Parkland FUEL CORPORATION

Year-ended December 31, 2013

Report to Shareholders

Management's Discussion and Analysis Q4 2013

Management's Discussion and Analysis ("MD&A") provides a comparison of Parkland Fuel Corporation's performance for the three and twelve month period ended December 31, 2013 with the three and twelve month period ended December 31, 2012. This discussion should be read in conjunction with the audited financial statements and accompanying notes dated March 4, 2014 and the Corporation's Annual Information Form. This MD&A includes discussion of Parkland's affairs up to March 4, 2014. All amounts disclosed are in Canadian dollars, unless otherwise noted.

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

Additional information relating to Parkland can be found at www.parkland.ca. The Corporation's continuous disclosure materials, including its annual and quarterly MD&A, audited annual and unaudited interim financial statements, its 2013 Annual Information Form, Management Information Circular and Proxy, Material Change Reports and the various news releases issued by the Corporation are also available on its website or directly through the SEDAR system at www.sedar.com.

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

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Caution Regarding Forward-Looking Statements

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

Parkland wishes to caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. Readers should also refer to the section **Business Risks** at the end of this MD&A and in the 2013 Annual Information Form for additional information on risk factors and other events that are not within Parkland's control. Parkland's future financial and operating results may fluctuate as a result of these and other risk factors.

Executive Summary

Parkland delivered Adjusted EBITDA(1) of $207 million in 2013, a 4% improvement over 2012 due to the performance of acquisitions made in 2013, partially offset by lower refiner's margins and weakness in Western Canadian commercial markets.

In the first year and a half of its five-year strategic plan, Parkland has successfully added approximately 1.7 billion litres in fuel volumes and $47 million in annualized Adjusted EBITDA through acquisitions. Parkland's acquisitions over the past year have been completed at an average multiple of less than five times Adjusted EBITDA. Parkland has also identified approximately $8 million in synergies across its acquisitions this year and realized $11 million in savings from Parkland's strategic cost initiative. In aggregate, Parkland added $66 million in Adjusted EBITDA growth out of a total goal of delivering $125 million in Adjusted EBITDA growth by the end of 2016.

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

2013 Operational Highlights:

Grow

- Increased volumes by 57% to 6.7 billion litres from 4.2 billion litres in 2012 through the acquisition of Elbow River Marketing, Sparling's Propane Limited and the assumption of the customers and assets of TransMontaigne Marketing Canada Inc. ("Les Pétroles Parkland");
- Became Canada's third largest marketer of propane through the acquisition of Sparling's Propane Limited; and
- Entered the United States through the acquisition of SPF Energy Inc. which is expected to add 1.1 billion litres of annual fuel volumes. The acquisition was effective at the beginning of January 2014.

- Subsequent to year-end, the Corporation entered into an agreement with Chevron Canada to purchase eleven Chevron-branded service stations in northern British Columbia. The sale is expected to close in the second quarter of 2014 and is an extension of the Supply and Branded Marketer Agreement signed in 2013.

Supply

- Leveraged Parkland's strategic supply assets, including rail capacity, storage infrastructure, import capability and multiple refiner and carrier relationships, to offset the impact of regional propane and diesel shortages and ensure Parkland's customers received fuel deliveries; and
- Benefitted from strong Refiner's margins that continued throughout much of 2013 with the exception of the third quarter.

Operate

- Operating and direct costs increased by 24% to $190.3 million (2.9 cents per litre ("cpl")) for the year ended December 31, 2013, compared with $153.0 million (3.6 cpl) in 2012 due to the $32.3 million from the acquisitions of Elbow River Marketing, Les Pétroles Parkland and Sparling's Propane. Operating and direct costs in 2013 include a legal provision of $9.8 million to adjust for one-time liabilities Parkland assumed with acquisitions;
- MG&A expenses increased 40% to $111.6 million (1.7 cpl) in 2013, compared with $79.6 million (1.9 cpl) in 2012. The $32.0 million increase is primarily attributable to the acquisitions of Elbow River Marketing, Les Pétroles Parkland, Sparling's Propane which together added $25.9 million in MG&A expenses and $5.5 million in acquisition-related costs. The base business MG&A remains on target; and
- Strategic cost reduction programs remain on track for the base business.

Consolidated Highlights:

(in millions of Canadian dollars, except volume and per Share amounts)	Three months ended December 31, 2013	2012	% Change	Year ended December 31, 2013	2012	% Change
Income Statement Summary:						
Sales and operating revenues	**1,598.9**	998.4	60	**5,663.4**	4,133.6	37
Gross profit	**150.7**	104.0	45	**520.0**	437.0	19
Operating costs	**60.3**	39.8	(52)	**190.3**	153.0	(24)
Marketing, general and administrative	**34.5**	21.7	(59)	**111.6**	79.6	(40)
Depreciation and amortization expense	**15.0**	16.0	6	**57.4**	54.6	(5)
	40.9	26.5	55	**160.7**	149.8	7
Customer finance income	**(0.7)**	(1.0)	(30)	**(2.5)**	(3.5)	(29)
Finance costs	**4.5**	4.2	(7)	**18.5**	20.2	8
Foreign exchange gain (loss)	**(0.2)**	-	-	**(0.9)**	(0.1)	(800)
Loss on disposal of property, plant and equipment	**0.8**	0.2	(300)	**2.4**	0.3	-
Loss on risk management activities	**8.8**	2.3	(283)	**20.2**	9.1	(122)
Earnings before income taxes	**27.7**	20.8	34	**123.0**	123.8	(1)
Income tax expense	**5.7**	11.2	49	**31.0**	38.9	20
Net earnings	**22.0**	9.6	129	**92.0**	84.9	8
Net earnings per share						
- Basic	**0.31**	0.14	121	**1.31**	1.28	2
- Diluted [1]	**0.30**	0.14	114	**1.26**	1.22	3
Non-GAAP Financial Measures:						
Adjusted EBITDA [2][3]	**50.6**	42.5	19	**207.4**	200.4	3
Distributable cash flow [2][4]	**26.1**	20.8	25	**136.5**	129.9	5
Distributable cash flow per share [2][4]	**0.36**	0.31	16	**1.90**	1.91	(1)
Dividends	**18.6**	17.2	8	**72.9**	67.8	8
Dividend to distributable cash flow payout ratio [2][4]	**71%**	83%		**53%**	52%	
Key Metrics:						
Fuel volume (millions of litres)	**1,917**	1,062	81	**6,659**	4,241	57
Return on capital employed (ROCE)[2][5]	**21.1%**	25.2%				
Employees	**1,370**	1,179	16			
Fuel Key Metrics - Cents per litre:						
Average Retail fuel adjusted gross profit [6]	**4.63**	5.36	(14)	**4.73**	4.91	(4)
Average Commercial fuel adjusted gross profit [6]	**10.18**	10.43	(2)	**9.93**	9.78	2
Operating costs	**3.15**	3.75	16	**2.86**	3.61	21
Marketing, general and administrative	**1.80**	2.04	12	**1.68**	1.88	11
Depreciation and amortization expense	**0.78**	1.50	48	**0.86**	1.29	33
Liquidity and bank ratios:						
Net debt:adjusted EBITDA [2][7]	**1.66**	1.38				
Senior debt:adjusted EBITDA [2][7]	**1.03**	0.69				
Interest coverage [2][6]	**8.46**	7.65				

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

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

[3] Please see Adjusted EBITDA discussion in the MD&A.

[4] Please see Distributable Cash Flow reconciliation table in the MD&A.

[5] Please see ROCE discussion in the MD&A.

[6] Please see Segmented Results discussion in the MD&A.

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

Who We Are

Parkland Fuel Corporation is an independent marketer of petroleum products in North America, empowered by a continent-wide logistics, supply and trading platform. We provide motorists, businesses, consumers and wholesale customers with a safe and dependable source of gasoline, diesel, propane, lubricants, heating oil and other products through a network of locations across North America that are run by community-based operators who care.

Parkland endeavours to be North America’s most effective and efficient marketer and distributor of refined petroleum products in the regions we serve by:

- Fuelling communities through local operators who make it their priority to build lasting relationships with their customers; and

- Delivering measurably superior customer service by being responsive, accurate and accountable to customers every day.

Parkland delivers value to refiners by assisting them in managing their downstream marketing channels, simplifying their billing and collections through a consolidated customer base, growing their business and saving them money while protecting and promoting their brands. Parkland is the bridge that connects refiners to communities, with a local focus that grows their business.

Retail Fuel

Parkland Retail Fuels supports a network of approximately 700 Canadian retail service stations.

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

Commercial Fuel

Parkland Commercial Fuels serves commercial, industrial and residential customers across Canada and into the Northern tier of the United States. This division delivers bulk fuel, propane, heating oil, lubricants, agricultural inputs, oilfield fluids and other related products and services to customers through an extensive delivery network.

Parkland Commercial Fuels’ family of brands includes: Bluewave Energy, Columbia Fuels, Sparling’s Propane Co. Ltd. and Island Petroleum.

Wholesale, Supply and Distribution

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

Fuel supply contracts are maintained with multiple oil refiners allowing Parkland to obtain fuel volumes at competitive prices and enhance the overall security of the Corporation’s fuel supply.

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

The Wholesale team has built an extensive portfolio of wholesale customers who depend on Parkland for a secure and reliable fuel supply. The team structures its contracts to ensure the right mix of volume, margin, and payment terms for both the customer and Parkland.

In 2012 Parkland completed the conversion of its Bowden, Alberta refinery into a flexible, finished products terminal with 220,000 barrels of storage capacity. In addition to enhancing Parkland's internal supply options, the terminal provides industry participants with a flexible central Alberta fuel terminal and can also reduce transportation costs and wait times for Southern Alberta operations compared to other supply points in Edmonton. In 2013, Parkland added additional product terminal capacity in the eastern Canadian supply orbit by contracting 120,000 barrels of storage capacity in Montreal and 165,000 barrels of terminal storage in Quebec City. Wholesale, Supply and Distribution manages the storage infrastructure portfolio to enhance both the supply security of Parkland's operations, and the operations of its customers.

Parkland US Operations

Through the acquisition of SPF Energy Inc., Parkland will supply and distribute approximately 1.1 billion litres of annual gasoline and distillates through a set of wholesale, commercial and retail business channels that are very similar to Parkland's Canadian operations. SPF Energy's retail network includes more than 200 independent gasoline stations in the Northern tier of the United States, 60 of which are branded stations that include nationally recognized names such as Cenex, Conoco, Exxon, Shell, Tesoro and Sinclair. SPF also owns and operates 15 Superpumper convenience stores in three states, rail trans-loading facilities and approximately 40,000 barrels of refined product storage in Minot, North Dakota.

Investing in Parkland

Clear growth strategy

Parkland is a growth-oriented company in a highly fragmented industry poised for continued consolidation. It is well capitalized to assist independent fuel marketers looking at succession planning, as well as major refiners pursuing a partner to steward and grow their downstream marketing channels. During and after the acquisition process, Parkland works to serve customers, care for employees, and grow the underlying business. Parkland has developed a strong track record of delivering both value to its partners and investors through its measured acquisition strategy and prudent approach to leverage.

Dividend yield

Parkland's Board of Directors remain committed to sustainably distributing Parkland's profit to its shareholder base while retaining enough funds to drive growth. Parkland offers investors an annual dividend of $1.04 per share paid monthly.

Focus

Parkland has evolved over more than fifty years to become a major Canadian independent marketer operating in Canada and the United States. The Parkland team is continually striving to learn, improve and evolve in its relentless pursuit of being the premier downstream fuel marketer in North America.

History of success

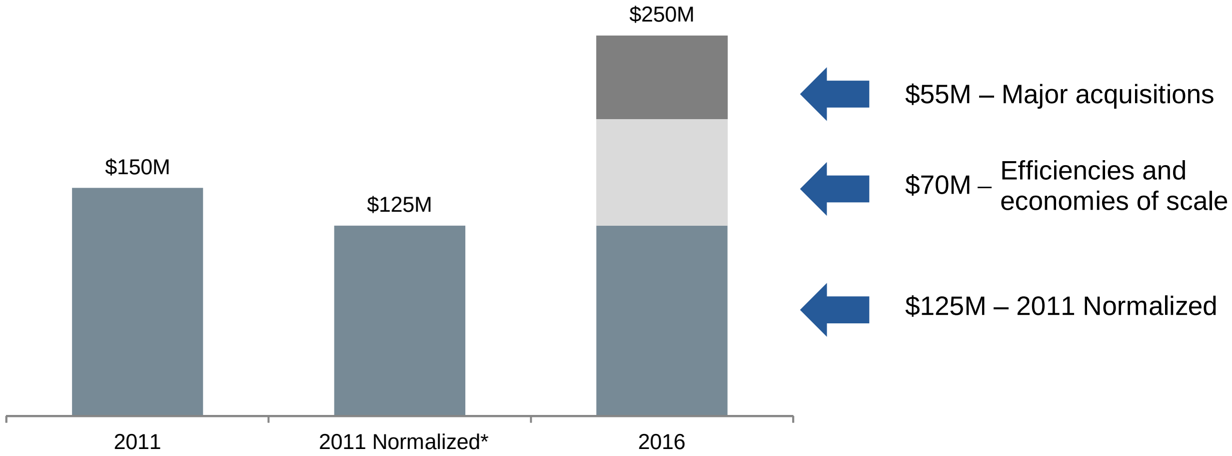
As at the period ended December 31, 2013	Trailing 1 year	Trailing 3 years	Trailing 5 years
Total shareholder return [(1)]	5%	105%	380%
Compound annual total shareholder return [(1)]	5%	27%	37%
Trailing twelve months growth in fuel volumes	57%		
Dividend yield at December 31, 2013	5.6%		
Price to earnings multiple at December 31, 2013	14.2		

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

Parkland's Strategy – The Parkland Penny Plan

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

5-Year Adjusted EBITDA Plan



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

Grow – 1/3 of a cent

Consolidating Canada's Fragmented Fuel Distribution Market

Canada's market for diesel, gasoline and heating oil consumed 77 billion litres in 2013 through a fragmented mix of sales channels that include both large and small independent fuel marketers as well as the major refiners.

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

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

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

There are three primary sources of potential growth for Parkland:

1) **Acquisition of independent fuel marketers** – Independent fuel marketers are defined as those that do not have refining capacity of their own. Parkland's 2010 acquisition of Bluewave Energy, 2011 acquisition of Cango, 2013 acquisitions of Elbow River Marketing, Les Pétroles Parkland and Sparling's Propane and 2014 acquisition of SPF Energy fall into this category.

2) **Acquisition of business from major Canadian refiners** – Major Canadian petroleum refiners are, in some cases, actively divesting parts of their downstream marketing business. The 2014 agreement with Chevron Canada to purchase eleven Chevron-branded service stations in northern British Columbia falls into this category.

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

As a large independent fuel marketer in North America with a successful track record of acquisitive growth, Parkland is well positioned to provide an exit strategy for independent fuel marketers. Additionally, Parkland partners with major refiners to help steward and grow their downstream marketing businesses. When independent fuel marketers or refiners look to divest their fuel marketing assets, Parkland strives to be their partner of choice by working with these vendors to serve their customers, care for their employees and grow their businesses. Parkland intends to continue to be proactive, focused and disciplined in its approach to such acquisitions.

Supply – 1/3 of a cent

Maintaining a Material Supply Advantage

At the end of 2013, a supply contract that allowed Parkland to economically benefit when refiner's margins are strong and which made a significant contribution to the Corporation's earnings, came to an end. Parkland has actively executed a plan to replace the supply volume and the normalized economic benefit of this contract.

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

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

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

Operate – 1/3 of a cent

Superior Customer Service Delivered Cost Effectively

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

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

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

2014 – 2016 Forecast Guidance

Parkland provided detailed forecast guidance at an investor day held in Toronto on April 15, 2013. As a result of the acquisition of SPF Energy Inc. which closed on January 8, 2014, Parkland has revised the Adjusted EBITDA forecast by increasing the range in each of 2014, 2015 and 2016 by $10 million. The new Adjusted EBITDA forecast amounts are as follows:

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

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

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

Core Capabilities

Parkland Fuel Corporation is an independent marketer of petroleum products in North America, empowered by a continent-wide logistics, supply and trading platform. While the Corporation's reach is continent-wide, the service is local. Parkland has evolved over more than fifty years to become a corporation specializing solely on downstream fuel marketing. Through constant learning, improvement and evolution, Parkland is continually striving to be the best downstream fuel marketing business in Canada.

Parkland's core capabilities include:

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

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

Key Performance Drivers

Volumes

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

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

Profit margins on a cents per litre basis

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

Supply costs

Supply cost is managed by the Wholesale, Supply and Distribution division. Achieving lower cost of supply results in increased profit in this division as Parkland charges its marketing divisions a standard transfer price.

Operating costs on a cents per litre basis

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

Putting it all together

Parkland currently markets more than six billion litres of fuel across Canada. At today’s run rate, achieving an efficiency or margin improvement of one cent could deliver more than $60 million in increased Adjusted EBITDA.

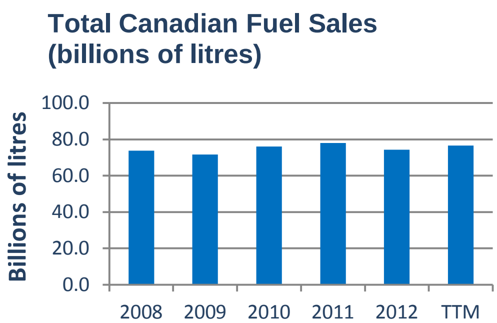
Parkland Penny Plan Scorecard

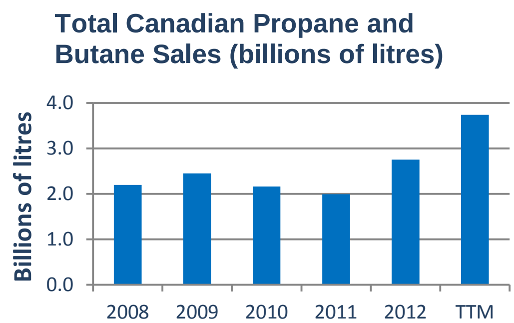
Area	Commitment	Analysis	2016 Target	December 2013	December 2012
Grow	Organic growth	**Making up Ground** Year over year organic growth in acquired businesses offset softness across some commercial and retail sectors.	500 million litres	**11.2** million litres YTD	**(29.7)** million litres YTD
	Major acquisitions	**$47 million in Adjusted EBITDA Added** The acquisitions of Elbow River Marketing, Sparling's Propane, SPF Energy Inc. and Les Pétroles Parkland will contribute towards the $55 million in Adjusted EBITDA and 4.6 billion litres Parkland is targeting by 2016. The mergers and acquisitions environment remains very active.	4.6 billion litres	3.9 billion litres	-
Supply	Supply Margins	**On Track** Parkland continues to extend its progress on replacing the average normalized profit† of its refiner's margin contract through the negotiation of supply contracts, supply management, terminals, and the addition of Elbow River Marketing. No problems are foreseen in replacing the volume.	100% Normalized profit plus 1/3 cent	**On Track**	**On Track**
Operate	Operating costs	**Holding Steady** The operating costs of businesses acquired in 2013 were incorporated into the 2012 benchmark to provide a reasonable comparison. As can be seen, on a per litre basis, costs crept up in 2013.	2.48 cpl	**2.58** cpl TTM	**2.56** cpl TTM
	Marketing, General and Administration ("MG&A") costs	**MG&A Increases on Acquisition Costs** The MG&A costs of businesses acquired in 2013 were incorporated into the 2012 benchmark to provide a reasonable comparison. Acquisition and restructuring costs of approximately $6.8 million in 2013 and $1.4 million in 2012 were removed from the calculation.	1.52 cpl	**1.50** cpl TTM	**1.45** cpl TTM
	Total Recordable Injury Frequency	**Cold Winter Increases Incidents** Lost time injury frequency did not meet target in 2013 and total recordable injury frequency was higher when compared with 2012. Parkland is taking steps to improve on these metrics.	Less than 2	**3.95** TTM	**2.33** TTM

* Normalized for Cango and one-time costs; †The average annualized benefit under this contract excluding performance from outlier years
Note: 2016 cost targets will be updated in the event of a significant change to Parkland's business mix.
Abbreviations: CPL = Cents per litre
YTD = Year-to-date
TTM = Trailing twelve months

Economic Developments and Outlook

Domestic sales of gasoline, diesel and light fuel oil in Canada expanded by 3% in the trailing 12 months ended November 30, 2013 to 77.0 billion litres compared with 74.4 billion litres in 2012. Domestic sales of propane and butane during the same period of 2013 increased by 34% to 3.7 billion litres compared with 2.8 billion in 2012.





Canadian Fuel Market
Domestic sales of diesel, gasoline and light fuel were 82.0 billion litres for the trailing twelve months at the end of November 2013. Source: Statistics Canada CANSIM table 134-0004.

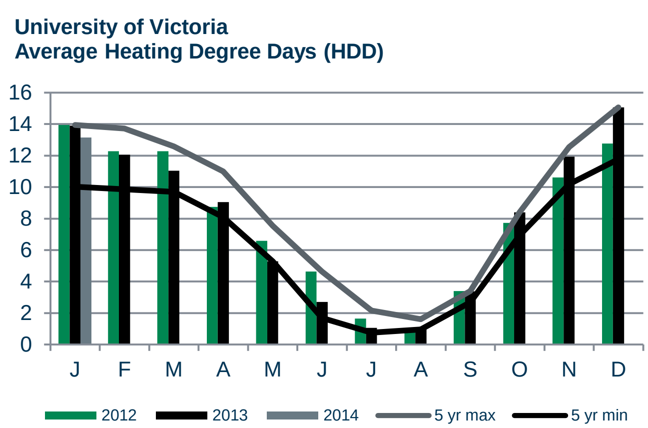
Canadian Propane and Butane Market
Domestic sales of propane and butane were 3.7 billion litres for the trailing twelve months at the end of November 2013. Source: Statistics Canada CANSIM table 134-0004.

World Economy:

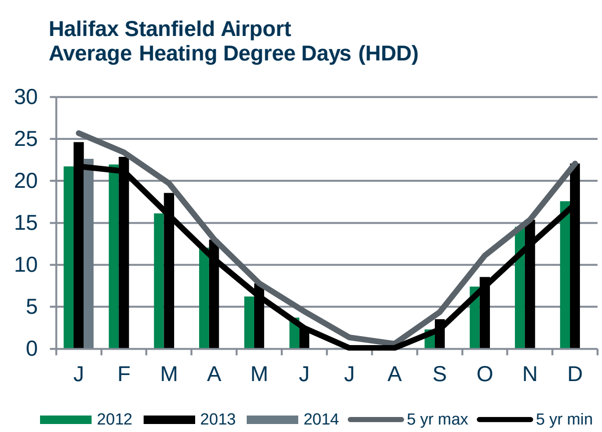
The Canadian fuel marketing industry is relatively unaffected by the world economy, and is driven primarily by population, weather and Canada's resource extraction industries.

Weather:

During the winter, cold weather drives the sale of heating oil and drives greater consumption of fuel in Parkland's other lines of business. Heating degree days (HDD) for 2013 in Halifax remained at the high end of the five year range throughout the year with the exception of the second quarter and were higher year over year compared with 2012. Victoria HDD remained at generally near the center of the five year range during the first half of 2013. However, HDD levels met or set a new five year high during the last four months of 2013.



Victoria, BC - Heating Degree Days



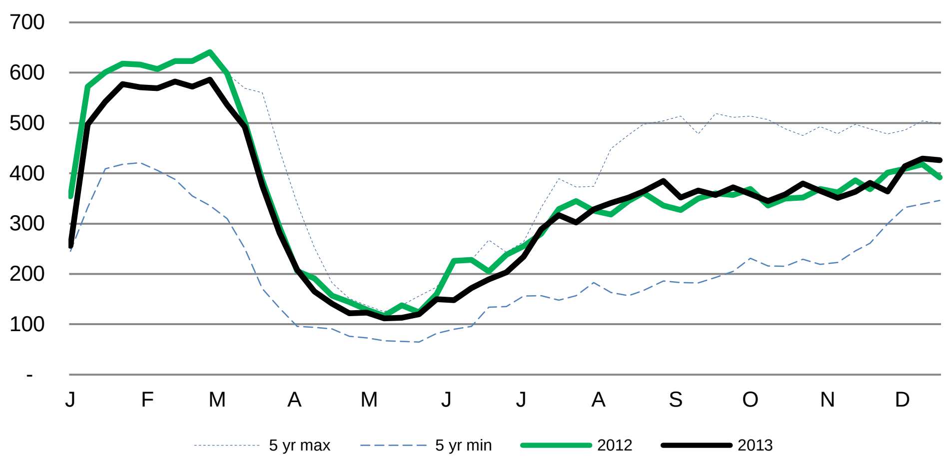
Halifax, NS - Heating Degree Days

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

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

Resource Industry:
For the three months ended December 31, 2013, the Canadian Association of Oilwell Drilling Contractors (CAODC) reported an average weekly drilling rig count of 371 per week, a 2.5% percent increase compared with 362 per week for the same period in 2012. This increase can be partially attributed to the impact of higher commodity pricing in the Western Canadian Sedimentary Basin.

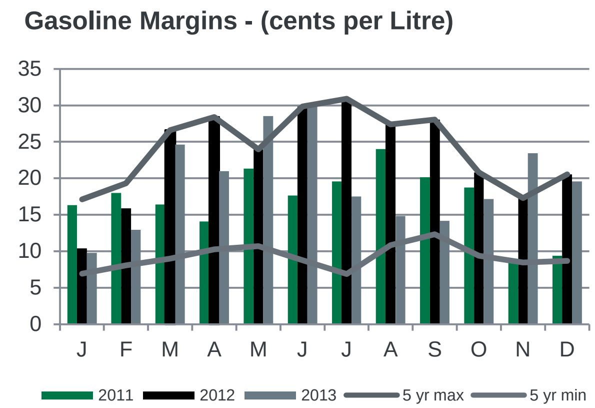
Weekly Canadian Active Drilling Rigs

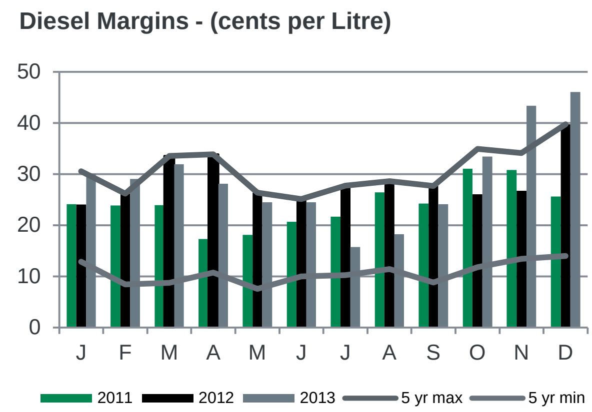


Refiner's Margins:
Parkland purchased approximately one billion litres of fuel annually from a refiner under an agreement, which terminated December 31, 2013, that was priced using a formula that allowed Parkland to share in a portion of refiner's margins. Due to the volatile nature of refiner's margins, and the resultant impact on Parkland, it was useful to monitor this data.

Refiner's margins for gasoline in the three months ended December 31, 2013 trended slightly higher than the same period of 2012. However, refiner's margins for gasoline in 2013 were lower than levels seen in 2012 particularly in the first and third quarters. Diesel margins exceeded the five year range during the last two months of 2013 and were significantly higher in the fourth quarter of 2013 when compared with the same quarter of 2012.

Note that the refiner's margin data presented below is current as of December 31, 2013.





Gasoline Refiner's Margins

Diesel Refiner's Margins

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

Crude Pricing:

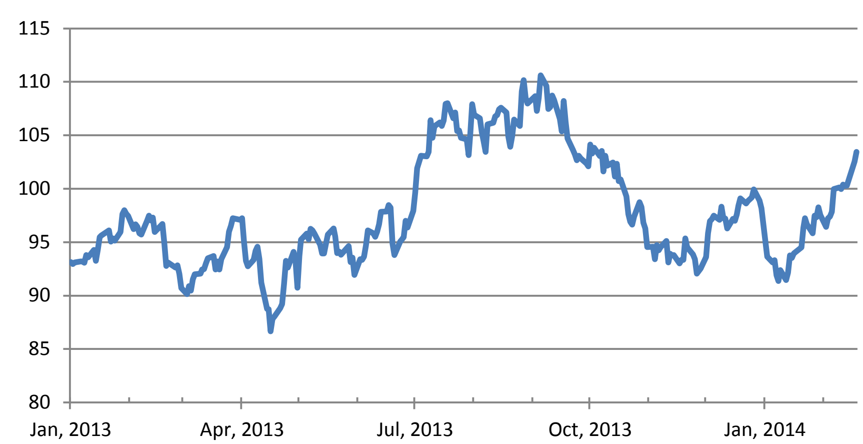
Crude pricing impacts Parkland's working capital requirements including the value of its accounts receivable, inventories and accounts payable. Additionally, net earnings can be impacted by gains or losses on inventories held. Generally, crude and refined product inventories realize a gain in a rising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

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

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

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

Cushing, OK WTI Spot Price FOB



Crude Pricing – West Texas Intermediate (USD/bbl)
Movements in crude pricing impact Parkland's Commercial and Retail divisions in different and often opposing ways.

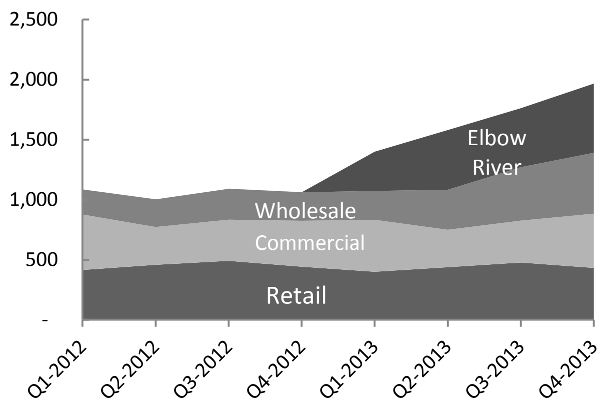
Consolidated Financial Review

Fuel and Petroleum Products Volumes

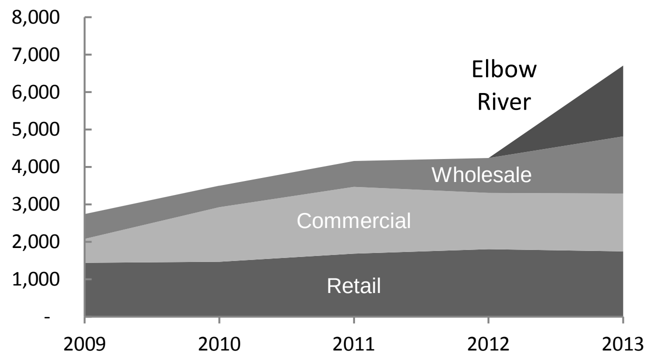
Q4 2013 vs. Q4 2012

Fuel and petroleum products ("Fuel") volumes increased by 855 million litres or 81% to 2.0 billion litres in the fourth quarter of 2013 from 1.1 billion litres in the same period of 2012. This increase was due to 576 million litres from the acquisition of Elbow River Marketing, 206 million litres from Les Pétroles Parkland and 46 million litres from the acquisition of Sparling's Propane as well as increased demand for heating oil in Eastern Canada due to colder weather.

Crude Oil and Refined Product Volumes
(millions of litres)



Crude Oil and Refined Product Volumes
(millions of litres)



Fuel Volumes

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

Total Year 2013 vs. 2012

Fuel volumes for the year ended December 31, 2013 increased by 57% to 6.7 billion litres from 4.2 billion litres in the prior year. The increase is primarily due to 1.9 billion litres from the acquisition of Elbow River Marketing, 494 million litres from Les Pétroles Parkland and 90 million litres due to the acquisition of Sparling's Propane as well as increased demand for heating oil in Eastern Canada due to colder weather. This was partially offset by a 32 million litre reduction in volumes from the Cango network due to site rationalization and reduced activity in key industries including oil and gas and construction and the discontinuation of low margin agreements in Northern Alberta.

Revenue

Q4 2013 vs. Q4 2012

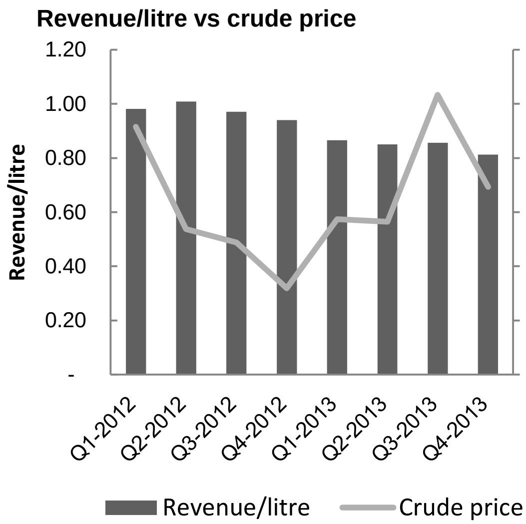
Sales and operating revenue for the three month period ended December 31, 2013 increased by 60% to $1.6 billion compared with $1.0 billion for the same period of 2012. This is mainly due to the inclusion of $294.2 million in Elbow River Marketing revenue, $183.4 million in Les Pétroles Parkland revenue, and $27.2 million from Sparling's Propane.

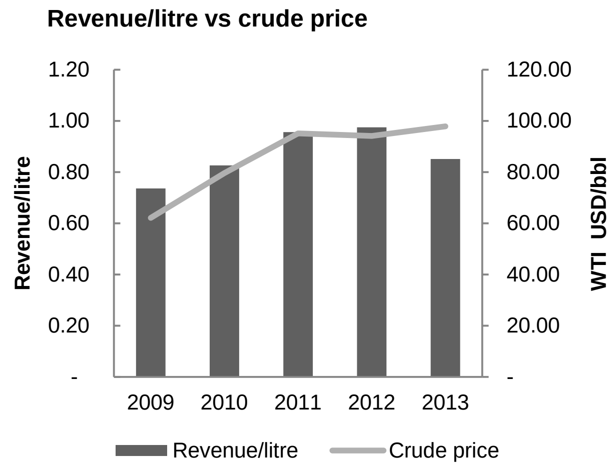
There is a strong correlation between revenue and the price of crude. Revenue fluctuates with changing commodity prices. Changes in volume have a more direct impact on profitability, whereas changes in revenue impact working capital and Return on Capital Employed ("ROCE").

Total Year 2013 vs. 2012

Sales and operating revenue for the year ended December 31, 2013 increased by 37% to $5.7 billion compared with $4.1 billion for the year ended December 31, 2012. This is mainly due to the inclusion of $976.7 million in

Elbow River Marketing revenue, $448.7 million in Les Pétroles Parkland revenue and $47.9 million in revenue from Sparlings Propane.





Correlation between Crude Oil Prices and Revenue

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

Adjusted Gross Profit [(1)]

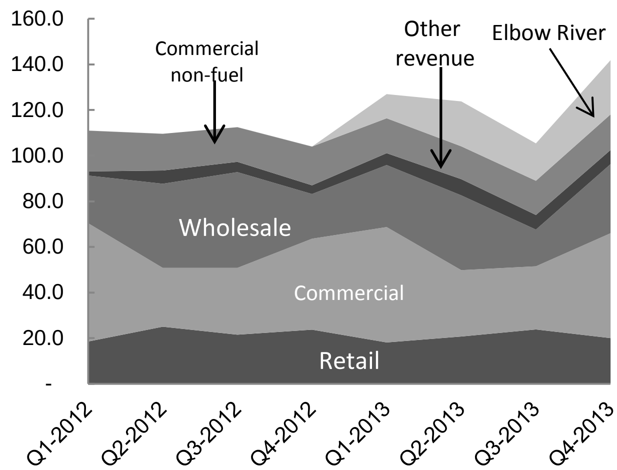
Q4 2013 vs. Q4 2012

Adjusted gross profit for the three months ended December 31, 2013 increased by 36% or $37.9 million to $141.9 million compared with $104.0 million for the same period in 2012. On a product segment basis:

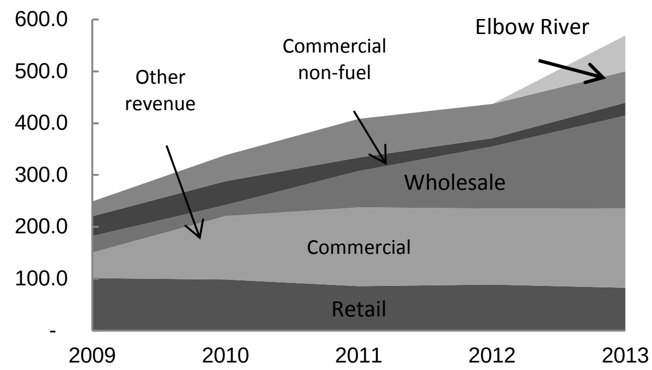
- Fuel and petroleum products adjusted gross profit increased by 44% or $36.9 million to $120.1 million in the fourth quarter of 2013 compared with $83.2 million in the fourth quarter of 2012 due to the inclusion of $26.4 million adjusted gross profit from Elbow River Marketing, $5.7 million from Sparling's Propane, and $1.3 million from Les Pétroles Parkland along with stronger supply and refiner's margins.
- Commercial non-fuel adjusted gross profit decreased by 8% or $1.4 million to $15.6 million in the fourth quarter of 2013 compared with $17.0 million in the fourth quarter of 2012. The decrease in commercial non-fuel adjusted gross profit is principally due to decreased agricultural products and fuel cartage gross profit.
- Other non-fuel adjusted gross profit increased by 63% or $2.4 million to $6.2 million in the fourth quarter of 2013 compared with $3.8 million in the fourth quarter of 2012 primarily due to the acquisition of Elbow River Marketing, the addition of storage revenue from the Bowden facility and increased variable rents relating to higher convenience store sales.

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

Total Adjusted Gross Profit *(millions of dollars)*



Total Adjusted Gross Profit *(millions of dollars)*



Quarterly Adjusted Gross Profit Changes

Parkland's gross profit is driven by the type of fuel product sold, as gross margins vary by product significantly. During the fourth quarter 2013, the adjusted gross profit increased due to the acquisitions of Elbow River Marketing, Les Pétroles Parkland and Sparling's Propane along with stronger refiner's margins. The acquisition of Elbow River Marketing in Q1 2013 changed the product mix of Parkland significantly as they are a large volume business that takes advantage of arbitrage opportunities and sells a variety of petroleum and NGL products which tend to have a lower overall gross margin, but operate at lower overhead costs. Commercial profit is at the highest during the first and fourth quarter of each year where as Retail is at the highest during the second and third quarters of the year.

Annual Adjusted Gross Profit Changes

The growth in the Wholesale and Supply division is due volume additions from the acquisitions of Elbow River Marketing and Les Pétroles Parkland.

Please see Segmented Results discussion in the MD&A.

Total Year 2013 vs. 2012

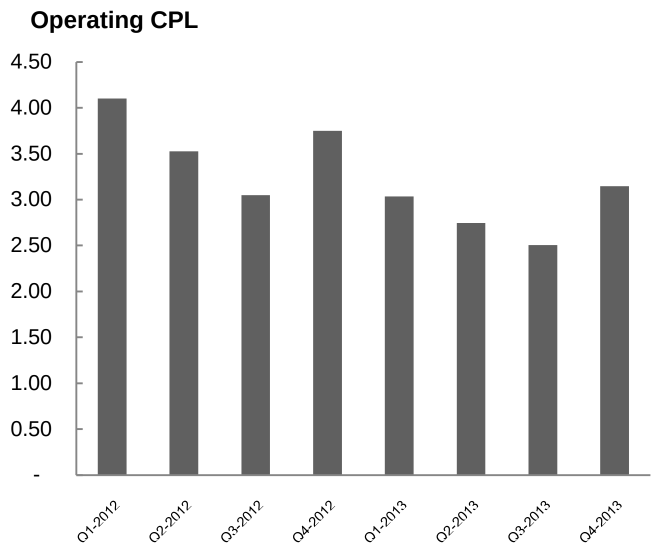
Adjusted gross profit for the year ended December 31, 2013 increased by 14% or $62.8 million to $500.0 million compared with $437.2 million for the year ended December 31, 2012. On a product segment basis:

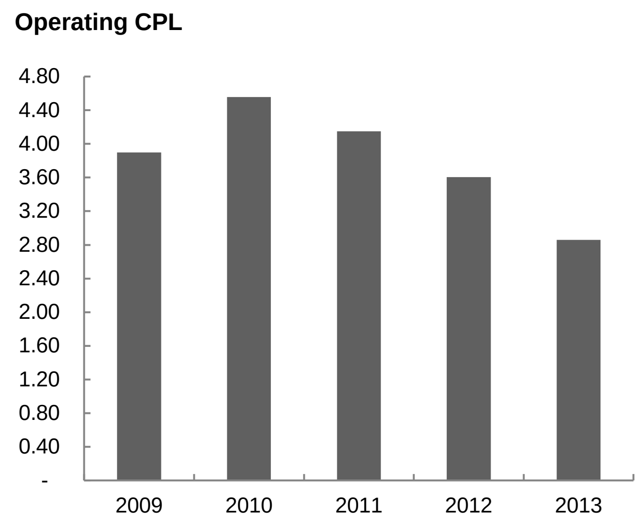
- Total fuel and petroleum products adjusted gross profit increased by 17% or $59.7 million to $414.7 million for the year ended December 31, 2013 compared with $355.0 million for the year ended December 31, 2012 primarily due to the inclusion of $69.4 million adjusted gross profit from Elbow River Marketing, $10.1 million from Sparling's Propane and $3.3 million from Les Pétroles Parkland, partially offset by lower refiner's margins.
- Commercial non-fuel adjusted gross profit decreased by 9% or $5.8 million to $60.3 million for the year ended December 31, 2013 compared with $66.1 million in 2012. The decrease in commercial non-fuel adjusted gross profit is principally due to decreased agricultural products and fuel cartage gross profit.
- Other non-fuel adjusted gross profit increased by 56% or $8.9 million to $24.9 million for the year ended December 31, 2013 compared with $16.0 million in 2012 primarily due to the acquisition of Elbow River Marketing and increased freight revenue with Les Pétroles Parkland.

Operating Expenses

Q4 2013 vs. Q4 2012

Operating and direct costs increased by 52% to $60.3 million (3.2 cpl) for the three months ended December 31, 2013, compared with $39.8 million (3.7 cpl) in the three months ended December 31, 2012, primarily due to the acquisitions of Elbow River Marketing $7.4 million, Les Pétroles Parkland $1.0 million and Sparling's Propane $4.0 million, and legal cost provision of $9.8 million, partially offset by cost reductions in the Retail Fuels division.





Quarterly Operating Expenses on a CPL basis:
Prior to the first quarter of 2013 operating expense on a cpl basis did not include Elbow River Marketing. Elbow River Marketing activities involve high volumes and low operating costs which reduces Parkland's consolidated operating cost cpl. Prior to the second quarter of 2013 operating expense on a cpl basis did not include Les Pétroles Parkland or Sparling's Propane. Les Pétroles Parkland is a wholesale operation and its activities involve high volumes and low operating costs. Sparling's Propane is a commercial operation and its activities are lower volume, higher margin and require higher operating costs. In the fourth quarter of 2013, the Corporation recognized legal provision of $9.8 million.

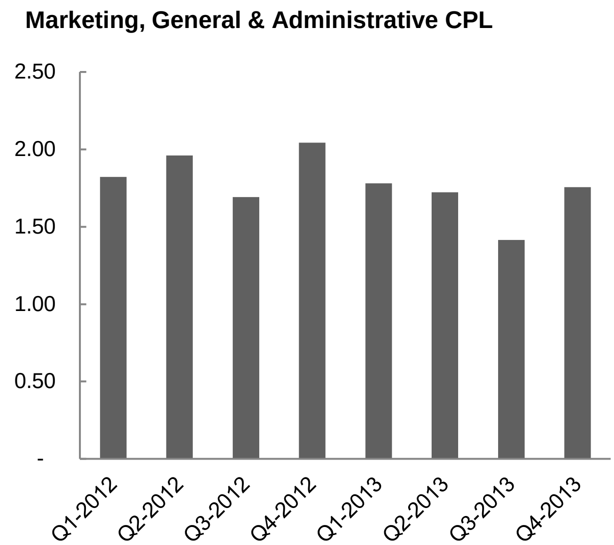
Annual Operating Expenses on a CPL basis:
The decrease in operating expenses on a cpl basis is due to lower costs in Retail and Commercial and the acquisitions of Elbow River Marketing and Les Pétroles Parkland where activities involve high volumes and low operating costs. This is partially offset by costs associated with the 2013 acquisition of Sparling's Propane.

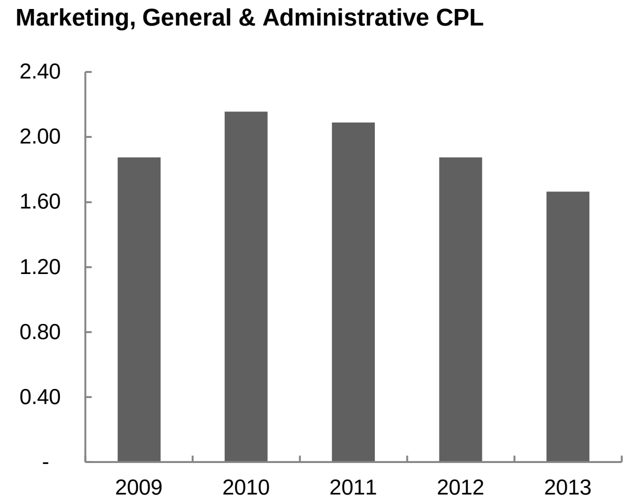
Total Year 2013 vs.2012
Operating and direct costs increased by 24% to $190.3 million (2.9 cpl) for the year ended December 31, 2013, compared with $153.0 million (3.6 cpl) in 2012 primarily due to the acquisitions of Elbow River Marketing $20.3 million, Les Pétroles Parkland $2.9 million and Sparling's Propane $9.1 million, and legal provision of $9.8 million to adjust for one-time liabilities Parkland assumed with acquisitions.

Marketing, General and Administrative Expenses

Q4 2013 vs. Q4 2012
Marketing, general and administrative expenses ("MG&A") increased by 59% to $34.5 million (1.8 cpl) in the fourth quarter of 2013 compared with $21.7 million (2.0 cpl) in the fourth quarter of 2012. Marketing, general and administrative costs in the fourth quarter of 2013 increased by $11.0 million as a result of the acquisition of Elbow River Marketing, $0.2 million from Les Pétroles Parkland, $0.3 million from the acquisition of Sparlings Propane and $1.5 million in additional acquisition related costs.

Total Year 2013 vs. 2012
MG&A expenses increased by 40% to $111.6 million (1.7 cpl) in the year ended December 31, 2013, compared with $79.6 million (1.9 cpl) for the year ended December 31, 2012. MG&A expenses in the year of 2013 increased by $24.1 million as a result of the acquisition of Elbow River Marketing, $0.5 million from Les Pétroles Parkland, $1.3 million from the acquisition of Sparling's Propane and $5.5 million in additional acquisition related costs.





Quarterly Marketing General and Administrative Expenses on a CPL basis:
In the fourth quarter of 2013 MG&A expenses on a cpl basis increased due to acquisition costs, partially offset by an increase in Parkland's volumes as a result of the acquisitions in 2013.

Annual Marketing General and Administrative Expenses on a CPL basis:
MG&A expenses continue to decline on a cpl basis as Parkland's volumes continue to increase as a result of the acquisitions in 2013 of Elbow River Marketing, Les Pétroles Parkland and Sparling's Propane.

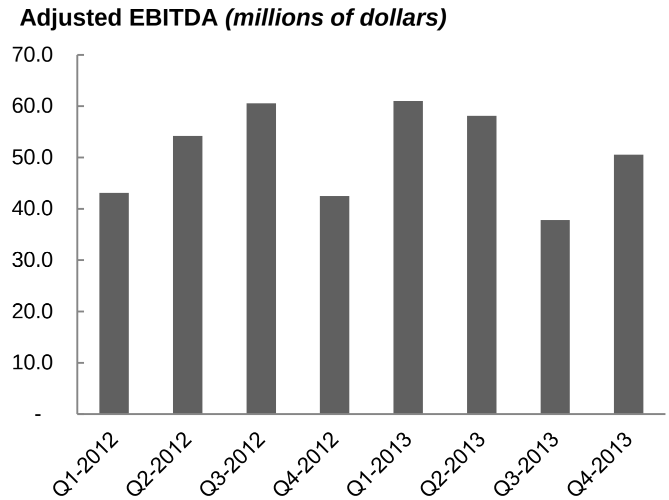
Adjusted Earnings Before Interest, Tax, Depreciation and Amortization ("Adjusted EBITDA")

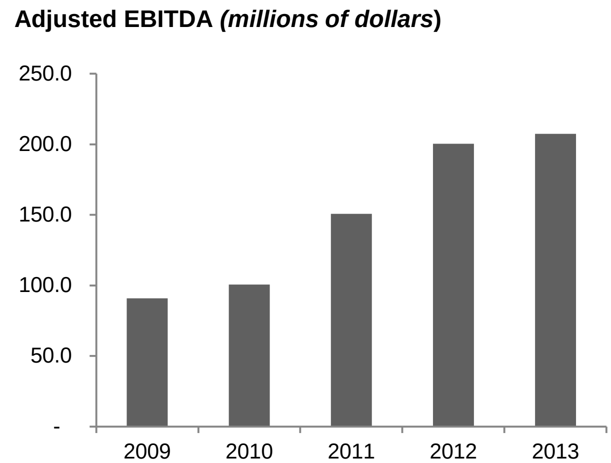
	Three Months Ended December 31,		Year Ended December 31,	
(in thousands of Canadian dollars)	**2013**	2012	**2013**	2012
Net earnings	**22,037**	9,582	**91,957**	84,854
Finance costs [(1)]	**4,465**	4,189	**18,474**	20,239
Loss on disposal of property, plant and equipment	**823**	233	**2,440**	282
Income tax expense	**5,685**	11,250	**31,010**	38,917
Unrealized gain from the change in fair value commodities forward contracts, future contracts and US dollar forward	**(648)**	-	**(1,309)**	-
Unrealized loss on foreign exchange	**433**	10	**592**	23
Acquisition related costs	**2,764**	1,265	**6,852**	1,360
Amortization and depreciation	**15,003**	15,955	**57,413**	54,689
Adjusted EBITDA [(2)(3)]	**50,562**	42,484	**207,429**	200,364

(1) Includes realized and unrealized (gain) loss on the interest rate swap
(2) Includes the realized and unrealized (gain) loss on put options
(3) Please refer to the Non-GAAP Measures section in the MD&A for definitions.

Q4 2013 vs. Q4 2012
Adjusted EBITDA for the fourth quarter of 2013 increased by 19% to $50.6 million compared with $42.5 million in the fourth quarter of 2012. The increase in Adjusted EBITDA primarily relates to the acquisition of Elbow River Marketing which contributed $9.3 million to Adjusted EBITDA in the fourth quarter.

Total Year 2013 vs. 2012
Adjusted EBITDA for the year ended December 31, 2013 was $207.4 million, an increase of 4% compared with $200.4 million for the year ended December 31, 2012. The Elbow River Marketing acquisition added $28.5 million of Adjusted EBITDA during the year, partially offset lower refiner's margins and by lower earnings in Commercial Fuels in Western Canada.





Adjusted EBITDA:
Refiner's margins decreased in the third quarter of 2013 below the average five year levels, with a recovery in the fourth quarter 2013.

Adjusted EBITDA:
Adjusted EBITDA has increased since 2009 due to strong refiner's margins along with various acquisitions and cost control initiatives.

Depreciation and Amortization

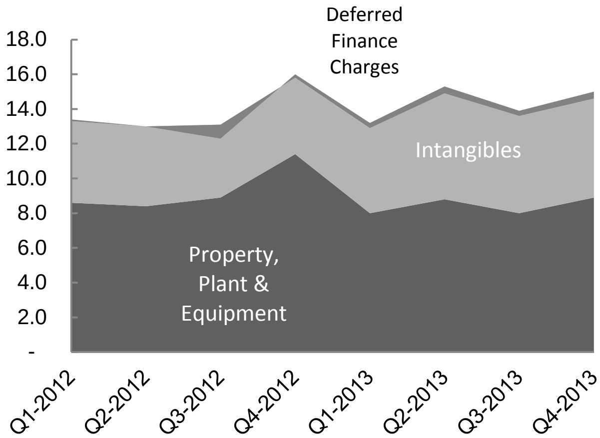
Q4 2013 vs. Q4 2012

Depreciation and amortization expenses in the fourth quarter of 2013 decreased by 6% or $1.0 million to $15.0 million compared with $16.0 million in the fourth quarter of 2012. This decrease is due to reducing amortization expense in fuel tanks. Effective April 1, 2013, the amortization period for fuel tanks included in property, plant, and equipment changed. Prior to the second quarter of 2013, Parkland amortized all fuel tanks over a range of a five to thirty year period. Effective April 1, 2013 fuel tanks are prospectively amortized over a thirty year period. The impact of this revision in the useful life estimate is a decrease in depreciation and amortization expense by approximately $1.5 million a quarter and $6.0 million a year. This decrease is partially offset by increase in depreciation and amortization expense due to the acquisitions of Elbow River Marketing, Les Pétroles Parkland and Sparling's Propane.

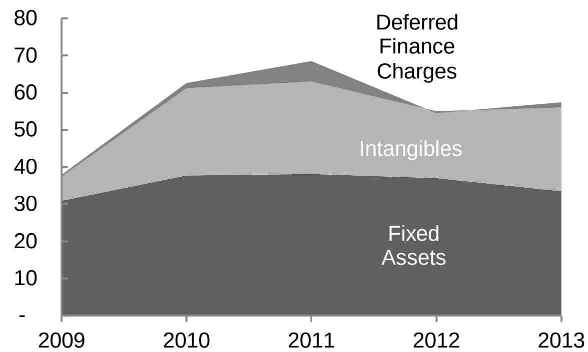
Total Year 2013 vs. 2012

Depreciation and amortization expenses for the year ended December 31, 2013 increased by 5% or $2.7 million to $57.4 million compared with $54.7 million for the year ended December 31, 2012, attributable to the same reasons as noted in the quarter.

Amortization and Depreciation
(millions of dollars)



Amortization and depreciation
(millions of dollars)



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

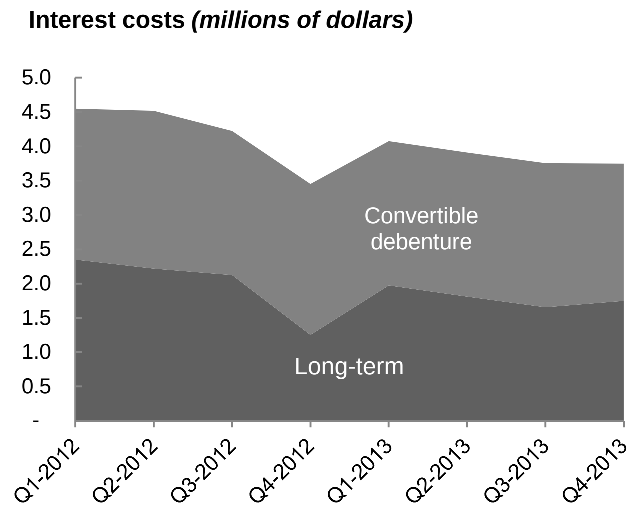
Finance Costs

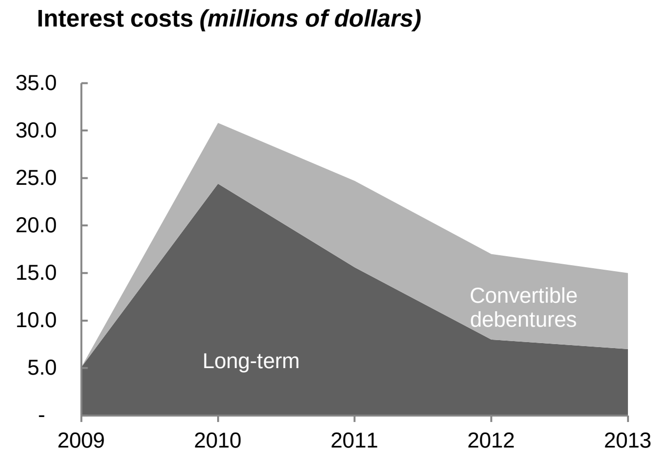
Q4 2013 vs. Q4 2012

Finance costs were $4.5 million in the fourth quarter of 2013 compared with $4.2 million for the same period in 2012, an increase of 7%. Finance costs are comprised of interest on long-term debt, interest and accretion on convertible debentures, accretion on refinery and terminal remediation, asset retirement obligations and loss (gain) on interest rate swaps.

Interest on long-term debt in the fourth quarter of 2013 increased by $0.5 million to $1.7 million compared with $1.3 million in the fourth quarter of 2012 due to increased interest rates and increased average debt levels throughout the fourth quarter 2013 compared with the same period 2012. Long-term debt including the current portion increased to $224.3 million as at December 31, 2013, an increase of $69.9 million from $154.4 million as at December 31, 2012.

Interest and accretion on convertible debentures for the fourth quarter of 2013 decreased by $0.2 million to $2.6 million compared with $2.8 million in the fourth quarter of 2012.





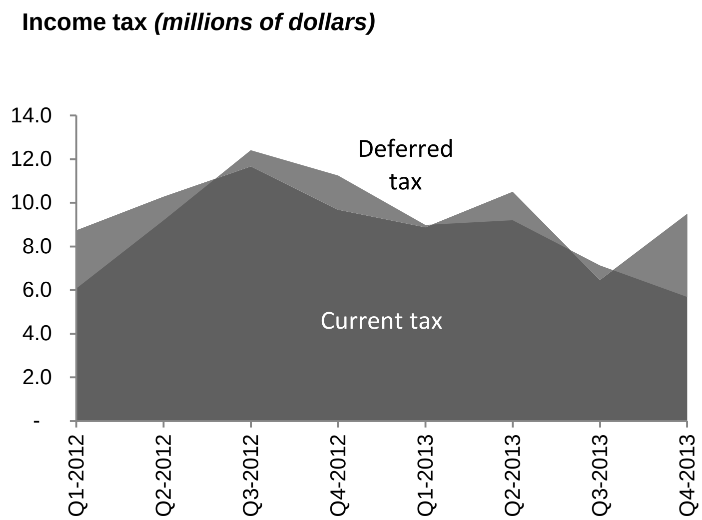
Interest Costs:
Interest costs decreased for Parkland as a result of the conversion of convertible debentures to common shares and improved capital management which resulted in Parkland negotiating reduced interest terms on its long term debt in the past two years. Long term includes credit facility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

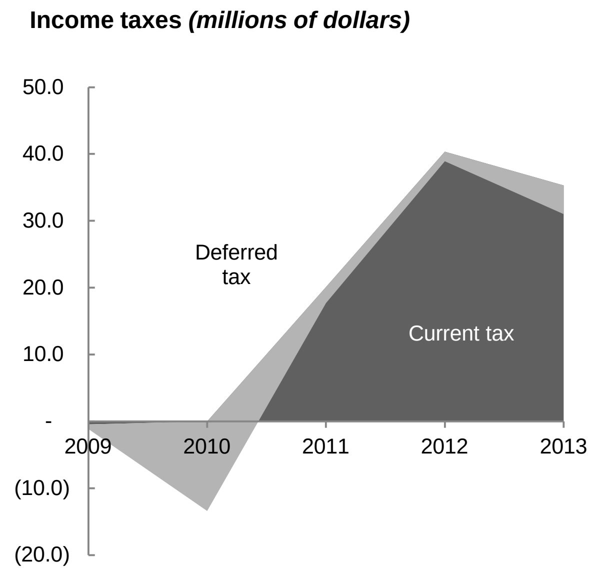
Total Year 2013 vs. 2012
For the year ended December 31, 2013 finance costs were $18.5 million compared with $20.2 million in 2012. This decrease is due to lower interest cost incurred in 2013 from the conversion of $11.8 million of convertible debentures to common shares and lower interest expense incurred on long-term debt, driven by a mixture of lower debt levels along with lower interest rates charged.

Income Tax

Q4 2013 vs. Q4 2012
Income tax expense was $5.8 million in the fourth quarter compared with $11.3 million for the same period in 2012. The decrease is attributable to the adjustments with respect to prior years and changes to the provincial tax allocations.

Total Year 2013 vs. 2012
Income tax expense was $31.0 million for the year ended December 31, 2013 compared with an expense of $38.9 million in 2012 for the same reason described in the quarter.



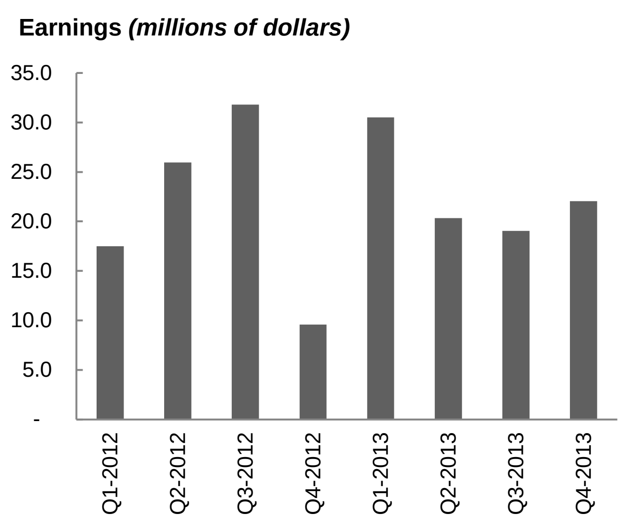


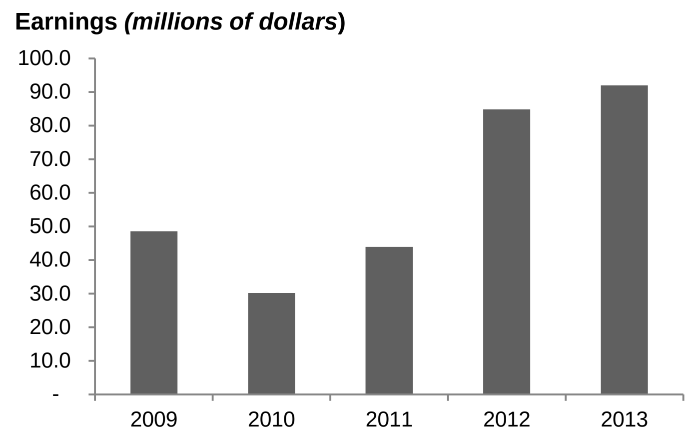
Income Tax:
Changes in income tax expenses are primarily due to changes in pre tax earnings.

Net Earnings

Q4 2013 vs. Q4 2012

Parkland's net earnings in the fourth quarter of 2013 were $22.0 million, an increase of $12.4 million compared with net earnings of $9.6 million in the fourth quarter of 2012. The increase in net earnings in the fourth quarter of 2013 compared with the prior year was primarily due to a $8.1 million increase in Adjusted EBITDA and a $5.6 million decrease in income taxes, partially offset by a $1.5 million increase in acquisition related costs and $1.0 million decrease in depreciation and amortization.





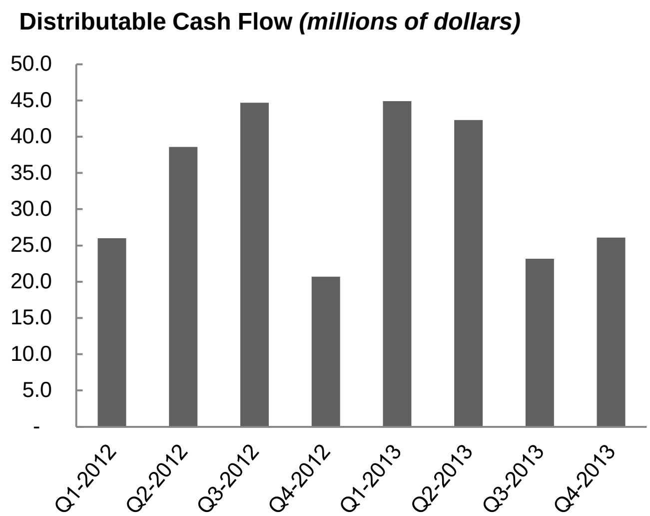
Earnings:
Net earnings during the most recent quarters have been impacted by record high refiner's margins. These margins have decreased during the third quarter of 2013 and increased again during the fourth quarter of 2013. The acquisition of Elbow River Marketing on February 15, 2013 has contributed to net earnings since that date.

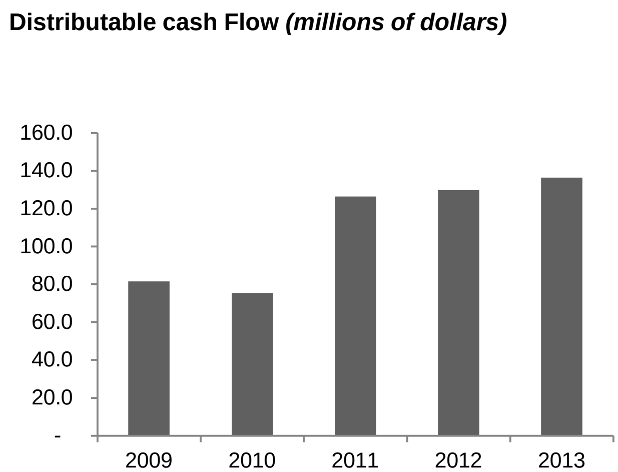
Earnings:
Net earnings have increased since 2010 due to multiple acquisitions, cost control initiatives and strong refiner's margins.

Total Year 2013 vs. 2012
Net earnings for the year ended December 31, 2013 were $92.0 million, an increase of $7.1 million compared with $84.9 million in 2012. The increase in net earnings was primarily due to $7.1 million increase in Adjusted EBITDA, $7.9 million decrease in income tax expense, $1.8 million decrease in finance costs and $1.3 million unrealized gain from the change in fair value of commodity related contracts. This was partially offset by a $5.5 million increase in acquisition related costs, $2.7 million increase in amortization and depreciation and $2.2 million increased loss on disposal of property, plant and equipment.

Reconciliation of Distributable Cash Flow

Distributable Cash Flow





Q4 2013 vs. Q4 2012
Distributable cash flow exceeded dividends in the fourth quarter by $7.5 million compared with $3.5 million in the fourth quarter of 2012. The dividend payout ratio for the fourth quarter of 2013 was 71% compared with 83% in the fourth quarter of 2012. Distributable cash flow increased by $5.3 million to $26.1 million in the fourth quarter of 2013 compared with $20.8 million in the fourth quarter of 2012. The increase in distributable cash flow and decrease in the dividend payout ratio is primarily due to the $8.1 million increase in Adjusted EBITDA, partially offset by a decrease of $1.8 million in proceeds on disposal of capital assets and $1.8 million in increased maintenance expenditures.

Total Year 2013 vs. 2012
Distributable cash flow for the year ended December 31, 2013 exceeded dividends by $63.6 million compared with $62.1 million for the year ended December 31, 2012. The dividend payout ratio for the year ended December 31, 2013 was 53% compared with 52% for the year ended December 31, 2012. Distributable cash flow increased by $6.6 million to $136.5 million in the year of 2013 compared to $129.9 million in the year of 2012. The increase in distributable cash flow is primarily due to a $7.1 million increase in Adjusted EBITDA, a $5.0 million decrease in current taxes, and a $1.9 million decrease in cash expenditures on asset retirement obligation, partially offset by a $8.6 million decrease in proceeds on property plant and equipment.

(in thousands of Canadian dollars except per Share amounts)	Three months ended December 31, **2013**	2012	Year ended December 31, **2013**	2012
Cash flow from operating activities	**(8,160)**	(44,564)	**133,134**	136,380
Less: Total capital expenditures and	**(30,221)**	(15,702)	**(56,477)**	(49,405)
Standardized distributable cash flow	**(38,381)**	(60,266)	**76,657**	86,975
Add back (deduct):				
Growth capital expenditures and intangibles	**21,285**	8,659	**35,661**	28,313
Proceeds on disposal of capital items	**1,370**	3,193	**4,104**	12,695
Change in other long-term liabilities	**-**	-	**(2,385)**	-
Change in non-cash working capital	**41,826**	69,169	**22,464**	1,910
Distributable cash flow (1)	**26,100**	20,755	**136,501**	129,893
Shares outstanding	**71,795**	67,973	**71,795**	67,973
Distributable cash flow per share (1)	**0.36**	0.31	**1.90**	1.91
Dividends	**18,603**	17,268	**72,901**	67,751
Dividend payout ratio (1)	**71%**	83%	**53%**	52%

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

Dividends

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

Record Date	Payment Date	Amount Per Share	Total Dividends (*$000's*)
January 22, 2013	February 15, 2013	0.085	5,812
February 25, 2013	March 15, 2013	0.085	5,870
March 22, 2013	April 15, 2013	0.087	6,021
April 22, 2013	May 15, 2013	0.087	6,041
May 23, 2013	June 14, 2013	0.087	6,067
June 21, 2013	July 15, 2013	0.087	6,089
July 22, 2013	August 15, 2013	0.087	6,111
August 22, 2013	September 13, 2013	0.087	6,135
September 20, 2013	October 15, 2013	0.087	6,157
October 22, 2013	November 15, 2013	0.087	6,179
November 22, 2013	December 13, 2013	0.087	6,198
December 20, 2013	January 15, 2014	0.087	6,221
Total dividends declared to Shareholders in 2013		1.037	72,901

2013 Dividend Plan

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

Premium Dividend™ and Discount Dividend Reinvestment Plan

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

- The Premium Dividend™ – This provides eligible shareholders with a 2% cash premium on top of their regular cash dividend. Participants electing this option receive a monthly payment of $0.0884 per share for dividends declared to shareholders of record on and after March 22, 2013. Prior to March 22, 2013 participants received $0.0867 per share.

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

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

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

Dividends Analysis

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

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

	Three Months Ended December 31,		**Year Ended December 31,**	
(in thousands of Canadian dollars except per Share amounts)	**2013**	2012	**2013**	2012
Cash flow from operating activities	**(8,160)**	(44,564)	**133,134**	136,380
Net earnings	**22,039**	9,582	**91,957**	84,854
Adjusted EBITDA [(1)]	**50,562**	42,484	**207,429**	200,364
Dividends	**18,603**	17,268	**72,901**	67,751
(Shortage) excess of cash flow from operating activities relative to dividends	**(26,763)**	(61,832)	**60,233**	68,629
Excess of cash flow from net earnings relative to dividends	**3,436**	(7,686)	**19,056**	17,103
Excess of cash flow from Adjusted EBITDA relative to dividends	**31,959**	25,216	**134,528**	132,613

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

Q4 2013 vs. Q4 2012

Cash flow from operating activities for the three months ended December 31, 2013 was $26.8 million lower than dividends compared to $61.8 million lower in 2012. The increased cash flow is primarily due to a $8.1 million increase in Adjusted EBITDA and net year over year decrease in non-cash working capital of $27.3 million as a result of a $130.8 increase in accounts payable and accrued liabilities partially offset by $85.9 million increase in accounts receivable, a $13.6 million increase in inventories and a $5.5 million decrease in income tax payable in the fourth quarter 2013.

Total Year 2013 vs. 2012

Cash flow from operating activities for the year ended December 31, 2013 was $60.2 million higher than dividends compared to $68.6 million higher in 2012. The decreased cash flow is primarily due to a net year over year increase in non-cash working capital of $20.6 million as a result of a $50.4 million increase in accounts receivable, a $24.4 million increase in inventories, a $23.0 million decrease in income tax payable reduced by a

$78.5 million increase in accounts payable and partially offset by the increase of $7.1 million in Adjusted EBITDA year over year.

Return on Capital Employed (“ROCE”)

(In thousands of Canadian dollars)	**December 31, 2013**	December 31, 2012
Four quarter average		
Bank indebtedness	**3,774**	-
Long-term debt (including current portion)	**179,940**	166,844
Convertible debentures	**126,864**	136,651
Shareholders' equity	**412,773**	329,168
	723,351	632,663
Less:		
Cash and cash equivalents	**(10,560)**	(53,767)
Restricted cash	**(458)**	-
Capital Employed	**712,333**	578,896
Net earnings (trailing twelve months, or "TTM")	**91,957**	84,854
Add/(Deduct)		
Finance costs [(1)]	**18,474**	20,239
Loss/(gain) on disposal of property, plant and equipment	**2,440**	282
Unrealized (gain) loss on Foreign Exchange	**592**	23
Unrealized (gain) loss from the change in fair value of commodities forward contracts and US dollar forward exchange contracts	**(1,309)**	-
Acquisition costs	**6,852**	1,360
Income tax expense	**31,010**	38,917
TTM Adjusted EBIT [(2)(3)]	**150,016**	145,675
Return on Capital Employed[(1)]	**21.1%**	25.2%

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

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

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

Average capital employed has increased by $133.4 million from $578.9 million as at December 31, 2012 to $712.3 million as at December 31, 2013 primarily due to the acquisitions of Elbow River Marketing, Les Pétroles Parkland and Sparling’s Propane. In the consolidated balance sheet, the increase is primarily in accounts receivable of $116.8 million, an increase in goodwill and intangibles of $65.9 million, an increase in inventory $37.2 million, an increase in property, plant and equipment of $34.7 million, a decrease in $15.6 million in income tax payable partially offset by an increase in accounts payable of $111.4 million. Adjusted earnings before interest and taxes (“Adjusted EBIT”) increased by $4.3 million from 2012 as a result of a $7.1 million increase in Adjusted EBITDA partially offset by an increase in depreciation and amortization of $2.7 million. Return on capital employed (“ROCE”), as measured by trailing twelve months Adjusted EBIT divided by average capital employed, decreased from 25.2% at December 31, 2012 to 21.1% at December 31, 2013.

Capability to Deliver Results

Liquidity

Cash Balances and Cash Flow Activity

Q4 2013 vs. Q4 2012

Parkland's cash position increased by $11.5 million in the fourth quarter of 2013 compared with decrease of $29.3 million in the fourth quarter of 2012. For the three month period ended December 31, 2013, operating activities used $8.2 million of cash compared with $44.6 million of cash flow used in the fourth quarter of 2012. The net change in non-cash working capital used $41.8 million of cash flow in the fourth quarter 2013, compared with $69.2 million of cash flow used in the fourth quarter of 2012. The $41.8 million of cash flow in non-cash working capital used in the fourth quarter was principally due to cash flow used of $92.1 million from an increase in accounts receivable and a $11.0 million increase in inventory partially offset by a $52.4 million increase in accounts payable and a $5.7 increase in deferred revenue. The $69.2 million of cash flow used in the fourth quarter of 2012 resulted primarily from cash used of $78.3 million from a decrease in accounts payable and $6.1 million increase from accounts receivable partially offset by cash generated resulting from an increase in income tax payable of $6.2 million and a $6.0 million increase in deferred revenue.

Financing activities in the fourth quarter of 2013 generated $47.8 million in cash, of which $53.4 million was generated from long-term debt net proceeds less $5.7 million in dividends paid to shareholders. Financing activities generated $39.3 million in cash flow in the fourth quarter of 2012, of which $44.6 million was generated from long-term debt net proceeds less $5.2 million in dividends paid to shareholders.

Cash used in investing activities increased $4.1 million quarter-over-quarter as the fourth quarter of 2013 used $28.2 million in cash, compared with $24.1 million of cash used in the fourth quarter of 2012.

Total Year 2013 vs. 2012

Parkland's cash position decreased $6.4 million in the year ended December 31, 2013 compared with a decrease of $13.2 million in 2012. For the year ended December 31, 2013, operating activities generated $133.1 million of cash compared with $136.4 million generated in 2012, primarily due to non-cash working capital using $22.5 million in 2013 compared with using $1.9 million in 2012. The use of $22.5 million in cash from increased non-cash working capital in 2013 is primarily the result of (i) an increase in accounts receivable of $45.9 million, (ii) a decrease in income tax payable of $20.0 million and (iii) an increase in inventory of $14.3 million, partially offset by an increase in accounts payable of $58.0 million. In 2012 non-cash working capital used $20.8 million in cash from a decrease to accounts payable, but generated (i) $10.1 million from a decrease in inventory, (ii) $4.5 million from a decrease in accounts receivable and (iii) $3.0 million from an increase in income taxes payable.

Financing activities in the year ended December 31, 2013 generated $45.0 million of cash flow, of which $67.2 was generated from long-term debt net proceeds less $22.6 million in dividends paid to shareholders. Financing activities used $98.3 million in cash flow during the year ended December 31, 2012.

Investing activities in the year ended December 31, 2013 used $184.6 million in cash flow compared with $51.3 million used in 2012. Investing activities in the year ended December 31, 2013 included $130.4 million for the purchase of Sparling's Propane and the assets of Elbow River Marketing, Les Pétroles Parkland, Scotsburn and R-Gas and capital asset additions of $56.5 million. Investing activities in the year ended December 31, 2012 included capital asset additions of $49.4 million, partially offset by $12.7 million of proceeds from the disposal of property, plant and equipment, and an increase of $5.1 million in loan receivables.

Tangible and Intangible Assets

A Review of Property, Plant and Equipment and Intangible Assets

For accounting purposes, amounts expended on both maintenance and growth capitals 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.

Q4 2013 vs. Q4 2012
During the fourth quarter of 2013, the Corporation's total additions of property, plant and equipment and intangibles, consisting of maintenance capital and growth capital, were $30.2 million compared with $15.7 million for the same period in 2012. Maintenance capital in the quarter ended December 31, 2013 was $8.7 million compared with maintenance capital of $7.0 million in the fourth quarter of 2012. Growth capital in the fourth quarter of 2013 was $21.6 million, compared with $8.7 million in growth capital in the fourth quarter of 2012.

Total Year 2013 vs. 2012
During the year ended December 31, 2013, the Corporation's total additions of property, plant and equipment and intangibles, consisting of maintenance capital and growth capital, were $56.5 million compared with $49.4 million in 2012. Maintenance capital during the year ended December 31, 2013 was $20.8 million compared with maintenance capital of $21.1 million in 2012. Growth capital during 2013 was $35.7 million, compared with $28.3 million in growth capital last year.

Capital Resources

A revolving extendible credit facility (the "Credit Facility") agreement was executed on June 30, 2011 initially for a period of four years. The Credit Facility was last amended on November 14, 2013 to extend the maturity date to June 30, 2017. The facility is extendible each year for a rolling four-year period at the option of Parkland. The Credit Facility is for a maximum amount of $450 million with interest only payable at the bank's prime lending rate plus 0.75% to 2.0% per annum. The Credit Facility includes a revolving operating loan to a maximum of $450 million less the value of letters of credit issued. The letter of credit facility is to a maximum of $85 million. The Credit Facility also includes a $100 million accordion feature that could potentially increase the total lending capacity to $550 million. Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for $900 million, thus creating a first floating charge over all of the undertaking, property and assets of Parkland.

At December 31, 2013, Parkland had $223.0 million in long-term debt (excluding $1.4 million of the current portion of long-term debt, the $83.2 million remaining amount of series 1 convertible unsecured subordinated debentures outstanding and the $44.2 million remaining amount of series 2 convertible unsecured subordinated debentures outstanding), compared with $153.5 million at December 31, 2012 (excluding $0.9 million of the current portion of long-term, $93.1 million remaining amount of series 1 convertible unsecured subordinated debentures outstanding and the $43.8 million remaining amount of series 2 convertible unsecured subordinated debentures outstanding). At December 31, 2013, Parkland had $9.0 million of cash on hand and $2.5 million of bank indebtedness at various banks compared with a cash balance of $14.7 million on hand at December 31, 2012.

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

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

At December 31, 2013, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on trailing four quarter EBITDA (as defined under the terms of the Credit Facility) including acquisition related costs. The financial covenants under the Credit Facility with the recent amendments are as follows:

1. Ratio of senior funded debt (which excludes the convertible debentures and unsecured subordinated senior debt (if any) but includes issued letters of credit) to EBITDA (as defined under the terms of the Credit Facility) including acquisition related costs shall not exceed 3.00 to 1.00 during the second and

third quarters and shall not exceed 3.50 to 1.00 during the first and fourth quarters of Parkland's fiscal year;

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

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

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

Labour Force

Parkland had approximately 1,370 employees at December 31, 2013, including 173 employees in its Red Deer, Alberta, head office and 76 employees in its Calgary, Alberta offices.

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

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

Systems and Processes

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

Parkland's technology initiatives include:

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

Safety and Environment

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

Parkland's primary business of selling and transporting fuel products and other dangerous goods has an inherent degree of risk. As such, Parkland provides training to all staff as required to mitigate these risks and has operations and response procedures to deal with emergency situations.

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

Segmented Results

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

	Three months ended December 31,			Year ended December 31,		
(in millions of Canadian dollars)	**2013**	2012	% Change	**2013**	2012	% Change
Fuel and Petroleum Products Segment						
Sales	**1,523.1**	931.7	63	**5,366.0**	3,852.2	39
Cost of Sales	**(1,394.2)**	(848.5)	(64)	**(4,931.3)**	(3,497.3)	(41)
Realized (loss) gain on risk management activities (1)	**(9.4)**	-	-	**(21.5)**	-	-
Realized (loss) gain on foreign exchange	**0.6**	(0.0)	-	**1.5**	0.1	14
Adjusted Gross profit (2)	**120.1**	83.2	44	**414.7**	355.0	17
Adjusted gross margin	**7.9%**	8.9%		**7.7%**	9.2%	
Cents per litre	**6.3**	7.8	(19)	**6.2**	8.4	(26)
Non-Fuel Commercial Segment						
Sales	**63.1**	60.8	3	**250.7**	247.2	1
Cost of Sales	**(47.5)**	(43.8)	(8)	**(190.4)**	(181.1)	(5)
Adjusted Gross profit (2)	**15.6**	17.0	(8)	**60.3**	66.1	(9)
Adjusted gross margin	**25%**	28%		**24%**	27%	
Other Non-Fuel Segment						
Sales	**12.7**	5.9	115	**46.7**	34.2	37
Cost of Sales	**(6.5)**	(2.1)	(210)	**(21.8)**	(18.2)	(20)
Adjusted Gross profit (2)	**6.2**	3.8	63	**24.9**	16.0	56
Adjusted gross margin	**49%**	64%		**53%**	47%	
Gross Profit Sources (2)						
Adjusted Gross profit on Fuel and Petroleum Products Segment	**120.1**	83.2	44	**414.7**	355.0	17
Adjusted gross profit on Non-Fuel Commercial Segment	**15.6**	17.0	(8)	**60.3**	66.1	(9)
Adjusted gross profit on Other Non-Fuel Segment	**6.2**	3.8	63	**24.9**	16.0	56
Total consolidated Adjusted gross proft (2)	**141.9**	104.0	36	**499.9**	437.1	14

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

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

Fuel and Petroleum Products Segment

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

Q4 2013 vs. Q4 2012

For the three months ended December 31, 2013, Parkland's Fuel and Petroleum Products segment accounted for approximately 95% of sales compared with 93% in the fourth quarter of 2012, and approximately 85% of adjusted gross profit in the fourth quarter of 2013 compared with 80% in the fourth quarter of 2012.

Fuel and petroleum product volumes increased 855 million litres or 81% to 2.0 billion litres in the fourth quarter of 2013 from 1.1 billion litres in the prior year. This increase was due to 576 million litres of Elbow River Marketing volumes, 206 million litres in Les Pétroles Parkland volumes and 46 million litres in Sparling's Propane volumes since the relevant acquisition dates as well as improvements in Eastern Canada Commercial Fuels partially offset by reduced activity in key industries in Western Canada including oil and gas and the discontinuation of low margin agreements in Northern Alberta.

Sales increased $0.6 billion to $1.5 billion in the quarter ended December 31, 2013 from $0.9 billion in the fourth quarter of 2012. The increase is due to the same reasons as the volume increase.

Fourth quarter 2013 Fuel and Petroleum Products adjusted gross profit increased 44% to $120.1 million compared with $83.2 million in the fourth quarter of 2012 due to the inclusion of $26.4 million adjusted gross profit from Elbow River Marketing, $5.7 million from Sparling's Propane and $1.3 million from Les Pétroles Parkland, along with higher refiner's margins. Please refer to the operational reviews of Parkland's Commercial, Retail and Wholesale, Supply and Distribution operations found later in this MD&A for an in-depth discussion on fuel margins and volumes for the quarter.

Total Year 2013 vs. 2012
Parkland's Fuel and Petroleum Products Segment accounted for approximately 95% of sales and operating revenue for the year ended December 31, 2013 compared with 93% in 2012 and approximately 83% of gross profit in 2013 compared with 81% in 2012.

For the year ended December 31, 2013 Fuel and Petroleum Products volumes increased 57% to 6.7 billion litres from 4.2 billion litres in 2012. This increase was due to 1.9 billion litres of Elbow River Marketing volumes, 494 million litres in Les Pétroles Parkland volumes and 90 million litres in Sparling's Propane volumes since the relevant acquisition dates as well as improvements in Eastern Canada Commercial Fuels partially offset by a 32 million litre reduction in volumes from the Cango network due to site rationalization and reduced activity in key industries in Western Canada including oil and gas and the discontinuation of low margin agreements in Northern Alberta.

For the year ended December 31, 2013 Fuel and Petroleum Products sales increased 39% to $5.4 billion for 2013 compared with $3.9 billion in 2012. This is mainly due to the same reasons as the volume increase, partially offset by a decrease in the fuel revenue cpl through recent acquisitions in wholesale and Elbow River Marketing volumes.

Fuel adjusted gross profit increased 17% to $414.7 million for the year ended December 31, 2013 compared with $355.0 million in 2012 primarily due to the inclusion of $69.4 million of adjusted gross profit from Elbow River Marketing, $10.1 million from Sparling's Propane and $3.3 million from Les Pétroles Parkland, partially offset by lower refiner's margins.

Refiner's Margins

Parkland's Wholesale, Supply and Distribution, a part of the Fuel and Petroleum Products segment, includes profits from Parkland's participation in refiner's profit margins and profits from wholesale fuel sales. Parkland participated in refiner's margins for a portion of its supply volumes up to December 31, 2013, when the refiner's margins based contract was terminated. Refiner's margins are driven by supply and demand, over which the Corporation has no control.

Q4 2013 vs. Q4 2012
Adjusted gross profit in Parkland's Wholesale, Supply and Distribution Division increased by 176% or $34.5 million to $54.1 million for the three months ended December 31, 2013, compared with $19.6 million for the same period in 2012 due to $26.4 million in adjusted gross profit from the acquisition of Elbow River Marketing, $1.3 million from Les Pétroles Parkland and stronger refiner's margin.

Total Year 2013 vs. 2012
Total year gross profit in Parkland's Wholesale, Supply and Distribution Division increased by 50% or $59.3 million to $178.7 million for the year ended December 31, 2013, compared with $119.4 million in 2012, due to $69.4 million in adjusted gross profit from the acquisition of Elbow River Marketing and $3.3 million from Les Pétroles Parkland partially offset by weaker refiner's margin.

Non-Fuel Commercial Segment

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

Q4 2013 vs. Q4 2012
For the three months ended December 31, 2013, this segment accounted for approximately 4% of sales and operating revenue compared with 6% in the fourth quarter of 2012 and approximately 11% of adjusted gross profit compared with 16% in the fourth quarter of 2012.

Non-Fuel Commercial revenue increased to $63.1 million and adjusted gross profit decreased to $15.6 million in the fourth quarter of 2013 compared with revenue of $60.8 million and adjusted gross profit of $17.0 million in the fourth quarter of 2012. The decrease in commercial non-fuel adjusted gross profit is principally due to decreased agricultural products and fuel cartage gross profit.

Total Year 2013 vs. 2012
For the year ended December 31, 2013 this segment accounted for approximately 4% of sales and operating revenue and approximately 12% of gross profit compared with 6% of sales and operating revenue and 15% of gross profit in 2012.

Non-Fuel Commercial revenue increased to $250.7 million and gross profit decreased to $60.3 million for the year ended December 31, 2013 compared with revenue of $247.2 million and adjusted gross profit of $66.1 million for the year ended December 31, 2012. The decrease in commercial non-fuel adjusted gross profit is principally due to decreased agricultural products and fuel cartage gross profit.

Other Non-Fuel Segment

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

Q4 2013 vs. Q4 2012
For the three months ended December 31, 2013, this segment accounted for approximately 1% of sales and operating revenue compared with 1% in the fourth quarter of 2012 and approximately 4% of adjusted gross profit compared with 4% in the fourth quarter of 2012.

Sales in this segment increased $6.8 million to $12.7 million in the fourth quarter of 2013 compared to the same period of 2012. The increase is primarily driven by the acquisition of Elbow River Marketing.

Other Non-Fuel adjusted gross profit increased by $2.4 million to $6.2 million in the fourth quarter of 2013 compared with $3.8 million in the fourth quarter of 2012 primarily due to the acquisition of Elbow River Marketing, the addition of storage revenue from the Bowden facility and increased variable rents relating to higher convenience store sales.

Total Year 2013 vs. 2012
For the year ended December 31, 2013 this segment accounted for approximately 1% of sales and operating revenue compared with 1% in 2012 and approximately 5% of gross profit for the year ended December 31, 2013 compared with 4% during 2012.

For the year ended December 31, 2013, other Non-Fuel revenue increased 37% to $46.7 million in 2013 compared with $34.2 million in 2012. Gross profit in this segment increased 55% to $24.9 million for the year ended December 31, 2013 compared with $16.0 million in 2012, due to the acquisition of Elbow River Marketing, and increased freight revenue generated by Les Pétroles Parkland.

Fuel and Petroleum Products Operations

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

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

Parkland Commercial Fuels

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

Parkland Commercial Fuels' family of successful brands includes: Bluewave Energy, Columbia Fuels, Sparling's Propane Co. Ltd. and Island Petroleum. All brands feature quality products and a commitment to locally delivered, premium customer service.

Seasonality

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

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

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

Volume and Margin Review

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
Volume (millions of litres)	**452**	383	**1,545**	1,503
Adjusted fuel gross profit (millions of Canadian dollars)	**46.0**	39.9	**153.4**	146.9
Adjusted fuel gross profit (cents per litre)	**10.18**	10.43	**9.93**	9.78

Operational Review

Q4 2013 vs. Q4 2012

For the three months ended December 31, 2013, Parkland Commercial Fuels' volumes increased 18% to 452 million litres compared with 383 million litres in 2012 principally as a result of strong commercial volumes in the Maritimes and Ontario and the addition of approximately 46.3 million litres of propane sales through the acquisition of Sparling's Propane partially offset by reduced activity in key industries in Western Canada including oil and gas. Sales activity with a focus on diversifying Parkland's customer mix helped to offset the impact of the discontinuation of several low margin, high volume accounts in Northern Alberta.

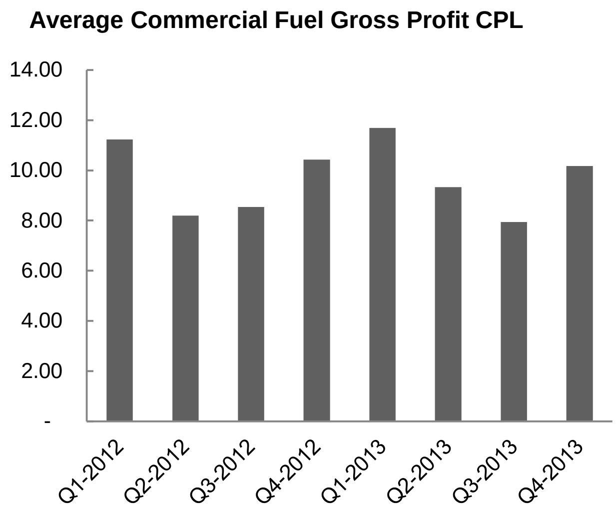
Year-over-year drilling activity saw modest gains in Western Canada for natural gas and crude. The average rig utilization rate for the three months ended December 31, 2013 increased to 45% compared with 43% for the same period in 2012 according to the Canadian Association of Oilwell Drilling Contractors. Despite slightly higher activity levels, weather related diesel delivery disruptions lowered Parkland's realized activity during the fourth quarter of 2013.

Fuel volumes from Parkland Commercial Fuels for the three months ended December 31, 2013 accounted for 24% of the Corporation's total volumes compared with 36% for the same period in 2012. Commercial Fuel revenue increased by 25% to $420.4 million in the fourth quarter of 2013 compared with $337.1 million in 2012.

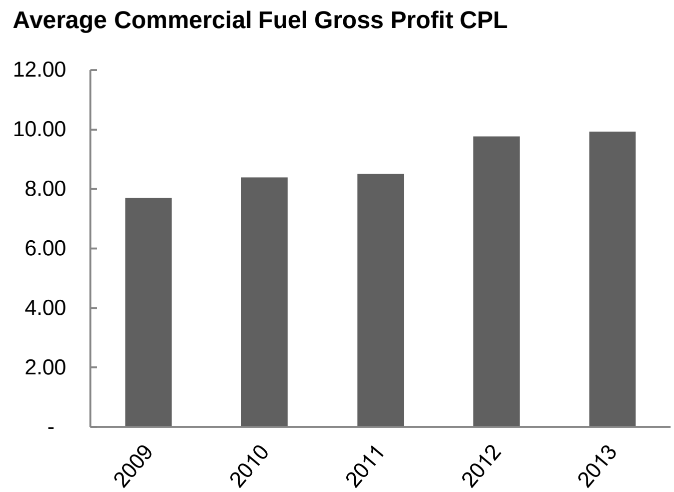
Sales and operating revenue will fluctuate on a cent per litre (cpl) basis and on a gross basis with the price of crude oil, the primary input for fuel. Net fuel gross profit on a cents per litre basis drives the profitability of the Commercial Fuels division, and is the metric that management monitors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

Average net fuel gross profit on a cents per litre basis for the fourth quarter of 2013 was 10.18 cpl, a decrease of 2% compared with 10.43 cpl in the fourth quarter of 2012 due in part to the increase in low margin bunker oil and several new large contracts that added significant volumes at lower margins in Eastern Canada.

Sequential Margin Review
Average net fuel gross profit increased by 28% or 2.24 cpl over the 7.94 cpl margin generated in the third quarter of 2013 due to the seasonal increase in propane sales at higher margins.



Commercial Quarterly Margins
Commercial margins increase in the first and fourth quarters as the heating season has more propane with higher margins.



Commercial Annual Margin
Propane has become a larger portion of revenue over the last five years.

Total Year 2013 vs. 2012
Parkland Commercial Fuels' volumes increased 3% to 1.55 billion litres in 2013 compared with 1.50 billion litres for the same period in 2012 due to approximately 90 million litres of propane contributed from Sparling's, new wholesale contracts, and increased volumes resulting from cold temperatures in Eastern Canada.

Average net fuel gross profit on a cents per litre basis for the year ended December 31, 2013 was 9.93 cpl, an increase of 2% or 0.15 cpl compared with 9.78 cpl in 2012. The year over year increase is due to the same reasons described for the quarter.

Divisional Outlook
There is a risk that oil and gas activity will be contingent on the approval of pipelines to increase access to international markets for Canadian crude. However the outlook for natural gas drilling in the Horn River basin and other natural gas liquids rich plays in Central Alberta is becoming more favorable and Commercial Fuels is well positioned to capitalize on new opportunities as they arise.

The focus on fuel sales customer diversification will continue in 2014 to offset lower activity levels in some industries. The opportunity in the current business environment for growth continues to exist through Parkland's focussed sales efforts within a broad array of industry sectors. Parkland views its expanding propane platform in the Ontario market place as an example for additional organic growth.

Management believes that while operational changes made to the Commercial Fuels division over the past 24 months had short-term negative impacts on volumes, these changes have now been reflected in the historic results and have positioned Commercial Fuels for growth in 2014. These changes include the refocusing of the Commercial Fuels division into a nationwide operation and sales team, changes in branded distribution agreements, the roll out of Parkland's multi-product commercial offering at additional branches and the simplification and standardization of procedures and process.

Business simplification will also continue to be a source of savings for Parkland, reducing operating costs on a cents per litre basis. The focus will remain on cost management, strong sales activity and superior customer service.

Markets

On December 31, 2013, Parkland Commercial Fuels had 125 locations.

Province	Cardlock	Branch	Branch & Cardlock	Lube Distribution Centre	Grand Total
Alberta	9	7	12	2	30
Bristish Columbia	16	10	11	1	38
Manitoba	-	-	-	1	1
New Brunswick	-	-	1	-	1
Nova Scotia	3	9	4	6	22
Northwest Territories	-	-	2	-	2
Ontario	1	6	7	-	14
Prince Edward Island	12	2	-	-	14
Saskatchwan	-	1	1	-	2
Yukon	-	-	1	-	1
Grand Total	41	35	39	10	125

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

Customers

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

- Oil and gas industry participants;
- Mining operators;
- Forestry operators;
- Agricultural operators;
- Construction companies;
- Residential propane and heating fuel customers; and
- Other industrial operators.

Due to customer diversity and wide geographic scope, a downturn in the activities of individual customers or customers in a particular industry is not expected to have a material adverse impact on the overall profitability of Parkland.

Parkland Retail Fuels

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

Parkland: (i) is a retail branded distributor for Esso in British Columbia, Alberta, Saskatchewan, Ontario and the Northwest Territories; (ii) is a branded distributor for Chevron in British Columbia; and (iii) maintains the two proprietary brands, Fas Gas Plus and Race Trac.

Parkland operates service stations under the following business models:

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

Retailer Operated – Sites that are either owned or leased by Parkland and operated and managed on its behalf by independent entrepreneurs (“retailers”) who provide and manage staff in exchange for a commission on fuel volumes sold. Retailers pay a contracted rent to Parkland based on a percentage of non-fuel sales revenue.

Using the retail commission model offers Parkland several advantages including the reduction of overhead and operating costs as well as, the transfer of ownership of convenience store inventories and the corresponding shrinkage risk directly to the retailer. The model also serves to utilize the initiative and work ethic of the entrepreneurs to achieve Parkland’s business objectives.

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

Seasonality

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

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

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

Volume and Margin Review

	Three months ended December 31,		Year ended December 31,	
	2013	2012	**2013**	2012
Volume (millions of litres)	**432**	442	**1,747**	1,806
Adjusted fuel gross profit (millions of Canadian dollars)	**20.0**	23.7	**82.6**	88.7
Adjusted fuel gross profit (cents per litre)	**4.63**	5.36	**4.73**	4.91

Operational Review

Q4 2013 vs. Q4 2012

For the three months ended December 31, 2013, Parkland Retail Fuels’ volumes decreased 2% to 432 million litres compared with 443 million litres for the same period in 2012. The decrease was primarily the result of increased competitive pressures in certain markets offset by volume increases in other regions.

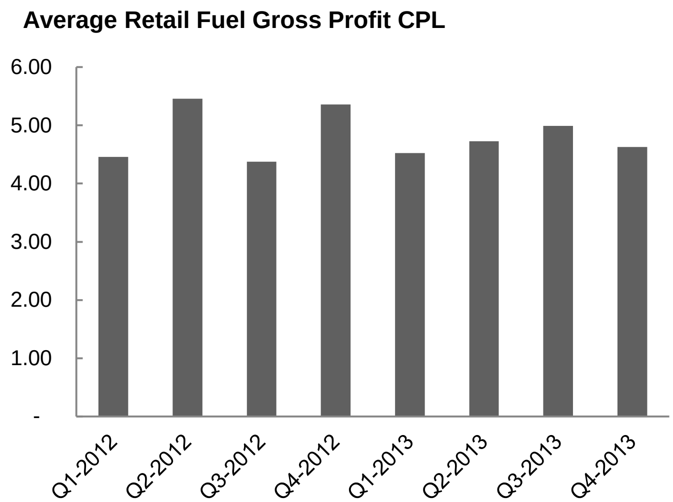
Fuel volumes from Parkland Retail Fuels for the three months ended December 31, 2013 accounted for 23% of the Corporation’s total volume compared with 42% for the same period of 2012 primarily due to acquisitions made in 2013 that contributed significant wholesale volumes to Parkland. Retail fuel revenue increased by 1% to $397.9 million in the fourth quarter of 2013 compared with $395.6 million in the fourth quarter of 2012.

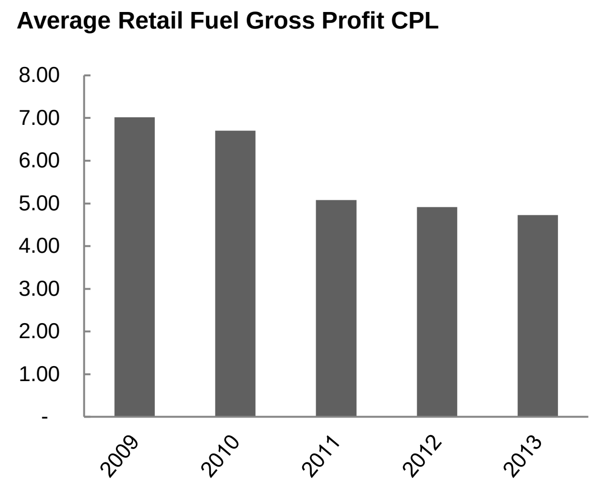
Sales and operating revenue will fluctuate on a cent per litre (cpl) basis and on a gross basis with the price of crude oil, the primary input for fuel. Net fuel gross profit on a cents per litre basis drives the profitability of the

Retail Fuels division and is the metric that management monitors when reviewing the division's performance and profitability.

Average gross profit on a cents per litre basis decreased by 14% to 4.63 cpl in the fourth quarter of 2013 compared with 5.36 cpl in the fourth quarter of 2012 as margins returned to historic norms after uncharacteristically strong margins in the fourth quarter of 2012.

Sequential Margin Review
Average fuel gross profit on a cents per litre basis increased by decreased 7% to 4.63 cpl in the fourth quarter of 2013 compared with 4.99 cpl in the third quarter of 2013 primarily due to increased competitive pressures in Ontario, Manitoba and Saskatchewan.





Retail Quarterly Margins
Average gross profit on a cents per litre basis decreased by 13% year-over-year in the fourth quarter of 2013 due to increased competitive pressures in Ontario, Manitoba and Saskatchewan. On a sequential basis, average fuel gross profit on a cents per litre basis decreased 7% in the fourth quarter of 2013 compared with the third quarter for the same reasons.

Retail Annual Margins
Retail fuel margins have decreased in recent years due to the conversion of some company owned and operated stores to dealer stores. The margins on dealer operated stores are lower as the dealers absorb the operating costs.

Total Year 2013 vs. 2012
For the year ended December 31, 2013, Parkland Retail Fuels' volumes decreased 3% to 1.75 billion litres compared with 1.81 billion litres in 2012. The decrease was primarily the result of planned reductions in the volume contributions from the Cango network due to site rationalization, temporary upgrading closures, and competitive pressures in certain markets partly offset by volume increases in Alberta and British Columbia.

Retail Fuels' gross profit decreased by 4% to 4.73 cpl for the year ended December 31, 2013 compared with 4.91 cpl in 2012, primarily due to the reasons listed above.

Retail Fuels realized a 6% increase in non-fuel margin to $17.8 million compared with $16.8 million in 2012 largely as a result of higher c-store sales, rents collected and higher vendor rebates.

Markets

Province	Retailer Operated	Dealer Operated	Total
Alberta	71	197	268
Bristish Columbia	15	86	101
Manitoba	12	12	24
New Brunswick	-	3	3
Nova Scotia	-	3	3
Northwest Territories	-	3	3
Ontario	2	157	159
Prince Edward Island	-	5	5
Saskatchwan	31	95	126
Yukon	-	5	5
Total	131	566	697

Compared with the 706 stations reported at September 30, 2013, there were 9 fewer dealer owned stations on December 31, 2013. During the fourth quarter of 2013, Parkland added a new premium brand to its retail offering in British Columbia, with the conversion of five sites to the Chevron brand. This new offering adds an exciting opportunity for Parkland retail operations to grow and expand under a second nationally recognised premium brand.

Brands

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

	Brand:					
Operating Model:	Fas Gas Plus	Race Trac	Esso	Chevron	Other	Total
Dealer operated	86	97	343	1	39	566
Retailer operated	100	2	24	4	1	131
Total	186	99	367	5	40	697

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

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

Chevron – The Chevron retail branded distributorship agreement provides Parkland with the opportunity to deliver Chevron's premium brand through independent operators and Parkland's owned network in British Columbia.

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

Other – In most cases "Other" represents brands that are being migrated to Parkland's primary brand offerings over time.

Customers

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

Parkland Wholesale, Supply and Distribution

Wholesale, Supply and Distribution is responsible for managing Parkland's fuel supply contracts, purchasing fuel from refiners, distribution through third party long-haul carriers and serving wholesale and reseller customers. This division includes profits from Parkland's recent acquisition of Elbow River Marketing, participation in refiner's margins, profits derived through superior supply management and profits from wholesale fuel sales.

For the three months ended December 31, 2013, fuel volumes sold via Parkland's wholesale channel accounted for 60% of the Corporation's total fuel distribution compared with 29% for the same period of 2012. This increase is due to the acquisitions of Elbow River Marketing Inc. and Les Pétroles Parkland.

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

Terminals - In 2012 Parkland completed the conversion of its Bowden, Alberta refinery into a flexible, finished products terminal with 220,000 barrels of storage capacity. In addition to enhancing Parkland's internal supply options, the terminal provides industry participants with a flexible Central Alberta fuel terminal which can reduce transportation costs and wait times for Southern Alberta operations compared to other supply points in Edmonton. In 2013, Parkland added additional product terminal capacity in the Eastern Canadian supply orbit by contracting 120,000 barrels of storage capacity in Montreal and 165,000 barrels of terminal storage in Quebec City. Wholesale, Supply and Distribution manages the storage infrastructure portfolio to enhance both the supply security of Parkland's operations, and the operations of its customers.

Refiner's Margin Based Contract

On December 31, 2010, Parkland received notice that a supply contract with a major Canadian refiner would terminate on December 31, 2013. In 2013, Parkland purchased approximately one billion litres of fuel under this agreement, which was priced using a formula that allowed Parkland to participate in the benefit of strong refining margins.

At the time of its termination, the contract accounted for less than one-fifth of Parkland's total fuel supply. Parkland has replaced these contracted volumes with multiple sources, mostly Canadian refiners.

Volume and Margin Review

	Three months ended December 31,		**Year ended December 31,**	
	2013	2012	**2013**	2012
Volume (millions of litres) (1)	**1,147**	309	**3,744**	1,293
Intersegment	**(114)**	(72)	**(377)**	(361)
Net Volume	**1,033**	237	**3,367**	932
Adjusted fuel gross profit (2) (millions of Canadian dollars)	**54.1**	19.6	**178.7**	119.4

(1) Includes Elbow River volumes of 576 million litres and 1,891 million litres for the three and twelve months ended December 31, 2013, respectively

(2) Includes Elbow River adjusted gross profit of $26.3 and $69.4 million for the three and twelve months ended December 31, 2013, respectively

Operational Review

Q4 2013 vs. Q4 2012

For the three months ended December 31, 2013 Parkland Wholesale, Supply and Distribution fuel sales volumes (factoring out intersegment sales) increased 337% to 1,033 million litres compared with 237 million litres for the same period in 2012 primarily due to the acquisitions of Elbow River Marketing and Les Pétroles Parkland.

The supply group made full use of Parkland's strategic supply assets including rail capacity, storage infrastructure, import capability and multiple refiner and carrier relationships to augment Parkland's supply in regions impacted by refiner diesel shortages in the fourth quarter. This ensured Parkland's customers had access to fuel.

Fuel gross profits for the three months ended December 31, 2013 increased 176% to $54.1 million compared with $19.6 million for the same period in 2012 primarily due to Elbow River Marketing, strong refiner's margins and continued progress on supply management activities.

Total Year 2013 vs. 2012

For the year ended December 31, 2013, Parkland Wholesale, Supply and Distribution fuel volumes (factoring out intersegment sales) increased 261% to 3,367 million litres compared with 932 million litres in 2012 primarily due to volume additions from its 2013 acquisitions of Elbow River and Les Pétroles Parkland.

Fuel gross profits from Parkland Wholesale, Supply and Distribution for the year ended 2013 increased 50% to $178.7 million compared with $119.4 million in 2012 primarily due to high refiner's margins.

Divisional Outlook

A number of planned refinery turnarounds are anticipated in 2014. In Western Canada, Parkland continues to proactively plan for shortages utilizing the Corporation's diverse supply capability.

To further secure supply in advance of turnarounds and to offset shortages during unplanned outages, Parkland has begun to store additional product in certain supply orbits to ensure security of supply for customers. This strategy will not result in additional inventory price risk however, due to reductions in crude oil inventory associated with an expired supply contract.

Parkland will continue to optimize a number of key supply agreements in 2014 that will improve Parkland's supply economics, diversify the supply portfolio, capture arbitrage opportunities and provide further supply security and flexibility for customers. Parkland will not announce new contracts due to the confidential and sensitive nature of the volume and pricing information of these supply agreements.

Parkland will continue to manage toward lower accounts receivable and tighter trade terms in its wholesale business. The Wholesale division has plans to grow in underserved regions in 2014 and the Supply and Distribution team will continue to drive for arbitrage opportunities over both the short-term and long-term.

Review of the Eight Most Recent Quarters

A Summary of the Eight Most Recently Completed Consolidated Quarterly Results

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

	2013				2012			
($000's except per Share amounts)								
For the three months ended,	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31
Sales and operating revenue	1,598,861	1,509,040	1,342,697	1,212,824	998,407	1,059,539	1,011,331	1,064,359
Cost of sales	1,448,141	1,396,280	1,213,840	1,085,179	894,409	947,066	901,765	953,354
Gross profit	150,720	112,760	128,857	127,645	103,998	112,473	109,566	111,005
Expenses								
Operating costs	60,274	44,134	43,363	42,507	39,796	33,251	35,358	44,499
Marketing, general and administrative	34,528	24,917	27,228	24,919	21,682	18,458	19,726	19,763
Depreciation and amortization	15,003	14,076	15,123	13,211	15,955	12,282	12,971	13,481
	40,915	29,633	43,143	47,008	26,565	48,482	41,511	33,262
Customer finance income	(696)	(589)	(732)	(468)	(1,009)	(794)	(1,129)	(530)
Finance cost	4,464	4,425	4,308	5,276	4,189	4,590	5,942	5,518
Net Finance costs	3,768	3,836	3,576	4,808	3,180	3,796	4,813	4,988
Loss (gain) on disposal of property, plant and equipment	823	1,217	125	275	233	(631)	120	560
(Gain) loss on foreign exchange	(151)	879	(1,371)	(297)	18	(36)	46	(115)
Loss (gain) on risk management activities	8,752	(2,490)	11,268	2,713	2,302	1,123	1,396	4,256
Earnings before income taxes	27,723	26,191	29,545	39,509	20,832	44,230	35,136	23,573
Income tax expense (recovery)								
Current	9,493	6,459	10,477	8,874	9,680	11,663	10,274	8,732
Deferred	(3,808)	671	(1,266)	110	1,570	746	(1,084)	(2,664)
	5,685	7,130	9,211	8,984	11,250	12,409	9,190	6,068
Net earning	22,038	19,061	20,334	30,525	9,582	31,821	25,946	17,505
Net earnings per Share								
- basic	$0.31	0.27	0.29	0.44	0.14	0.48	0.39	0.27
- diluted (1)	0.30	0.27	0.28	0.42	0.14	0.44	0.37	0.26
Shares outstanding	71,795	71,020	70,227	69,445	67,973	67,204	66,335	65,390
Non GAAP Financial Measures								
Adjusted EBITDA (2)(3)	50,562	37,753	58,114	61,000	42,484	60,551	54,182	43,147
Distributable cash flow (2)(4)	26,100	23,157	42,278	45,191	20,755	44,882	38,109	26,016
Distributable cash flow per share(2)(4)	0.36	0.33	0.60	0.65	0.31	0.67	0.57	0.41
Dividends	18,603	18,396	18,200	17,702	17,268	17,060	16,835	16,588
Dividends to distributable cash flow payout ratio(2)(4)	71%	79%	43%	39%	83%	38%	44%	64%
Key Metrics:								
Fuel volume (millions of litres)	1,917	1,762	1,580	1,400	1,062	1,091	1,003	1,085
Return on capital employed (ROCE) (2)(5)	21.1%	20.9%	26.2%	26.9%	25.2%	23.9%	20.1%	13.5%
Employees	1,370	1,323	1,313	1,167	1,179	1,155	1,177	1,226
Key Metrics - Cents per litre:								
Average fuel retail adjusted gross profit (7)	4.63	4.99	4.73	4.53	5.35	4.36	5.48	4.46
Average fuel commercial adjusted gross profit (7)	10.18	7.94	9.33	11.69	10.43	8.54	8.19	11.23
Operating costs	3.15	2.50	2.62	3.01	3.75	3.04	3.53	4.09
Marketing, general and administrative	1.80	1.41	1.71	1.78	2.04	1.69	1.96	1.82
Depreciation and amortization expense	0.78	0.80	0.96	0.94	1.50	1.13	1.30	1.24

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

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

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

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

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

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

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

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

- Fuel volumes have fluctuated over the last eight quarters due to acquisitions and seasonality of the business. Commercial and wholesale fuels generally experience higher volumes throughout winter months during the first and fourth quarters due to higher demand for heating oil and propane. Retail Fuels and supply and wholesale operations generally experience higher volumes in the second and third quarters, during the summer driving season. Changes in volumes impact Parkland's net earnings, Adjusted EBITDA, distributable cash flow and ROCE.
- In the first quarter of 2013 Parkland acquired Elbow River Marketing. In 2013, Elbow River Marketing has added an additional 1,891 million litres of volume, including 576 million litres in the fourth quarter.
- In the second quarter of 2013 Parkland acquired TransMontaingne. In 2013, TransMontainge added 494 million litres, including 206 million litres in the fourth quarter.
- In the second quarter of 2013 Parkland acquired Sparling's Propane. In 2013, Sparling's Propane added an additional 90 million litres, including 46 million litres in the fourth quarter.
- Fluctuations in crude oil prices have impacted the Corporation's net earnings, Adjusted EBITDA, distributable cash flow and ROCE.
- Parkland participated in refiner's margins for a portion of its supply volumes. During the last eight quarters the Corporations' net earnings, Adjusted EBITDA, distributable cash flow and ROCE have been positively affected by the refiner's margins based contract. These margins have contracted over the third quarter of 2013 to below the historical five year average, negatively impacting Parkland's adjusted gross profit compared to prior quarters. During the fourth quarter of 2013, Parkland experienced stonger refiner's margins, therefore positively impacting Parkland's adjusted gross profit.
- Operating costs over the last eight quarters have increased in 2013 due to increased volumes from the acquisitions of Elbow River Marketing, TransMontainge and Sparling's Propane.
- During the last three quarters of 2012, marketing, general and administrative expenses decreased as a result of effective integration and cost reduction initiatives. In 2013, marketing, general and administrative expenses increased by $25.9 million due to the addition of acquired business. Acquisition deal related activity costs increased MG&A expenses in 2013 by $6.9 million.

Non-GAAP Measures

This MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS"). However, in this document there are references to the following non-GAAP measures which do not have any standardized meaning under IFRS and is therefore unlikely to be comparable to similar measures presented by other issuers. Readers of this MD&A are cautioned that these non-GAAP measures should not be construed as an alternative to measures of performance prepared in accordance with GAAP.

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

Adjusted EBITDA represents earnings before finance costs (accretion on refinery remediation, accretion on asset retirement obligation, interest on long-term debt, interest and accretion on convertible debentures and loss on interest rate swaps), income tax expense (recovery), depreciation and amortization, unrealized loss (gain) on commodities forward contracts, futures and US dollar forward exchange contracts, unrealized foreign exchange loss (gain), acquisition related costs and gain or loss on disposal of property, plant and equipment. Adjusted EBITDA differs from EBITDA disclosed prior to the first quarter of 2013, due to the exclusion of acquisition related costs, unrealized loss (gain) on commodities forward contracts, futures and US dollar forward exchange contracts in the calculation. Adjusted EBITDA differs from EBITDA disclosed prior to the third quarter of 2013 due to the exclusion of unrealized foreign exchange losses (gains) in the calculation. Acquisition costs include direct and indirect costs related to acquisition targets. 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. See the Adjusted EBITDA discussion of the MD&A for a reconciliation of Adjusted EBITDA.

Adjusted Gross Profit

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

Adjusted Earnings Before Interest and Taxes (Adjusted EBIT)

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

Adjusted Earnings Before Interest and Taxes (Adjusted EBIT)

(in thousands of Canadian dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2013	2012	**2013**	2012
Net earnings	**22,037**	9,582	**91,957**	84,854
Finance costs [1]	**4,465**	4,189	**18,474**	20,239
Loss/(gain) on disposal of property, plant and equipment	**823**	233	**2,440**	282
Income tax expense	**5,685**	11,250	**31,010**	38,917
Unrealized gain from the change in fair value commodities forward contracts, future contracts and US dollar forward exchange contracts	**(648)**	-	**(1,309)**	-
Unrealized loss on foreign exchange	**433**	10	**592**	23
Acquisition related costs	**2,764**	1,265	**6,852**	1,360
Adjusted EBIT [2]	**35,559**	26,529	**150,016**	145,675

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

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

Net Debt

Net Debt is defined as Senior Debt, plus capital leases, including current portion, plus the current portion of other long-term liabilities and convertible debentures less cash and cash equivalent, restricted cash and bank indebtedness.

(in thousands of Canadian dollars)	As at December 31,	
	2013	2012
Long-term debt (including current portion)	**224,309**	154,446
Current portion of other long-term liabilities	**-**	250
Convertible debentures	**127,407**	136,907
Less:		
Cash and cash equivelants	**(8,986)**	(14,676)
Restricted cash	**(1,833)**	-
Bank Indebtedness	**2,539**	-
Net debt	**343,436**	276,927
Adjusted EBITDA (Twelve trailing months)	**207,429**	200,364
Net debt: Adjusted EBITDA	**1.66**	1.38

Senior Debt

(in thousands of Canadian dollars)	TTM Ended December 31,	
	2013	2012
Extendible facility (net of deferred financing costs)	**222,315**	152,750
Other loans	**152**	322
Less:		
Cash and cash equivelants	**(8,986)**	(14,676)
Restricted cash	**(1,833)**	-
Bank indebtedness	**2,539**	-
Senior debt	**214,187**	138,396
Adjusted EBITDA	**207,429**	200,364
Senor debt: Adjusted EBITDA	**1.03**	0.69

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

Interest Coverage Ratio

(in thousands of Canadian dollars)	TTM Ended December 31, 2013	2012
Interest expense	**17,731**	19,043
Adjusted EBIT	**150,016**	145,675
Interest coverage ratio	**8.46**	7.65

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

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

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

Distributable cash per share consists of the distributable cash calculation mentioned above divided by the number of outstanding shares.

Dividend to distributable cash flow payout ratio refers to dividends as a percentage of the distributable cash flow.

Return on Capital Employed (ROCE)

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

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

	1 Year	3 Year	5 Year
Opening market value of one share	**18.93**	11.49	6.40
Closing value of originally invested share (including dividend reinvestment)	**19.84**	23.53	30.74
TSR	**5%**	105%	380%
Compounded annual TSR	**5%**	27%	37%

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

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

Maintenance Capital

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

Distributable Cash

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

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

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

Critical Accounting Estimates

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

Accounts Receivable

Parkland's accounts receivable have been reduced for amounts that have been deemed uncollectible. At December 31, 2013, the provision for credit losses was $12.2 million (December 31, 2012 - $8.1 million). This amount is based on management's judgment and assessment of the financial condition of Parkland's customers and the industries in which they operate. The provision for credit losses is subject to change as general economic, industry and customer specific conditions change.

Inventory

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

Amortization and Accretion

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

Asset Retirement Obligations

The estimated future costs to remove underground fuel storage tanks at locations where Parkland has a legal or constructive obligation to remove these tanks are recorded as asset retirement obligations at the time the tanks are installed. A corresponding increase to the carrying value of the fuel storage tanks is also recorded at installation. The future retirement costs are estimated in consultation with Parkland's environmental technicians and based on industry standards and would be subject to change as more experience is obtained and as conditions change. The costs are expected to be paid by 2046 and the total undiscounted obligation at December 31, 2013 was estimated at $70.9 million (December 31, 2012 – $48.4 million) with a net present value of the obligations accrued at December 31, 2013 of $42.6 million (December 31, 2012 - $30.3 million).

Intangibles and Goodwill

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

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

Income Taxes

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

Bowden Refinery

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

Parkland has estimated the discounted cost of remediation on the basis that remediation would be part of a multi-year management plan. Remediation costs have been estimated using engineering studies updated by the Corporation's management in 2013. The total undiscounted estimated future cash flows required to settle Parkland's obligation was $31.7 million at December 31, 2013 (December 31, 2012 - $31.7 million). The costs are expected to be incurred between 2018 and 2041 (December 31, 2012 - 2018 to 2041). At December 31, 2012, the discount rate used to determine the present value of the future costs was 5.01% (December 31, 2012 – 3.89%).

Impairment of Assets

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

Other Provisions

The determination of other provisions, including, but not limited to, provisions for legal and litigation obligations, is a complex process that involves judgments about the outcomes of future events, the interpretation of laws and regulations, and estimates on timing and amount of expected future cash flows and discount rates.

The Corporation recognized $9.8 million for legal claims in 2013 (2012 - $0), primarily for the mitigation of contamination at sites where the Corporation has had operations and where the amounts were more likely than not to be incurred. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on Parkland's financial position, results of operations, or cash flows.

Financial Instruments

Credit and Market Risk

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

At December 31, 2013, Parkland's trade accounts receivable balance was $409.1 million, up $139.6 million from the December 31, 2012 balance of $269.5 million. The increase in accounts receivable was primarily due to the acquisition of Elbow River Marketing of $78.5 million, $48.9 million from Les Pétroles Parkland and $8.1 million from the acquisition of Sparling's Propane.

Accounts receivable outstanding for more than 90 days past terms has decreased by $0.3 million from $9.3 million at December 31, 2012 to $9.0 million at December 31, 2013. At December 31, 2013, the provision for credit losses was $12.2 million, up $4.1 million from $8.1 million as at December 31, 2012. Parkland considers the total reserve to be adequate.

Commodity Price Risk

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

Interest Rate Risk

Parkland is exposed to market risk from changes in the Canadian prime interest rate which can impact its borrowing costs. The $85.0 million principal amount series 1 convertible unsecured subordinated debentures bear interest at a five year annual fixed rate of 6.5% payable semi-annually in arrears on November 30 and May 31 in each year commencing May 31, 2010. The $45.0 million principal amount series 2 convertible unsecured subordinated debentures bear interest at a five year annual fixed rate of 5.75% payable semi-annually in arrears on June 30 and December 31 in each year commencing June 30, 2011. The fixed rates of the series 1 and series 2 convertible unsecured subordinated debentures reduce Parkland's exposure to variable rates.

On March 15, 2012, Parkland entered into interest rate swaps covering $150.0 million of borrowings under its Credit Facility. The swaps require Parkland to pay a fixed interest rate of 1.69% plus 2.00%. The interest rate swaps expire on June 30, 2014 and Parkland will be exposed to variations in the interest rate on its Credit Facility after this date unless Parkland enters into additional hedging agreements in the future.

US Dollar Currency Rate Risk

The Corporation purchases and sells certain products in US dollars. As a result, fluctuations in the value of the Canadian dollar to the US dollar can result in foreign exchange gains and losses. The Corporation enters into US dollar forward exchange contracts to mitigate its currency risk. At December 31, 2013, Parkland had US dollar accounts payable totalling US$73.6 million, US dollar accounts receivable totalling US$69.4 million and US dollar bank indebtedness of US $2.1 million. US dollar accounts receivable are receivable in terms of less than 25 days and US dollar accounts payable are payable in terms of less than 25 days.

Off-Balance Sheet Arrangements

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

Business Risks

A detailed discussion of additional risk factors is presented in Parkland's 2013 Annual Information Form.

Risks Related to the Business and the Industry

Retail Pricing and Margin Erosion

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

Competition

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

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

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

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

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

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

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

Refiner's Margin Contract
Parkland's supply contract with a major Canadian refiner, wherein the Corporation participates in refiner's margins, terminated on December 31, 2013 and as a result, Parkland faces the following of risks associated with that Contract:

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

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

Economic Conditions

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

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

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

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

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

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

Weather

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

Dependence on Key Personnel

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

Alternate Fuels & Hybrid Vehicles

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

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

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

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

Climate Change

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

Technology

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

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

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

Insurance

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

Interest Rates

Most of Parkland's loans have floating rates and may be negatively impacted by increases in interest rates, the effect of such increases would be to reduce the amount of cash available for dividends. In addition, the market price of the shares at any given time may be affected by the level of interest rates prevailing at such time. Parkland entered into interest rate swap contracts on March 15, 2012, covering $150.0 million of borrowings under the Credit Facility in order to manage a significant portion of the Company's exposure to interest rate risk. The interest rate swap contracts were arranged with the two lead banks on Parkland's revolving extendible credit facility and included $75.0 million with RBC and another $75.0 million with Scotiabank. Both contracts have identical terms and require Parkland to pay a fixed interest rate of 1.69% plus 2.00%. In return the banks noted are responsible to cover the floating interest rate based on one month bankers' acceptances. The interest rate swaps expire on June 30, 2014 and Parkland would be exposed to variations in the interest rate on its long term debt after this date unless Parkland enters into additional agreements in the future.

Government Legislation

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

Refinery Operating Permit

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

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

Regional Economic Conditions

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

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

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

Capital Investment

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

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 the integration smoothly or successfully or without significant expenditures. There can be no assurance that Parkland will be able to integrate the operations of each of the businesses successfully. Any limitation of Parkland to successfully integrate the operations, including, but not limited to, information technology and financial reporting systems, could have a material adverse effect on Parkland's business and financial condition or interfere with operations and reduce operating margins.

Restrictions on Potential Growth

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

Legal Proceedings

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

Supplementary Information

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

Controls Environment

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

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

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

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

Management, including our Chief Executive Officer and Senior Vice President and Chief Financial Officer, has evaluated the design and operation of the Corporation's DC&P and ICFR. Based on their evaluation, the CEO and Senior Vice President and CFO concluded that both ICFR and DC&P were effective as at December 31, 2013.

There have been no changes to ICFR during the quarter ended December 31, 2013 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

Changes in Accounting Policies:

Effective January 1, 2013, the Corporation adopted IFRS 10, 11, 12, and 13. For details, please see Note 3 in the audited consolidated financial statements for the years ending December 31, 2013 and 2012.

Recently Announced Accounting Pronouncements

The Corporation is in the process of evaluating the impact of the following new requirements:

(a) IFRS 9 – *Financial Instruments* ("IFRS 9")

In November 2009, as part of the International Accounting Standards Board's ("IASB") project to replace International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement, the IASB issued the first phase of IFRS 9 Financial Instruments, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities and is applicable for annual periods starting on or after January 1, 2015. In November 2013 additional amendments to IFRS 9 were added relating to hedge accounting, the fair value of an entity's own debt and the removal of the mandatory date of IFRS 9. The IASB has not finalized a revised mandatory effective date. The full impact of the changes in accounting for financial instruments will not be known until the IASB's project has been completed. Parkland has not decided whether to early adopt this standard.

(b) Amendments to IAS 39 – *Financial Instrument: Recognition and Measurement* ("IAS 39")

The amendment relates to hedge accounting and novation of derivatives. This is effective for annual periods beginning on or after January 1, 2014.

(c) Amendments to IAS 36 – *Impairment of Assets* ("IAS 36")

The amendment relates to recoverable amount disclosure requirements for non-financial assets in IAS 36. This is effective for annual periods beginning on or after January 1, 2014.

(d) Amendments to IAS 32 – *Financial Instruments: Presentation* ("IAS 32")

The amendment provides clarification on the requirements for offsetting financial assets and financial liabilities. This is effective for annual periods beginning on or after January 1, 2014.

(e) IFRIC 21 – *Levies*

This interpretation addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37. It also addresses the accounting for a liability to pay a levy whose timing and amount is certain. This is effective for annual periods beginning on or after January 1, 2014.

Based on Parkland's preliminary assessment, items (b) to (e) are not expected to have a significant effect on the consolidated financial statements of Parkland.

Related Party Transactions

Parkland receives legal services from Bennett Jones LLP where a director of the Corporation is a partner. The fees paid during the year ending December 31, 2013 amounted to $2.7 million (December 31, 2012 - $0.8 million) including $0.2 million (December 31, 2012 - $0.3 million) in amounts payable at December 31, 2013.

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

Contractual Obligations and Commitments

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

As at December 31, 2013	2014	2015	2016	2017	2018	Thereafter	Total
Bank indebtedness	2,539	-	-	-	-	-	2,539
Accounts payable	375,799	-	-	-	-	-	375,799
Dividends declared and payable	6,225	-	-	-	-	-	6,225
Long-term debt, including capital lease obligations (1)	8,437	7,144	7,095	227,680	66	450	250,872
Convertible debentures (1)	92,630	47,553		-	-	-	140,183

(1) Principal and interest, including current portion

As at December 31, 2012	2013	2014	2015	2016	2017	Thereafter	Total
Accounts payable	175,351	-	-	-	-	-	175,351
Dividends declared and payable	5,777	-	-	-	-	-	5,777
Long-term debt, including capital lease obligations (1)	5,850	5,079	4,972	159,092	163	516	175,672
Other long-term liabilities (1)	268	-	-	-	-	-	268
Convertible debentures (1)	8,878	105,137	47,561	-	-	-	161,576

(1) Principal and interest, including current portion

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

Parkland has operating leases primarily for offices, rail tank cars, warehouses, equipment and land. These operating leases expire at various dates over the next 32 years. The minimum payments required under these commitments are as follows:

As at December 31, 2013	2014	2015	2016	2017	2018	Thereafter	Total
Obligations under operating leases	24,421	19,357	16,614	12,001	8,061	13,160	93,614

Shares Outstanding

As at March 4, 2014, Parkland had approximately 73.5 million shares outstanding and 1.7 million share options outstanding consisting of 0.5 million share options that are currently exercisable into shares. In addition, Parkland also had 0.5 million restricted share units outstanding.

Investor Services and Resources

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

To subscribe to information services go to:

http://bit.ly/PKI-Info

To review our investor dashboard go to:

http://bit.ly/PKI-IR

For investor inquiries please contact Glen Nelson, Manager, Investor Relations at glen.nelson@parkland.ca or 1-800-662-7177 ext. 2533.