Parkland FUEL CORPORATION

Year ended December 31, 2014

Report to Shareholders

Management's Discussion and Analysis Q4 2014

Table of Contents

This Management's Discussion and Analysis ("**MD&A**") dated March 4, 2015 should be read in conjunction with Parkland Fuel Corporation's ("**Parkland**", the "**Corporation**", "**we**", "**our**" and "**us**") December 31, 2014 audited consolidated financial statements (the "**Consolidated Financial Statements**") and the accompanying notes. Additional information about Parkland filed with Canadian securities regulatory authorities, including quarterly and annual reports and the annual information form dated March 26, 2014 ("**2014 Annual Information Form**") is available online at www.sedar.com and our website, www.parkland.ca. Information contained in or otherwise accessible through our website does not form a part of this MD&A, and is not incorporated into this MD&A by reference.

Basis of Presentation

Unless otherwise noted, all financial information has been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**") and Canadian generally accepted accounting principles ("**GAAP**") as contained within Part 1 of the Chartered Professional Accountants of Canada Handbook. All financial information is reported in Canadian dollars.

Non-GAAP Financial Measures

This MD&A contains references to certain financial measures, including some that do not have any standardized meaning prescribed by IFRS or GAAP and may not be comparable to similar measures presented by other corporations or entities. These financial measures include "EBITDA", "Adjusted EBITDA", "Adjusted Gross Profit", "Credit Facility EBITDA", "distributable cash flow", "Senior Funded Debt", "Total Funded Debt", "Senior Funded Debt to Credit Facility EBITDA ratio", "Total Funded Debt to Credit Facility EBITDA ratio" and "Credit Facility

Fixed Charge Coverage ratio" and information disclosed on a cents per litre ("cpl") basis. See "Non-GAAP Financial Measures, Reconciliations and Advisories" and "Distributable Cash Flow".

Risks and Forward Looking Information

Parkland's financial and operational performance is potentially affected by a number of factors, including, but not limited to, the factors described in the Risk Factors section of this MD&A.

This MD&A contains forward-looking information based on Parkland's current expectations, estimates, projections and assumptions. This information is subject to a number of risks and uncertainties, including those discussed in this MD&A and Parkland's other disclosure documents, many of which are beyond Parkland's control. Users of this information are cautioned that actual results may differ materially. See "Non-GAAP Financial Measures, Reconciliations and Advisories" for information on the material risk factors and assumptions underlying Parkland's forward-looking information.

1. Financial and Operating Summary

Financial Summary

	Three months ended December 31,			**Year ended December 31,**		
(in millions of Canadian dollars, except per share amounts)	**2014**	2013	2012	**2014**	2013	2012
Sales and operating revenues	**1,739.0**	1,598.9	998.4	**7,527.6**	5,663.4	4,133.6
Adjusted gross profit(1)	**141.5**	141.9	104.0	**540.8**	500.0	437.1
Net earnings	**10.2**	22.0	9.6	**49.9**	92.0	84.9
Per share - basic	**0.13**	0.31	0.14	**0.66**	1.31	1.28
Per share - diluted(2)	**0.13**	0.30	0.14	**0.66**	1.26	1.22
Adjusted EBITDA(1)	**51.1**	50.6	42.5	**183.2**	207.4	200.4
Dividends	**26.9**	18.6	17.2	**85.9**	72.9	67.8
Dividends declared per share	**0.26**	0.26	0.26	**1.05**	1.04	1.02
Distributable cash flow(3)	**23.10**	26.1	20.8	**107.00**	136.5	129.9
Per share - outstanding(3)	**0.28**	0.36	0.31	**1.30**	1.90	1.91
Dividend payout ratio(3)	**117%**	71%	83%	**80%**	53%	52%
Total assets(4)				**1,531.8**	1,255.2	896.4
Total long-term financial liabilities				**551.1**	339.0	340.9
Total Funded Debt(1)				**245.5**	259.8	170.9
Shares Outstanding (thousands of shares)				**82,114**	71,795	67,973

(1) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations and Advisories section of this MD&A for reconciliation.
(2) Dilutive earnings per share can be impacted by an antidilutive 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.
(3) Non-GAAP financial measure. See the Distributable Cash Flow section of this MD&A for reconciliation and calculation.
(4) Revised, please see correction of prior period error discussion in the Note 2 to the Consolidated Financial Statements.

	Three months ended December 31,			**Year ended December 31,**		
	2014	2013	2012	**2014**	2013	2012
Fuel volume (millions of litres)	**2,328**	1,917	1,062	**8,855**	6,659	4,241
Fuel and petroleum product adjusted gross profit(1) - cpl:						
Retail Fuels	**5.37**	4.63	5.35	**5.00**	4.73	4.91
Commercial Fuels	**11.63**	10.18	10.45	**10.47**	9.93	9.78
SPF Energy	**3.72**	-	-	**3.22**	-	-
Operating costs - cpl	**2.58**	3.15	3.75	**2.74**	2.86	3.61
Marketing, general and administrative - cpl	**1.65**	1.80	2.04	**1.50**	1.68	1.88

(1) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations, and Advisories section of this MD&A.

Who We Are

Parkland is Canada's largest independent marketer of fuel and petroleum products. We deliver gasoline, diesel, propane, lubricants, heating oil and other high quality petroleum products to motorists, businesses, consumers and wholesale customers in Canada and the United States. We maintain a portfolio of supply relationships, storage infrastructure and third-party rail and highway carriers to ensure security of supply to our customers. Our mission is to be the partner of choice for our customers and suppliers, and we do this by building lasting relationships through outstanding service, reliability, safety and professionalism. For a description of Parkland's business segments, refer to the Segment Results section of this MD&A.

Parkland's Strategy

Parkland is committed to delivering competitive and sustainable returns to shareholders by being the partner of choice to both our suppliers and our customers. To be the partner of choice for our suppliers, we work hard to reliably and consistently purchase large volumes of "balanced barrel" product (the full range of products manufactured from a barrel of crude) in the geographic markets in which we operate. To be the partner of choice to our customers, we focus on operating safely and delivering a differentiated service experience.

Given our purchase of the full range of refined products from suppliers, we have a variety of "owned" marketing channels through which we sell these products including: retail gas stations; commercial diesel card-locks; commercial fuel and lubricant delivery branches and propane delivery branches. We also use our wholesale and trading activities to optimize the value of the other excess "balanced barrel" products that are not sold through our "owned" marketing channels.

As the fuel distribution market remains significantly fragmented in North America, we believe we are well placed to be a leader in its consolidation given our potential synergies on acquisitions and experience across all fuel marketing channels. Further, we believe our focus on safety and customer service enables us to grow organically. As a result of this combination of acquisitive and organic growth, we believe this enables us to earn a competitive return for our shareholders and creates synergies on acquisitions.

2014 Highlights

- Sales and operating revenues in 2014 increased to $7.5 billion (8.9 billion litres), an increase of $1.9 billion (2.2 billion litres) from 2013.
- Adjusted EBITDA decreased by $24.2 million from $207.4 million in 2013 to $183.2 million in 2014. Net earnings decreased by $42.1 million from $92.0 million in 2013 to $49.9 million in 2014. The benefit of acquisitions, improved results from legacy Parkland businesses and the benefits from new supply contracts partially offset the reduction in refiner margin earnings related to the end of the long-term refiner's margin contract in December 2013 (the "**Refiner's Margin Contract**").
- On January 8, 2014, Parkland acquired SPF Energy Inc. ("**SPF Energy**") based in Minot, North Dakota, USA. In 2014 SPF Energy added 1.2 billion litres of fuel and $23.7 million of Adjusted EBITDA to Parkland's results.
- On April 2, 2014, Parkland acquired twelve Chevron-branded service stations in Northern British Columbia (the "**Chevron Acquisition**") which added 25 million litres to Parkland's results in 2014.
- On September 17, 2014, Parkland entered an agreement to acquire the business of Pioneer Energy ("**Pioneer Energy**") domiciled in Ontario, Canada. The acquisition is expected to add 2.2 billion litres in fuel sales, $55 million in annualized Adjusted EBITDA, and $0.26 per share in distributable cash flow per year. Synergies are expected to add an incremental $10.0 million in Adjusted EBITDA by 2017. The acquisition is expected to be completed by the end of the first quarter of 2015. All corporate approvals from Parkland and Pioneer Energy have been received for the acquisition. However, the acquisition is still subject to regulatory approvals including, but not limited to the Competition Bureau.
- On November 30, 2014 the 6.5% series 1 convertible unsecured subordinated debentures ("**Debentures**") matured. The Debentures were issued on December 1, 2009 with a principal amount of $97.8 million. During the year ended December 31, 2014, $85.0 million principal amount of Debentures were redeemed. The Debentures were convertible into common shares of Parkland at $14.60 per share at the option of the holder. Upon conversion of the Debentures during 2014, Parkland issued 5.8 million common shares and paid $0.6 million cash.
- In 2014, Parkland returned $85.9 million in dividends to shareholders.

Q4 2014 vs. Q4 2013 Overall Performance

Net Earnings

Net earnings for the fourth quarter of 2014 were $10.2 million, a decrease of $11.8 million compared to $22.0 million in the fourth quarter of 2013. Items affecting net earnings in the fourth quarter of 2014 compared to the fourth quarter of 2013 included:

- Finance costs in the fourth quarter of 2014 increased by $1.0 million to $5.9 million compared to $4.9 million in the fourth quarter of 2013. Interest expenses increased $4.0 million due primarily to the issuance of, in aggregate, $400.0 million Senior Unsecured Notes (see "Capital Resources" section of this MD&A) in 2014. This was partially offset by $2.4 million amortization of the embedded redemption option of the Senior Unsecured Notes.
- In the fourth quarter of 2014, the loss on disposal of property, plant and equipment was $0.1 million, compared to $0.8 million in the same period in 2013.
- Income tax expense decreased in the fourth quarter of 2014 to $3.8 million, compared to $5.7 million in the fourth quarter of 2013 due to a decrease in net earnings for the period and a decrease in adjustments in respect of prior years.
- The unrealized loss from changes in fair value commodities forward contracts, US dollar forward exchange contracts and future contracts in the fourth quarter of 2014 was $4.4 million, compared to a gain of $0.7 million in the same period in 2013. The loss on these financial contracts is calculated by comparison to their market valuation at end of each reporting period. These contracts form part of Parkland's risk management strategy, as contracts are used to lock-in margins with customers on commodities to be physically delivered in the future.
- In the fourth quarter of 2014, the unrealized loss on foreign exchange was $1.3 million, compared to $0.4 million in the same period in 2013.

- In the fourth quarter of 2014, business acquisition related costs increased by $5.0 million to $7.8 million, compared to $2.8 million in the fourth quarter of 2013 due primarily to acquisition efforts undertaken for the purchase of Pioneer Energy.
- Depreciation and amortization expense in the fourth quarter of 2014 was $17.7 million, compared to $14.6 million in the fourth quarter of 2013. The $3.0 million increase in depreciation of property, plant and equipment was primarily due to the acquisition of SPF Energy and the Chevron Acquisition.
- Adjusted EBITDA in the fourth quarter of 2014 was $51.1 million, compared to $50.6 million in the fourth quarter of 2013.

Adjusted EBITDA

	Three months ended December 31,	
(in thousands of Canadian dollars)	**2014**	2013
Net earnings	**10,222**	22,037
Finance costs[1]	**5,887**	4,856
Loss on disposal of property, plant and equipment	**68**	823
Income tax expense	**3,769**	5,685
Unrealized loss (gain) from the change in fair value commodities forward contracts, US dollar forward exchange contracts and future contracts	**4,436**	(648)
Unrealized loss on foreign exchange	**1,251**	433
Acquisition related costs	**7,802**	2,764
Depreciation and amortization	**17,630**	14,612
Adjusted EBITDA[2][3]	**51,065**	50,562

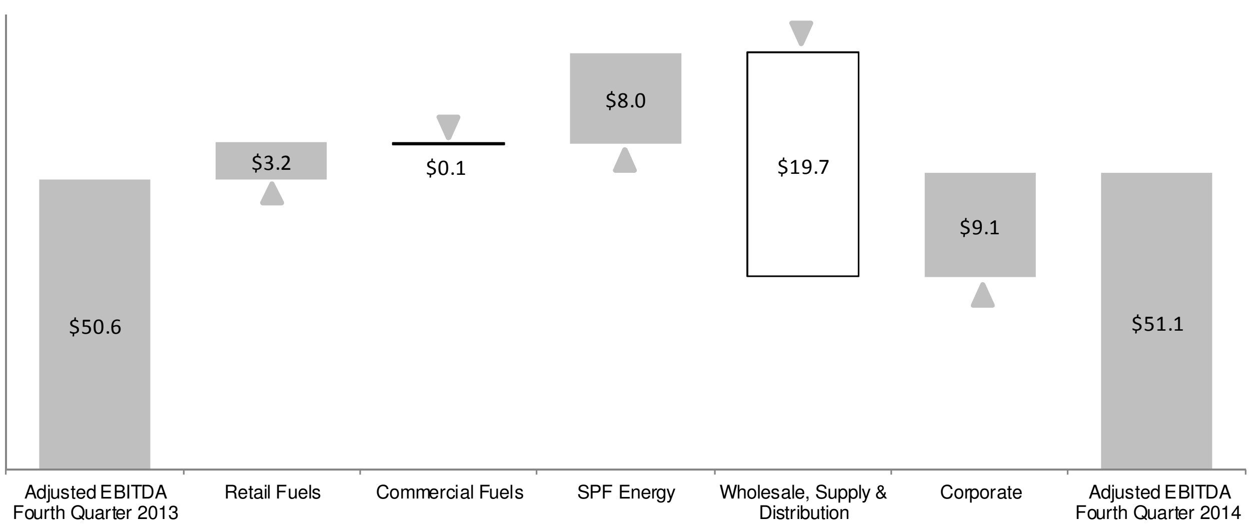
[1] Includes realized and unrealized (gain) loss on the interest rate swap.

[2] Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliation and Advisories section of this MD&A.

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

Parkland achieved $51.1 million in Adjusted EBITDA in the fourth quarter of 2014, compared to $50.6 million in the fourth quarter of 2013. Fuel and petroleum product volume increased by 411 million litres, driven primarily by SPF Energy and Wholesale, Supply and Distribution, and lower Corporate expenses were offset by the absence of the Refiner's Margin Contract that ended in December 2013.

Adjusted EBITDA[1] by Segment ($ millions)



[1] Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations, and Advisories section of this MD&A.

Retail Fuels

- Retail Fuels contributed incremental Adjusted EBITDA of $3.2 million in the fourth quarter of 2014. Retail Fuels achieved strong company fuel margins, partially offset by a decrease in fuel volume. Non-fuel gross profit increased by $0.6 million due to the Chevron Acquisition and strong convenience store sales driving variable rents and volume rebates higher.

Commercial Fuels

- In the fourth quarter of 2014, Commercial Fuels saw a decrease in Adjusted EBITDA of $0.1 million compared to the fourth quarter of 2013. Unseasonably warmer weather, and delayed and reduced oilfield activity resulted in a decrease in fuel volume of 52 million litres. This was partially offset by strong margins in the fourth quarter of 2014.

SPF Energy

- SPF Energy added Adjusted EBITDA of $8.0 million and 310 million litres of fuel volume in the fourth quarter of 2014. Strong wholesale and retail fuel margins and significant wholesale volume from customer growth, combined with strong non-fuel revenue from lubricants sales and convenience store sales contributed to the fourth quarter 2014 results.

Wholesale, Supply & Distribution

- Wholesale, Supply & Distribution saw a decrease of $19.7 million in Adjusted EBITDA due to the expected termination of the Refiner's Margin Contract in December 2013 partially offset by an increase in crude, propane, butane and wholesale gas and diesel volumes.

Corporate

- The Corporate segment including centralized administrative services and expenses, reported lower costs of $9.1 million due to the non-recurrence of the $9.8 million environmental legal cost provision recorded in the fourth quarter of 2013. This was partially offset by growth focused expenses such as increased staff to support Parkland's expansion.

2014 vs. 2013 Overall Performance

Net Earnings

Net earnings for 2014 were $49.9 million, a decrease of $42.1 million compared to $92.0 million in 2013. Items affecting net earnings in 2014 compared to 2013 included:

- Finance costs in 2014 increased by $5.2 million to $25.1 million compared to $19.9 million in 2013. Interest expenses increased $7.2 million due primarily to the issuance of, in aggregate, $400.0 million Senior Unsecured Notes in 2014. This was partially offset by $3.2 million amortization of the embedded redemption option of the Senior Unsecured Notes.
- In 2014, the loss on disposal of property, plant and equipment was $1.2 million, compared to $2.4 million in 2013.
- Income tax expense decreased in 2014 to $20.3 million, compared to $31.0 million in 2013 due to a decrease in net earnings for the period and a decrease in adjustments in respect to prior years.
- The unrealized gain from changes in fair value commodities forward contracts, US dollar forward exchange contracts and future contracts in 2014 was $3.7 million, compared to $1.3 million in the same period in 2013.
- In 2014, the unrealized gain on foreign exchange was $0.4 million, compared to a loss of $0.6 million in 2013.
- In 2014, business acquisition related costs increased by $8.8 million to $15.7 million, compared to $6.9 million primarily due to the acquisitions of SPF Energy in the first quarter of 2014, the Chevron Acquisition in the second quarter of 2014 and Pioneer Energy.
- Depreciation and amortization expense in 2014 was $75.1 million in 2014, compared to $56.0 million in 2013. The $8.4 million increase in depreciation of property, plant and equipment was attributable to the acquisition of SPF Energy and the Chevron Acquisition. The $2.1 million increase in amortization of intangible assets was due to the acquisition of customer relationships, trade names, non-compete agreements and lease benefits from the acquisition of SPF Energy. The $8.6 million increase in amortization of asset retirement obligations within property, plant and equipment is primarily due to a decrease in the interest rates used to discount future estimated remediation costs, resulting in higher balances to depreciate within property, plant and equipment.
- Adjusted EBITDA in 2014 was $183.2 million, compared to $207.4 million in 2013.

Adjusted EBITDA

	Year ended December 31,	
(in thousands of Canadian dollars)	**2014**	2013
Net earnings	**49,875**	91,957
Finance costs[1]	**25,145**	19,884
Loss on disposal of property, plant and equipment	**1,156**	2,440
Income tax expense	**20,347**	31,010
Unrealized gain from the change in fair value commodities forward contracts, US dollar forward exchange contracts and future contracts	**(3,707)**	(1,309)
Unrealized (gain) loss on foreign exchange	**(432)**	592
Acquisition related costs	**15,699**	6,852
Depreciation and amortization	**75,124**	56,003
Adjusted EBITDA[2][3]	**183,207**	207,429

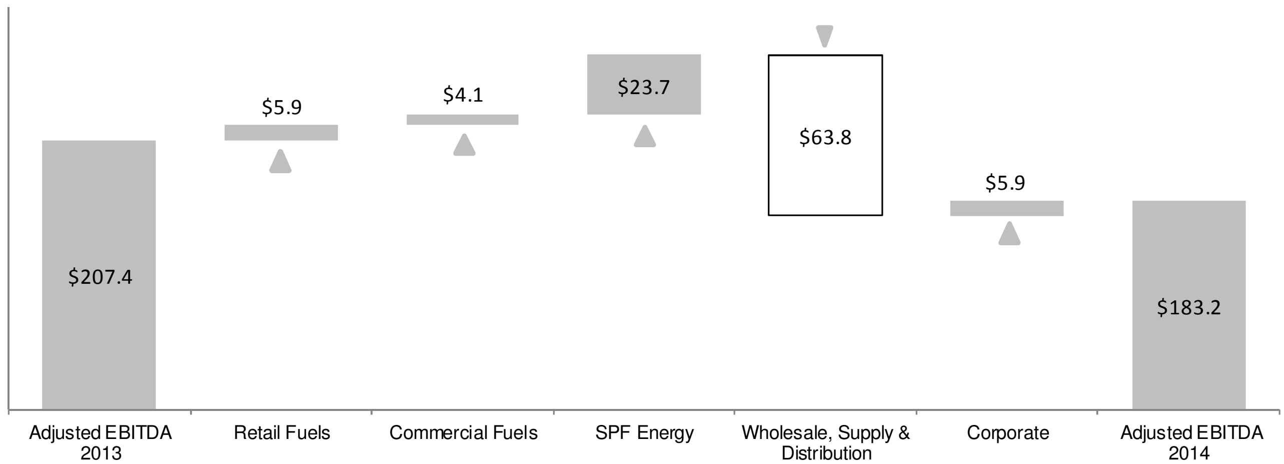
(1) Includes realized and unrealized (gain) loss on the interest rate swap.

(2) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliation and Advisories section of this MD&A.

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

Parkland delivered $183.2 million in Adjusted EBITDA in 2014, compared to $207.4 million in 2013. Fuel and petroleum product volume increased by 2.2 billion litres in 2014 compared to 2013. The benefit of acquisitions, improved results from legacy Parkland businesses and the benefits from new supply contracts partially offset the reduction in earnings related to the end of the Refiner's Margin Contract in December 2013.

Adjusted EBITDA[(1)] by Segment ($ millions)



(1) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations, and Advisories section of this MD&A.

Retail Fuels

- Retail Fuels contributed incremental Adjusted EBITDA of $5.8 million in 2014. Stronger company fuel margins throughout the Parkland network and higher non-fuel gross profit due to above industry growth in our convenience store sales combined with additional volumes from the new Chevron-branded service stations and the Canadian Tire site, which in total added 26 million litres in 2014. These were partially offset by dealer volume shortfalls, primarily in Eastern Canada, reflective of competitive market conditions.

Commercial Fuels

- Commercial Fuels saw an increase in fuel volume of 20 million litres and an increase in Adjusted EBITDA of $4.1 million in 2014. Sparlings Propane added an incremental propane volume of 61 million litres in 2014, which was partially offset by unseasonably warmer weather, delayed and reduced oilfield activity and the elimination of low-margin and poor credit customers.

SPF Energy

- SPF Energy added incremental Adjusted EBITDA of $23.7 million and 1.2 billion litres of fuel volume in 2014. Strong wholesale and retail fuel margins and increased wholesale volume from customer growth, combined with strong non-fuel revenue from lubricants sales and convenience store sales which contributed to the 2014 results.

Wholesale, Supply & Distribution

- Wholesale, Supply & Distribution saw a significant increase in fuel and petroleum product volume of 1.0 billion litres in 2014 while Adjusted EBITDA decreased by $63.8 million, primarily due to the termination of the Refiner's Margin Contract in December 2013. Propane and butane volumes were very strong in 2014 due to the ability to successfully capture geographic arbitrage opportunities.

Corporate

- The Corporate segment reported lower costs of $5.9 million in 2014 compared to 2013. This was due to the $9.8 million environmental legal cost provision recorded in the fourth quarter of 2013, partially offset by growth focused expenses such as increased staff to support Parkland's expansion.

2. Segmented Results

Refer to Note 26 to the Consolidated Financial Statements for segmented financial information.

Retail Fuels Results and Operations

Brands
Parkland Retail Fuels supplies and supports a network of 682 retail gas stations in Canada. It owns two proprietary brands; Fas Gas Plus and Race Trac, and is a Branded Wholesaler for Esso and Chevron. Parkland's multi-brand strategy provides a robust offering to satisfy many fuel market niches.

- **Chevron –** The Chevron branded wholesaler agreement provides Parkland with the opportunity to offer Chevron's premium brand to Parkland's own or leased network and to independent dealers.
  Esso – The Esso branded wholesaler agreement provides Parkland with the opportunity to offer Esso's nationally recognized brand to Parkland's own or leased network and to independent dealers.
- **Fas Gas Plus –** Fas Gas Plus is a community focused independent brand that brings consumers an urban offering into non-urban markets through a large, well-merchandised convenience store, a strong loyalty program and knowledgeable and friendly retailer operators and dealers. Parkland's strategy is to continue to maximize penetration of this brand throughout its traditional non-urban markets by acquiring new sites and modernizing and maintaining existing sites to the highest of Parkland standards.
- **Race Trac –** Race Trac is designed for the dealer entrepreneur who wants to operate independently in the marketplace but not to be restricted by the standards of Parkland's other brand offerings. Parkland has focused on enhancing the brand value of Race Trac. This brand is positioned for locations or markets where The Fas Gas Plus, Chevron or Esso brands are not suited and is a complementary offering within Parkland's brand portfolio.
- **Other –** In most cases, "Other" represents brands that are being migrated to Parkland's primary brand offerings over time.

Business Models
Parkland Retail Fuels operates under the following business models:

- **Company Owned Retailer Operated** – These sites are either owned or leased by Parkland and operated and managed on its behalf by independent entrepreneurs (retailers). Parkland owns the fuel inventory and maintains control of the retail selling price at the pumps; the retailer owns the convenience store inventory. Parkland pays the retailer a "cents per litre" commission on the fuel sales and collects from the retailer a fixed rent for the facilities plus a percentage rent on the convenience store sales.
- **Dealer Owned Dealer Operated** – These sites are either owned or leased by a dealer. Parkland secures a long term fuel supply contract with the dealer, usually five years or longer. Over the term of the agreement, Parkland supplies fuel to the dealer based on independently published rack prices that can fluctuate daily. The dealer owns the fuel inventory and maintains control of the retail selling price at the pumps.

Site Counts by Brand and Business Models

	Fas Gas Plus	Race Trac	Esso	Chevron	Canadian Tire	Other	Total
				2014			
Company Owned Retailer Operated	97	3	25	17	1	-	143
Dealer Owned Dealer Operated	89	86	331	4	-	29	539
Total	186	89	356	21	1	29	682
				2013			
Company Owned Retailer Operated	100	2	24	4	-	1	131
Dealer Owned Dealer Operated	86	97	343	1	-	39	566
Total	186	99	367	5	-	40	697

Retail Fuels Performance Highlights

Retail Fuels increased Adjusted EBITDA by 20.8% to $18.7 million in the fourth quarter of 2014 compared to $15.4 million in the fourth quarter of 2013. Adjusted EBITDA also increased by 9.4% or $5.9 million to $67.8 million in 2014 compared to $61.9 million in 2013. The increase in Adjusted EBITDA in the fourth quarter of 2014 was driven by strong company fuel and non-fuel margins, partially offset by a decline in the fuel volumes. In 2014, Adjusted EBITDA increased primarily due to the addition of the Chevron-branded service stations in British Columbia, combined with stronger company margins and convenience store sales.

	Three months ended December 31,		Year ended December 31,	
(in thousands of Canadian dollars)	**2014**	2013	**2014**	2013
Fuel and petroleum product volume[1] (000's of litres)	**426,957**	432,107	**1,733,960**	1,747,421
Sales and operating revenue	**362,978**	402,594	**1,678,002**	1,664,769
Fuel and petroleum product adjusted gross profit[2]	**22,909**	19,992	**86,762**	82,598
Non-fuel adjusted gross profit[2]	**5,152**	4,619	**19,545**	17,815
Adjusted gross profit[2]	**28,061**	24,611	**106,307**	100,413
Operating costs	**6,470**	5,923	**25,913**	25,560
Marketing, general and administrative	**2,941**	3,249	**12,608**	12,914
Adjusted EBITDA[2]	**18,650**	15,443	**67,786**	61,947
Per litre analysis (cpl):				
Fuel and petroleum product adjusted gross profit	**5.37**	4.63	**5.00**	4.73
Operating costs	**1.52**	1.37	**1.49**	1.46
Marketing, general and administration	**0.69**	0.75	**0.73**	0.74
Adjusted EBITDA	**4.37**	3.57	**3.91**	3.55

(1) Includes Diesel, Gasoline, and Propane volumes.

(2) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations & Advisories section in this MD&A.

Q4 2014 vs. Q4 2013

In the fourth quarter of 2014, fuel volume decreased by 1.2% or 5 million litres compared to the same period in 2013. Increases in fuel volume from new locations including the twelve Chevron-branded services stations were offset by dealer volume shortfalls, reflective of competitive market conditions primarily in Eastern Canada.

Sales and operating revenue decreased by 9.8% or $39.6 million to $363.0 million in the fourth quarter of 2014 compared to $402.6 million in the same period in 2013, driven by the lower fuel prices at the pumps throughout the fourth quarter of 2014.

In the fourth quarter of 2014, the adjusted gross profit increased by 14.0% or $3.5 million to $28.1 million compared to $24.6 million in the fourth quarter of 2013 due to the contribution from the new Chevron-branded service stations combined with stronger company fuel and non-fuel margins. Continued development and enhancement of Parkland's convenience store offering helped increase convenience store sales volume on a same store basis.

Operating costs are from company owned, retailer operated sites. Expenses in this category include retailer fuel commissions and bonuses along with the costs associated with owning and maintaining the land, building and equipment such as rents, repairs and maintenance, environmental, utilities, insurance and property tax costs. Operating costs increased by 9.2% or $0.5 million in the fourth quarter of 2014 compared to the same period in 2013 due primarily to $0.5 million in added costs of operating the new Chevron-branded company owned dealer operated service stations in 2014.

Marketing, general and administrative expenses are a head office overhead function. Expenses are typically fixed in nature and do not vary with volume. Departments included in this category are Marketing, Network Development and Infrastructure, Real Estate, Finance, Operations and Credit. Marketing, general and administrative expenses for the fourth quarter of 2014 decreased by 9.5% or $0.3 million compared to the same period in 2013 due to reductions in media advertising, contracted services and professional fees.

Metrics
Adjusted fuel gross profit on a cpl basis increased 16.0% or 0.74 cpl quarter-over-quarter due to higher company fuel margins.

Operating costs on a cpl basis increased by 10.9% or 0.15 cpl quarter-over-quarter mainly due to the added costs of operating the new Chevron-branded service stations combined with lower overall dealer volume.

Marketing, general and administrative expenses on a cpl basis decreased by 8.0% or 0.06 cpl quarter-over-quarter due to effective cost controls.

2014 vs. 2013
Fuel volume decreased by 0.8% or 13 million litres in 2014 compared to 2013. The addition of the new Chevron-branded service stations and one Canadian Tire site in the second quarter added 26 million litres in 2014. This was offset by dealer volume shortfalls, primarily in Eastern Canada, reflective of competitive market conditions.

In 2014, adjusted gross profit increased by 5.9% or $5.9 million to $106.3 million compared to $100.4 million in 2013 due primarily to the addition of the twelve Chevron-branded service stations in the second quarter of 2014, combined with stronger company fuel and non-fuel margins throughout Parkland's network.

Operating costs increased by 1.4% or $0.4 million year-over-year due primarily to added costs of operating the new Chevron-branded service stations and the Canadian Tire site partially offset by lower volume driven variable costs.

Marketing, general and administrative expenses decreased by 2.4% or $0.3 million year-over-year primarily due to lower labour costs and contracted services.

Metrics
Adjusted fuel gross profit on a cpl basis increased 5.7% or 0.27 cpl year-over-year due to higher company fuel margins.

Operating costs on a cpl basis increased by 2.0% or 0.03 cpl year-over-year primarily due to the added costs of operating the new Chevron-branded service stations and the Canadian Tire site.

Marketing, general and administrative expenses on a cpl basis decreased by 1.4% or 0.01 cpl year-over-year as cost control initiatives implemented early in 2014 were successful.

Commercial Fuels Results and Operations

Parkland Commercial Fuels delivers bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids, and other related products and services to commercial, industrial and residential customers in Canada through an extensive delivery network.

The family of brands in this segment includes: Bluewave Energy; Columbia Fuels; Sparlings Propane; and Island Petroleum.

Parkland Commercial Fuels' customer base is diverse, operating across a broad cross-section of industries and geographies across Canada including: oil and gas industry participants; residential propane and heating fuel customers; construction; mining; forestry; fishing; as well as local and inter-regional transportation.

Commercial Fuels Segment Performance Highlights

The Commercial Fuels segment's Adjusted EBITDA in the fourth quarter of 2014 was $20.6 million comparable to the $20.7 million Adjusted EBITDA in the fourth quarter of 2013. Adjusted EBITDA in 2014 increased by 6.7% or $4.1 million to $65.8 million compared to $61.7 million in 2013. The increase in Adjusted EBITDA in 2014 was driven primarily by the inclusion for a full year of Sparlings Propane which added incremental propane volumes of 61 million litres.

	Three months ended December 31,		**Year ended December 31,**	
(in thousands of Canadian dollars)	**2014**	2013	**2014**	2013
Fuel and petroleum product volume[1] (000's of litres)	**400,231**	452,120	**1,565,207**	1,545,011
Sales and operating revenue	**394,349**	483,384	**1,715,225**	1,673,061
Fuel and petroleum product adjusted gross profit[2]	**46,545**	46,045	**163,913**	153,397
Non-fuel adjusted gross profit[2]	**14,962**	15,507	**61,154**	60,328
Adjusted gross profit[2]	**61,507**	61,552	**225,067**	213,725
Operating costs	**35,073**	35,509	**136,164**	128,909
Marketing, general and administrative	**6,100**	5,939	**25,015**	25,446
Adjusted EBITDA[2]	**20,599**	20,715	**65,774**	61,657
Per litre analysis (cpl):				
Fuel and petroleum product adjusted gross profit	**11.63**	10.18	**10.47**	9.93
Operating costs	**8.76**	7.85	**8.70**	8.34
Marketing, general and administration	**1.52**	1.31	**1.60**	1.65
Adjusted EBITDA	**5.15**	4.58	**4.20**	3.99

(1) Includes Diesel, Gasoline, and Propane volumes.

(2) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations and Advisories section in this MD&A.

Q4 2014 vs. Q4 2013

Commercial Fuels' fuel volume decreased by 11.5% or 52 million litres to 400 million litres in the fourth quarter of 2014 compared to 452 million litres in the fourth quarter of 2013. Fuel volume in Western Canada declined by 24 million litres due to unseasonably warmer weather and delayed and reduced oilfield activity in the fourth quarter of 2014. Additionally, a reduction of low-margin and poor credit customers resulted in a decline in propane volume in the fourth quarter of 2014.

Sales and operating revenue decreased by 18.4% or $89.0 million to $394.3 million in the fourth quarter of 2014 compared to $483.4 million in the same period in 2013 due primarily to the decrease in fuel volumes, coupled with lower sale prices resulting from lower oil prices in the fourth quarter of 2014.

Despite the decreases in fuel volume and sales and operating revenue in the fourth quarter of 2014, the adjusted gross profit of $61.5 million in the fourth quarter of 2014 was consistent with $61.6 million in the prior year due to strong residential fuel and propane margins in the fourth quarter of 2014.

Operating expenses include driver and administrative labour, fleet maintenance and operating costs, third party delivery expense as well as the costs associated with owning and maintaining land, building and equipment such as rent, repairs and maintenance, environmental, utilities, insurance and property tax costs.

Marketing, general and administrative expenses include the departments of Sales, Marketing, Network Development and Infrastructure, Real Estate, Finance, Operations and Credit.

Metrics
Adjusted fuel gross profit on a cpl basis increased 14.2% or 1.45 cpl quarter-over-quarter due to an increase in propane cpl margins and a decrease in low margin refiner designated customers and wholesale volume.

Operating costs on a cpl basis increased by 11.6% or 0.91 cpl quarter-over-quarter. Costs remained relatively flat at $35.1 million versus $35.5 million in the fourth quarter of 2013 while volumes decreased. Increased cost on a per litre basis was due to higher fleet and labour costs on a per litre basis as well as the portion of costs that were fixed in nature and did not vary with volume.

Marketing, general and administrative expenses on a cpl basis increased by 16.0% or 0.21 cpl quarter-over-quarter due to increased labour at Sparlings Propane and increased marketing costs. Costs are typically fixed in nature and do not vary with volume.

2014 vs. 2013
In 2014, Commercial Fuels' fuel volume increased by 1.3% or 20 million litres compared to 2013. Sparlings Propane added an incremental propane volume of 61 million litres in 2014, which was partially offset by unseasonably warmer weather, delayed and reduced oilfield activity and the elimination of low-margin and poor credit customers.

Adjusted gross profit increased by 5.3% or $11.3 million to $225.1 million in 2014 compared to $213.7 million in 2013. This was primarily due to the incremental adjusted gross profit from Sparlings Propane in the first quarter of 2014, as Sparlings Propane was acquired on April 2, 2013.

Operating costs in 2014 increased by 5.6% or $7.3 million to $136.1 million or 8.70 cpl, compared to $128.9 million or 8.34 cpl in 2013. This increase was primarily due to the inclusion for a full year of Sparlings Propane which added $4.1 million, as well as increased fleet and labour costs.

Metrics
Adjusted fuel gross profit on a cpl basis increased 5.4% or 0.54 cpl due to the elimination of low margin customer volume and a change in volume mix favouring stronger propane margins. Sparlings Propane added incremental fuel and petroleum product adjusted gross profit in the first quarter of 2014 and was a key contributing factor to the change in volume mix.

Operating costs on a cpl basis increased by 4.3% or 0.36 cpl due to increased fleet and labour costs and a portion of costs that were fixed in nature and did not vary with volume.

Marketing, general and administrative expenses on a cpl basis decreased by 3.0% or 0.05 cpl, with costs remaining relatively constant on a year-over-year basis.

SPF Energy Results and Operations

SPF Energy was acquired by Parkland on January 8, 2014. SPF Energy is an independent fuel marketer headquartered in Minot, North Dakota. SPF Energy supplies and distributes refined petroleum products throughout North Dakota, Montana, Minnesota, South Dakota and Wyoming. With the addition of SPF Energy, Parkland has an expandable platform for growth in the Northwest United States and export opportunities for excess refined product in Western Canada. Additionally, this acquisition enhances the supply capabilities leveraging Parkland's rail assets.

SPF Energy operates and generates profits from the following divisions:

- **Wholesale** – responsible for managing SPF Energy's fuel supply contracts, purchasing fuel from suppliers, distribution through third party rail and highway carriers as well as serving wholesale customers. SPF Energy has 40,000 barrels of terminal storage capacity in Minot, North Dakota and supplies fuel to retailers, small resellers and commercial operators. SPF Energy owns a fleet of 75 trucks which deliver wholesale fuels and commercial lubricants to its customers.

- **Retail** – operates and services a network of retail service stations. SPF Energy owns and operates a proprietary brand: “Superpumper”. SPF Energy is also a branded wholesaler for: Cenex; Conoco; Exxon; Shell; Sinclair; and Tesoro within the United States. SPF Energy operates service stations under the following business models:
  - Dealer Owned/Operated: Dealers own or lease their own sites and enter into a contract with SPF Energy for fuel supply, the rights to a brand offering and a point-of-sale system. These relationships are normally long-term wholesale agreements with relatively stable margins. This division supplies a number of multi-site dealer chains and approximately 60 direct customers under the dealer operated model.
  - SPF Energy Owned/Operated – SPF Energy owns 16 Superpumper sites and operates these sites directly by SPF Energy employees, often co-branded with a major refinery brand in the forecourt.

- **Lubricants** – SPF Energy delivers lubricants to commercial, industrial and wholesale customers through an extensive delivery network.

SPF Energy Performance Highlights

SPF Energy’s Adjusted EBITDA in the fourth quarter of 2014 was $8.0 million and $23.7 million in 2014. Strong wholesale and retail fuel margins, coupled with continuous growth in customers contributed to the solid performance in the fourth quarter of 2014 and in 2014.

	Three months ended December 31,		**Year ended December 31,**	
(in thousands of Canadian dollars)	**2014**	2013	**2014**	2013
Fuel and petroleum product volume[1] (000's of litres)	**309,990**	-	**1,185,568**	-
Sales and operating revenue	**269,203**	-	**1,106,747**	-
Fuel and petroleum product adjusted gross profit[2]	**11,519**	-	**38,218**	-
Non-fuel adjusted gross profit[2]	**7,666**	-	**28,304**	-
Adjusted gross profit[2]	**19,185**	-	**66,522**	-
Operating costs	**9,315**	-	**36,098**	-
Marketing, general and administrative	**1,879**	-	**6,964**	-
Adjusted EBITDA[2]	**8,048**	-	**23,720**	-
Per litre analysis (cpl):				
Fuel and petroleum product adjusted gross profit	**3.72**	-	**3.22**	-
Operating costs	**3.00**	-	**3.04**	-
Marketing, general and administration	**0.61**	-	**0.59**	-
Adjusted EBITDA	**2.60**	-	**2.00**	-

(1) Includes Diesel, Gasoline, and Propane volumes.

(2) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations and Advisories section in this MD&A.

Q4 2014

In the fourth quarter of 2014, SPF Energy’s fuel volume of 310 million litres was represented by 286 million litres (92.2%) from SPF Energy’s Wholesale division and 24 million litres (7.8%) from the Retail division. The Lubricant division volumes are not included in fuel volume.

Sales and operating revenue of $269.2 million in the fourth quarter of 2014 was generated from $246.6 million (91.5%) in fuel revenue and $22.6 million (8.5%) non-fuel revenue. Fuel revenue and volumes were strong in the fourth quarter of 2014 due to increased wholesale volume from customer growth, partially offset by lower retail volume due to new competitors in the market. Non-fuel revenue was generated from lubricants sales, convenience store sales as well as freight charges to customers.

Adjusted gross profit in the fourth quarter of 2014 was $19.2 million, reflecting strong lubricant margins and wholesale and retail fuel margins.

2014

Fuel volume of 1.2 billion litres in 2014 was comprised of 1.1 billion litres from SPF Energy's Wholesale division and the remaining 94 million litres from the Retail division.

In 2014, the sales and operating revenue of $1.1 billion consisted of $1.0 billion (92.1%) fuel revenue and $87.3 million (7.9%) non-fuel revenue. Total fuel revenue and volumes were strong in 2014 due to wholesale customer growth as well as increased fuel margins. Total non-fuel revenue in 2014 also saw steady growth in lubricant volumes and margins as well as strong convenience store sales.

Adjusted gross profit in 2014 was $66.5 million reflecting the strong wholesale and retail fuel margins, driven by the decline in crude oil prices in the fourth quarter of 2014.

Wholesale, Supply and Distribution Results and Operations

Parkland's Wholesale, Supply and Distribution division manages fuel supply by contracting and purchasing fuel from refiners and other suppliers, distributing through third party rail and highway carriers, storing fuel in owned and leased facilities and serving wholesale and reseller customers in Canada and in the United States. Wholesale, Supply and Distribution products are marketed via the "Parkland", "Les Pétroles Parkland" and "Elbow River Marketing" brands.

Contracts – Parkland maintains fuel supply contracts with multiple oil refiners and wholesale and trading suppliers. This diversity of supply, plus the availability of storage in the prairies and Eastern Canada allows the Corporation to obtain fuel at competitive prices and enhances fuel supply security for Parkland owned sites and for all Parkland customers.

Purchases – Parkland Supply sources fuel from third party suppliers and sells to Parkland's selling segments, Retail, Commercial, Wholesale and SPF Energy, at an arm's length transfer price. Distribution provides transportation services to the Retail and Commercial divisions at an arm's length transfer price. Parkland utilizes its rail car fleet of more than 2,000 rail cars and leverages its network of North American relationships with a view to match purchase and sales contracts and execute on its strategy of geographic arbitrage.

Storage – Parkland's Bowden, Alberta refinery has 220,000 barrels of storage capacity. Parkland has storage capacity in 285,000 barrels in Quebec and an additional 277,000 barrels of storage capacity throughout North America.

Wholesale, Supply and Distribution Performance Highlights

Wholesale, Supply and Distribution Adjusted EBITDA in the fourth quarter of 2014 decreased by 59.7% or $19.7 million to $13.3 million compared to $33.0 million in the fourth quarter of 2013. The Adjusted EBITDA for 2014 decreased by 49.9% or $63.8 million to $64.0 million compared to $127.8 million in 2013. The decreases in Adjusted EBITDA were primarily due to the termination of the Refiner's Margin Contract in December 2013, partially offset by expansion of business activity in crude, refined products, propane and butane.

(in thousands of Canadian dollars)	Three months ended December 31, 2014	Three months ended December 31, 2013	Year ended December 31, 2014	Year ended December 31, 2013
Fuel and petroleum product volume(1) (000's of litres)	**1,190,635**	1,032,681	**4,370,413**	3,366,943
Sales and operating revenue	**711,844**	712,810	**3,027,278**	2,325,226
Fuel and petroleum product adjusted gross profit(2)	**32,076**	52,583	**130,207**	176,947
Non-fuel adjusted gross profit(2)	**585**	2,804	**12,423**	8,130
Adjusted gross profit(2)	**32,661**	55,387	**142,630**	185,077
Operating costs	**9,265**	9,042	**44,644**	26,001
Marketing, general and administrative	**10,055**	13,386	**33,967**	31,336
Adjusted EBITDA	**13,294**	33,013	**64,044**	127,795

(1) Includes Diesel, Gasoline, Propane, Natural Gas, Natural Gas Mix, Crude oil, Asphalt, and other volumes.

(2) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations and Advisories section in this MD&A.

Q4 2014 vs. Q4 2013

Fuel volume increased by 15.3% or 158 million litres to 1.2 billion litres (net of inter-segment sales) in the fourth quarter of 2014 compared to 1.0 billion litres in the same period in 2013. Parkland experienced strong growth in crude products (41 million litres) as well as propane and butane (72 million litres) in the fourth quarter of 2014. The remainder of the Wholesale, Supply and Distribution business experienced growth in new wholesale accounts.

Despite the increases in fuel and petroleum products volume in the fourth quarter of 2014, sales and operating revenue remained flat compared to the same period in 2013, due to lower oil and propane prices in the fourth quarter of 2014.

In the fourth quarter of 2014, adjusted gross profit decreased by 41.0% or $22.7 million to $32.7 million compared to $55.4 million in the fourth quarter of 2013 primarily due to the termination of the Refiner's Margin Contract in December 2013. The increased volume and margins in refined products were offset by the unusually high propane margin realized in the fourth quarter of 2013, due to an exceptionally cold winter that did not repeat this year.

Non-fuel gross profit decreased by $2.2 million in the fourth quarter of 2014 to $0.6 million, as a result of lower freight and storage charges to customers.

Marketing, general and administrative expenses in the fourth quarter of 2014 decreased by 24.8% or $3.3 million to $10.1 million compared to $13.4 million in the fourth quarter of 2013 due primarily to lower staff costs.

2014 vs. 2013

In 2014, fuel volume increased by 29.8% or 1.0 billion litres to 4.4 billion litres (net of inter-segment sales) compared to 3.4 billion litres in 2013. Strong volume growth was experienced in all fuel product groups including propane & butane (232 million litres) and crude products (194 million litres). The addition of refined products at Elbow River Marketing in mid-2013 led to a 322 million litre increase in volume in 2014. The full year impact of the acquisition of the assets acquired from TransMontaigne Marketing Canada Inc. on May 13, 2013 added 255 million litres in 2014. Propane and butane volumes were also very strong in 2014 due to the ability to successfully capture geographic arbitrage opportunities. Volume was positively affected by strong asphalt and fuel oil activity.

Sales and operating revenue in 2014 increased by 30.2% or $702.1 million to $3.0 billion compared to $2.3 billion in 2013, driven by the volume growth described, a proportion of higher value commodities, partially offset by lower commodity prices.

In 2014, adjusted gross profit decreased by 22.9% or $42.4 million to $142.6 million in 2014 compared to $185.1 million in the 2013. The strong fuel and petroleum products volume growth was offset by the termination of the Refiner's Margin Contract in December 2013.

Non-fuel gross profit increased by $4.3 million in 2014, as a result of higher freight charges to customers.

Operating costs in 2014 increased by 71.7% or $18.6 million to $44.6 million compared to $26.0 million in 2013, driven primarily by increased rail activity and terminal leasing costs in Quebec.

Marketing, general & administrative expenses increased by 8.4% or $2.7 million to $34.0 million in 2014 compared to $31.3 million in 2013 due to business expansion and increased staff costs.

Corporate

The Corporate segment includes centralized administrative services and expenses, incurred to support operations, but which are not specifically allocated to Parkland's businesses.

	Three months ended December 31,		**Year ended December 31,**	
(in thousands of Canadian dollars)	**2014**	2013	**2014**	2013
Adjusted EBITDA [(1)]	**(9,526)**	(18,609)	**(38,117)**	(43,970)

(1) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations and Advisories section in this MD&A.

Q4 2014 vs. Q4 2013

The Corporate segment reported $9.1 million of lower corporate expenses to $9.5 million in the fourth quarter of 2014 compared to $18.6 million in the same period in 2013. Lower corporate expenses were due to the non-recurrence in 2014 of the $9.8 million environmental legal cost provision recognized in the fourth quarter of 2013 primarily for the mitigation of contaminations at sites where Parkland has operated and where the amounts were more likely than not to be incurred.

2014 vs. 2013

In 2014, the Corporate segment reported $5.9 million of lower expenses to $38.1 million compared to $44.0 million in 2013. Growth focused expenses such as increased staff and building leases to accommodate expansion as well as business system infrastructure were offset by the absence of the $9.8 million environmental legal cost provision recorded in the fourth quarter of 2013.

3. Quarterly Financial Data

($000's except per share amounts)	2014				2013			
For the three months ended,	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31
Sales and operating revenues	1,738,479	1,898,690	1,873,109	2,017,360	1,598,861	1,509,040	1,342,697	1,212,824
Adjusted gross profit(1)	141,507	117,823	121,438	159,995	141,906	105,403	125,751	126,921
Net earnings	10,222	10,420	6,924	22,309	22,037	19,061	20,334	30,525
Per share - basic	0.13	0.14	0.09	0.30	0.31	0.27	0.29	0.44
Per share - diluted(2)	0.13	0.14	0.09	0.30	0.30	0.27	0.28	0.42
Adjusted EBITDA(1)	51,065	35,237	35,693	61,214	50,562	37,753	58,114	61,000
Dividends	26,948	19,974	19,710	19,233	18,603	18,396	18,200	17,702
Dividends declared per share	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26
Distributable cash flow(3)	23,107	17,035	22,651	44,649	26,100	23,157	42,278	44,917
Per share - outstanding(3)	0.28	0.22	0.30	0.61	0.36	0.33	0.60	0.65
Dividend payout ratio(3)	117%	117%	87%	43%	71%	79%	43%	39%
Total assets(4)	1,531,791	1,426,792	1,418,130	1,461,718	1,255,224	1,125,013	1,090,405	1,143,768
Total long-term financial liabilities	551,065	463,986	451,917	449,448	339,007	360,278	310,433	385,331
Total Funded Debt(1)	245,519	278,270	311,357	367,907	259,766	230,590	166,867	236,180
Shares Outstanding (thousands of shares)	82,114	76,057	74,765	73,759	71,795	71,020	70,227	69,445

(1) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations and Advisories section of this MD&A for reconciliation.
(2) Dilutive earnings per share can be impacted by an antidilutive 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.
(3) Non-GAAP financial measure. See the Distributable Cash Flow section of this MD&A for reconciliation and calculation.
(4) Revised, please see correction of prior period error discussion in the Note 2 to the Consolidated Financial Statements

Operating Summary

	2014				2013			
For the three months ended,	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31
Fuel volume (millions of litres)	2,328	2,333	1,922	2,272	1,917	1,762	1,580	1,400
Fuel and petroleum product adjusted gross profit(1) - cpl								
Retail Fuels	5.37	5.28	4.94	4.34	4.63	4.98	4.73	4.53
Commercial Fuels	11.63	8.57	9.60	11.32	10.18	7.94	9.33	11.70
SPF Energy	3.72	3.13	2.78	3.25	-	-	-	-
Operating costs - cpl	2.58	2.46	3.13	2.87	3.15	2.50	2.74	3.04
Marketing, general and administrative - cpl	1.65	1.24	1.50	1.60	1.80	1.41	1.72	1.78

(1) Non-GAAP financial measure. See the Non-GAAP Financial Measures, Reconciliations, and Advisories section of this MD&A.

During the last eight quarters Parkland’s quarterly results were primarily impacted by growth through acquisitions, and fluctuations due to the variability of crude oil prices and the seasonality of the business. Specifically, the following items have had a significant impact on the Corporation’s financial results:

- Commercial Fuels generally experiences higher volume throughout winter months, during the first and fourth quarters, due to higher demand for heating oil and propane. Retail Fuels generally experiences higher volume in the second and third quarters, during the summer driving season.
- Acquisitions have contributed to increased fuel volume over the last eight quarters. Parkland acquired Elbow River Marketing on February 15, 2013, Sparlings Propane on April 2, 2013, the assets from TransMontaigne Canada Inc. on May 13, 2013, SPF Energy on January 8, 2014 and Chevron-branded service stations on April 2, 2014. The largest increase in fuel volume has come from the acquisitions of Elbow River Marketing and SPF Energy. In the year ended December 31, 2014, Elbow River Marketing and SPF Energy contributed an additional 660 million litres and 1,186 million litres of fuel volume respectively compared with the same period in 2013.
- Operating costs over the last eight quarters have generally increased due to increased volume from the acquired businesses.
- Marketing, general and administrative expenses over the last eight quarters have generally increased due to increased volume from the acquired businesses except for the second and third quarter of 2014 which decreased due to lower activity in Wholesale, Suppy and Distribution.

.

4. Distributable Cash Flow

Distributable cash flow means cash flows from operating activities that are adjusted for but are not limited to the impact of the seasonality of Parkland's business by removing non-cash working capital items, thereby eliminating the impact of the timing between the recognition and collection/payment of Parkland's revenue and expenses, which can differ significantly from quarter to quarter. 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. The 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. Distributable cash flow is a non-GAAP measure which is not a standard measure under IFRS and, therefore, may not be comparable to similar measures reported by other entities.

Distributable Cash Flow

	Three months ended December 31,		**Year ended December 31,**	
(in thousands of Canadian dollars, except per share amounts)	**2014**	2013	**2014**	2013
Adjusted EBITDA[(1)]	**51,065**	50,562	**183,207**	207,429
Finance costs[(2)]	**(5,887)**	(4,856)	**(25,145)**	(19,884)
Unrealized (loss) gain on foreign exchange	**(1,251)**	(433)	**432**	(592)
Unrealized (loss) gain from the change in fair value of commodities forward contracts, US dollar forward exchange contracts and future contracts	**(4,436)**	648	**3,707**	1,309
Change in risk management activities	**4,436**	(772)	**(3,994)**	595
Current income tax expense	**(5,826)**	(9,493)	**(26,585)**	(35,303)
Acquisition costs	**(7,802)**	(2,764)	**(15,699)**	(6,852)
Share incentive compensation	**918**	904	**4,734**	4,353
Refinery and terminal remediation accrual	**127**	136	**496**	544
Accretion expense on asset retirement obligation	**475**	99	**1,972**	338
Accretion on convertible debentures	**419**	585	**2,148**	2,312
Amortization of deferred financing costs and debt premium	**114**	391	**1,297**	1,410
Change in fair value redemption option	**(2,220)**	-	**(2,940)**	-
Cash expenditures on asset retirement obligation	**(1,024)**	(1,341)	**(1,626)**	(2,446)
Increase in other long term liabilities[(3)]	**4,538**	-	**4,297**	2,385
Net changes in non-cash working capital[(3)]	**25,979**	(41,826)	**44,889**	(22,464)
Cash flow from (used in) operating activities	**59,625**	(8,160)	**171,190**	133,134
Maintenance capital expenditures and intangibles	**(8,382)**	(8,936)	**(18,530)**	(20,816)
Proceeds on sale of property, plant, and equipment and intangible assets	**2,381**	1,370	**3,546**	4,104
Change in other long-term liabilities[(3)]	**(4,538)**	-	**(4,297)**	(2,385)
Change in non-cash working capital[(3)]	**(25,979)**	41,826	**(44,889)**	22,464
Distributable cash flow	**23,107**	26,100	**107,020**	136,501
Distributable cash flow per share - on shares outstanding	**0.28**	0.36	**1.30**	1.90
Dividends	**26,948**	18,603	**85,865**	72,901
Dividend payout ratio[(4)]	**117%**	71%	**80%**	53%
Shares outstanding	**82,114**	71,795	**82,114**	71,795

(1) Non-GAAP financial measure. See "Non-GAAP Financial Measures, Reconciliations and Advisories section of this MD&A for reconciliation.

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

(3) Included in cash flow from (used in) operating activities and excluded from distributable cash flow.

(4) Calculated by dividing dividends by distributable cash flow.

Distributable cash flow

Q4 2014 vs. Q4 2013

Distributable cash flow decreased $3.0 million from $26.1 million in the fourth quarter of 2013 to $23.1 million in the fourth quarter of 2014 primarily due to higher acquisition costs and an increase in the unrealized loss from the change in fair value commodities forward contracts, US dollar forward exchange contracts and future contracts partially offset by lower current income tax expense.

2014 vs. 2013
Distributable cash flow decreased $29.5 million from $136.5 million in 2013 to $107.0 million in 2014 primarily due lower Adjusted EBITDA, higher finance costs and higher acquisition costs partially offset by lower current income tax expense.

Dividend Payout Ratio

Q4 2014 vs. Q4 2013
In the fourth quarter of 2014, the dividend payout ratio was 117%, an increase from 71% in the fourth quarter of 2013. The dividend payout ratio increased due to an $8.3 million increase in dividends and a $3.0 million decrease in distributable cash flow.

2014 vs. 2013
For the year ended December 31, 2014, the dividend payout ratio was 80%, an increase from 53% in 2013. The dividend payout ratio increased due to a $13.0 million increase in dividends and a $29.5 million decrease in distributable cash flow. Dividends increased primarily due to the issuance in 2014 of 5.8 million shares upon the conversion of the series 1 and 2 convetible unsecured subordinated debentures and the issuance in 2014 of 2.8 million shares under the Premium Dividend and Dividend Reinvestment plans.

5. Liquidity

	Three months ended December 31,			**Twelve months ended December 31,**		
(in thousands of Canadian dollars)	**2014**	2013	2012	**2014**	2013	2012
Net Cash From (Used In)						
Operating Activities	59,625	(8,160)	(44,564)	171,190	133,134	136,380
Investing Activities	(21,147)	(28,209)	(24,054)	(149,822)	(184,575)	(51,308)
Net Cash Provided (Used) Before Financing Activities	38,478	(36,369)	(68,618)	21,368	(51,441)	85,072
Financing Activities	115,675	47,833	39,346	168,852	45,045	(98,301)
Foreign Exchange Gain on Cash and Cash Equivalents Held in Foreign Currency	501	-	-	628	-	-
Increase in Cash and Cash Equivalents	154,654	11,464	(29,272)	190,848	(6,396)	(13,229)

Operating Activities
Cash flow from operations is used to fund maintenance capital, interest, income taxes and dividends. Parkland anticipates meeting payment obligations as they come due.

Q4 2014 vs. Q4 2013
Cash from operating activities was $67.8 million higher in the three months ended December 31, 2014 mainly due to the change in non-cash working capital moving from a net decrease of $41.8 million in the three months ended December 31, 2013 to a net increase of $26.0 million in the three months ended December 31, 2014, offset by the reduction in net earnings of $11.8 million.

2014 vs. 2013
Cash from operating activities was $38.1 million higher in 2014 mainly due to the change in non-cash working capital moving from a net decrease of $22.5 million in 2013 to a net increase of $44.9 million in 2014, offset by the reduction in net earnings of $42.1 million.

Investing Activities

Parkland's primary investing activities are acquisitions and property, plant and equipment additions.

Q4 2014 vs. Q4 2013

During the three months ended December 31, 2014, investing activities used $21.1 million of cash primarily due to additions of property, plant and equipment and intangible assets. For 2013, investing activities used $30.2 million of cash also relating to additions of property, plant and equipment and intangible assets.

2014 vs. 2013

During the year ended December 31, 2014, investing activities used $149.8 million of cash, of which $84.5 million was used for the acquisition of SPF Energy. $16.5 million was used for the acquisition of Chevron-branded service stations and $50.2 million was used in additions of property, plant and equipment and intangible assets. For 2013, investing activities used $184.6 million of cash, which included $130.4 million used for acquisitions and $56.5 million used for the additions of property, plant and equipment and intangibles.

Financing Activities

Parkland has a disciplined approach to capital investment decisions and prioritizes the use of cash flow first to committed capital investment, then allocating capital to growth opportunities while paying a meaningful dividend to shareholders.

Although it is typical for Parkland's cash flow to have seasonal fluctuations, the current intention of Parkland's Board of Directors is to pay consistent regular monthly dividends throughout the year based on estimated annual cash flow. Parkland's Board of Directors reviews 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.

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. See "Premium Dividend™and Dividend Reinvestment Plan".

Q4 2014 vs. Q4 2013

During the three months ended December 31, 2014 Parkland paid a dividend of $0.088 per share (2013 - $0.087 per share). Total dividend payments, net of dividend reinvestment plan for the period were $6.1 million (2013 - $5.7 million).

Cash generated from financing activities in 2014 increased $67.8 million from 2013 primarily due to the reduction of long-term debt repayments of $55.3 million and the increase in proceeds from long-term debt of $13.3 million. Refer to Note 17 in the Consolidated Financial Statements for details of new debt added during the period.

2014 vs. 2013

During the year ended December 31, 2014 Parkland paid a dividend of $1.05 per share (2013 - $1.04 per share). Total dividend payments, net of dividend reinvestment plan for the year were $24.5 million (2013 - $22.6 million).

Cash generated from financing activities in 2014 increased $124 million from 2013 primarily due to the additional issuance and repayment of long-term debt of $153.2 million and $31.2 million, respectively. Refer to Note 17 in the Consolidated Financial Statements for details of new debt added during the period.

Available Sources of Liquidity

Parkland's sources of liquidity as at December 31, 2014 are cash and cash equivalents and available funds under its revolving credit facility ("**Credit Facility**"). 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 Enhanced Dividend Reinvestment Plan and by the Credit Facility. Any future acquisitions will be funded by cash from operations and issuance of new debt or shares. Any additional debt incurred will be serviced by the 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.

Parkland has contracted obligations under various debt agreements, capital expenditure relating to property, plant and equipment, as well as under operating and capital leases. Undiscounted cash flow ($000's) relating to financial liabilities are summarised below:

December 31, 2014	2015	2016	2017	2018	2019	Thereafter	Total
Bank indebtedness	5,969	-	-	-	-	-	5,969
Accounts payable and accrued liabilities	327,425	-	-	-	-	-	327,425
Dividends declared and payable	7,432	-	-	-	-	-	7,432
Long-term debt, including capital lease obligations (1)	26,130	26,439	24,303	25,422	54,373	451,535	608,202
Convertible debentures (1)	46,630	-	-	-	-	-	46,630
Obligations under operating leases	37,714	32,574	27,245	22,123	15,266	25,982	160,904
Capital expenditures commitments	8,361	-	-	-	-	-	8,361

(1) Principal and interest, including current portion

A summary of available cash and unused credit facilities is as follows:

	December 31,	
(in thousands of Canadian dollars)	**2014**	2013
Cash and cash equivalents and restricted cash	**197,295**	6,447
Credit Facilities	**317,935**	176,283
	515,230	182,730

6. Capital Resources

Credit Facility

A revolving extendible Credit Facility agreement was last amended on June 30, 2014 to extend the maturity to June 30, 2018. The facility is extendible each year for a rolling four-year period at the option of Parkland. If the Credit Facility is not extended past the maturity date of June 30, 2018, all amounts outstanding are repayable on the maturity date.

The Credit Facility is for a maximum amount of $320 million and US$30 million with interest only payable at the banks' Canadian and US prime lending rates plus 0.50% to 2.75% per annum. The Credit Facility includes the value of letters of credit issued to a maximum facility of $100 million and US$10 million. The Credit Facility also includes a $200 million accordion feature that could potentially increase the total lending capacity to $520 million and US$30 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.

Senior Unsecured Notes

On May 29, 2014 and November 21, 2014, the Corporation completed private placements of senior unsecured notes due May 28, 2021 and November 21, 2022, respectively, each with an aggregate principal amount of $200 million (the "Senior Unsecured Notes"). Refer to Note 17 of the Consolidated Financial Statements for additional information on the senior unsecured notes.

Premium Dividend™ and Dividend Reinvestment Plan

Parkland's Premium Dividend and Dividend Reinvestment plans are 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 $0.0883 per share, the Premium Dividend and Dividend Reinvestment plans provide Canadian shareholders with the following options:

- The Premium Dividend – this provides eligible shareholders with a 2% cash premium in addition to their regular cash dividend. Participants in this option will receive $0.0901 per share on the dividend payment date.

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

The declaration of dividends is at the sole discretion of the Board of Directors and the amount of dividends declared by Parkland and the frequency of payment thereof, if any, may vary from time to time as a consequence of a number of factors including, without limitation, retail pricing and margins, availability and pricing of petroleum product supply, volatility of crude oil prices, capital expenditure requirements, operating costs and compliance with any restrictions on the declaration and payment of dividends contained in any agreement to which Parkland is a party from time to time (including, without limitation, the Credit Facility) and the satisfaction of the liquidity and solvency tests imposed by the *Business Corporations Act* (Alberta) for the declaration and payment of dividends.

Maintenance Capital Expenditures and Growth Capital Expenditures

For accounting purposes, amounts expended on 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.

Maintenance capital is the amount of capital required in a period for the Corporation 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 as well as delivery capacity. 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.

Q4 2014 vs. Q4 2013

During the three months ended December 31, 2014, the Corporation's total additions of property, plant and equipment and intangible assets excluding additions due to acquisitions, consisting of maintenance capital and growth capital, were $22.4 million compared with $30.2 million for the same period in 2013. Maintenance capital for the three months ended December 31, 2014 was $8.0 million, compared with $8.9 million for the same period in 2013. Growth capital for the three months ended December 31, 2014 was $14.4 million, compared with $21.3 million for the same period in 2013.

2014 vs. 2013

During the year ended December 31, 2014, the Corporation's total additions of property, plant and equipment and intangible assets excluding additions due to acquisitions, consisting of maintenance capital and growth capital, were $50.1 million compared with $56.5 million for the same period in 2013. Maintenance capital for the year ended December 31, 2014 was $18.5 million, compared with $20.8 million for the same period in 2013. Growth capital for the year ended December 31, 2014 was $31.6 million, compared with $35.7 million for the same period in 2013.

Committed Capital Expenditures

As at December 31, 2014, Parkland had $8,361 (December 31, 2013 - $8,302) of committed capital expenditures relating to property, plant and equipment. These commitments will be funded through cash flow from operations, proceeds from the Premium Dividend, Dividend Reinvestment Plan and by the Credit Facility.

Financial Covenants and Metrics

At December 31, 2014, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on trailing four quarter EBITDA ("**Credit Facility EBITDA**").

Refer to the Non-GAAP Financial Measures, Reconciliation and Advisories section of this MD&A for the listing and the calculation of Parkland's debt covenants.

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.

7. Accounting Policies and Critical Accounting Estimates

Changes in Accounting Policies and Recently Announced Accounting Pronouncements

Refer to Note 4 to the Consolidated Financial Statements for information pertaining to accounting changes effective in 2014 and to Note 6 for information on issued accounting pronouncements that will be effective in future years.

Critical Accounting Estimates

The discussion and analysis of Parkland's financial condition and results of operations are based upon the Corporation's Consolidated Financial Statements which have been prepared in accordance with IFRS. Parkland's significant accounting policies and accounting estimates are contained in the Consolidated Financial Statements (see Note 5 for the description of policies or references to notes where such policies are contained). The critical accounting estimates are amortization of property, plant and equipment and intangibles, asset retirement obligations accrual, the refinery and terminal remediation accrual, value in use calculations for impairment of intangible assets and goodwill, impairment and valuation allowances for accounts receivable and inventory, contingent liabilities including matters in litigation, fair value of financial instruments, income taxes and grants of options, deferred share unit and restricted share units because they require Parkland to make assumptions about matters that are highly uncertain at the time the accounting estimate is made and because of the likelihood that materially different amounts could be reported under different conditions or using different assumptions.

8. Risk Factors

Key Business Risks

Parkland's key risks, in terms of severity of consequence and likelihood, are displayed as follows:

Risk Ranking Matrix		LIKELIHOOD					
		Extremely Unlikely	Remote	Occasional	Probable	Frequent	
SEVERITY OF CONSEQUENCE	Critical	C	B	B	A	A	A – Exceeds Parkland's risk threshold and requires immediate action to reduce the risk or discontinue the applicable business operation to avoid the risk.
	Serious	C	C	B (1) Acquisition Integration	B	A	B – Risks that require oversight by Senior Management to monitor effectiveness of management systems.
	Significant	D	C	C (2) Pricing Pressures	B (3) Competition	B	C – Acceptable risks with strong management systems and contingency plans in effect.
	Moderate	D	D	C (4) Government Legislation	C (5) IT Management	B (6) Supply Disruption	D – Acceptable risks that are not expected to escalate in severity.
	Notable	D	D	D	C	C (7) Safety & Environmental	

(1) Integration of Businesses into Parkland's Operations

A substantial part of Parkland's growth has been through acquisitions. The integration of businesses acquired may result in significant challenges and depend, in part, upon timely, efficient and successful execution of post-acquisition strategies. Parkland may be unable to accomplish integrations smoothly or without significant expenditures. There can be no certainty that Parkland will be able to integrate the operations of each of the acquired businesses successfully. Any limitation of Parkland to successfully integrate the operations of the acquisitions, including, but not limited to, information technology and financial reporting systems, could have a material adverse effect on Parkland's business and financial condition and/or interfere with operations and reduce operating margins.

(2) Pricing Pressures

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.

Difficult market conditions for commercial fuel services 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.

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

Parkland's fuel and petroleum product revenue are a significant component of total revenue. 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 volume 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. Wholesale, Supply and Distribution sales and volume 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 Wholesale, Supply and Distribution. Pipeline availability in various markets will impact the ability of Wholesale, Supply and Distribution to profitably serve customers in those markets.

(3) 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 retailers 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 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.

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 volume. 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. 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.

(4) Government Legislation

Parkland operates in highly regulated jurisdictions. Failure to appropriately operate within each regulatory jurisdiction could lead to fines, penalties and unfavourable tax assessments. The implementation of new regulations or the modification of existing regulations could impact the profitability of the Corporation. 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.

(5) IT Management

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 certainty that such mitigation efforts will be successful in all circumstances. The conversion and upgrade of electronic systems could also 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 where appropriate, implementing and enhancing processes, controls and operations.

(6) Supply Disruption

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. Such a disruption may have a material negative impact on Parkland's revenue, 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 strives to mitigate this risk by maintaining a diverse supply portfolio to include substantial volume from each of its major suppliers and growing to a level of annual sales volume that will offer potential suppliers a compelling share of the fuel supply business in the markets the Corporation serves. However, there can be no certainty that such mitigation efforts will be adequate, in whole or in part.

(7) Safety and Environmental

The operation of service stations, storage terminals, transport trucks and rail cars which contain petroleum, propane and anhydrous products carries 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.

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.

In 2014, Parkland launched its "Drive to Zero" program with the objective to achieve zero injuries and zero serious incidents. As part of this program, Parkland recently completed enhanced safety leadership training for senior leaders across the organization.

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 major environmental risk areas. There can be no certainty 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.

A detailed discussion of additional risk factors is presented in the 2014 Annual Information Form on SEDAR.

9. Other

Controls Environment

Parkland, under the supervision and participation of management, including the Chief Executive Officer and Chief Financial Officer, has designed the Corporation's disclosure controls and procedures ("**DC&P**") and internal control over financial reporting ("**ICFR**") and has evaluated the effectiveness of Parkland's DC&P and ICFR pursuant to National Instrument 52-109 *"Certification of Disclosure in Issuers' Annual and Interim Filling"*. Management, including Parkland's Chief Executive Officer and Chief Financial Officer concluded that both ICFR and DC&P were effective as at December 31, 2014.

Management has used the 2013 Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework ("**COSO**") to evaluate the design and effectiveness of Parkland's ICFR. Management believes that the COSO framework is a suitable framework for its evaluation of Parkland's internal control over financial reporting because it is free from bias, permits reasonably consistent qualitative and has quantitative measurements of Parkland's internal controls. It is sufficiently complete so that those relevant factors that would alter a conclusion about the effectiveness of Parkland's internal controls are not omitted and it is relevant to an evaluation of ICFR. There have been no further changes to ICFR during the year ended December 31, 2014 that have materially affected or are reasonably likely to materially affect ICFR.

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. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Financial Instruments and Other Instruments

Parkland's financial instruments and other instruments, including a discussion of risks and relevant risk sensitivities, can be found in Note 10 to the Consolidated Financial Statements.

Off-Balance Sheet Arrangements

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

Related Party Transactions

Parkland receives legal services from Bennett Jones LLP where a director of the Corporation is a partner. The fees expensed for the year ended December 31, 2014 were $4.2 million (December 31, 2013 – $2.7 million), and the amount payable as at December 31, 2014 was $1.8 million (December 31, 2013 – $0.2 million).

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.

Shares Outstanding

As of March 4, 2015, Parkland had approximately 82 million shares, 2.2 million share options and 0.5 million restricted share units outstanding. The share options consist of 0.7 million share options that are currently exercisable into shares.

10. Non-GAAP Financial Measures, Reconciliations and Advisories

Certain financial measures in this MD&A and discussed below, are not prescribed by GAAP and as such they are unlikely to be comparable to similar measures presented by other issuers. These non-GAAP financial measures are included because management uses the information to analyse operating performance, leverage and liquidity.

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

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 Corporation. Adjusted EBITDA is one metric that can be used to determine Parkland's ability to service its debt, finance capital expenditures and provide for the payment of dividends to shareholders. Adjusted EBITDA excludes acquisition costs as these costs are considered to be non-reoccurring in nature. Acquisition costs include direct and indirect costs related to the acquisition targets.

Credit Facility Earnings Before Interest, Taxes, Depreciation and Amortization ("Credit Facility EBITDA")

The Credit Facility agreement defines Credit Facility EBITDA which is used in the calculation of debt covenants, as discussed in the Capital Resources section of this MD&A. Credit Facility EBITDA also allows management to monitor the Corporation's ability to service its debt and to meet its current and future commitments. Additional cash requirements can be met through the adjustment of capital spending, adjustment of dividends paid to shareholders, issuance of new debt or issuance new shares. Refer to the "Third Amended and Restated Credit Agreement" available on SEDAR at www.sedar.com for a copy of the Credit Facility and the definition of the Credit Facility EBITDA.

The following table reconciles Net Earnings to Adjusted EBITDA, and to Credit Facility EBITDA:

	Three months ended December 31,		Year ended December 31,	
(in thousands of Canadian dollars)	**2014**	2013	**2014**	2013
Net earnings	**10,222**	22,037	**49,875**	91,957
Finance costs[1]	**5,887**	4,856	**25,145**	19,884
Loss on disposal of property, plant and equipment	**68**	823	**1,156**	2,440
Income tax expense	**3,769**	5,685	**20,347**	31,010
Unrealized loss (gain) from the change in fair value commodities forward contracts, US dollar forward exchange contracts and future contracts	**4,436**	(648)	**(3,707)**	(1,309)
Unrealized loss (gain) on foreign exchange	**1,251**	433	**(432)**	592
Acquisition related costs	**7,802**	2,764	**15,699**	6,852
Depreciation and amortization	**17,630**	14,612	**75,124**	56,003
Adjusted EBITDA[2]	**51,065**	50,562	**183,207**	207,429
Trailing twelve month adjustments				
Share incentive compensation			**4,734**	4,353
Pre-acquisition earnings			**-**	7,597
Acquisition related costs			**(15,699)**	(6,852)
Credit Facility EBITDA			**172,242**	212,527

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

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

Gross Profit and Adjusted Gross Profit

Adjusted Gross Profit is a non-GAAP measure which management uses when analysing gross profit after considering the effects of realized risk management activities. Parkland's management use Adjusted Gross Profit to indicate the realized gross profit on sale and purchase transactions. It is also one metric that is used to evaluate Parkland's performance between reporting periods.

	Three months ended December 31,		Year ended December 31,	
(in thousands of Canadian dollars)	**2014**	2013	**2014**	2013
Sales and operating revenue	**1,738,479**	1,598,861	**7,527,638**	5,663,422
Cost of sales	**1,605,705**	1,448,141	**6,989,601**	5,143,440
Gross profit	**132,774**	150,720	**538,037**	519,982
Realized gain (loss) on risk management activities	**5,948**	(9,398)	**(978)**	(21,533)
Realized gain on foreign exchange	**2,785**	584	**3,704**	1,532
Adjusted gross profit	**141,507**	141,906	**540,763**	499,981
Fuel and petroleum product adjusted gross profit	**112,995**	118,574	**419,052**	412,897
Non-fuel adjusted gross profit	**28,512**	23,332	**121,711**	87,084
Adjusted gross profit	**141,507**	141,906	**540,763**	499,981

Senior Funded Debt and Total Funded Debt to Credit Facility EBITDA ratio

Senior Funded Debt is defined in accordance with the terms of the Credit Facility. Senior Funded Debt indicates the Corporation's ability to fund its long-term commitments, including growth capital and acquisitions. To manage its financing requirements, Parkland may adjust its capital spending, adjust dividends paid to shareholders, issue new shares or issue new debt.

Debt covenant ratios are tested on trailing twelve months Credit Facility EBITDA. Parkland believes that in addition to demonstrating compliance with debt covenants, the Senior Funded Debt to Credit Facility EBITDA ratio and the Total Funded Debt to Credit Facility EBITDA ratio provide users with an indication of the Corporation's ability to repay its debt. These metrics are also used to monitor and guide the Corporation's overall financial strength and flexibility of its capital structure.

	December 31,	
(in thousands of Canadian dollars)	**2014**	2013
Senior Funded Debt		
Long-term debt - current portion	**2,448**	1,354
Bank indebtedness	**5,969**	2,539
Long-term debt - long term portion (excluding Senior Unsecured Notes)	**36,198**	222,955
Letters of Credit/Bonds	**7,145**	43,737
Cash and cash equivalents and restricted cash	**(205,097)**	(10,819)
Senior Funded Debt	**(153,337)**	259,766
Senior Unsecured Notes	**398,856**	-
Total Funded Debt	**245,519**	259,766
Credit Facility EBITDA - Previous four quarters	**172,242**	212,527
Senior Funded Debt to Credit Facility EBITDA	**-**	1.22
Total Funded Debt to Credit Facility EBITDA	**1.43**	1.22

Credit Facility Fixed Charge Coverage Ratio

The Credit Facility defines the Fixed Charge Coverage Ratio which is used in the calculation of debt covenants. Parkland believes that in addition to demonstrating compliance with debt covenants this ratio provides users with an indication of the Corporation's ability to pay interest on the outstanding debt.

	TTM ended December 31,	
(in thousands of Canadian dollars)	**2014**	2013
Credit Facility EBITDA	**172,242**	212,527
Less:		
Maintenance capital expenditures	**18,530**	20,816
Taxes paid	**25,011**	57,193
Adjusted Credit Facility EBITDA	**128,701**	134,518
Fixed Charges		
Interest	**20,615**	15,280
Distributions	**24,473**	22,636
Total Fixed Charges	**45,088**	37,916
Credit Facility Fixed Charge Coverage Ratio	**2.85**	3.55

At December 31, 2014, Parkland was in compliance with all debt covenants. The financial covenants under the Credit Facility are as follows:

1. Ratio of Senior Funded Debt to Credit Facility EBITDA 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;
2. Ratio of Total Funded Debt to Credit Facility EBITDA 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
3. Credit Facility Fixed Charge Coverage Ratio at each quarter shall not be less than 1.15 to 1.00;

Forward-Looking Information

Certain information included herein is forward-looking. Many of these statements can be identified by words such as “believe”, “expects”, “expected”, “will”, “intends”, “projects”, “projected”, “anticipates”, “estimates”, “continues”, or similar words. In particular, forward-looking statements included in this document include, without limitation, statements regarding Parkland's:

- commitment to delivering competitive and sustainable returns to shareholders by being the partner of choice for our customers and suppliers, and how we plan to accomplish this mission;
- goal of to purchase large volumes of “balanced barrel” products and sell them using its various marketing channels
- goal of being a leader in consolidating North America's fragmented fuel distribution market through its potential synergies on acquisitions and experience across all fuel marketing channels;
- strategies to continue to maximize penetration of its brands by acquiring new sites and modernizing and maintaining existing sites;
- expectations regarding the accretive effects of the acquisition of Pioneer Energy and the anticipated benefits and synergies of such acquisition, including the addition to the Corporation's fuel sales, Adjusted EBITDA and distributable cash flow;
- expectations regarding the anticipated closing date of the Pioneer Energy acquisition;
- business and growth strategies, including the manner in which such strategies will be implemented;
- platform for growth in the Northwest United States and Western Canada;
- expectations regarding the effects of seasonality on demand for products offered by its Commercial Fuels and Retail Fuels business segments;
- ability to meet payment obligations as they come due;
- capital investment philosophy;
- intention in respect of dividend payments;
- anticipated sources of liquidity to fund maintenance capital, interest, income taxes, targeted dividends and other committed capital expenditures; and
- expected sources for growth capital expenditures, future acquisitions and debt servicing payments;
- ability to adjust capital spending and adjusting dividends paid to shareholders;

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. The forward-looking statements contained in this MD&A are based upon a number of material factors and assumptions which include, without limitation:

- the regulatory framework that governs the operation of Parkland's business;
- Parkland's ability to complete the acquisition of Pioneer Energy;
- Parkland's ability to successfully integrate the business of Pioneer Energy into its existing operations;
- commodity prices for gasoline, diesel, propane, lubricants, heating oil and other high quality petroleum products;
- financial market conditions, including interest rates and exchange rates;
- Parkland's future debt levels;
- Parkland's ability to generate sufficient cash flows from operations to meet its current and future obligations;
- future capital expenditures to be made by Parkland;
- access to, and terms of, future sources of funding for Parkland's capital program;
- Parkland's ability to continue to compete in a competitive landscape,

as well as the additional factors referenced in the 2014 Annual Information Form.

Forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties some of which are described in the 2014 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 risks associated with:

- the integration of businesses into Parkland's operations;
- retail pricing and margin erosion;
- volatility in crude oil prices and in wholesale petroleum pricing and supply;
- competitive action by other companies;
- actions by governmental authorities including increases in taxes and changes in environmental and other regulations;
- information technology management;
- the ability of suppliers to meet commitments;
- safety and environmental incidents;
- failure to meet financial, operational and strategic objectives and plans;
- general economic, market and business conditions;
- industry capacity;

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 Risk Factors section included in this MD&A and in the 2014 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.