital employed has increased $97.0 million from $577.6 million as at September 30, 2012 to $674.6 million as at September 30, 2013 primarily due to the acquisitions of Elbow River Marketing, TransMontaigne and Sparling's Propane. In the consolidated balance sheet, the increase is primarily in accounts receivable of $70.1 million, an increase in goodwill and intangibles of $47.8 million, an increase in inventory $21.9 million and an increase in property, plant and equipment of $25.3 million, partially offset by an increase in accounts payable of $56.3 million. Adjusted earnings before interest and taxes ("Adjusted EBIT") increased $2.6 million from the nine months ended September 30, 2012 to the nine months ended September 30, 2013 as a result of a $5.6 million increase in Adjusted EBITDA partially offset by an increase in depreciation and amortization of $2.9 million. Return on capital employed ("ROCE"), as measured by trailing twelve months Adjusted EBIT divided by average capital employed, decreased from 24.0% at September 30, 2012 to 20.9% at September 30, 2013.

# Capability to Deliver Results

## Liquidity

*Cash Balances and Cash Flow Activity*

*Q3 2013 vs. Q3 2012*

Parkland's cash position decreased by $4.6 million in the third quarter of 2013 compared with a decrease of $58.7 million in the third quarter of 2012. For the three month period ended September 30, 2013, operating activities used $39.1 million of cash compared with $47.6 million of cash flow generated in the third quarter of 2012. The net change in non-cash working capital used $65.8 million of cash flow in the third quarter 2013, compared with $2.9 million of cash flow generated in the third quarter of 2012. The decrease in quarter over quarter cash flow generated from working capital was principally due to cash flow used in the third quarter of 2013 from a $15.8 million increase in accounts receivable, a $13.7 million increase in inventory and a $25.5 million decrease in accounts payable compared to third quarter 2012 increase in accounts payable of $4.7 million, an increase in income tax payable of $3.9 million and a $3.0 million decrease in prepaid expenses and other, partially offset by cash flow used in a $9.1 million increase in inventory.

Financing activities in the third quarter of 2013 generated $44.4 million in cash, due to $49.9 million in long-term debt net proceeds less $5.6 million in dividends paid to shareholders. Financing activities used $96.0 million in cash flow in the third quarter of 2012, of which $91.2 million was used for net debt repayments and $5.1 million in dividends paid to shareholders.

Cash used in investing activities decreased $0.5M million quarter-over-quarter as the third quarter of 2013 used $9.8 million in cash, compared with $10.3 million of cash used in the third quarter of 2012.

*YTD 2013 vs. 2012*

Parkland's cash position decreased $17.9 million in the nine months ended September 30, 2013 compared with an increase of $16.0 million in 2012. For the nine months ended September 30, 2013, operating activities generated $141.3 million of cash compared with $180.9 million in cash flow in 2012, primarily due to a decrease in non-cash working capital of $19.4 million in 2013 compared with a decrease of $67.3 million in 2012. The decrease in working capital in 2013 is primarily the result of a decrease in accounts receivable of $46.1 million and an increase in accounts payable of $5.3 million, partially offset by a decrease in income taxes payable of $20.8 million and a decrease in deferred revenue of $8.3 million. In 2012 there was a decrease in inventory of $7.6 million, a decrease in accounts receivable of $10.6 million, an increase in accounts payable and accrued liabilities of $57.6 million and a decrease in deferred revenue of $3.9 million.

Financing activities in the nine months ended September 30, 2013 used $2.8 million of cash flow, which included a total cash flow generated of $13.8 million arising from long-term debt proceeds of $410.6 million less repayments of $396.8 million. Financing activities used $137.6 million in cash flow during the nine months ended September 30, 2012.

Investing activities in the nine months ended September 30, 2013 used $156.4 million in cash flow compared with $27.3 million for 2012. Investing activities in the nine months ended September 30, 2013 included $130.5 million for the purchase of Sparling's Propane and the assets of Elbow River Marketing, TransMontaigne, Scotsburn and R-Gas and capital asset additions of $26.3 million. Investing activities in the nine months ended September 30, 2012 included capital asset additions of $33.7 million, partially offset by $9.5 million of proceeds from the disposal of property, plant and equipment, and further offset by an increase of $3.1 million in loan receivables.

## Tangible and Intangible Assets

*A Review of Property, Plant and Equipment and Intangible Assets*

For accounting purposes, amounts expended on both maintenance and growth capital are treated as purchases of capital assets. The classification of capital as growth or maintenance is subject to judgment, as many of the Corporation's capital projects have components of both. It is the Corporation's policy to classify all capital assets related to service station upgrades or the replacement and upgrading of its trucking fleet as maintenance capital. The construction of a new building on an existing site or the addition of new trucks and trailers to increase the size of the fleet is considered growth capital.

*Q3 2013 vs. Q3 2012*
During the third quarter of 2013, the Corporation's total additions of property, plant and equipment and intangibles, consisting of maintenance capital and growth capital, were $9.9 million compared with $13.4 million for the same period in 2012. Maintenance capital in the quarter ended September 30, 2013 was $4.8 million compared with maintenance capital of $4.6 million in the third quarter of 2012. Growth capital in the third quarter of 2013 was $5.1 million, compared with $8.9 million in growth capital in the third quarter of 2012.

*YTD 2013 vs. 2012*
During the nine months ended September 30, 2013, the Corporation's total additions of property, plant and equipment and intangibles, consisting of maintenance capital and growth capital, were $26.3 million compared with $33.7 million in 2012. Maintenance capital during the nine months ended September 30, 2013 was $11.9 million compared with maintenance capital of $14.0 million in 2012. Growth capital during 2013 was $14.4 million, compared with $19.7 million in growth capital last year.

## Capital Resources

A revolving extendible credit facility (the "Credit Facility") agreement was executed on June 30, 2011 initially for a period of three years. On August 7, 2012 the Credit Facility was amended to extend the maturity date an additional two years to June 30, 2016. The facility is extendible each year for a rolling three-year period at the option of Parkland. The Credit Facility is for a maximum amount of $450 million with interest only payable at the bank's prime lending rate plus 0.75% to 2.0% per annum (reduced from the bank's prime lending rate plus 1% to 2.5% per annum prior to the August 7, 2012 amendment). The Credit Facility includes a revolving operating loan to a maximum of $450 million less the value of letters of credit issued. The letter of credit facility is to a maximum of $85 million. The Credit Facility also includes a $100 million accordion feature that could potentially increase the total lending capacity to $550 million. Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for $900 million, thus creating a first floating charge over all of the undertaking, property and assets of Parkland.

At September 30, 2013, Parkland had $169.1 million in long-term debt (excluding $1.4 million of the current portion of long-term debt, the $83.1 million remaining amount of series 1 convertible unsecured subordinated debentures outstanding and the $44.1 million remaining amount of series 2 convertible unsecured subordinated debentures outstanding), compared with $153.5 million at December 31, 2012 (excluding $0.9 million of the current portion of long-term, $93.1 million remaining amount of series 1 convertible unsecured subordinated debentures outstanding and the $43.8 million remaining amount of series 2 convertible unsecured subordinated debentures outstanding). At September 30, 2013, Parkland had $6.5 million of cash on hand and $9.6 million of bank indebtedness at various banks compared with a cash balance of $14.7 million on hand at December 31, 2012.

Based on the balance of Parkland's seasonal business, management believes that cash flow from operations will be adequate to fund maintenance capital, interest, income taxes and targeted dividends. Growth capital expenditures in the next twelve months will be funded by cash flow from operations, proceeds from the Premium Dividend™ and Dividend Reinvestment Plan, and by the Credit Facility. Any additional debt incurred will be serviced by anticipated increases in cash flow and will only be borrowed within Parkland's debt covenant limits.

Parkland manages its capital structure and makes adjustments according to market conditions to maintain flexibility while achieving the objectives stated above. To manage the capital structure, Parkland may adjust capital spending, adjust dividends paid to shareholders, issue new shares, issue new debt or repay existing debt.

At September 30, 2013, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing four quarter Adjusted EBITDA including acquisition related costs basis. The financial covenants under the Credit Facility are as follows:

1. Ratio of current assets to current liabilities shall not be less than 1.10 to 1.00 on a consolidated basis;

2. Ratio of senior funded debt (which excludes the convertible debentures and senior debt but includes issued letters of credit) to Adjusted EBITDA including acquisition related costs shall not exceed 3.00 to 1.00 during the second and third quarters and shall not exceed 3.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year;
3. Ratio of total funded debt (which excludes the convertible debentures but includes issued letters of credit) to Adjusted EBITDA including acquisition related costs shall not exceed 4.00 to 1.00 during the second and third quarters and shall not exceed 4.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year; and
4. Ratio of Adjusted EBITDA including acquisition related costs less maintenance capital expenditures and taxes to the sum of interest, principal and dividends after DRIP proceeds shall not be less than 1.15 to 1.00.

Liquidity risk is the risk that Parkland will encounter difficulties in meeting its financial liability obligations. Parkland manages its liquidity risk through cash and debt management. In managing liquidity risk, Parkland has access to various credit products at competitive rates.

Parkland believes it has sufficient funding through the use of these facilities to meet foreseeable borrowing requirements.

## Labour Force

Parkland had approximately 1,323 employees at September 30, 2013, including 171 employees in its Red Deer, Alberta, head office and 86 employees in its Calgary, Alberta offices.

Parkland's employees are also owners of the Corporation, investing in Parkland regularly through its employee share purchase plan. Employees are also rewarded through an annual incentive plan that is linked to a minimum targeted return on capital employed to drive corporate performance.

Parkland's ability to deliver on its strategy is contingent on retaining and attracting employees with the proper skill sets to drive the key initiatives forward. As such, there is a focus on recruiting and retaining key employees. To date, Parkland has been successful at filling critical positions as needed.

## Systems and Processes

Parkland utilizes a number of information technology systems that assist and support the administration and control of its operations. Technology initiatives are primarily implemented using in-house resources with additional assistance from outside consultants when required.

Parkland's technology initiatives include:

- Upgrading Point-of-Sale systems and implementing the MasterCard and Visa ("EMV") payment system at convenience store and service station sites;
- Upgrading truck technology for delivery management;
- Implementing technologies to improve back office efficiency through automation; and
- Continued maintenance and security related to overall network administration and emergency response processes.

### Enterprise Resource Planning (ERP) System Implementation

During 2010, Parkland implemented an ERP system with the view to enhancing Parkland's long-term efficiency, expanding Parkland's ability to integrate future acquisitions, and building a sustainable platform for future growth and operational improvements. Processes will continue to be streamlined to automate and simplify the day-to-day document flow within Parkland. Further integration of staff and functions within local branches and across broad geography continue to be a focus area to harmonize and simplify, to remove unnecessary costs and to strengthen business controls.

## Safety and Environment

Parkland is committed to ensuring a safe working environment that protects its employees, customers and the environment. As part of this commitment, Parkland has an established Health, Safety & Environment (HSE) program that includes comprehensive policies and procedures designed to manage and mitigate HSE risks. Additionally, employees have the opportunity to actively engage in safety initiatives through numerous HSE committees representing all areas of Parkland's business.

Parkland's primary business of selling and transporting fuel products and other dangerous goods has an inherent degree of risk. As such, Parkland provides training to all staff as required to mitigate these risks and has operations and response procedures to deal with emergency situations. Safety bonuses are also provided to certain employees in higher risk roles as a means of rewarding safe performance of duties.

Parkland maintains a Certificate of Recognition (COR) in two provinces, and is a proud participant in Alberta WCB's Partnerships in Injury Reduction program.

## Segmented Results

The following table details sales and operating revenue, cost of sales and adjusted gross profit for Parkland's business segments:

| | Three months ended September 30, | | | Nine months ended September 30, | | |
|---|---|---|---|---|---|---|
| *(in millions of Canadian dollars)* | **2013** | 2012 | % Change | **2013** | 2012 | % Change |
| **Fuel and Petroleum Products Segment** | | | | | | |
| Sales | **1,438.9** | 993.9 | 45 | **3,842.9** | 2,920.4 | 32 |
| Cost of Sales | **(1,347.5)** | (901.1) | (50) | **(3,537.1)** | (2,648.7) | (34) |
| Realized (loss) gain on risk management activities (1) | **(7.1)** | - | - | **0.9** | - | - |
| Realized (loss) gain on foreign exchange | **(0.3)** | 0.0 | - | **(12.1)** | 0.1 | - |
| Adjusted Gross profit (2) | **84.0** | 92.8 | (10) | **294.6** | 271.8 | 8 |
| Adjusted gross margin | **5.8%** | 9.3% | | **7.7%** | 9.3% | |
| Cents per litre | **4.77** | 8.51 | (44) | **6.19** | 8.55 | (28) |
| **Non-Fuel Commercial Segment** | | | | | | |
| Sales | **57.5** | 55.1 | 5 | **187.6** | 186.5 | 1 |
| Cost of Sales | **(42.5)** | (39.9) | (7) | **(142.9)** | (137.3) | (4) |
| Adjusted Gross profit (2) | **15.0** | 15.2 | - | **44.7** | 49.2 | (9) |
| Adjusted gross margin | **26%** | 28% | | **24%** | 26% | |
| **Other Non-Fuel Segment** | | | | | | |
| Sales | **12.5** | 10.5 | 19 | **34.1** | 28.3 | 20 |
| Cost of Sales | **(6.1)** | (6.0) | (2) | **(15.3)** | (16.2) | 6 |
| Adjusted Gross profit (2) | **6.4** | 4.5 | 41 | **18.8** | 12.1 | 55 |
| Adjusted gross margin | **51%** | 43% | | **55%** | 43% | |
| **Gross Profit Sources (2)** | | | | | | |
| Adjusted Gross profit on Fuel and Petroleum Products Segment | **84.0** | 92.8 | (9) | **294.6** | 271.8 | 8 |
| Adjusted gross profit on Non-Fuel Commercial Segment | **15.0** | 15.2 | (1) | **44.7** | 49.2 | (8) |
| Adjusted gross profit on Other Non-Fuel Segment | **6.4** | 4.5 | 42 | **18.8** | 12.1 | 55 |
| Total consolidated Adjusted gross proft (2) | **105.4** | **112.5** | (6) | **358.1** | 333.1 | 8 |

(1) This category includes realized gains/losses on commodities forward contracts and US dollar forward exchange contracts.

(2) Please refer to the Non-GAAP Measures section in the MD&A for definitions.

## Fuel and Petroleum Products Segment

This segment consists of the sale and delivery of petroleum products, crude oil and liquid petroleum gases through the Corporation's commercial, retail and wholesale distribution channels. It is the Corporation's most important segment and the focus of its operations. A more detailed review of this segment can be found in the "Fuel and Petroleum Products Operations" section later in this MD&A.

*Q3 2013 vs. Q3 2012*

For the three months ended September 30, 2013, Parkland's Fuel and Petroleum Products segment accounted for approximately 95% of sales compared with 94% in the third quarter of 2012; and approximately 80% of adjusted gross profit in the third quarter of 2013 compared with 83% in the third quarter of 2012.

Fuel and petroleum product volumes increased 671 million litres or 62% to 1,762 million litres in the third quarter of 2013 from 1,091 million litres in the prior year. This increase was due to 491 million litres of Elbow River Marketing volumes, 189 million litres in TransMontaigne volumes and 19 million litres in Sparling's Propane volumes since the acquisition dates, partially offset by a 6 million litre reduction in volumes from the Cango network due to site rationalization and reduced activity in key industries including oil and gas and construction and the discontinuation of low margin fuel marketer agreements in Northern Alberta.

Sales increased $445.0 million to $1.4 billion in the quarter ended September 30, 2013 from $993.9 million in the third quarter of 2012. The increase is due to the same reasons as the volume increase.

Third quarter 2013 Fuel and Petroleum Products adjusted gross profit decreased 9% to $84.0 million compared with $92.8 million in the third quarter of 2012 mainly attributable to decreased refiner's margins in Wholesale, Supply and Distribution. Please refer to the operational reviews of Parkland's Commercial, Retail and Wholesale, Supply and Distribution operations found later in this MD&A for an in-depth discussion on fuel margins and volumes for the quarter.

*YTD 2013 vs. 2012*
Parkland's Fuel and Petroleum Products Segment accounted for approximately 95% of sales and operating revenue for the nine months ended September 30, 2013 compared with 93% in 2012 and approximately 82% of gross profit in 2013 compared with 82% in 2012.

For the nine months ended September 30, 2013 Fuel and Petroleum Products volumes increased 49% to 4,742 million litres from 3,179 million litres in 2012. This increase was due to 1,315 million litres of Elbow River Marketing volumes, 288 million litres in TransMontaigne volumes and 44 million litres in Sparling's Propane volumes since the acquisition dates, partially offset by a 24 million litre reduction in volumes from the Cango network due to site rationalization and reduced activity in key industries including oil and gas and construction and the discontinuation of low margin fuel marketer agreements in Northern Alberta.

For the nine months ended September 30, 2013 Fuel and Petroleum Products sales increased 32% to $3,843 million for 2013 compared with $2,921 million in 2012. This is mainly due to the same reasons as the volume increase, partially offset by a decrease in the cpl fuel revenue in commercial and wholesale volumes impacted by a change in mix through recent acquisitions.

Fuel adjusted gross profit increased 8% to $294.6 million for the nine months ended September 30, 2013 compared with $271.8 million in 2012 due to the fuel volume increases mentioned above, partially offset by weakening refiner's margins.

## Refiner's Margins

Parkland's Wholesale, Supply and Distribution, a part of the Fuel and Petroleum Products segment, includes profits from Parkland's participation in refiner's profit margins and profits from wholesale fuel sales. Parkland participates in refiner's margins for a portion of its supply volumes. Refiner's margins are driven by supply and demand, over which the Corporation has no control. Parkland continues to execute its strategy to build profits to offset fluctuations in refinery margins that are expected to continue until the termination of its refiner's margins based contract on December 31, 2013.

*Q3 2013 vs. Q3 2012*
Adjusted gross profit in Parkland's Wholesale, Supply and Distribution Division decreased by 22% or $9.5 million to $32.5 million for the three months ended September 30, 2013, compared with $42.0 million for the same period in 2012 due to weakening refiner's margins.

*YTD 2013 vs. 2012*
Total year gross profit in Parkland's Wholesale, Supply and Distribution Division increased by 25% or $24.9 million to $124.7 million for the nine months ended September 30, 2013, compared with $99.8 million in 2012, due to $43.0 million in adjusted gross profit from the acquisition of Elbow River Marketing and $2.6 million from the acquisition of TransMontaigne partially offset by weakening refiner's margins.

## Non-Fuel Commercial Segment

Parkland's Non-Fuel Commercial Segment consists of agricultural inputs, lubricants, and other products that do not fall into the Fuel and Petroleum Products category.

*Q3 2013 vs. Q3 2012*

For the three months ended September 30, 2013, this segment accounted for approximately 4% of sales and operating revenue compared with 5% in the third quarter of 2012 and approximately 14% of adjusted gross profit compared with 14% in the third quarter of 2012.

Non-Fuel Commercial revenue increased to $57.6 million and adjusted gross profit decreased to $15.0 million in the third quarter of 2013 compared with revenue of $55.0 million and adjusted gross profit of $15.2 million in the third quarter of 2012. The decrease in commercial non-fuel adjusted gross profit is principally due to decreased lubricant margin from transition activity to Shell branded product.

*YTD 2013 vs. 2012*

For nine months ended September 30, 2013 this segment accounted for approximately 5% of sales and operating revenue and approximately 12% of gross profit compared with 6% of sales and operating revenue and 15% of gross profit in 2012.

Non-Fuel Commercial revenue increased to $187.6 million and gross profit decreased to $44.7 million for the nine months ended September 30, 2013 compared with revenue of $186.5 million and gross profit of $49.2 million for the nine months ended September 30, 2012 due to decreased oil and gas activity and the lubricant brand transition to Shell as noted in the quarter.

## Other Non-Fuel Segment

Parkland's Other Non-Fuel Segment consists of convenience store revenue, externally charged freight revenue, retail variable rents received from Parkland's retailers and vendor rebates.

*Q3 2013 vs. Q3 2012*

For the three months ended September 30, 2013, this segment accounted for approximately 1% of sales and operating revenue compared with 1% in the third quarter of 2012 and approximately 6% of adjusted gross profit compared with 4% in the third quarter of 2012.

Sales in this segment increased $1.9 million to $12.5 million in the third quarter of 2013 compared to the same period of 2012. The increase is due to the acquisition of Elbow River Marketing and increased cartage charges to Retail dealers.

Other Non-Fuel adjusted gross profit increased by $1.9 million to $6.4 million in the third quarter of 2013 compared with $4.5 million in the third quarter of 2012 primarily due to the acquisition of Elbow River Marketing and increased cartage charges to Retail Fuels dealers.

*YTD 2013 vs. 2012*

For nine months ended September 30, 2013 this segment accounted for approximately 1% of sales and operating revenue compared with 1% in 2012 and approximately 5% of gross profit for nine months ended September 30, 2013 compared with 4% during 2012.

For the nine months ended September 30, 2013, other Non-Fuel revenue increased 20% to $34.0 million in 2013 compared with $28.3 million in 2012. Gross profit in this segment increased 55% to 18.8 million for the nine months ended September 30, 2013 compared with $12.1 million in 2012, due to the same reasons as the quarter.

# Fuel and Petroleum Products Operations

Parkland manages fuel and petroleum product distribution and marketing through three different divisions:

- Parkland Commercial Fuels
- Parkland Retail Fuels
- Parkland Wholesale, Supply and Distribution

## *Parkland Commercial Fuels*

Parkland Commercial Fuels is a nationwide operation serving commercial, industrial and residential customers from coast to coast. This division delivers bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids and other related products and services to commercial, industrial and residential customers through an extensive nationwide delivery network.

Parkland Commercial Fuels' family of successful brands includes: Bluewave Energy, Columbia Fuels, Neufeld Petroleum & Propane, Sparlings Propane, and Island Petroleum. All of the brands feature quality products and a commitment to locally delivered, premium customer service.

### Seasonality

Parkland's commercial business is seasonal, reflecting fluctuations in heating requirements and industry activity that are more active in the winter than in the summer. In general, the first and fourth quarters are the busiest periods for Commercial Fuels.

Based on historical trends, commercial Adjusted EBITDA fluctuates seasonally according to the following approximate schedule:

| | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Commercial Adjusted EBITDA | 39% | 16% | 11% | 34% | 100% |

### Volume and Margin Review

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| Volume (millions of litres) | **349** | 343 | **1,094** | 1,120 |
| Adjusted fuel gross profit (millions of Canadian dollars) | **27.7** | 29.3 | **107.3** | 107.0 |
| Adjusted fuel gross profit (cents per litre) | **7.94** | 8.54 | **9.81** | 9.55 |

### Operational Review

*Q3 2013 vs. Q3 2012*

For the three months ended September 30, 2013, Parkland Commercial Fuels volume increased 2% to 349 million litres compared with 343 million litres in 2012 due to 19 million litres contributed by Sparlings propane partially offset by the planned phase out of 15 million litres of low margin distribution on behalf of a major refiner as part of Parkland's ongoing strategy to simplify and streamline its commercial business.

For the three months ended September 30, 2013, the Canadian Association of Oilwell Drilling Contractors (CAODC) reported an average monthly drilling rig count of 346 per month, a 2% increase compared with 339 per month for the same period in 2012. Despite this increase in activity, a diesel supply disruption in Northern Alberta, coupled with a shortage of drivers, served to lower our realized activity.

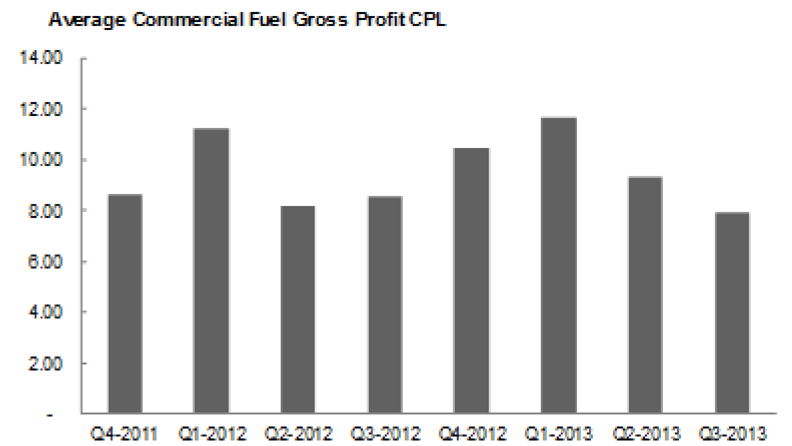
Fuel volumes from Parkland Commercial Fuels for the three months ended September 30, 2013 accounted for 20% of the Corporation's total volumes compared with 31% for the same period in 2012. Commercial fuel revenue increased by 5% to $319.4 million in the third quarter of 2013 compared with $305.0 million in 2012.

Sales and operating revenue will fluctuate on a cents per litre (cpl) basis and on a gross basis with the price of crude oil, the primary input for fuel. Net fuel adjusted gross profit on a cents per litre basis drives the profitability of the Commercial Fuels Division, and is the metric that management monitors when reviewing the division's performance and profitability.

Average net fuel adjusted gross profit on a cents per litre basis for the third quarter of 2013 was 7.94 cpl, a decrease of 7% or 0.60 cpl compared with 8.54 cpl in the third quarter of 2012 due to temporary pricing pressures and customer loss experienced in Western Canadian markets.

*Sequential Margin Review*

Average net fuel adjusted gross profit decreased by 15% or 1.39 cpl in the third quarter of 2013 compared with 9.33 cpl in the second quarter of 2013 due to temporary pricing pressures.




**Commercial Quarterly Margins**

Commercial margins have decreased in 2013 due to lower seasonal demand in the second and third quarters, temporary pricing pressure and customer loss.

*YTD 2013 vs. 2012*

For the nine months ended September 30, 2013, Parkland Commercial Fuels volume decreased 2% to 1,094 million litres compared with 1,120 million litres for the same period in 2012 largely due customer loss experienced in Western Canada, the planned phase out of 45 million litres of low margin distribution on behalf of a major refiner, partially offset by 44 million litres contributed by the acquisition of Sparling's propane.

Average net fuel gross profit on a cents per litre basis for the nine months ended September 30, 2013 was 9.81 cpl, an increase of 3% or 0.26 cpl compared with 9.55 cpl in 2012. The year to year increase was due to higher fuel margins realized in the first quarter of 2013 compared to the same period in 2012.

*Divisional Outlook*

Parkland has refocused the Commercial Fuels Division into nationwide operations and sales teams to improve operational efficiencies and sales growth across Canada. Brand consolidation in some areas of the business have driven the transition of lubricants away from other refiners and towards Shell branded lubricants. These transitions are an important step in simplifying and standardizing the commercial business. In Western Canada, the outlook for the Horn River basin and other drilling areas is currently favorable and the Commercial Fuels team is positioning itself to capitalize on opportunities as they emerge in these areas.

## Markets

On September 30, 2013, Parkland Commercial Fuels had 125 locations.

| Province | Cardlock | Branch | Branch & Cardlock | Lube Distribution Centre | Grand Total |
|---|---|---|---|---|---|
| Alberta | 10 | 7 | 9 | 2 | 28 |
| British Columbia | 16 | 10 | 11 | 1 | 38 |
| Manitoba | | | | 1 | 1 |
| New Brunswick | | | 1 | | 1 |
| Nova Scotia | 3 | 9 | 3 | 1 | 16 |
| Northwest Territories | | | 2 | | 2 |
| Ontario | 1 | 11 | 8 | | 20 |
| Prince Edward Island | 14 | 2 | | | 16 |
| Saskatchewan | | 1 | 1 | | 2 |
| Yukon | | | 1 | | 1 |
| Grand Total | 44 | 40 | 36 | 5 | 125 |

There are three types of locations in Parkland's commercial network: Branches which are manned sales and administration offices; Cardlocks which are unmanned fueling stations that are accessed through a card or a code (similar to a retail gas station but unmanned and without a convenience store) and Lube Distribution Centres which are manned warehouses for receiving, repackaging, and re-distributing lubricants.

## Customers

Parkland Commercial Fuels has a diverse customer base operating across a broad cross-section of industries with no single customer accounting for more than 5% of consolidated revenue. This customer base includes:

- Oil and gas;
- Mining;
- Forestry;
- Agricultural;
- Construction;
- Residential heating fuel; and
- Other industrial.

Because of its customer diversity, as well as the wide geographic scope of Parkland's service offering and the range of segments in which it operates, a downturn in the activities of individual customers or customers in a particular industry is not expected to have a material adverse impact on the operations of Parkland.

# *Parkland Retail Fuels*

Parkland Retail Fuels operates and services a nationwide network of retail service stations that serve Canadian motorists from coast to coast.

Parkland is a Retail Branded Distributor for Imperial Oil Limited with locations in British Columbia, Alberta, Saskatchewan, Ontario and the Northwest Territories operating under the Esso brand. Parkland also maintains two proprietary brands: Fas Gas Plus and Race Trac.

Parkland operates service stations under the following business models:

**Dealer Operated** – Dealers own or lease their own sites and enter into a contract with Parkland for fuel supply, the rights to a brand offering, and a point-of-sale system. Parkland profits are derived from the fuel sold to these operators. As a wholesale business, margins remain fairly fixed in this segment, and the dealer takes the fuel price risk. In addition, Parkland doesn't take on the capital asset obligation for these sites.

**Retailer Operated** – These sites are either owned or leased by Parkland, and operated and managed by independent entrepreneurs ("retailers") who provide and manage staff in exchange for a commission on fuel volumes sold, and pay rent to Parkland based on a percentage of non-fuel sales revenue.

Using the retail commission model offers several advantages including reducing overhead and operating costs and leveraging the initiative and work ethic of these entrepreneurs who are given incentives to achieve Parkland's business objectives. Ownership of convenience store inventories is borne by the retailer

The retail fuel business is highly competitive, with margins ultimately dependent on wholesale fuel costs and retail fuel prices. Parkland will continue to target growth by leveraging its multi-brand strategy within its existing network and through the acquisition of new sites.

## Seasonality

Parkland's retail business is seasonal, reflecting increased travel during the summer months. In general, the second and third quarters are the busiest periods for Retail Fuels.

Based on historical trends, retail Adjusted EBITDA fluctuates seasonally according to the following approximate schedule:

| | Q1 | Q2 | Q3 | Q4 | Total |
|---|---|---|---|---|---|
| Retail Adjusted EBITDA | 19% | 27% | 32% | 22% | 100% |

## Volume and Margin Review

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| Volume<br>(millions of litres) | **477** | 491 | **1,315** | 1,364 |
| Adjusted fuel gross profit<br>(millions of Canadian dollars) | **23.8** | 21.5 | **62.6** | 65.0 |
| Adjusted fuel gross profit<br>(cents per litre) | **4.99** | 4.38 | **4.76** | 4.77 |

## Operational Review

*Q3 2013 vs. Q3 2012*

For the three months ended September 30, 2013, Parkland Retail Fuels' volumes decreased 3% to 477 million litres compared with 491 million litres for the same period in 2012. The decrease was primarily related to an expected 6 million litre reduction in volume contribution from the Cango network due to site rationalization, other temporary closures for the purpose of site upgrades and increased in competition in the Ontario market.

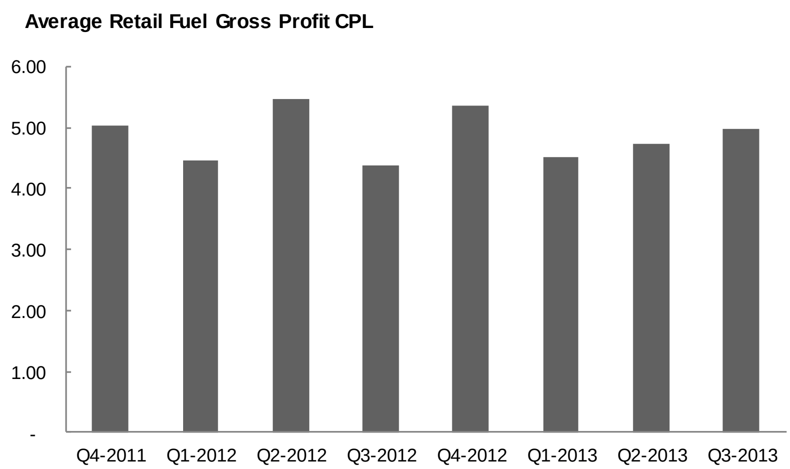
Fuel volumes from Parkland Retail Fuels for the three months ended September 30, 2013 accounted for 27% of the Corporation's total volume compared with 45% for the same period of 2012. Retail fuel revenue decreased 1% to $461.4 million in the third quarter of 2013 compared with $468.2 million in the third quarter of 2012.

The third quarter of 2013 financial results for Parkland Retail Fuels continued to benefit from lower costs that helped offset the contraction in volumes described above. Disciplined management of expenses and a refined approach to commission and dealer agreements continued to drive significant savings in operating and marketing, general and administrative costs in the quarter.

Sales and operating revenue will fluctuate on a cents per litre (cpl) basis and on a gross basis with the price of crude oil, the primary input for fuel. Net fuel adjusted gross profit on a cents per litre basis drives the profitability of the Retail Fuels Division and is the metric that management monitors when reviewing the division's performance and profitability.

Average adjusted gross profit on a cents per litre basis increased by 14% to 4.99 cpl in the third quarter of 2013 compared with 4.38 cpl in the third quarter of 2012 due to strong fuel margins across the network.

*Sequential Margin Review*
Average fuel adjusted gross profit on a cents per litre basis increased by 5% to 4.99 cpl in the third quarter of 2013 compared with 4.73 cpl in the second quarter of 2013 due to network wide improvements in margin performance.




**Retail Quarterly Margins**
Average adjusted gross profit on a cents per litre basis in 2013 have returned to historical norms and seasonality.

*YTD 2013 vs. 2012*
For the nine months ended September 30, 2013, Parkland Retail Fuels' volumes decreased 4% to 1,315 million litres compared with 1,364 million litres in 2012. The decrease was the result of 24 million litres in expected Cango closures and the market pressure in Ontario, Manitoba and Saskatchewan.

Retail Fuels' gross profit decreased to 4.76 cpl for the nine months ended September 30, 2013 compared with 4.77 cpl in 2012.

*Divisional Outlook*
During the second quarter of 2013 Parkland signed an agreement with Chevron to be a branded distributor of the Chevron brand in the British Columbia marketplace. Parkland anticipates converting certain locations northern British Columbia to the Chevron brand prior to year end 2013.

## Markets

| | Retailer Operated | Dealer Operated | Grand Total |
|---|---|---|---|
| Alberta | 72 | 200 | 272 |
| British Columbia | 15 | 86 | 101 |
| Manitoba | 12 | 12 | 24 |
| New Brunswick | | 3 | 3 |
| Nova Scotia | | 3 | 3 |
| Northwest Territories | | 3 | 3 |
| Ontario | 3 | 161 | 164 |
| Prince Edward Island | | 5 | 5 |
| Quebec | | | |
| Saskatchewan | 31 | 95 | 126 |
| Yukon Territories | | 5 | 5 |
| Grand Total | 133 | 573 | 706 |

## Brands

Parkland's multi-brand strategy allows the Corporation to provide an offering that targets different segments of the fuel market.

| | | | Brand: | | |
|---|---|---|---|---|---|
| **Operating model:** | Fas Gas Plus | Race Trac | Esso | Other | Grand Total |
| Dealer operated | 83 | 103 | 345 | 42 | 573 |
| Retailer operated | 94 | 2 | 24 | 13 | 133 |
| | 177 | 105 | 369 | 55 | 706 |

**Fas Gas Plus -** Fas Gas Plus is a community-focused independent brand that brings consumers an urban offering in non-urban markets through a large well merchandised convenience store, a strong loyalty program, and a friendly operator. Parkland's strategy is to continue to maximize penetration of its Fas Gas Plus brand throughout its traditional non-urban markets by investing in the Fas Gas Plus station upgrade and conversion program and acquiring new sites.

**Race Trac -** Is designed for the independent dealer that might not be able to meet the brand standards required by Parkland's other brand offerings but who wants to get into the market. Parkland has focused on increasing the brand value of Race Trac to the operators. The Race Trac brand is positioned for locations or markets where the Fas Gas Plus or Esso brands are not suited and is an important part of Parkland's brand portfolio.

**Esso -** The Esso Retail Branded Distributorship agreement provides Parkland with the opportunity to offer Esso's nationally recognized brand to independent operators or within the Corporation's operated network in Alberta, Saskatchewan, British Columbia, Ontario and the Northwest Territories.

**Other -** In most cases "Other" represents brands that are being migrated to Parkland's primary brand offerings.

## Customers

Parkland Retail Fuels sells products to Canadian motorists through its network of retail gas stations. Fuel products sold through this network include gasoline and diesel fuel.

# *Parkland Wholesale, Supply and Distribution*

Parkland Wholesale, Supply and Distribution is responsible for managing Parkland's fuel supply contracts, purchasing fuel from refiners, distribution through third party long-haul carriers and railcars, and serving wholesale and reseller customers.

Factoring out intersegment sales to Parkland's other business units, for the three months ended September 30, 2013, fuel volumes sold via Parkland's Wholesale channel accounted for 53% of the Corporation's total fuel distribution compared with 24% for the same period of 2012.

**Refinery Contracts** - Fuel supply contracts are maintained with multiple oil refiners. This diversity of supply allows Parkland to obtain fuel at highly competitive prices and enhances the security of the Corporation's fuel supply by reducing the risk associated with any one supplier. Maintaining lifting rights at multiple refineries and primary terminals across Canada provides Parkland with the flexibility to serve customers in a timely and secure fashion.

**Bowden Terminal -** Parkland has completed the conversion of its refinery storage into a terminal with a 220,000 barrel fuel storage capacity in Bowden, Alberta. This terminal, with access to railed product, further enhances Parkland's supply options and supply security.

## Seasonality

Through Parkland's acquisition of Elbow River Marketing, Parkland's level of activity in natural gas liquids trading is influenced by seasonal weather patterns of the industry. Inventory is accumulated during the summer months for delivery to customers during the winter heating season. The fourth quarters and first quarters are typically higher volume months with the second and third quarters lower volume and revenue quarters.

## Refiner's Margin Based Contract

On December 31, 2010, Parkland received notice that a supply contract with one of Canada`s major refiners will be terminated on December 31, 2013. Parkland currently purchases approximately one billion litres of fuel annually under this agreement, which is priced using a formula that allows Parkland to benefit from a portion of refining margins.

This contract accounts for less than one-quarter of Parkland's total fuel supply. The Western Canadian marketplace is expected to have an excess of supply for the foreseeable future. Therefore, Parkland does not anticipate any issue in replacing this volume by 2014.

## Volume and Margin Review

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2013** | 2012 | **2013** | 2012 |
| Volume (millions of litres) [(1)] | **1,042** | 356 | **2,597** | 984 |
| Intersegment | **(106)** | (99) | **(264)** | (289) |
| Net Volume | **936** | 257 | **2,333** | 695 |
| Adjusted fuel gross profit [(2)] (millions of Canadian dollars) | **32.5** | 42.0 | **124.7** | 99.8 |

(1) Includes Elbow River volumes of 491 million litres and 1,315 million litres for the three and nine months ended September 30, 2013, respectively

(2) Includes Elbow River adjusted gross profit if $16.4 and $43.0 million for the three and six months ended September 30, 2013, respectively

## Operational Review

*Q3 2013 vs. Q32012*

For the three months ended September 30, 2013 Parkland Wholesale, Supply and Distribution fuel volumes (factoring out intersegment sales) increased 264% to 936 million litres compared with 257 million litres for the same period in 2012 due to 491 million litres added from the acquisition of Elbow River Marketing and 189 million litres from the acquisition of TransMontaigne.

Fuel adjusted gross profits for the three months ended September 30, 2013 decreased 22% to $32.5 million compared with $42.0 million for the same period in 2012 primarily due to reduced refiner's margins which were at historically high levels during the third quarter of 2012, partially offset by profits from the acquisition of Elbow River Marketing and modest gains on storage arrangements at the Bowden facility. Refiner's margins refer to the profit made between the cost of the crude oil required to produce fuel and the wholesale price received by refiners for the fuel they sell.

The Wholesale Division continues the process of optimizing the wholesale portfolio to achieve an optimal mix between volume, margin and capital employed. By managing trade terms on accounts, Parkland targets improved return on capital employed.

*YTD 2013 vs. 2012*

For the nine months ended September 30, 2013 Parkland Wholesale, Supply and Distribution fuel volumes (factoring out intersegment sales) increased 236% to 2,333 million litres compared with 695 million litres in 2012 primarily due to 1,315 million litres from Elbow River Marketing and 288 million litres from the acquisition of TransMontaigne and volume growth due to the division's sales activities.

Fuel gross profits from Parkland Wholesale, Supply and Distribution for the nine month period ended 2013 increased 25% to $124.7 million compared with $99.8 million in 2012 primarily due $43.0 million from Elbow River Marketing partially offset by lower refiner's margins.

*Divisional Outlook*

Both planned and unplanned refiner outages during the fourth quarter will continue to result in supply curtailments in both Western and Eastern Canada. While it is expected that refiners have the ability to cover product demand during their shut downs, Parkland continues to utilise its various supply relationships to provide options during both planned and unexpected interruptions.

In addition, Parkland is working closely with refinery operators to provide additional terminal and distribution options through the Bowden terminal. While fuel supplies are expected to be sufficient in all Canadian markets for 2013, Bowden provides industry participants another hub to facilitate western Canadian supply.

In the third quarter of 2013, refiner's margins for gasoline and diesel were significantly lower than the previous two years. The trend of lower gasoline refiner's margins has continued into the fourth quarter.

Parkland will continue to optimize a number of key supply agreements that will improve Parkland's supply economics, diversify the supply portfolio and provide further supply security and flexibility for customers. A large proportion of new supply arrangements will commence in 2014. Parkland will not announce new contracts due to the confidential and sensitive nature of the volume and pricing information of these supply agreements. Supply security is a strength Parkland holds over many independent industry participants.

Western Canadian gasoline supply is anticipated to remain long over the short term due to recent expansion of refining capacity in Western Canada. Although volumes are expected to remain in line, wholesale margins could continue to be impacted by the new volumes in future quarters.

Parkland will continue to manage optimal working capital and tighter trade terms in wholesale business. The Wholesale Division has established aggressive sales targets for 2013 and the supply team will continue to drive for arbitrage opportunities over both the short and long term.

# Review of the Eight Most Recent Quarters

*A Summary of the Eight Most Recently Completed Consolidated Quarterly Results*

***(millions of Canadian dollars, except volume and per Share/Unit amounts)***

| | 2013 | | | 2012 | | | | 2011 |
|---|---|---|---|---|---|---|---|---|
| *($000's except per Share/Unit amounts)* | | | | | | | | |
| For the three months ended, | Sep-30 | Jun-30 | Mar-31 | Dec-31 | Sep-30 | Jun-30 | Mar-31 | Dec-31 |
| Sales and operating revenue | 1,509,040 | 1,342,697 | 1,212,824 | 998,407 | 1,059,539 | 1,011,331 | 1,064,359 | 1,014,313 |
| Cost of sales | 1,396,280 | 1,213,840 | 1,085,179 | 894,409 | 947,066 | 901,765 | 953,354 | 911,197 |
| Gross profit | 112,760 | 128,857 | 127,645 | 103,998 | 112,473 | 109,566 | 111,005 | 103,116 |
| Expenses | | | | | | | | |
| Operating costs | 44,134 | 43,363 | 42,507 | 39,796 | 33,251 | 35,358 | 44,499 | 44,526 |
| Marketing, general and administrative | 24,917 | 27,228 | 24,919 | 21,682 | 18,458 | 19,726 | 19,763 | 22,367 |
| Depreciation and amortization | 14,076 | 15,123 | 13,211 | 15,955 | 12,282 | 12,971 | 13,481 | 16,728 |
| | 29,633 | 43,143 | 47,008 | 26,565 | 48,482 | 41,511 | 33,262 | 19,499 |
| Customer finance income | (589) | (732) | (468) | (1,009) | (794) | (1,129) | (530) | (654) |
| Finance cost | 4,425 | 4,308 | 5,276 | 4,189 | 4,590 | 5,942 | 5,518 | 10,538 |
| Net Finance costs | 3,836 | 3,576 | 4,808 | 3,180 | 3,796 | 4,813 | 4,988 | 9,884 |
| (Gain) loss on disposal of property, plant and equipment | 1,217 | 125 | 275 | 233 | (631) | 120 | 560 | (1,107) |
| (Gain) loss on foreign exchange | 879 | (1,371) | (297) | 18 | (36) | 46 | (115) | (4) |
| Loss on risk management activities | (2,490) | 11,268 | 2,713 | 2,302 | 1,123 | 1,396 | 4,256 | 928 |
| Earnings (loss) before income taxes | 26,191 | 29,545 | 39,509 | 20,832 | 44,230 | 35,136 | 23,573 | 9,794 |
| Income tax expense (recovery) | | | | | | | | |
| Current | 6,459 | 10,477 | 8,874 | 9,680 | 11,663 | 10,274 | 8,732 | 3,770 |
| Deferred | 671 | (1,266) | 110 | 1,570 | 746 | (1,084) | (2,664) | (1,359) |
| | 7,130 | 9,211 | 8,984 | 11,250 | 12,409 | 9,190 | 6,068 | 2,411 |
| Net earnings (loss) | 19,061 | 20,334 | 30,525 | 9,582 | 31,821 | 25,946 | 17,505 | 7,383 |
| Net earnings (loss) per Share/Unit | | | | | | | | |
| - basic | $0.27 | $0.29 | 0.44 | 0.14 | 0.48 | 0.39 | 0.27 | 0.12 |
| - diluted (1) | 0.27 | 0.28 | 0.42 | 0.15 | 0.44 | 0.37 | 0.26 | 0.12 |
| Shares/Units outstanding | 71,020 | 70,227 | 69,445 | 67,973 | 67,204 | 66,335 | 65,390 | 64,354 |
| **Non GAAP Financial Measures** | | | | | | | | |
| Adjusted EBITDA (2)(3) | 37,753 | 58,114 | 61,000 | 42,484 | 60,551 | 54,182 | 43,147 | 35,957 |
| Distributable cash flow (2)(4) | 23,157 | 42,278 | 45,191 | 20,755 | 44,882 | 38,109 | 26,016 | 26,473 |
| Distributable cash flow per share(2)(4) | 0.33 | 0.60 | 0.65 | 0.31 | 0.67 | 0.57 | 0.41 | 0.41 |
| Dividends | 18,396 | 18,200 | 17,702 | 17,268 | 17,060 | 16,835 | 16,588 | 16,272 |
| Dividends to distributable cash flow payout ratio(2)(4) | 79% | 43% | 39% | 83% | 38% | 44% | 64% | 61% |
| **Key Metrics:** | | | | | | | | |
| Fuel volume (millions of litres) | 1,762 | 1,580 | 1,400 | 1,062 | 1,091 | 1,003 | 1,085 | 1,096 |
| Return on capital employed (ROCE) (2)(5) | 20.9% | 26.2% | 26.9% | 25.1% | 23.9% | 20.1% | 13.5% | 12.9% |
| Employees | 1,323 | 1,313 | 1,167 | 1,179 | 1,155 | 1,177 | 1,226 | 1,267 |
| **Key Metrics - Cents per litre:** | | | | | | | | |
| Average fuel retail adjusted gross profit (7) | 4.99 | 4.73 | 4.53 | 5.35 | 4.36 | 5.48 | 4.46 | 5.04 |
| Average fuel commercial adjusted gross profit (7) | 7.94 | 9.33 | 11.69 | 10.45 | 8.54 | 8.19 | 11.23 | 8.61 |
| Operating costs | 2.50 | 2.62 | 3.01 | 3.75 | 3.04 | 3.53 | 4.09 | 4.06 |
| Marketing, general and administrative | 1.41 | 1.71 | 1.78 | 2.04 | 1.69 | 1.96 | 1.82 | 2.04 |
| Depreciation and amortization expense | 0.80 | 0.96 | 0.94 | 1.50 | 1.13 | 1.30 | 1.24 | 1.53 |

(1) Diluted earnings (loss) per share can be impacted by an anti-dilutive impact of conversion of the debentures. Quarterly diluted earnings (loss) per share may therefore not accumulate to the same per share value as the year-to-date calculation.

(2) Please refer to the Non-GAAP Measures section in the MD&A for definitions.

(3) Please see Adjusted EBITDA discussion in the MD&A.

(4) Please see Distributable Cash Flow reconciliation table in the MD&A.

(5) Please see ROCE discussion in the MD&A.

(6) Please refer to the Non-GAAP Measures section in the MD&A for reconciliations.

(7) Please see Segmented Results discussion in the MD&A

During the last eight quarters, the following items have had a significant impact on the Corporation's financial results:

- Fuel volumes have fluctuated over the last eight quarters due to acquisitions and seasonality of the business. Commercial and wholesale fuels generally experience higher volumes throughout winter months during the first and fourth quarters due to higher demand for heating oil and propane. Retail Fuels and supply and wholesale operations generally experience higher volumes in the second and third quarters, during the summer driving season. Changes in volumes impact Parkland's net earnings, Adjusted EBITDA, distributable cash flow and ROCE.
- In the first quarter of 2013 Parkland acquired Elbow River Marketing. In 2013 Elbow River Marketing has added an additional 1,315 million litres of volume, including 491 million litres in the third quarter.
- In the second quarter of 2013 Parkland acquired TransMontaingne. In the second quarter 2013 TransMontaingne added an additional 99 million litres of volume. In the third quarter of 2013 TransMontaingne generated an additional 189 million litres of volume.
- In the second quarter of 2013 Parkland acquired Sparling's Propane. In the second quarter of 2013 Sparlings Propane added 25 million litres of volume. In the third quarter of 2013 Sparling's Propane generated an additional 19 million litres of volume.
- Fluctuations in crude oil prices have impacted the Corporation's net earnings, Adjusted EBITDA, distributable cash flow and ROCE.
- Parkland participates in refiner's margins for a portion of its supply volumes. During the last eight quarters the Corporations' net earnings, Adjusted EBITDA, distributable cash flow and ROCE have been positively affected by the refiner's margins based contract; these margins have contracted over the last quarter to below the historical five year average, negatively impacting Parkland's adjusted gross profit compared to prior quarters.
- Marketing, general and administrative expenses were affected in the fourth quarter of 2011 as additional costs of $2.8 million were recorded for variable compensation as a result of the strong performance of Parkland shares in the equity market. During the last three quarters of 2012, marketing, general and administrative expenses decreased as a result of effective integration and cost reduction initiatives. In the first, second and third quarters of 2013, marketing, general and administrative expenses increased by $3.7 million, $5.5 million, and $5.2 million, respectively due to operations of the acquisitions. Due to acquisition activity related costs, marketing, general, and administrative expenses in the first, second and third quarters of 2013 increased $1.5 million, $1.8 million and $0.8 million respectively.
- Financing costs have decreased over the last eight quarters due to reduced debt levels and lower interest rates.

## Non-GAAP Measures

This MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") under Canadian generally accepted accounting principles ("GAAP") as disclosed in this MD&A. However, in this document there are references to the following non-GAAP measures:

### Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

Adjusted EBITDA represents earnings before finance costs (accretion on refinery remediation, accretion on asset retirement obligation, interest on long-term debt, interest and accretion on convertible debentures and loss on interest rate swaps), income tax expense (recovery), depreciation and amortization, unrealized loss (gain) on commodities forward contracts and US dollar forward exchange contracts, unrealized foreign exchange loss (gain), acquisition related costs and gain on disposal of property, plant and equipment. Adjusted EBITDA differs from EBITDA disclosed prior to the first quarter of 2013, due to the exclusion of acquisition related costs in the calculation. Adjusted EBITDA differs from EBITDA disclosed prior to the third quarter of 2013, due to the exclusion of unrealized foreign exchange losses (gains) in the calculation. Parkland believes the presentation of Adjusted EBITDA provides useful information to investors and shareholders as it provides increased transparency and predictive value. Management uses Adjusted EBITDA to set targets and assess performance of the Company. See the Adjusted EBITDA discussion of the MD&A for a reconciliation of Adjusted EBITDA.

### Adjusted Gross Profit

Adjusted Gross Profit is provided to assist management and investors in determining gross profit earned after adding or subtracting the realized loss (gain) on the change in fair value of commodities forward contracts and US dollar forward exchange contracts from gross profit.

### Adjusted Earnings Before Interest and Taxes (Adjusted EBIT)

| | Three Months Ended September 30, | | Nine Months Ended September 30, | |
|---|---|---|---|---|
| *(in thousands of Canadian dollars)* | **2013** | 2012 | **2013** | 2012 |
| Net earnings | **19,061** | 31,821 | **69,920** | 75,272 |
| Finance costs [1] | **4,425** | 4,590 | **14,009** | 16,050 |
| Loss/(gain) on disposal of property, plant and equipment | **1,217** | (631) | **1,617** | 49 |
| Income tax expense | **7,130** | 12,409 | **25,325** | 27,667 |
| Unrealized (gain) loss from the change in fair value commodities forward contracts and US dollar forward exchange contracts | **(9,521)** | - | **(661)** | - |
| Unrealized loss on foreign exchange | **597** | 9 | **159** | 13 |
| Acquisition related costs | **768** | 71 | **4,088** | 95 |
| Adjusted EBIT [2] | **23,677** | 48,269 | **114,457** | 119,146 |

[1] Includes realized and unrealized (gain) loss on the interest rate

[2] Includes the realized and unrealized (gain) loss on put options

### Net Debt

| | As at September 30, | |
|---|---|---|
| ***(in thousands of Canadian dollars)*** | **2013** | 2012 |
| Long-term debt (including current portion) | **170,533** | 109,591 |
| Current portion of other long-term liabilities | **-** | 290 |
| Convertible debentures | **127,190** | 136,879 |
| Less: cash and cash equivelants | **(6,463)** | (43,948) |
| Bank Indebtedness | **9,647** | - |
| Net debt | **300,907** | 202,812 |
| Adjusted EBITDA (Twelve trailing months) | **199,349** | 193,837 |
| Net debt:Adjusted EBITDA | **1.51** | 1.05 |

Net Debt is defined as Senior Debt, plus capital leases, including current portion, other long-term liabilities, including current portion, and convertible debentures.

**Senior Debt**

| (in thousands of Canadian dollars) | TTM Ended September 30, 2013 | 2012 |
|---|---|---|
| Extendible facility (net of deferred financing costs) | **168,416** | 107,600 |
| Other loans | **190** | 669 |
| Less: cash and cash equivelants | **(6,463)** | (43,948) |
| Bank indebtedness | **9,647** | - |
| Senior debt | **171,790** | 64,321 |
| Adjusted EBITDA | **199,349** | 193,837 |
| Senior debt:Adjusted EBITDA | **0.86** | 0.33 |

Parkland believes that Net Debt to Adjusted EBITDA and Senior Debt to Adjusted EBITDA ratios provide users with an indication on the Corporation's ability to repay its debt.

**Interest Coverage Ratio**

| (in thousands of Canadian dollars) | TTM Ended September 30, 2013 | 2012 |
|---|---|---|
| Interest expense | **17,428** | 26,588 |
| Adjusted EBIT | **140,985** | 138,375 |
| Interest coverage ratio | **8.09** | 5.20 |

Interest Coverage refers to Adjusted EBIT, divided by total interest expense. Interest expense is the sum of interest on long-term debt plus interest on convertible debentures. Interest coverage ratio provides users with the indication on the Corporation's ability to pay interest on the outstanding debt

**Distributable Cash Flow / Distributable Cash Flow Per Share / Dividend Payout Ratio**

Distributable Cash means cash flows from operating activities that are adjusted for but are not limited to the impact of the seasonality of Parkland's businesses by removing for non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Parkland's revenues and expenses, which can from quarter to quarter differ significantly. Parkland's calculation also distinguishes between capital expenditures that are maintenance related and those that are growth related including expenditures on intangible assets, in addition to allowing for the proceeds received from the sale of capital items. Distributable cash flow measure is provided to assist management and investors in determining the amount of cash available to be distributed to shareholders in the form of the dividends. See the distributable cash flow reconciliation in the Financial Review section of the MD&A.

Distributable Cash Per Share consists of the Distributable Cash calculation mentioned above divided by the number of outstanding shares.

Dividend to Distributable Cash Flow Payout Ratio refers to dividends as a percentage of the Distributable Cash Flow.

**Return on Capital Employed (ROCE)**
ROCE, or return on capital employed is calculated as the trailing twelve months Adjusted EBIT divided by capital employed. Capital employed consists of bank indebtedness, long-term debt (including current portion), convertible debentures, and shareholders' equity less cash and cash equivalents. ROCE is provided to assist management and investors in determining the efficiency and profitability of the Corporation's capital investment. See the ROCE reconciliation in the Financial Review section of the MD&A.

**Total Shareholder Return (TSR) / Compound Annual Total Shareholder Return**

| | **1 Year** | 3 Year | 5 Year |
|---|---|---|---|
| Opening market value of one share | **16.52** | 11.52 | 9.02 |
| Closing value of originally invested share (including dividend reinvestment) | **19.29** | 22.87 | 29.88 |
| TSR | **17%** | 99% | 231% |
| Compounded annual TSR | **17%** | 26% | 27% |

TSR combines the change in share price and dividends declared over the given period of time (assuming that dividends are re-invested on the day of payment at the closing price of the day of payment), divided by the share price at the beginning of the period. Parkland believes that TSR is a relevant measure to management and investors as it provides an indication of the total return earned by shareholders on their investment.

Compound Annual Total Shareholder Return annualizes the total shareholder return when total shareholder return is calculated for a period longer than one year.

Maintenance capital is the amount of capital funds required in a period for an enterprise to maintain its future cash flow from operating activities at a constant level of productive capacity. Parkland defines its productive capacity as the volume of fuel and propane sold, volume of convenience store sales, volume of lubricants sales, agricultural inputs and delivery capacity. The adjustment for maintenance capital in the calculation of standardized distributable cash is capital expenditures during the period, excluding the cost of any growth asset acquisitions or proceeds of any asset dispositions. Parkland believes that the current capital programs, based on the current view of its assets and opportunities and the outlook for fuel supply and demand and industry conditions, should be sufficient to maintain productive capacity in the medium term. Due to the risks inherent in the industry, particularly the reliance on external parties for supply of fuel and propane and general economic conditions and weather that affects customer demand, there can be no assurance that capital programs, whether limited to the excess of cash flow over dividends or not, will be sufficient to maintain or increase production levels or cash flow from operating activities.

Parkland's calculation of standardized Distributable Cash has no adjustment for long-term unfunded contractual obligations. Parkland believes the only significant long-term unfunded contractual obligations at this time are asset retirement obligations and refinery and terminal remediation accrual, both of which are expected to be deferred for an extended period of time.

Although it is typical for Parkland's cash flow to have seasonal fluctuations, the current intention of Parkland's Directors is to pay consistent regular monthly dividends throughout the year based on estimated annual cash flow. Parkland's Directors review dividends quarterly giving consideration to current performance, historical and future trends in the business, expected sustainability of those trends, as well as capital betterment requirements to sustain performance.

Non-GAAP measures are not recognized financial measures and do not have standardized meanings prescribed by GAAP. Readers of this MD&A are cautioned that these non-GAAP measures should not be construed as an alternative to measures of performance prepared in accordance with GAAP.

Parkland's method of calculating non-GAAP measures may differ materially from the methods used by other issuers and, accordingly, may not be comparable to similarly titled measures used by other issuers. Distributable

Cash is not assured, and the actual amount received by shareholders will depend on, among other things, the Corporation's financial performance, debt covenants and obligations, working capital requirements, future capital requirements and the deductibility of items for income tax purposes, all of which are susceptible to a number of risks, as described in Parkland's public filings available on SEDAR at www.sedar.com.

# Critical Accounting Estimates

Estimates are used when accounting for items such as: impairment and valuation allowances for accounts receivable and inventory; intangibles and goodwill; amortization of property plant and equipment; asset retirement obligations; refinery and terminal remediation accrual; value in use calculations for impairment; contingent liabilities including matters in litigation, fair value of financial instruments, grants of options and restricted share units and income taxes. These estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material.

## Accounts Receivable

Parkland's accounts receivable have been reduced for amounts that have been deemed uncollectible. At September 30, 2013, the provision for credit losses was $9.3 million (December 31, 2012 - $8.1 million). This amount is based on management's judgment and assessment of the financial condition of Parkland's customers and the industries in which they operate. The provision for credit losses is subject to change as general economic, industry and customer specific conditions change.

## Inventory

Parkland's inventory is comprised mainly of products purchased for resale including crude oil, refined fuels, lubricants, agricultural and convenience store products. The products are valued at the lesser of cost or net realizable value. The determination of the net realizable value includes certain estimates and judgements which could affect the ending inventory valuations.

## Amortization and Accretion

The amortization of capital assets and intangibles incorporates the use of estimates for useful lives and residual values. These estimates are subject to change as market conditions change or as operating conditions change. Accretion expense is recognized on the estimated future asset retirement obligations for current sites and for the future estimated cost of the Bowden refinery remediation. These future obligations are estimated and subject to change over time as more experience is obtained or as conditions change.

## Asset Retirement Obligations

The estimated future costs to remove underground fuel storage tanks at locations where Parkland has a legal or constructive obligation to remove these tanks are recorded as asset retirement obligations at the time the tanks are installed. A corresponding increase to the carrying value of the fuel storage tanks is also recorded at installation. The future retirement costs are estimated in consultation with Parkland's environmental technicians and based on industry standards and would be subject to change as more experience is obtained and as conditions change. The costs are expected to be incurred between 2012 and 2046 and the total undiscounted obligation At September 30, 2013 was estimated at $50.4 million (December 31, 2012 – $48.4 million) with a net present value of the obligations accrued At September 30, 2013 of $31.2 million (December 31, 2012 - $30.3 million).

## Intangibles and Goodwill

Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Impairment is assessed at the Cash Generating Unit (CGU) level. Intangible assets, other than goodwill, that suffered a previous impairment are reviewed for possible reversal of the impairment at each reporting date.

Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

## Income Taxes

The Corporation follows the liability method of accounting for income taxes whereby deferred income taxes are recorded for the effect of differences between the accounting and income tax basis of an asset or liability. Deferred income tax assets and liabilities are measured using enacted or substantively enacted income tax rates at the consolidated balance sheets dates that are anticipated to apply to taxable income in the years in which temporary differences are anticipated to be recovered or settled. Changes to these balances are recognized in net earnings (loss) in the period during which they occur. Changes in the assumptions used to derive the future income tax rate could have a material impact on the future income tax expense or recovery incurred in the period.

## Bowden Refinery

During the fourth quarter of 2012, Parkland completed the upgrade of the Bowden facility and placed into the service the equipment to be used as a railroad terminal for shipping products by rail and use of the tanks on site for storage.

Parkland has estimated the discounted cost of remediation on the basis that remediation would be part of a multi-year management plan. Remediation costs have been estimated using engineering studies updated by the Corporation’s management in 2012. The total undiscounted estimated future cash flows required to settle Parkland's obligation was $31,777 at September 30, 2013 (December 31, 2012 - $31,777). The costs are expected to be incurred between 2018 and 2041 (December 31, 2012 - 2018 to 2041). At September 30, 2012, the discount rate used to determine the present value of the future costs was 4.56% (December 31, 2012 – 3.89%).

# Impairment of Assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell, and its value in use. The value in use calculation is based on a discounted cash flow model. These calculations require the use of estimates and forecasts of future cash flows. The expected cash flows are derived from budgets and do not include restructuring activities that the Corporation is not yet committed to or significant future investments that will enhance the asset’s performance of the CGU being tested. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates used to evaluate goodwill and other non-financial assets could result in a material change to the results of operations. The Corporation tests whether goodwill has suffered any impairment at least annually. Other non-financial assets are tested for impairment when indicators of impairment arise.

# Financial Instruments

## Credit and Market Risk

A substantial portion of Parkland's accounts receivable balance is with customers in the oil and gas, mining and forestry industries and is subject to normal industry credit risks. The credit risk is minimized by Parkland's broad customer and geographic base. The Corporation manages its exposure to credit risk through rigorous credit-granting procedures, typically short-payment terms and security interests where applicable. The Corporation attempts to closely monitor the financial conditions of its customers and the industries in which they operate. Parkland performs ongoing credit evaluations of its customers and outstanding debts are regularly monitored.

As At September 30, 2013, Parkland’s trade accounts receivable balance was $361.2 million, up $91.7 million from the December 31, 2012 balance of $269.5 million. The increase in accounts receivable was primarily due to the acquisition of Elbow River Marketing of $90.3 million, $33.6 million from TransMontaigne and $7.2 million from Sparlings Propane partially offset by the seasonality of commercial activities.

Accounts receivable outstanding for more than 90 days past terms have increased by $1.0 million from $9.3 million at December 31, 2012 to $10.3 million At September 30, 2013. At September 30, 2013, the provision for credit losses was $9.3 million, up $1.2 million from $8.1 million as at December 31, 2012. Parkland considers the total reserve to be adequate.

### Commodity Price Risk

Parkland is exposed to commodity price risk. The Corporation enters into derivative instruments from time to time to mitigate commodity price risk volatility. These financial instruments are subject to financial controls, risk management and monitoring procedures. The Corporation does not use derivative contracts for speculative purposes.

### Interest Rate Risk

Parkland is exposed to market risk from changes in the Canadian prime interest rate which can impact its borrowing costs. The $85.3 million series 1 convertible unsecured subordinated debentures bear interest at a five year annual fixed rate of 6.5% payable semi-annually in arrears on November 30 and May 31 in each year commencing May 31, 2010. The $45.0 million principal amount of series 2 convertible unsecured subordinated debentures bear interest at a five year annual fixed rate of 5.75% payable semi-annually in arrears on June 30 and December 31 in each year commencing June 30, 2011. The fixed rates of the series 1 and series 2 convertible unsecured subordinated debentures reduce Parkland's exposure to variable rates.

On March 15, 2012, Parkland entered into interest rate swaps covering $150.0 million of borrowings under its Credit Facility. The swaps require Parkland to pay a fixed interest rate of 1.69% plus 1.75%. The interest rate swaps expire on June 30, 2014 and Parkland will be exposed to variations in the interest rate on its Credit Facility after this date unless Parkland enters into additional hedging agreements in the future.

### US Dollar Currency Rate Risk

The Corporation purchases and sells certain products in U.S. dollars. As a result, fluctuations in the value of the Canadian dollar to the U.S. dollar can result in foreign exchange gains and losses. The Corporation enters into US dollar forward exchange contracts to mitigate its currency risk. As At September 30, 2013, Parkland had US dollar accounts payable totalling US$55.0 million, US dollar accounts receivable totalling US$52.2 million and US dollar cash of US$1.0 million. US dollar accounts payable are payable in terms of less than 25 days and US dollar accounts receivable are receivable in terms of less than 25 days.

### Off-Balance Sheet Arrangements

Parkland has not engaged in any off-balance sheet arrangements.

# Business Risks

## Risks Related to the Business and the Industry

### Retail Pricing and Margin Erosion

Retail pricing for motor fuels is very competitive, with major oil companies and newer entrants such as grocery chains and large retailers active in the marketplace. From time to time, factors such as competitive pricing, seasonal over supply, and lack of responsiveness of retail pricing to changes in crude oil costs can lead to lower margins in Parkland's business. This is normally limited to seasonal time frames or limited market areas but could occur more extensively. Furthermore, difficult fuel market conditions may also adversely affect Parkland's major customers and create increased credit risk. These risks are partially mitigated by Parkland's other sources of revenue, conservative credit policies, geographic diversification and the wholesale business, which typically would only share in a portion of any market erosion. There can be no assurances that such mitigation efforts will be adequate, in whole or in part.

### Competition

Parkland competes with major integrated oil companies, other commercial fuel and propane marketers, convenience store chains, independent convenience stores, gas station operators, large and small food retailers, discount stores and mass merchants, many of which are well-established companies. In recent years, several non-traditional retail segments have entered the motor fuel retail business, including supermarkets, club stores and mass merchants. These non-traditional motor fuel retailers have obtained a significant share of the motor fuel market and this could grow. In some of Parkland's markets, competitors have been in existence longer and have greater financial, marketing and other resources than Parkland does. Parkland may not be able to compete successfully against current and future competitors, and competitive pressures faced by Parkland could materially and adversely affect Parkland's business, results of operations and financial condition.

## Volatility in Crude Oil Prices and in Wholesale Petroleum Pricing and Supply

Parkland's fuel and petroleum product revenues are a significant component of total revenues. Domestic wholesale petroleum, crude oil, natural gas liquids markets display significant volatility. Parkland is susceptible to interruptions in supply and changes in relative market pricing of crude oil and natural gas liquids that drive customer demand. General political conditions and instability in oil producing regions, particularly in the Middle East, Africa and South America, could significantly and adversely affect crude oil supplies and wholesale production costs. Local supply interruptions may also occur. Volatility in fuel and petroleum product supply and costs could result in significant changes in the retail price of petroleum products and in lower fuel gross margin per litre. Higher supply and product costs can also result in increased working capital and corresponding financing requirements. In addition, changes in the retail price of petroleum products could dampen consumer demand for motor fuel. These factors could materially influence Parkland's fuel and petroleum product volume, adjusted gross profit and overall customer traffic which, in turn, could have a material adverse effect on the Corporation's operating results and financial condition. The development of the oil sands in northern Alberta, together with upgraders producing a distillate stream, has the potential to add significant supply volumes in the diesel market over time. Production at these facilities is subject to production interruptions which can periodically disrupt the availability of refined product in the region. Elbow River Marketing sales and volumes are driven by the opportunity to market variations in pricing of crude oil and natural gas liquids between geographical regions and markets. Changes in pricing and relative pricing of crude oil and natural gas liquids impact the net earnings of Elbow River Marketing. Pipeline availability in various markets will impact the ability of Elbow River Marketing to profitably serve customers in those markets.

## Credit

Parkland grants credit to customers ranging from small independent service station operators to larger reseller and commercial/industrial accounts. These accounts may default on their obligations. Parkland manages this exposure through rigorous credit granting procedures, typically short payment terms and security interests where applicable. Parkland attempts to closely monitor the financial conditions of its customers.

## Safety and Environmental

The operation of service stations, storage terminals and petroleum, propane and anhydrous ammonia transport trucks and rail cars and commercial facilities carry an element of safety and environmental risk. To prevent environmental incidents from occurring, Parkland has extensive safety and environmental procedures and monitoring programs at all of its facilities. To mitigate the impact of a major accident, Parkland has emergency response programs in place and provides its employees with extensive training in operational responsibilities in the event of an environmental incident. Parkland is insured for all major environmental risk areas. There can be no assurances that such insurance will be adequate to cover all potential losses or that Parkland's mitigation efforts will be effective, in whole or in part.

## Dependence on Key Suppliers

Parkland's business depends to a large extent on a small number of fuel suppliers, a number of which are parties to long-term supply agreements with Parkland. An interruption or reduction in the supply of products and services by such suppliers could adversely affect Parkland's revenue and dividends in the future. Furthermore, if any of the long-term supply agreements are terminated or end in accordance with their terms, Parkland may experience disruptions in its ability to supply customers with products until a new source of supply can be secured, if at all. Such a disruption may have a material negative impact on Parkland's revenues, dividends and its reputation. Additionally, Parkland cannot ensure that it will be able to renegotiate such agreements or negotiate new agreements on terms favourable to Parkland.

Parkland attempts to mitigate this risk by maintaining a diverse supply portfolio to include substantial volumes from each of its major suppliers and growing to a level of annual sales volumes that will offer potential suppliers a compelling share of the fuel supply business in the Corporation's regional market. However, there can be no assurances that such mitigation efforts will be adequate, in whole or in part.

## Refiner's Margin Contract

Parkland's supply contract with a major Canadian refiner, wherein the company participates in refiner's margins, will terminate on December 31, 2013 and as a result, Parkland faces a number of risks associated with that Contract:

(a) **Volume Risk**: This supply contract represents one billion litres in annual fuel volume which is less than one quarter of Parkland's fuel supply. Parkland does not presently anticipate any issues with replacing this fuel volume by 2014 based on the additional refining capacity that is anticipated to be added to the Western Canadian marketplace. However, there can be no assurance that Parkland will be able to negotiate agreements to replace such fuel volume, or that Parkland will be able to negotiate such agreements on favourable terms, which, in either case, could negatively impact Parkland's operations.

(b) **Economic Benefit**: Refiner's margins are volatile and are not assured. A drop in refiner's margins will negatively impact Parkland's profitability. Refiner's margins in 2012 and the first half of 2013 were very high compared to historic levels, in the third quarter of 2013 refiner's margins have decreased to below five year averages and as disclosed in the Parkland Penny Plan which was released on May 15, 2012, the current levels of refiner's margins are not anticipated to be entirely replaced by 2014. While Parkland has disclosed normalized 2011 Adjusted EBITDA of $125 million (compared to reported Adjusted EBITDA of $151 million for the same period), which ignores one-time costs and irregular profits to reflect the economics that are presently anticipated for Parkland by 2014, there can be no assurance that such expectations will be met or will be sustainable by 2014 or beyond.

(c) **Hedging**: Parkland has taken measures intended to improve the probability of achieving its share of refining margins in 2012 and 2013 through a hedging program utilizing put option contracts. The put option contracts are intended to protect against potential unfavorable declines in refining margins and are based on forecasted volumes for both heating oil and gasoline. The put options available are NYMEX-based contracts which have, historically, been strongly correlated to products purchased by Parkland in Canada. However, such put options have a varying degree of basis risk that cannot be managed by Parkland and there can be no assurance that Parkland's hedging program will result in Parkland realizing an improved share of refiner's margins as compared to not having put option contracts in place.

## Economic Conditions

Demand for fuel and petroleum products fluctuate to a certain extent with economic conditions. In a general economic slowdown there is less recreational and industrial travel and, consequently, less demand for fuel products, which may adversely affect Parkland's revenue, profitability and ability to pay dividends.

The oil and gas exploration sector is subject to changes in commodity prices and access to capital which impacts the drilling budgets of Parkland's customers. This largely affects oilfield fluids, propane and bulk fuel sales directly as well as impacts communities in primary exploration regions in Alberta and northern British Columbia.

The oil production sector is more stable but is impacted by long-term trends in exploration activity. Parkland provides propane and related product sales to this sector.

Mining is susceptible to variations in commodity prices. Parkland's fuel customers include several mines producing different metals and their demand for fuel may decline.

Forestry has seen reduced activity over the past several years and future activity is dependent upon trends in construction activity.

Parkland serves the farm trade. This sector is subject to weather variation and commodity price fluctuation.

## Weather

Parkland's sales volume and profitability are subject to weather influences especially winter temperatures. Parkland's heating oil and propane sales are greatest in the winter months but can be lower than normal if winter temperatures are warmer. Parkland has propane and heating oil operations in Atlantic Canada, Ontario, Alberta, British Columbia and the Yukon Territory which all experience different weather patterns which can mitigate the impacts of regional winter temperature differences. In the spring and fall seasons, weather can negatively influence agricultural product sales in the Parkland Commercial Fuels Division.

## Dependence on Key Personnel

Parkland's success is substantially dependent on the continued services of senior management, many of whom are relatively new to their position at Parkland. The loss of the services of one or more members of senior management could adversely affect Parkland's operating results. In addition, Parkland's continued growth depends on the ability of Parkland and its subsidiaries to attract and retain skilled operating managers and employees and the ability of its key personnel to manage Parkland's growth and consolidate and integrate its operations. There can be no assurance that Parkland will be successful in attracting and retaining such managers, employees and other personnel.

## Alternate Fuels & Hybrid Vehicles

The auto industry continues to develop technologies to improve the efficiency of internal combustion engines and produce economically viable alternate fuels.

Although hybrid vehicles, and to a lesser extent electric vehicles, have entered the market, the non-urban nature of Parkland's market niche is expected to provide some insulation from the impact of these vehicles on fuel sales volumes. Non-urban markets are expected to be late adopters of these technologies due to the realities of driving outside of Canada's large urban centres.

The federal government and certain provinces have developed or are developing legislation requiring the inclusion of ethanol in gasoline and use of biodiesel which may negatively affect the overall demand for fossil fuel products. Parkland has already adopted biodiesel and ethanol blended gasoline in certain markets to align with these emerging policies.

To date no economically viable alternative to the transportation fuels Parkland markets is widely available. Should such an alternative become widely available, it may negatively affect the demand for Parkland's products.

## Climate Change

Parkland does not operate any industrial sites and is not a major emitter of greenhouse gases. The federal and provincial governments in Canada are formulating laws and regulations designed to limit greenhouse gas emissions which would be expected to result in a decline of consumption of petroleum products over time.

## Technology

At the operational level, Parkland relies on electronic systems for recording of sales and accumulation of financial data. A major breakdown of computer systems would disrupt the flow of information and could cause a loss of records. This is mitigated by redundancies, emergency response plans and back-up procedures. However, there can be no assurances that such mitigation efforts will be successful in any circumstance and the conversion and upgrade of electronic systems could result in lost or corrupt data which could impact the accuracy of financial reporting and management information.

Parkland is continuing to enhance and mature business processes and technology to support growth with the following objectives:

- Introduce best business practices, consistency and uniformity to its core business operations, controls and accounting processes including for example inventory management; and
- Complete the integration of the acquired companies by merging systems, processes, controls and operations.

## Insurance

Although Parkland has a comprehensive insurance program in effect, there can be no assurance that potential liabilities will not exceed the applicable coverage limits under Parkland's insurance policies. Consistent with industry practice, not all risk factors are covered by insurance and no assurance can be given that insurance will be consistently available or will be consistently available on an economically feasible basis. The Corporation maintains insurance coverage for most environmental risk areas, excluding underground tanks at service stations. Although not insured, these risks are managed through ongoing monitoring, inventory reconciliations and tank replacement programs.

## Interest Rates

Most of Parkland's loans have floating rates and may be negatively impacted by increases in interest rates, the effect of such increases would be to reduce the amount of cash available for dividends. In addition, the market price of the shares at any given time may be affected by the level of interest rates prevailing at such time. Parkland entered into interest rate swap contracts on March 15, 2012, covering $150.0 million of borrowings under the Credit Facility in order to manage a significant portion of the Company's exposure to interest rate risk. The interest rate swap contracts were arranged with the two lead banks on Parklands revolving extendible credit facility and included $75.0 million with RBC and another $75.0 million with Scotiabank. Both contracts have identical terms and require Parkland to pay a fixed interest rate of 1.69% plus 1.75% in return the banks noted are responsible to cover the floating interest rate based on one month bankers' acceptances. The interest rate swaps expire on June 30, 2014 and Parkland would be exposed to variations in the interest rate on its long term debt after this date unless Parkland enters into additional agreements in the future.

The $85.3 million principal amount of series 1 convertible unsecured subordinated debentures bear interest at a five year annual fixed rate of 6.5% payable semi-annually in arrears on November 30 and May 31 in each year commencing May 31, 2010. The $45.0 million principal amount of series 2 convertible unsecured subordinated debentures bear interest at a five year annual fixed rate of 5.75% payable semi-annually in arrears on June 30 and December 31 in each year commencing June 30, 2011. The fixed rates of the series 1 and series 2 convertible secured subordinated debentures reduce Parkland's exposure to variable rates.

## Government Legislation

Transportation fuel sales are taxed by the federal, provincial, state and, in some cases, municipal governments. Increases in taxes or changes in tax legislation are possible and could negatively affect profitability of the Corporation. Parkland operates in highly regulated jurisdictions with complex taxation environments. Failure to appropriately operate within each regulatory jurisdiction could lead to fines, penalties and unfavourable tax assessments.

## Refinery Operating Permit

The Bowden refinery has operated as a toll-based petrochemical processing site and fuel storage site. Parkland obtained a new permit in 2007 to allow for continued use or for alternative uses of the facility. The new permit expires in 2017.

Parkland continues to operate the Bowden tank farm and terminal. If operations at the tank farm and terminal are not continued, Parkland may incur significant remediation costs. An estimate of the potential future remediation cost has been accrued and provided for in Parkland's financial statements.

## Regional Economic Conditions

Parkland's revenues may be negatively influenced by changes in regional or local economic variables and consumer confidence. External factors that affect economic variables and consumer confidence, over which Parkland exercises no influence, include unemployment rates, levels of personal disposable income, and regional or economic conditions. Changes in economic conditions could adversely affect consumer spending patterns, travel and tourism in certain of Parkland's market areas. Some of Parkland's sites are located in markets which are more severely affected by weak economic conditions. With the acquisition of Bluewave Energy, Parkland added the risk of economic exposure to Atlantic Canada while at the same time Parkland diversified overall Canadian exposure that was previously heavily weighted to western Canada variables. Parkland, through Elbow River Marketing, is actively involved in US markets. Elbow River Marketing's significant reliance on these markets means that it is subject to downturns in the US economy, weather patterns in the US, protectionist actions by US legislators and other political developments, all of which could have an adverse impact on Parkland's financial results.

### Cash Dividends Are Not Guaranteed and Will Fluctuate with Performance of the Business

Although Parkland intends to distribute a significant portion of the income earned by the Corporation, less expenses, capital additions, income taxes and amounts, if any, paid by the Corporation in connection with the redemption of shares, there can be no assurance regarding the amounts of income to be generated by the business. Parkland's Board of Directors will, at their discretion, determine the amount of any future dividends payable. The actual dividend will depend upon numerous factors, including profitability, fluctuations in working capital, the sustainability of margins and capital expenditure programs.

### Capital Investment

The timing and amount of expenditures for business acquisitions, additions of property, plant and equipment and intangibles will directly affect the amount of cash available for distribution to shareholders. Dividends may be substantially reduced at times when significant capital or other expenditures are made.

### Restrictions on Potential Growth

The payout by Parkland of substantially all of its operating cash flow will make additional capital and operating expenditures dependent on increased cash flow or additional financing in the future. Lack of those funds could limit the future growth of Parkland and its cash flow.

### Legal Proceedings

The Corporation is subject to various legal proceedings and claims that arise in the ordinary course of business operations. The Corporation believes that the amount of liability, if any, from these actions would not have a material effect on the Corporation's financial position or results of operations.

## Supplementary Information

Parkland seeks to provide relevant information to allow investors to evaluate its operations. The nature of this information is limited by competitive sensitivities, confidentiality terms in written agreements and Parkland's policy not to provide guidance regarding future earnings. Parkland has developed a template of supplementary information that is published with each quarterly financial report. For persons seeking information regarding fuel margins, please refer to outside sources including: websites of western Canadian refiners, Bloomberg's Oil Buyers Guide, Nymex contracts for gasoline and crude oil as well as Government of Canada and Natural Resources Canada reports. Data from these sources will not be sufficient to calculate Parkland's fuel margin given that it does not correlate directly with the Corporation's market region and supply contracts, but should indicate margin trends.

## Controls Environment

Management is responsible for the preparation and fair presentation of the consolidated financial statements. Parkland has established disclosure controls and procedures, internal controls over financial reporting, and corporate-wide policies to provide that Parkland's consolidated financial condition, financial results and cash flows are presented fairly. Parkland's disclosure controls and procedures are designed to ensure timely disclosure and communication of all material information required by regulators.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, these systems provide reasonable, but not absolute assurance, that financial information is accurate and complete. Due to the inherent limitations in all control systems, internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and may not prevent or detect all misstatements.

Parkland, under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, has designed disclosure controls and procedures and internal controls over financial reporting to provide reasonable assurance that information required is recorded, processed, summarized and reported within the time periods specified by the applicable Canadian securities regulators and include controls and procedures designed to provide reasonable assurances that information required to be disclosed in reports filed or submitted under applicable Canadian securities regulations is accumulated and communicated to Parkland's management, including Parkland's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. In addition, these controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

Parkland has a Disclosure Committee, consisting of four senior management members, that approves all items for public disclosure and also considers whether all items required to be made public are disclosed.

# Changes in Accounting Policies

Parkland has adopted the following new standards effective January 1, 2013:

## (a) IFRS 10 – Consolidated Financial Statements

Effective January 1, 2013, Parkland adopted retrospectively IFRS 10. This standard replaces all the guidance on the control and the consolidation requirements presented in IAS 27 Consolidated and Separate Financial Statements and SIC – 12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control which focuses on the need to have both power and variable economic returns before control is present. Power is the current ability to direct the activities that significantly influence economic returns. Returns must vary and can be positive, negative or both. The renamed IAS 27 continues to be a standard dealing solely with separate financial statements and its guidance is unchanged. The adoption of IFRS 10 has not impacted Parkland.

## (b) IFRS 12 – Disclosure of Interest in Other Entities

Effective January 1, 2013 Parkland adopted retrospectively IFRS 12 which sets out the required disclosures for entities reporting under IFRS 10. It introduces additional disclosure requirements which will assist financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates and unconsolidated structured entities.

As of January 1, 2012, Parkland had 100% interest in the following subsidiaries: Parkland Industries Ltd., Bluewave Energy Ltd., Cango Inc., Neufeld Petroleum & Propane Ltd., Parkland Refining Ltd., Columbia Fuels Ltd., United Petroleum Products Inc. and 1472490 Alberta Ltd. On February 15, 2013, Parkland completed the acquisition of the assets and the liabilities of Elbow River Marketing Limited Partnership and, as a result, Parkland incorporated two wholly-owned subsidiaries: Elbow River Marketing Ltd. ("Elbow River Marketing") and Elbow River Marketing USA Ltd. On April 2, 2013, Parkland acquired 100% interest in five Sparling companies. Four companies were amalgamated to form Sparling's Propane Co. Limited. The fifth company, Sparling's Propane Inc. became a subsidiary of Sparling's Propane Co. Limited. In addition, Parkland incorporated a wholly owned subsidiary 2362917 Ontario Inc. which has a 100% interest in Sparling's Propane Co. Limited. On May 13, 2013, Parkland entered into agreements to become Morgan Stanley's fuel marketer for the province of Quebec, to assume customers and assets of TransMontaigne Marketing Canada Inc. ("TransMontaigne"), to lease terminal storage through CanTerm Canadian Terminals Inc. and to purchase inventory from Morgan Stanley Capital Group Inc., as a result, Parkland incorporated 1714141 Alberta Ltd., a wholly owned subsidiary.

## (c) IFRS 13 – Fair Value Measurement

Effective January 1, 2013, Parkland adopted prospectively IFRS 13, a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. The adoption of IFRS 13 impacted Parkland's disclosure of the fair value of financial instruments as disclosed in Note 7 of Parkland's unaudited condensed interim consolidated financial statements for the periods ended September 30, 2013 and 2012.

## Recently Announced Accounting Pronouncements

Parkland is in the process of evaluating the impact of the following new requirements:

### IFRS 9 – Financial Instruments

In November 2009, as part of the International Accounting Standards Board's (IASB) project to replace International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities and is applicable for annual periods starting on or after January 1, 2015. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed. Parkland has not decided whether to early adopt this standard.

## Related Party Transactions

Parkland receives legal services from Bennett Jones LLP where a director of the Corporation is a partner. The fees paid during the nine month period ending September 30, 2013 amounted to $2.0 million (September 30, 2012 - $0.5 million) including $0.1 million (December 31, 2012 - $0.3 million) in amounts payable at September 30, 2013.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The exchange amounts represent normal commercial terms.

## Contractual Obligations

Parkland has contracted obligations under various debt agreements as well as under operating and capital leases for land, building and equipment. Undiscounted cash outflows ($000's) relating to financial liabilities are as follows:

| As at September 30, 2013 | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Bank indebtedness | 9,647 | - | - | - | - | - | 9,647 |
| Accounts payable | 322,974 | - | - | - | - | - | 322,974 |
| Dividends declared and payable | 6,157 | - | - | - | - | - | 6,157 |
| Long-term debt, including capital lease obligations (1) | 1,606 | 6,590 | 5,417 | 172,721 | 163 | 516 | 187,013 |
| Obligations under operating leases | 6,006 | 20,270 | 17,170 | 14,125 | 10,338 | 17,099 | 85,008 |
| Convertible debentures (1) | 2,050 | 93,100 | 47,561 | - | - | - | 142,711 |

(1) Principal and interest, including current portion

| As at December 31, 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | Thereafter | Total |
|---|---|---|---|---|---|---|---|
| Accounts payable | 175,351 | - | - | - | - | - | 175,351 |
| Dividends declared and payable | 5,777 | - | - | - | - | - | 5,777 |
| Long-term debt, including capital lease obligations (1) | 5,850 | 5,079 | 4,972 | 159,092 | 163 | 516 | 175,672 |
| Obligations under operating leases | 8,498 | 6,653 | 5,852 | 5,111 | 4,479 | 10,414 | 41,007 |
| Other long-term liabilities (1) | 268 | - | - | - | - | - | 268 |
| Convertible debentures (1) | 8,878 | 105,137 | 47,561 | - | - | - | 161,576 |

(1) Principal and interest, including current portion

The Corporation also has purchase commitments under its fuel supply contracts that require the purchase of approximately 250 million litres of product to the end of 2013.

The series 1 convertible unsecured subordinated debentures are convertible into common shares at the option of the holder at any time up to the maturity on November 30, 2014 at a conversion price of $14.60 per share. The series 2 convertible unsecured subordinated debentures are convertible into shares at the option of the holder at any time up to the maturity on December 31, 2015 at a conversion price of $18.00 per share.

## Shares Outstanding

As at November 7, 2013, Parkland had approximately 71.0 million shares outstanding and 1.7 million share options outstanding consisting of 0.5 million share options that are currently exercisable into shares. In addition, Parkland also had 0.5 million restricted share units outstanding.

## Investor Services and Resources

Parkland provides a number of services for investors, including e-mail news alerts as well as the Business Driver newsletter, a monthly publication that aggregates publicly available data about what drives our results.

To subscribe to information services go to:

http://bit.ly/PKI-Info

To review our investor dashboard go to:

http://bit.ly/PKI-IR

For investor inquiries please contact Glen Nelson, Manager, Investor Relations at glen.nelson@parkland.ca or 1-800-662-7177 ext. 2534.