Parkland FUEL CORPORATION

Quarter ended June 30, 2014

Report to Shareholders

Management's Discussion and Analysis Q2 2014

Management's Discussion and Analysis ("MD&A") provides a comparison of Parkland Fuel Corporation's performance for the three and six month period ended June 30, 2014 with the three and six month period ended June 30, 2013. This discussion should be read in conjunction with the audited financial statements and accompanying notes for the year ended December 31, 2013, dated March 4, 2014 and the Corporation's Annual Information Form dated March 26, 2014. This MD&A includes discussion of Parkland's affairs up to August 7, 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, 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 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 **Business Risks and Risks Related to the Business and the Industry** sections 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 delivers $35.7 million in Adjusted EBITDA[(1)]. Continued performance of recent acquisitions, strong results from retail's company owned stations and growth in commercial's base business, were slightly offset by headwinds in wholesale and supply and Parkland's dealer networks.

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

2014 Second Quarter Operational Highlights:

Grow

- Same store fuel sales increased by 3.1% and merchandise sales increased 9.9% at company retail sites year-to-date;
- Branded retail marketer agreement with Chevron continues to drive volume growth in British Columbia;
- Commercial base business grows 2.5% on sales growth and demand carry over from a cold winter; and
- Base volume (volume prior to acquisitions) decreased by six million litres year-to-date primarily due to a decrease in low margin wholesale fuel sales in certain geographies.

Supply

- SPF Energy Inc. benefits from additional supply from Elbow River Marketing;
- Elbow River Marketing's refined petroleum products team adds $1.7 million in Adjusted EBITDA this quarter;
- Elbow River Marketing increases short-term rail car leases year-over-year to accommodate additional growth; and
- Wholesale and Supply continues to track to annual plan despite loss of refiner's margins.

Operate

- Excluding additional operating costs as a result of short-term rail car leases that were added to Elbow River Marketing to accommodate further growth, operating and direct costs on a cents per litre ("cpl") basis increased 0.06 cpl in Parkland's operations to 3.56 cpl in the second quarter of 2014 compared with 3.50 cpl during the same period in 2013;
- Retail net unit operating costs ("NUOC") improved by 10.1%; and
- Including acquisition costs, MG&A expenses on a cpl basis improved by 0.2 cpl (to 1.5 cpl from 1.7 cpl). Including the addition of SPF Energy Inc., MG&A expenses increased 6% to $28.9 million in the second quarter of 2014, compared with $27.2 million during the same period in 2013.

Correction of Prior Period Error

A comprehensive and disciplined review of fuel tax transactions from 2010 to present has recently been completed by Parkland. This review was required to complete provincial fuel tax reporting. Upon the completion of the fuel tax transactions review, a shortfall of $9.6 million from the reviewed fuel tax transactions receivable to the recorded fuel tax receivable was identified.

As a result of the review conducted on transactions and the high degree of accuracy of the transactions in that period, Parkland has concluded that current controls in place are functioning as intended. Therefore, Parkland has concluded the shortfall from the reviewed fuel tax transactions dates prior to the reporting period and that no further prior period corrections are required to any individual prior year financial statements. This error has been corrected and revised retroactively in the interim consolidated financial statements for the three and six months ended June 30, 2014.

Note 2 in the Notes to the Condensed Interim Consolidated Financial Statements for the three and six months ended June 30, 2014 discusses the correction of the prior period error.

Consolidated Highlights:

(in millions of Canadian dollars, except volume and per share amounts)	Three months ended June 30, 2014	2013	% Change	Six months ended June 30, 2014	2013	% Change
Income Statement Summary:						
Sales and operating revenues	**1,879.2**	1,342.7	40	**3,903.4**	2,555.5	53
Gross profit	**123.3**	128.9	(4)	**288.3**	256.5	12
Operating costs	**60.1**	43.4	(38)	**125.4**	85.9	(46)
Marketing, general and administrative	**28.9**	27.2	(6)	**65.3**	52.1	(25)
Depreciation and amortization expense	**20.4**	14.8	(38)	**38.9**	27.7	(40)
	13.9	43.5	(68)	**58.7**	90.8	(35)
Customer finance income	**(0.9)**	(0.7)	29	**(1.5)**	(1.2)	25
Finance costs	**7.1**	4.7	(51)	**13.0**	10.2	(27)
Foreign exchange (loss) gain	**2.0**	(1.4)	(243)	**(0.9)**	(1.7)	47
Loss on disposal of property, plant and equipment	**-**	0.1	100	**1.2**	0.4	(200)
(Gain) Loss on risk management activities	**(3.4)**	11.3	129	**6.1**	14.0	56
Earnings before income taxes	**8.9**	29.5	(70)	**40.9**	69.1	(41)
Income tax expense	**2.0**	9.2	78	**11.7**	18.2	36
Net earnings	**6.9**	20.3	(66)	**29.2**	50.9	(43)
Net (loss) earnings per share						
- Basic	**0.09**	0.29	(69)	**0.40**	0.73	(45)
- Diluted [1]	**0.09**	0.28	(68)	**0.40**	0.72	(44)
Non-GAAP Financial Measures:						
Adjusted EBITDA [2][3]	**35.7**	58.1	(39)	**96.9**	119.1	(19)
Distributable cash flow [2][4]	**22.7**	42.3	(46)	**69.3**	87.5	(21)
Distributable cash flow per share [2][4]	**0.30**	0.60	(43)	**0.93**	1.25	(26)
Dividends	**19.7**	18.2	8	**38.9**	35.9	8
Dividend to distributable cash flow payout ratio [2][4]	**87%**	43%		**56%**	41%	
Key Metrics:						
Fuel volume (millions of litres)	**1,922**	1,580	22	**4,195**	2,980	41
Return on capital employed (ROCE)[2][5][8]	**14.3%**	26.5%				
Employees	**1,705**	1,313	30			
Fuel Key Metrics - Cents per litre:						
Retail fuels adjusted gross profit [6]	**5.09**	4.73	8	**4.85**	4.63	5
Commercial fuels adjusted gross profit [6]	**9.60**	9.33	3	**10.67**	10.71	-
Operating costs	**3.13**	2.74	(14)	**2.99**	2.88	(4)
Marketing, general and administrative	**1.50**	1.72	13	**1.56**	1.75	11
Depreciation and amortization expense	**1.06**	0.93	(14)	**0.93**	0.93	-
Liquidity and bank ratios:						
Net debt:adjusted EBITDA [2][7]	**2.27**	1.11				
Senior debt:adjusted EBITDA [2][7]	**1.58**	0.53				
Interest coverage [2][7]	**5.22**	9.01				

(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.

(8) Revised

Who We Are

Parkland Fuel Corporation is an independent marketer of petroleum products in North America, empowered by a supply platform which ensures customers can obtain quality petroleum products when and where they need. We deliver gasoline, diesel, propane, lubricants, heating oil and other products to motorists, businesses, consumers and wholesale customers through a network of community-based operators that are committed to providing outstanding customer service.

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.

Parkland Retail Fuels

Parkland Retail Fuels supplies and supports a network of approximately 850 retail gas stations in Canada and the United States.

Parkland owns two proprietary brands in Canada: Fas Gas Plus and Race Trac. Parkland is also a retail branded distributor for Esso in British Columbia, Alberta, Saskatchewan, Ontario and the Northwest Territories and a retail branded distributor for Chevron in British Columbia. In addition, SPF Energy Inc. maintains the Superpumper brand in the Northern United States.

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 in Canada and the United States through an extensive delivery network.

The family of successful brands in this division includes: Bluewave Energy, Columbia Fuels, Sparlings Propane Co. Ltd., Island Petroleum and Farstad Oil Inc. within SPF Energy Inc. in the United States. SPF Energy Inc.'s commercial products are also included in the Parkland Commercial Fuels segmented results.

Parkland Wholesale, Supply and Distribution

Wholesale, Supply and Distribution is responsible for managing Parkland's fuel supply contracts, purchasing fuel from suppliers, providing distribution through third party rail and highway carriers as well as serving wholesale and reseller customers.

Fuel supply contracts are maintained with multiple oil refiners as well as wholesale and trading suppliers allowing Parkland to obtain fuel at competitive prices while enhancing 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.

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 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 capacity in Quebec City. The acquisition of SPF Energy Inc. added another 40,000 barrels of terminal storage capacity in Minot, North Dakota.

Wholesale, Supply and Distribution manages the storage infrastructure portfolio to enhance Parkland's supply security and, by extension, the supply security of Parkland's customers.

Investing in Parkland

Clear growth strategy

Parkland is a growth-oriented organization 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 remains committed to distributing Parkland's profit to shareholders while retaining enough funds to drive growth. Parkland offers investors an annual dividend of approximately $1.06 per share.

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 June 30, 2014	Trailing 1 year	Trailing 3 years	Trailing 5 years
Total shareholder return [(1)]	32%	118%	378%
Compound annual total shareholder return [(1)]	32%	30%	37%
Trailing twelve months growth in fuel volumes	53%		
Dividend yield at June 30, 2014	5.2%		
Price to earnings multiple at June 30, 2014	21.4		

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

Parkland's Five Year Growth Strategy

Doubling 2011 Normalized Adjusted EBITDA
Parkland aspires to double 2011 normalized Adjusted EBITDA of $125 million through acquisitions and efficiencies by the end of 2016 (Parkland's 2011 normalized Adjusted EBITDA ignores one-time costs and irregular profits to reflect the economics that are anticipated for Parkland in 2014).

Parkland Penny Plan

Grow

Consolidating North America's Fragmented Fuel Distribution Market

Parkland has aspirations to grow from 4.2 billion litres in annual fuel sales in 2011 to more than 10 billion litres by 2016 through a combination of organic growth and acquisitions.

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 6 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.

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, the assets acquired from TransMontaigne Marketing Canada Inc. and Sparlings 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 twelve 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

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 improved supply and distribution costs are achievable through effective management of the supply and wholesale portfolio.

Parkland's dedicated Wholesale, Supply and Distribution team is working to achieve these and other 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 purchase price across all of Parkland's markets on a daily and hourly basis; and
4) Investing in supply infrastructure that enhances supply security and optionality, such as the Bowden terminal, which is now operational.

Operate

Superior Customer Service Delivered Cost Effectively

Greater operational efficiencies and savings will be driven 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 2014, Parkland has continued to drive towards 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 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 revised the Adjusted EBITDA forecast on November 8, 2013 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[2])
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.
(2) In addition to existing businesses acquired including SPF Energy Inc.

The expected seasonal contribution of Adjusted EBITDA is shown in the schedule below:

	Q1	Q2	Q3	Q4	Total
Seasonality of EBITDA	29%	20%	22%	29%	**100%**

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 focused 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 and the United States.

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 as well as wholesale and trading suppliers; 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. Fuel revenues, assuming volumes are static, are driven by the price of crude and, by extension, the wholesale price for fuel charged by suppliers.

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.

Parkland Penny Plan Scorecard

Area	Commitment	Analysis	2016 Target	Q2 2014	2013
Grow	Organic growth	**Organic Growth Challenged in Wholesale** 26ML decrease in base wholesale volume and retail dealer network closures.	100 million litres per year	**(6.0)** million litres YTD	**11.2** million litres YTD
	Major acquisitions	**SPF Energy Inc. Delivers Additional Volume** The acquisition SPF Energy Inc. increased volume this quarter and is in line with expectations. The mergers and acquisitions environment remains very active.	6.0 billion litres by 2016	**1.2** billion litres (annual volume)	**2.7** billion litres (annual volume)
Supply	Supply Margin	**Headwinds in Wholesale** The Q2 2014 results did not benefit from refiner's margins and were challenged by headwinds in Wholesale due to the competitive environment.	100% Normalized profit plus 1/3 cent	**On Track**	**On Track**
Operate	Operating costs	**Opex in Base Business Stays Stable** Addition of short-term rail car leases year-over-year to ERM increased Opex on cpl basis. Excluding ERM, Opex stays stable at 3.56 cpl in Q2 2014 compared with 3.50 in Q2 2013 and is down YTD compared with same period in 2013.	2.48 cpl	**3.13** cpl Q2 Including ERM **3.56** cpl Q2 Excluding ERM **2.99** cpl YTD Including ERM	**2.74** cpl Q2 Including ERM **3.50** cpl Q2 Excluding ERM **2.88** cpl YTD Including ERM
	Marketing, General and Administrative expenses ("MG&A")	**MG&A Costs Decrease With Scale**[(1)] MG&A costs decreased on a per litre basis in Q2 as a result of continued cost discipline.	1.52 cpl	**1.38** cpl Q2 **1.45** cpl YTD	**1.61** cpl Q2 **1.64** cpl YTD
	Total Recordable Injury Frequency ("TRIF")	**TRIF Lower on Year-over-Year basis** Renewed focus in Health, Safety and Environment aims to enhance performance in all areas.	Less than 2.00	**3.25** TTM	**3.95** TTM

(1) excluding acquisition costs

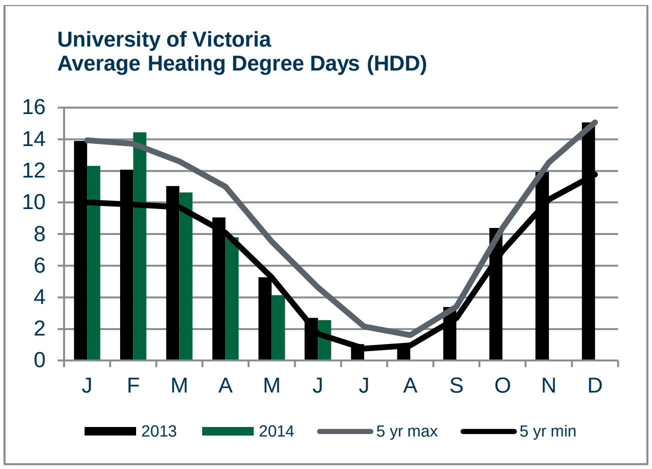
Note: 2016 cost targets will be updated in the event of a significant change to Parkland's business mix.

Abbreviations: CPL = Cents per litre
YTD = Year-to-date
TTM = Trailing twelve months

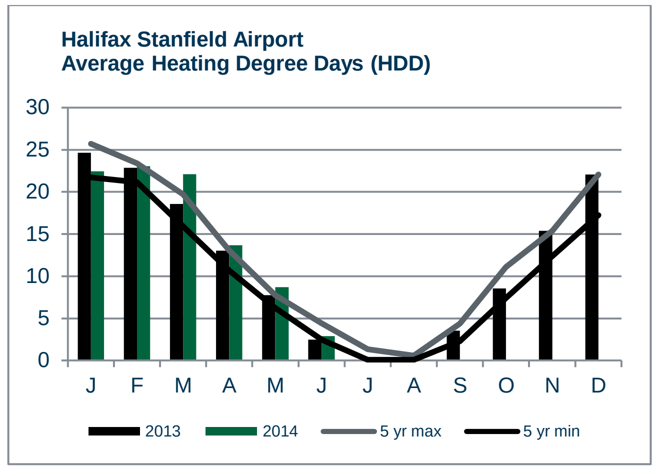
Economic Developments and Outlook

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), which are a measure of heating requirements, have generally been higher in 2014 than in 2013 on the east coast. On the west coast, with the exception of February, HDDs have been lower in 2014 than during the previous year. Data is current as of July 1, 2014.



Victoria, BC - Heating Degree Days



Halifax, NS - Heating Degree Days

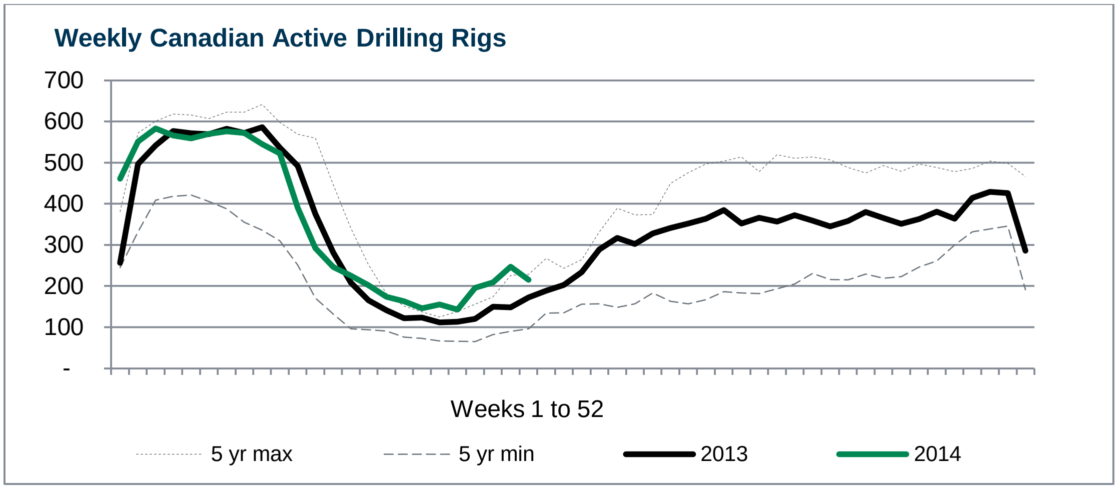
Heating Degree Days - Definition
Heating degree days (HDD) correlate to the demand for energy needed to heat homes or businesses. The heating requirements for a given structure at a specific location are considered to be directly proportional to the number of HDD at that location. Heating degree-days 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 June 30, 2014, the Canadian Association of Oilwell Drilling Contractors ("CAODC") reported an average monthly drilling rig count of 198, a 31% increase compared with 151 per month for the same period in 2013.

Year-to-date the CAODC reported an average of 355 active drilling rigs during the first 24 weeks of 2014, a 6.3% increase compared with an average of 334 active rigs for the same period in 2013. The CAODC average weekly rig count data is current as of June 23, 2014.

Parkland's Commercial activity is geared towards natural gas well drilling. Drilling activity for natural gas continues to increase across the Western Canadian Sedimentary Basin.



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.

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

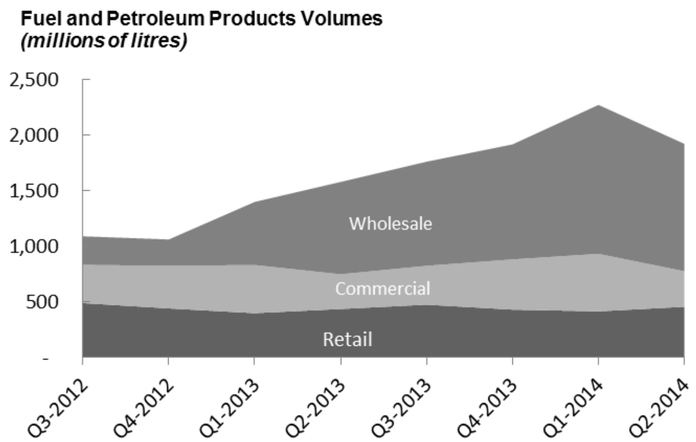
Crude Pricing – West Texas Intermediate (USD/bbl)
Movements in crude pricing impact Parkland's Commercial and Retail divisions in different and often opposing ways. (EIA website: http://www.eia.gov/dnav/pet/pet_pri_spt_s1_d.htm)

Consolidated Financial Review

Fuel and Petroleum Products Volumes

Q2 2014 vs. Q2 2013

Fuel and petroleum products ("Fuel") volumes increased by 342 million litres or 22% to 1.9 billion litres in the second quarter of 2014 from 1.6 billion litres in the same period of 2013. This increase was primarily due to the additional 291 million litres from the acquisition of SPF Energy Inc. (acquired January 8, 2014) and an increase of 83 million litres this quarter from the acquisition of the assets of TransMontaigne Marketing Canada Inc. (acquired May 13, 2013). This was partially offset by 11.2 million litres due to loss of retail dealer sites and 26.0 million under lifted wholesale volume due to better competitor pricing.



Fuel Volumes
Parkland Wholesale volumes increased primarily from the acquisitions of the assets of TransMontaigne Marketing Canada Inc. and SPF Energy Inc. Parkland Commercial Fuels experiences higher volumes throughout the winter months during quarters one and four, due to higher demand for heating oil and liquid petroleum gases. Retail Fuels experiences higher volumes in the second and third quarters, during the summer driving season.

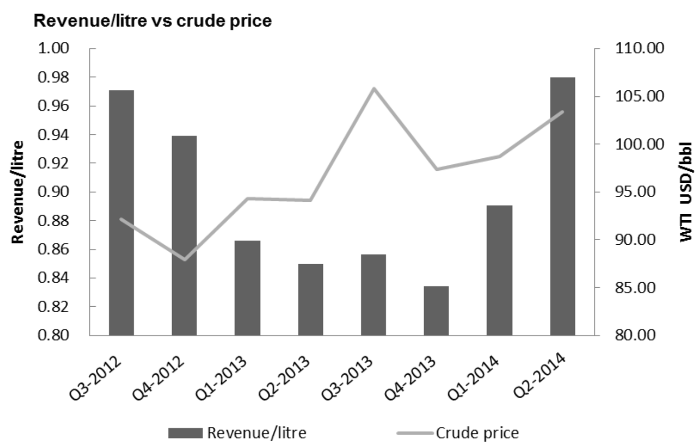
YTD 2014 vs. 2013

Fuel volumes increased by 1.2 billion litres or 40% to 4.2 billion litres in the second quarter of 2014 from 3.0 billion litres in the same period of 2013. This increase was due to an additional 568 million litres from the acquisition of SPF Energy Inc., 330 million litres from Elbow River Marketing (acquired February 15, 2013) 60 million litres from the acquisition of Sparlings Propane (acquired April 2, 2013) and an increase of 263 million litres this quarter from the assets acquired from TransMontaigne Marketing Canada Inc.

Revenue

Q2 2014 vs. Q2 2013

Sales and operating revenue for the three month period ended June 30, 2014 increased by 46% to $1.9 billion compared with $1.3 billion for the same period of 2013. Parkland acquired additional revenue of $288.4 million from SPF Energy Inc. and $51.0 million from the assets acquired from TransMontaigne Marketing Canada Inc. In addition, Elbow River Marketing revenue increased $141.6 million due to strong propane and butane sales due to high market pricing and the sale of diesel and biodiesel which did not exist in 2013.



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

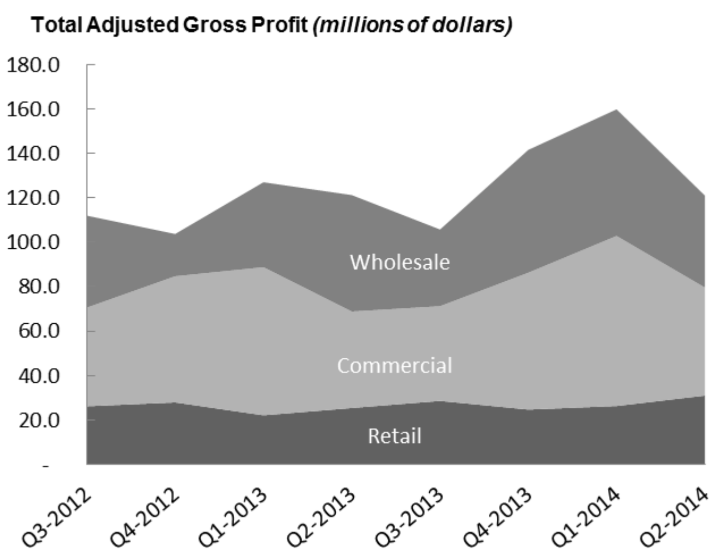
YTD 2014 vs. 2013
Sales and operating revenue for the six months ended June 30, 2014 increased by 50% to $3.9 billion compared with $2.6 billion in the quarter ended June 30, 2013. This was due to an additional $367.1 million in revenue from Elbow River Marketing, revenue of $565.3 million from SPF Energy Inc., $242.8 million from the acquisition of the assets of TransMontaigne Marketing Canada Inc. and $48.2 million in acquired revenue from Sparlings Propane.

Adjusted Gross Profit

Q2 2014 vs. Q2 2013
Adjusted gross profit for the three months ended June 30, 2014 decreased by 3% or $4.4 million to $121.4 million compared with $125.8 million for the same period in 2013. On a product basis:

- Fuel and petroleum products adjusted gross profit decreased by 16% or $16.9 million to $87.2 million in the second quarter of 2014 compared with $104.1 million in the second quarter of 2013 primarily due to the elimination of refiner's margins with the end of the contract with Suncor in December 2013. The decrease was partially offset by the inclusion of additional $3.8 million adjusted gross profit from Elbow River Marketing due to strong propane, butane, diesel and biodiesel contributions and $5.6 million from SPF Energy Inc.

- Non-fuel adjusted gross profit increased by 59% or $12.7 million to $34.3 million in the second quarter of 2014 compared with $21.6 million in the second quarter of 2013 mainly due to the addition of $9.5 million from the acquisition of SPF Energy Inc.



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 second quarter 2014, adjusted gross profit decreased due to elimination of refiner's margins with the end of the contract with Suncor in December, 2013, partially offset by increases due to the acquisition of SPF Energy Inc. and strength in Elbow River Marketing propane, butane, diesel and biodiesel sales. Commercial Fuels adjusted gross profit is highest during the first and fourth quarters of each year where as Retail Fuels is highest during the second and third quarters of the year.

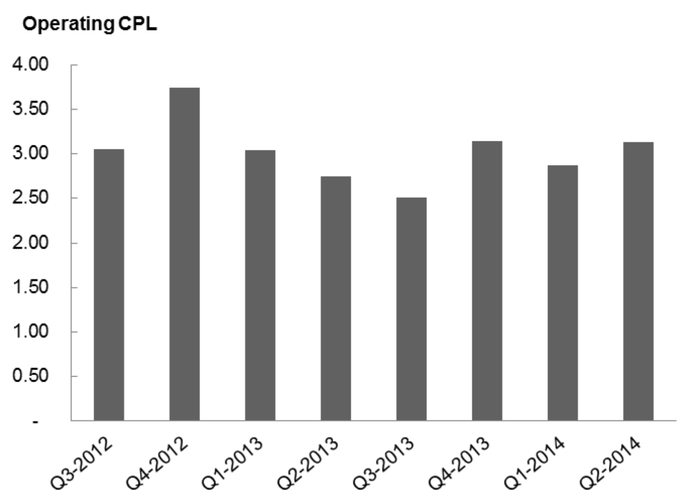
YTD 2014 vs. 2013
Adjusted gross profit for the six months ended June 30, 2014 increased by 11% or $28.7 million to $281.4 million compared with $252.7 million for the same period in 2013. On a product basis:

- Fuel and petroleum products adjusted gross profit increased by 2% or $4.1 million to $214.3 million for the six month ended June 30, 2014 compared with $210.2 million in the same period in 2013 primarily due to the inclusion of an additional $28.9 million adjusted gross profit from Elbow River Marketing, $12.2 million from SPF Energy Inc., $9.1 million from Sparlings Propane, partially offset by the elimination of refiner's margins with the end of the contract with Suncor in December, 2013.

- Non-fuel adjusted gross profit increased by 58% or $24.7 million to $67.1 million in the second quarter of 2014 compared with $42.4 million in the second quarter of 2013, with the acquisition of SPF Energy Inc. adding $18.3 million this year.

Operating Expenses

Q2 2014 vs. Q2 2013
Operating and direct costs increased by 38% to $60.1 million (3.1 cpl) for the three months ended June 30, 2014, compared with $43.4 million (2.7 cpl) in the three months ended June 30, 2013, primarily due to the inclusion of $9.0 million from SPF Energy Inc. and Elbow River Marketing and an additional $3.8 million in costs from the rapid expansion of the business. The increase in operating expense as a cent per litre from 2.7 cpl in the second quarter of 2013 to 3.1 cpl in the second quarter of 2014 is due primarily to the activities of Elbow River Marketing.



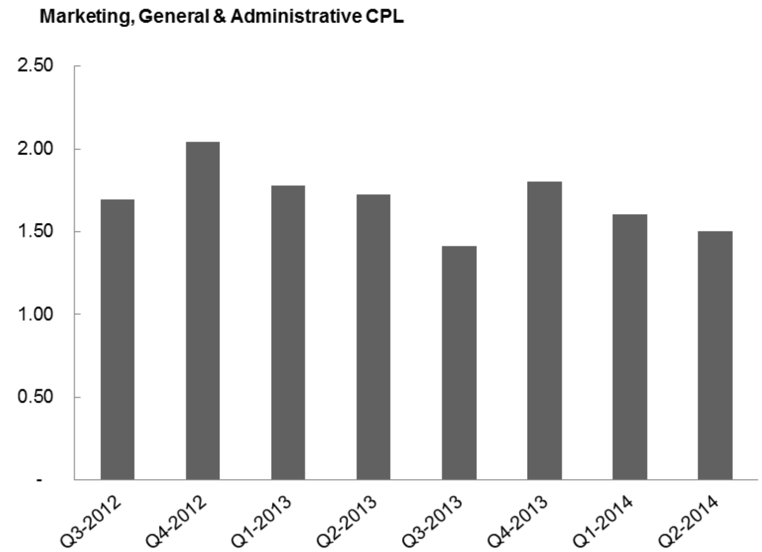
Quarterly Operating Expenses on a CPL basis:
The acquisitions of SPF Energy Inc. (acquired January 8, 2014), the assets acquired from TransMontaigne Marketing Canada Inc. (acquired May 13, 2013), Elbow River Marketing (acquired February 15, 2013) and Sparlings Propane (acquired April 2, 2013) have changed the mix of Parkland's business. The increase from the second quarter of 2013 to the second quarter of 2014 is due primarily to the activity of Elbow River Marketing.

YTD 2014 vs. 2013
Operating and direct costs increased by 46% to $125.4 million (3.0 cpl) for the six months ended June 30, 2014, compared with $85.9 million (2.9 cpl) in the six months ended June 30, 2013, primarily due to the inclusion of $17.7 million from SPF Energy Inc., $4.5 million from Sparlings Propane and Elbow River Marketing with an additional $11.0 million in costs driven by increased sales.

Marketing, General and Administrative Expenses

Q2 2014 vs. Q2 2013

Marketing, General and Administrative expenses ("MG&A") increased by 6% to $28.9 million (1.5 cpl) in the second quarter of 2014 compared with $27.2 million (1.7 cpl) in the second quarter of 2013. MG&A costs in the second quarter of 2014 increased by $1.7 million primarily due to a full quarter of expenses incurred by SPF Energy Inc., which contributed an additional $1.3 million of expenses.



Quarterly Marketing General and Administrative Expenses on a CPL basis:
In the second quarter of 2014 compared to the second quarter of 2013 MG&A expenses on a cpl basis decreased due to an increase in Parkland's volumes as a result of acquisitions

YTD 2014 vs. 2013

Marketing, general and administrative expenses ("MG&A") increased by 25% to $65.3 million (1.6 cpl) in the second quarter of 2014 compared with $52.1 million (1.7 cpl) in the second quarter of 2013. MG&A costs in the second quarter of 2014 increased by $13.2 million primarily due to $3.3 million of costs incurred by SPF Energy Inc. and Elbow River Marketing, which contributed an additional $6.1 million compared with the same period in 2013 due to increased business activity.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands of Canadian dollars)	**2014**	2013	**2014**	2013
Net earnings	**6,924**	20,334	**29,233**	50,859
Depreciation and amortization	**20,407**	14,757	**38,882**	27,681
Finance costs (1)	**7,113**	4,674	**12,963**	10,237
Unrealized gain on foreign exchange	**437**	(103)	**(580)**	(438)
Loss on disposal of property, plant and equipment	**27**	125	**1,177**	400
Unrealized (gain) loss from the change in fair value of commodities forwward forward contracts and US dollar forward exchange contracts	**(3,645)**	7,321	**(1,089)**	8,860
Income tax (recovery) expense	**2,006**	9,211	**11,684**	18,195
Acquisition costs	**2,424**	1,795	**4,636**	3,320
Adjusted EBITDA (2)(3)	**35,693**	58,114	**96,906**	119,114

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

(2) Includes realized and unrealized (gain) loss on call options.

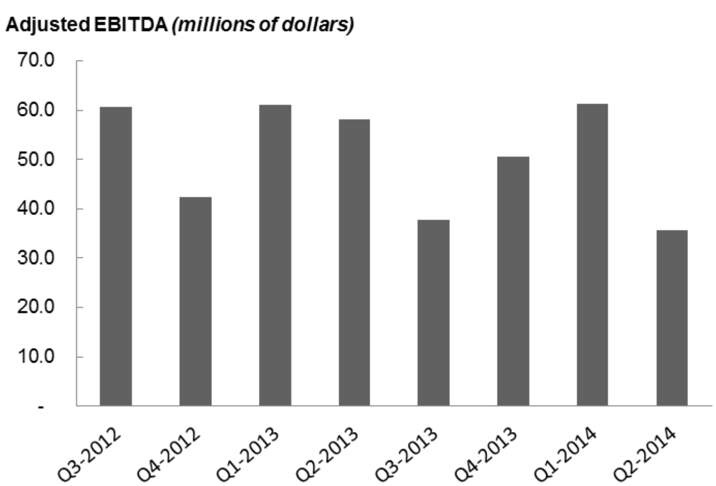
(3) Please refer to the Non-GAAP Measures section in the MD&A for definitions.

Q2 2014 vs. Q2 2013

Adjusted EBITDA for the second quarter of 2014 was $35.7 million; a decrease of $22.4 million compared with $58.1 million in the second quarter of 2013 due to the elimination of refiner's margins with the end of the Suncor contract in December 2013 partially offset by earnings from acquisitions and improvements in the base businesses.

YTD 2014 vs. 2013

Adjusted EBITDA for the six months ended June 30, 2014 was $96.9 million; a decrease of $22.2 million compared with $119.1 million for the six months ended June 30, 2013 due to the elimination of refiner's margins with the end of the Suncor contract in December 2013 partially offset by earnings from acquisitions and improvements in the base businesses.



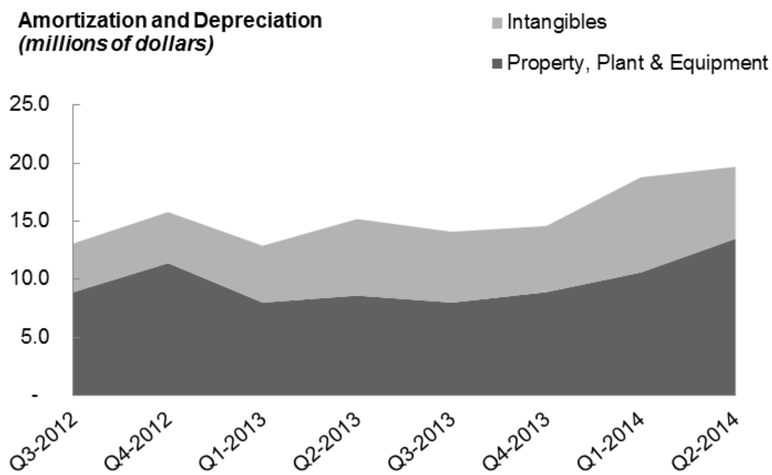
Adjusted EBITDA:

Adjusted EBITDA decreased in 2014 due to the elimination of refiner's margins with the end of the contract with Suncor in December, 2013 partially offset by earnings from acquisitions and improvements in the base businesses.

Depreciation and Amortization

Q2 2014 vs. Q2 2013

Depreciation and amortization expense in the second quarter of 2014 increased by 38% or $5.6 million to $20.4 million compared with $14.8 million in the second quarter of 2013. The acquisition of SPF Energy Inc. added $3.0 million of depreciation and amortization. Increased estimated remediation costs amortized in the quarter added $2.1 million.



Amortization and Depreciation:
The amortization and depreciation expenses attributable to intangible assets are significant due to the acquisitions made by Parkland. Depreciation of property, plant and equipment has remained fairly constant over the last eight quarters with the exception of the first and second quarters of 2014 primarily due to the acquisition of SPF Energy Inc.

YTD 2014 vs. 2013

Depreciation and amortization expense for the six months ended June 30, 2014 increased 40% or $11.2 million to $38.9 million compared with $27.7 million for the six months ended June 30, 2013. The acquisition of SPF Energy Inc. added $6.8 million of depreciation and amortization. Increased estimated remediation costs amortized in the first six months of 2014 added $2.1 million. Elbow River Marketing added $1.3 million due to a full period of operations in 2014.

Finance costs

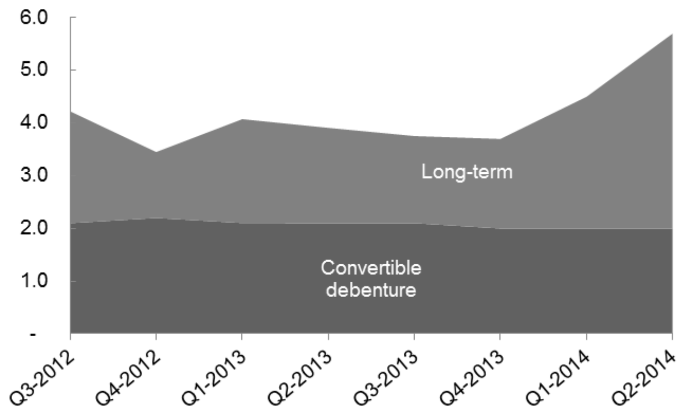
Q2 2014 vs. Q2 2013

Finance costs are comprised of interest on long-term debt, interest and accretion on convertible debentures, amortization of deferred financing costs, accretion on refinery remediation, accretion on asset retirement obligations, change in fair value of Redemption Option, amortization of debt premium arising from Redemption Option, and loss (gain) on interest rate swap.

Finance costs were $7.1 million in the second quarter of 2014 compared with $4.7 million for the same period in 2013, an increase of $2.4 million or 51%. The increase of finance costs were primarily driven by increased interest on long-term debt of $1.6 million and increased accretion of asset retirement obligations of $0.5 million.

Interest on long-term debt for the second quarter of 2014 increased by $1.6 million to $3.4 million compared with $1.8 million in the second quarter of 2013 primarily due to additional acquisition related debt. Long-term debt, including current portion, increased from $120.6 million as at June 30, 2013 to $303.0 million as at June 30, 2014, an increase of $182.4 million or 151%.

Interest costs *(millions of dollars)*



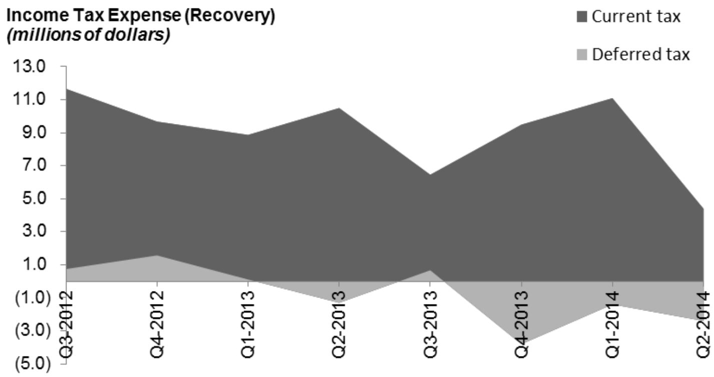
Interest Costs:
During 2014 interest costs increased compared to the fourth quarter of 2013 due to the acquisition of SPF Energy Inc. This was partially offset by the conversion of convertible debentures to common shares and improved capital management which resulted in Parkland negotiating reduced interest terms on its long term debt in the past two years. Long-term interest includes credit facility interest, senior unsecured notes interest, capital lease interest and collateralized notes interest.

YTD 2014 vs. YTD 2013
Finance costs were $13.0 million for the six months ended June 30, 2014 compared with $10.2 million for the same period in 2013, an increase of $2.8 million or 27%. The increase of finance costs were primarily driven by increased interest on long-term debt of $2.1 million and increased accretion on asset retirement obligations of $0.8 million.

Interest on long-term debt for the six months ended June 30, 2014 increased by $2.1 million to $5.9 million compared with $3.8 million for the same period in 2013 primarily due to additional acquisition related debt. Long-term debt, including current portion, increased from $224.3 million at December 31, 2013 to $303.0 million at June 30, 2014 an increase of $78.7 million or 35%.

Income Tax

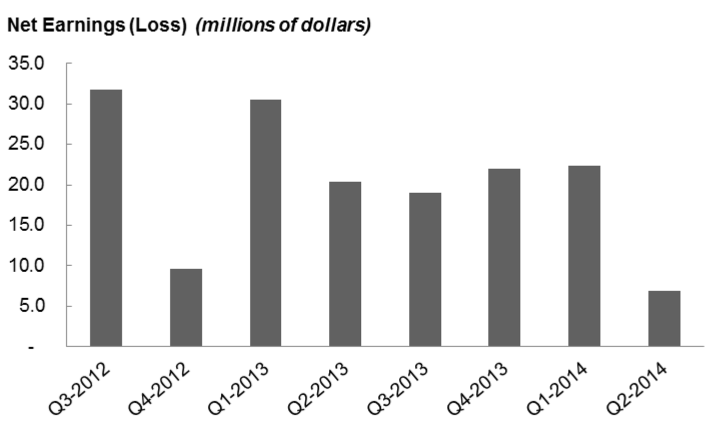
Q2 2014 vs. Q2 2013
Income tax expense (recovery) was $2.0 million in the second quarter compared with an expense of $9.2 million for the same period in 2013. The decreased income tax expense is primarily due to the decline in pre-tax earnings. The decrease in income tax expense (recovery) as a percentage of earnings before income taxes is due to permanent tax differences, adjustments with respect to prior years and changes to income allocations between North American tax jurisdictions.



YTD 2014 vs. 2013
Income tax expense of $11.7 million was incurred for the six months ended June 30, 2014 compared with an expense of $18.2 million in 2013. The decreased income tax expense is primarily due to the decline in pre-tax earnings. The increase in income tax expense as a percentage of earnings before income taxes is due to permanent tax differences, adjustments with respect to prior years and changes to income allocations between North American tax jurisdictions.

Net Earnings

Q2 2014 vs. Q2 2013
Parkland's net earnings in the second quarter of 2014 was $6.9 million, a decrease in net earnings of $13.4 million compared with net earnings of $20.3 million in the second quarter of 2013. The decrease in net earnings in the second quarter of 2014 compared with the prior year was primarily due to a $4.4 million decrease in adjusted gross profit, $16.8 million increase in operating costs and $5.6 million increase in depreciation and amortization partially offset by $7.2 million in lower income tax expense.



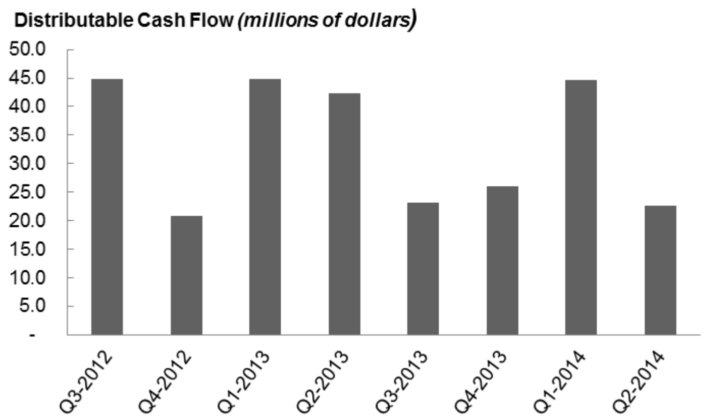
Net Earnings:
Net earnings during the most recent quarters have been impacted by refiner's margins. Parkland no longer benefits from refiner's margins with the end of the Suncor contract in December, 2013. Recent acquisitions have contributed earnings.

YTD 2014 vs. 2013

Parkland's net earnings for the six months ended June 30, 2014 were $29.2 million, a decrease of $21.7 million compared with net earnings of $50.9 million in the second quarter of 2013. The decrease in net earnings for the six months ended June 30, 2014 compared with the prior year was primarily due to a $39.5 million increase in operating costs, $13.2 million increase in MG&A costs and $11.2 million increase in depreciation and amortization partially offset by $28.7 increase in adjusted gross profit and $6.5 million in lower income tax expense.

Reconciliation of Distributable Cash Flow

Distributable Cash Flow



Q2 2014 vs. Q2 2013

In the second quarter of 2014, distributable cash flow exceeded dividends by $2.9 million compared with $24.1 million in the second quarter of 2013. The dividend payout ratio for the second quarter of 2014 was 87% compared with 43% in the second quarter of 2013. Distributable cash flow decreased by $19.6 million to $22.7 million in the second quarter of 2014 compared with $42.3 million in the second quarter of 2013. The decrease in distributable cash flow is primarily due to the decrease in Adjusted EBITDA of $22.4 million, $1.6 million increase in interest on long-term debt, $0.6 million increase in acquisition costs, $0.9 million decrease in proceeds on sale of property, plant and equipment and intangibles, partially offset by a $6.1 million decrease in current tax expense and $1.8 million decrease in maintenance capital expenditures. The increase in the dividend payout ratio is also impacted by an increase of 4.5 million common shares outstanding.

YTD 2014 vs. 2013

Distributable cash flow for the six months ended June 30, 2014 exceeded dividends by $30.4 million compared with $51.6 million for the six months ended June 30, 2013. The dividend payout ratio for the six months ended June 30, 2014 was 56% compared with 41% for the six months ended June 30, 2013. Distributable cash flow decreased by $18.1 million to $69.3 million for the six months ended June 30, 2014 compared with $87.5 million in the same period of 2013. The decrease in distributable cash flow is primarily due to the decrease in Adjusted EBITDA of $22.2 million, $0.8 million decrease in proceeds on sale of property, plant and equipment and intangibles, partially offset by a $3.9 million decrease in current tax expense and $2.9 million decrease in maintenance capital expenditures.

(in thousands of Canadian dollars except per share amounts)	Three months ended June 30,		Six months ended June 30,	
	2014	2013	**2014**	2013
Cash flow from operating activities	**66,110**	124,061	**59,434**	180,434
Less: Total capital expenditures and intangibles	**(7,449)**	(8,561)	**(14,749)**	(16,338)
Standardized distributable cash flow	**58,661**	115,500	**44,685**	164,096
Add back (deduct):				
Growth capital expenditures and intangibles	**5,872**	5,162	**10,846**	9,503
Proceeds on disposal of capital items	**420**	1,309	**676**	1,447
Change in other long-term liabilities	**14**	(2,385)	**1,238**	(2,385)
Change in non-cash working capital	**(42,316)**	(77,308)	**11,884**	(85,192)
Distributable cash flow [(1)]	**22,651**	42,278	**69,329**	87,469
Shares outstanding	**74,765**	70,227	**74,765**	70,227
Distributable cash flow per share [(1)]	**0.30**	0.60	**0.93**	1.25
Dividends	**19,710**	18,200	**38,943**	35,902
Dividend payout ratio [(1)]	**87%**	43%	**56%**	41%

(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, 2014	February 14, 2014	0.087	6,349
February 24, 2014	March 14, 2014	0.087	6,371
March 21, 2014	April 15, 2014	0.088	6,513
April 23, 2014	May 15, 2014	0.088	6,533
May 23, 2014	June 13, 2014	0.088	6,576
June 20, 2014	July 15, 2014	0.088	6,602
July 22, 2014	August 15, 2014	0.088	6,624
Total dividends declared to shareholders in 2014		0.615	45,568

2014 Dividend Plan

Parkland intends to continue to pay dividends on a monthly basis of $0.0883 per share, equivalent to approximately $1.06 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 $0.0883 per share, the Premium Dividend™ and enhanced Dividend Reinvestment Plan provide Canadian shareholders with the following options:

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

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

Those shareholders who do not elect to participate in the Premium Dividend™ or Dividend Reinvestment Plans will still receive their regular monthly dividend of $0.0883 per share.

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 June 30,		**Six Months Ended June 30,**	
(in thousands of Canadian dollars except per share amounts)	**2014**	2013	**2014**	2013
Cash flow from operating activities	**66,110**	124,061	**59,434**	180,434
Net earnings	**6,924**	20,334	**29,233**	50,859
Adjusted EBITDA (1)	**35,693**	58,114	**96,906**	119,114
Dividends	**19,710**	18,200	**38,943**	35,902
Excess of cash flow from operating activities relative to dividends	**46,400**	105,861	**20,491**	144,532
(Shortage) Excess of cash flow from net earnings relative to dividends	**(12,786)**	2,134	**(9,710)**	14,957
Excess of cash flow from Adjusted EBITDA relative to dividends	**15,983**	39,914	**57,963**	83,212

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

Q2 2014 vs. Q2 2013

Cash flow from operating activities for the three months ended June 30, 2014 was $46.4 million higher than dividends compared to $105.9 million higher in 2013. The decreased cash flow is primarily due to a decrease in adjusted EBITDA of $22.4 million and a net year over year decrease in non-cash working capital of $35.0 million in the second quarter of 2014. Net changes in non-cash working capital for three months ended June 30, 2014 were $42.3 million compared to $77.3 million in the same period of 2013. Please see the Liquidity section for details of changes in non-cash working capital.

YTD 2014 vs. 2013

Cash flow from operating activities for the six months ended June 30, 2014 was $20.5 million higher than dividends compared to $144.5 million higher in 2013. The decreased cash flow is primarily due to a decrease in adjusted EBITDA of $22.2 million and a net year over year decrease in non-cash working capital of $97.1 million in the second quarter of 2014. Net changes in non-cash working capital for six months ended June 30, 2014 were ($11.9 million) compared to $85.2 million in the same period of 2013. Please see the Liquidity section for details of changes in non-cash working capital.

Return on Capital Employed (“ROCE”)

(In thousands of Canadian dollars)	**June 30, 2014**	June 30, 2013
Four quarter average		
Bank indebtedness	**12,247**	728
Long-term debt (including current portion)	**252,140**	147,239
Convertible debentures	**127,011**	131,661
Shareholders' equity [4]	**446,105**	366,567
	837,503	646,195
Less:		
Cash and cash equivalents	**(9,111)**	(21,353)
Restricted cash	**(1,375)**	-
Capital Employed	**827,017**	624,842
Net earnings (trailing twelve months, or "TTM")	**70,333**	92,262
Add/(Deduct)		
Finance costs [1]	**22,634**	18,374
Unrealized gain on Foreign Exchange	**451**	(419)
Loss on disposal of property, plant and equipment	**3,219**	2
Unrealized (gain) loss from the change in fair value of commodities forward contracts and US dollar forward exchange contracts	**(11,245)**	8,860
Income tax expense	**24,498**	41,854
Acquisition costs	**8,168**	4,656
TTM Adjusted EBIT [2][3]	**118,058**	165,589
Return on Capital Employed[1]	**14.3%**	26.5%

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

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

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

[4] Revised

Average capital employed has increased by $202.2 million from $624.8 million as at June 30, 2013 to $827.0 million as at June 30, 2014 primarily due to the acquisitions of Elbow River Marketing, the assets acquired from TransMontaigne Marketing Canada Inc., SPF Energy Inc. and Sparlings Propane. In the consolidated balance sheet, the increase is primarily in accounts receivable of $134.2 million, an increase in goodwill and intangibles of $68.8 million, an increase in inventory $40.4 million and an increase in property, plant and equipment of $59.5 million, partially offset by an increase in accounts payable of $86.1 million. Adjusted earnings before interest and taxes (“Adjusted EBIT”) decreased by $47.5 million from 2013 as a result of a decrease in Adjusted EBITDA of $36.9 million and the increase in depreciation and amortization of $10.6 million. Return on capital employed (“ROCE”), as measured by trailing twelve months Adjusted EBIT divided by average capital employed, decreased from 26.5% at June, 2013 to 14.3% at June 30, 2014.

Capability to Deliver Results

Liquidity

Cash Balances and Cash Flow Activity

Q2 2014 vs. Q2 2013

Parkland's cash position, as represented by the net of cash and cash equivalents, restricted cash and bank indebtedness, increased by $29.6 million during the second quarter of 2014 as compared with a decrease of $21.1 million during the second quarter of 2013.

During the three months ended June 30, 2014, operating activities generated $66.1 million of cash compared with $124.1 million of cash generated during the same period in 2013. Net changes in non-cash working capital generated $42.3 million of cash for the three months ended June 30, 2014, compared with $77.3 million of cash generated for the same period in 2013. Net changes in non-cash working capital during the three months ended June 30, 2014 generated $42.3 million of cash primarily due to a $64.8 million decrease in accounts receivable and a $5.7 million decrease in prepaid expenses and other, partially offset by a $11.3 million decrease in accounts payable and accrued liabilities, $8.2 million decrease in deferred revenue, $4.2 million increase in income taxes receivable and $4.6 million increase in inventories. In comparison, net changes in non-cash working capital during the three months ended June 30, 2013 generated $77.3 million of cash primarily due to a $112.2 million decrease in accounts receivable, $7.5 million decrease in prepaid expenses and other, and a $6.9 million decrease in inventories, partially offset by a $39.8 million decrease in accounts payable and accrued liabilities and $9.3 million decrease in deferred revenue.

During the three months ended June 30, 2014, financing activities used $12.8 million of cash, of which $265.3 million was used in long-term debt repayments and $6.1 million was used in dividends paid to shareholders. This was partially offset by $257.4 million generated from proceeds from long-term debt, which included $200.0 million generated from the issuance of the Senior Unsecured Notes on May 29, 2014. In comparison, for the same period in 2013, financing activities used $91.0 million of cash, of which $179.4 million was used in long-term debt repayments and $5.9 million was used in dividends paid to shareholders. This was partially offset by $94.1 million generated from proceeds from long-term debt.

During the three months ended June 30, 2014, investing activities used $23.7 million of cash, of which $16.5 million was used for the acquisition of Chevron-branded service stations and $7.5 million was used in additions of property, plant and equipment. In comparison, for the same period in 2013, investing activities used $54.1 million of cash, of which $32.4 million was used for the acquisition of Sparling's Propane, $11.1 million was used for the acquisition of the assets from TransMontaigne Marketing Canada Inc., $8.6 million was used in additions of property, plant and equipment and $2.4 million was used for the acquisition of Scotsburn and R-Gas.

YTD 2014 vs. 2013

Parkland's cash position, as represented by the net of cash and cash equivalents, restricted cash and bank indebtedness, increased by $0.7 million during the six months ended June 30, 2014 as compared with a decrease of $13.2 million during the same period in 2013.

During the six months ended June 30, 2014, operating activities generated $59.4 million of cash compared with $180.4 million of cash generated during the same period in 2013. Net changes in non-cash working capital used $11.9 million of cash for the six months ended June 30, 2014, compared with $85.2 million of cash generated for the same period in 2013. Net changes in non-cash working capital during the three months ended June 30, 2014 used $11.9 million of cash primarily due to a $27.0 million decrease in accounts payable and accrued liabilities, an increase of $10.6 million in income taxes receivable and a $4.7 million decrease in deferred revenue partially offset by a $25.0 million decrease in accounts receivable and a $6.2 million decrease in inventory. In comparison, net changes in non-cash working capital during the six months ended June 30, 2013 generated $85.2 million of cash primarily due to a $62.0 million decrease in accounts receivable, $30.8 million increase in accounts payable and accrued liabilities, a $10.5 million decrease in inventories and a $5.4 million decrease in prepaid expenses and other partially offset by a $16.8 million decrease in income tax payable and a $6.7 million decrease in deferred revenue.

During the six months ended June 30, 2014, financing activities generated $56.7 million of cash, of which $550.2 million was generated from proceeds from long-term debt partially offset by $483.0 million used in long-term debt repayments and $11.7 million used in dividends paid to shareholders. In comparison, for the same period in 2013, financing activities used $47.2 million of cash, of which $273.7 million was used in long-term debt repayments and $11.3 million was used in dividends paid to shareholders partially offset by $237.6 million generated from proceeds from long-term debt.

During the six months ended June 30, 2014, investing activities used $115.5 million of cash, of which $84.5 million was used for the acquisition of SPF Energy Inc., $16.5 million was used for the acquisition of Chevron-branded service stations and $14.8 million was used in additions of property, plant and equipment. In comparison, for the same period in 2013, investing activities used $146.6 million of cash, of which $84.6 million was used for the acquisition of Elbow River Marketing, $32.4 million was used for the acquisition of Sparling's Propane, $11.1 million was used for the acquisition of the assets from TransMontaigne Marketing Canada Inc, $2.4 million was used for the acquisition of Scotsburn and R-Gas and $16.4 million was used for the additions of property, plant and equipment.

Tangible and Intangible Assets

A Review of Property, Plant and Equipment and Intangible Assets

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

Q2 2014 vs. Q2 2013

During the second quarter of 2014, the Corporation's total additions of property, plant and equipment and intangibles excluding additions due to acquisitions, consisting of maintenance capital and growth capital, were $7.4 million compared with $8.6 million for the same period in 2013. Maintenance capital in the quarter ended June 30, 2014 was $1.6 million compared with maintenance capital of $3.4 million in the second quarter of 2013. Growth capital in the second quarter of 2014 was $5.8 million, compared with $5.2 million in growth capital in the second quarter of 2013.

YTD 2014 vs. 2013

During the six months ended June 30, 2014, the Corporation's total additions of property, plant and equipment and intangibles, excluding additions due to acquisitions, consisting of maintenance capital and growth capital, were $14.7 million compared with $16.3 million in 2013. Maintenance capital during the six months ended June 30, 2014 was $3.9 million compared with maintenance capital of $6.8 million in 2013. Growth capital during 2014 was $10.8 million, compared with $9.5 million in growth capital last year.

Capital Resources

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

The Credit Facility is for a maximum amount of $320 million and US$30 million with interest only payable at the banks' Canadian and US prime lending rates plus 0.50% to 1.75% per annum. The Credit Facility includes the value of letters of credit issued to a maximum facility of $100 million and US$10 million. The Credit Facility also includes a $200 million accordion feature that could potentially increase the total lending capacity to $520 million and US$30 million. Security on the Credit Facility is the assignment of insurance and a floating charge demand debenture for $900 million, thus creating a first floating charge over all of the undertaking, property and assets of Parkland.

At June 30, 2014, Parkland had $301.2 million in long-term debt (excluding $1.9 million of the current portion of long-term debt, the $82.0 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 $223.0 million at December 31, 2013 (excluding $1.4 million of the current portion of long-term, $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). At June 30, 2014, Parkland had $12.3 million of cash on hand and $5.4 million of bank indebtedness at various banks compared with a cash balance of $9.0 million on hand and $2.5 million of bank indebtedness at December 31, 2013.

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 June 30, 2014, Parkland was in compliance with all debt covenants. Debt covenant ratios are tested on a trailing four quarter EBITDA (as defined under the terms of the Credit Facility) including acquisition related costs basis. The financial covenants under the Credit Facility 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. Fixed charge coverage ratio (as defined under the terms of the Credit Facility) at each quarter 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 1,705 employees at June 30, 2014, including 171 employees in its Red Deer, Alberta, head office and 107 employees in its Calgary, Alberta offices.

Parkland's employees are also owners of the Corporation, investing in Parkland regularly through Parkland's 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 at convenience store and service station sites;
- Implementing Business Intelligence technologies to improve budgeting, analytics and reporting;
- Implementing Web Portal technology to enhance the customer experience;
- 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:

	Parkland Retail Fuels		Parkland Commercial Fuels		Parkland Wholesale, Supply and Distribution		Corporate		Consolidated	
For the three months ended June 30,	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fuel and petroleum products volume (millions of litres)	457,764	438,041	319,332	311,670	1,145,350	830,817	-	-	1,922,446	1,580,528
Sales and operating revenue - external and intersegmental										
Fuel and petroleum product revenue	475,582	422,151	307,773	279,824	1,995,281	1,454,300	-	-	2,778,636	2,156,275
Non-fuel revenue	12,864	4,576	89,372	84,443	23,746	12,159	309	98	126,291	101,276
Total sales and operating revenue - external and intersegmental	488,446	426,727	397,145	364,267	2,019,027	1,466,459	309	98	2,904,927	2,257,551
Less: intersegment revenues			(7,405)	(6,633)	(1,018,369)	(908,221)	-	-	(1,025,774)	(914,854)
Sales and operating revenue	488,446	426,727	389,740	357,634	1,000,658	558,238	309	98	1,879,153	1,342,697
Cost of sales, excluding depreciation										
Fuel and petroleum product cost of sales	452,275	401,434	277,124	250,758	1,960,231	1,396,872	-	-	2,689,630	2,049,064
Non-fuel costs of sales	5,258	-	71,280	69,679	15,440	9,709	(123)	(120)	91,855	79,268
Total cost of sales, excluding depreciation	457,533	401,434	348,404	320,437	1,975,671	1,406,581	(123)	(120)	2,781,485	2,128,332
Less: intersegment cost of sales			(7,405)	(6,633)	(1,018,366)	(908,221)	157	362	(1,025,614)	(914,492)
Net cost of sales	457,533	401,434	340,999	313,804	957,305	498,360	34	242	1,755,871	1,213,840
Adjusted gross profit										
Fuel and petroleum product adjusted gross profit (before risk management)	23,307	20,717	30,649	29,065	35,050	57,428	-	-	89,006	107,210
Realized (loss) gain on risk management activities	-	-	-	-	(273)	(4,372)	-	-	(273)	(4,372)
Realized (loss) gain on foreign exchange	-	-	-	-	(1,610)	1,234	41	34	(1,569)	1,268
Fuel and petroleum product adjusted gross profit	23,307	20,717	30,649	29,065	33,167	54,290	41	34	87,164	104,106
Non-fuel adjusted (loss) gross profit	7,606	4,576	18,092	14,764	8,306	2,450	272	(145)	34,276	21,645
Total adjusted gross profit	30,913	25,293	48,741	43,829	41,473	56,740	313	(111)	121,440	125,751
Customer finance income	-	(3)	(624)	(601)	(274)	(23)	31	(105)	(867)	(732)
Operating costs	9,761	6,757	33,350	30,472	17,181	6,497	(157)	(363)	60,135	43,363
Marketing, general and administration	3,580	3,111	6,601	6,753	6,307	6,842	12,425	10,522	28,913	27,228
Realized gain on risk management activities	-	-	-	-	-	(427)	(10)	-	(10)	(427)
less: acquisition costs, included in marketing, general and administrative expenses	-	-	-	-	-	-	(2,424)	(1,795)	(2,424)	(1,795)
Adjusted EBITDA	17,572	15,428	9,414	7,205	18,259	43,851	(9,552)	(8,370)	35,693	58,114

	Parkland Retail Fuels		Parkland Commercial Fuels		Parkland Wholesale, Supply and Distribution		Corporate		Consolidated	
For the six months ended June 30,	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**	**2014**	**2013**
Fuel and petroleum products volume (millions of litres)	874,525	837,867	836,290	744,382	2,483,873	1,398,245	-	-	4,194,688	2,980,495
Sales and operating revenue - external and intersegmental										
Fuel and petroleum product revenue	879,736	787,576	834,080	683,205	4,103,943	1,918,046	-	-	5,817,759	3,388,827
Non-fuel revenue	24,331	8,506	169,293	144,241	44,354	26,298	588	202	238,566	179,247
Total sales and operating revenue - external and intersegmental	904,067	796,082	1,003,373	827,446	4,148,297	1,944,344	588	202	6,056,325	3,568,074
Less: intersegment revenues	-	-	(16,484)	(13,620)	(2,136,424)	(998,933)	-	-	(2,152,908)	(1,012,553)
Sales and operating revenue	904,067	796,082	986,889	813,826	2,011,873	945,411	588	202	3,903,417	2,555,521
Cost of sales, excluding depreciation										
Fuel and petroleum product cost of sales	837,317	748,762	744,889	603,514	4,014,381	1,822,493	-	-	5,596,587	3,174,769
Non-fuel costs of sales	9,640	2	133,080	113,298	28,516	22,995	(96)	(49)	171,140	136,246
Total cost of sales, excluding depreciation	846,957	748,764	877,969	716,812	4,042,897	1,845,488	(96)	(49)	5,767,727	3,311,015
Less: intersegment cost of sales	-	-	(16,484)	(13,620)	(2,136,424)	(998,933)	339	557	(2,152,569)	(1,011,996)
Net cost of sales	846,957	748,764	861,485	703,192	1,906,473	846,555	243	508	3,615,158	2,299,019
Adjusted gross profit										
Fuel and petroleum product adjusted gross profit (before risk management)	42,419	38,814	89,191	79,691	89,562	95,553	-	-	221,172	214,058
Realized (loss) gain on risk management activities	-	-	-	-	(7,149)	(5,060)	-	-	(7,149)	(5,060)
Realized gain (loss) on foreign exchange	-	-	-	-	325	1,249	1	(19)	326	1,230
Fuel and petroleum product adjusted gross profit	42,419	38,814	89,191	79,691	82,738	91,742	1	(19)	214,349	210,228
Non-fuel adjusted gross profit	14,691	8,504	36,213	30,943	15,839	3,303	345	(306)	67,088	42,444
Total adjusted gross profit	57,110	47,318	125,404	110,634	98,577	95,045	346	(325)	281,437	252,672
Customer finance income	-	(4)	(1,224)	(1,021)	(232)	(23)	(40)	(152)	(1,496)	(1,200)
Operating costs	18,801	12,922	74,176	64,587	32,741	8,914	(345)	(553)	125,373	85,870
Marketing, general and administration	7,185	6,537	13,227	13,296	20,311	11,941	24,574	20,373	65,297	52,147
Realized loss (gain) on risk management activities	-	-	-	-	-	61	(7)	-	(7)	61
less: acquisition costs, included in marketing, general and administrative expenses	-	-	-	-	-	-	(4,636)	(3,320)	(4,636)	(3,320)
Adjusted EBITDA	31,124	27,863	39,225	33,772	45,757	74,152	(19,200)	(16,673)	96,906	119,114

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 in Canada and the United States through an extensive delivery network.

The family of successful brands in this division includes: Bluewave Energy, Columbia Fuels, Sparlings Propane and Island Petroleum. SPF Energy Inc.'s lubricant sales are included in Commercial's segmented results.

Parkland's commercial brands are committed to locally delivered, premium customer service, supported by a supply platform which ensures customers can obtain quality petroleum products when and where they are needed.

Parkland's commercial customer base is diverse, operating across a broad cross-section of industries and geographies with no single customer accounting for more than 5% of consolidated revenue. This customer base includes:

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

Industry and Seasonality

The business of Parkland Commercial Fuels business is seasonal, reflecting fluctuations in heating requirements and industrial activities 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.

Parkland Commercial Fuels Adjusted EBITDA has historically fluctuated on a seasonal basis in the following proportions:

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

Parkland Commercial Fuels Segment Performance

	Three months ended June 30,			Six months ended June 30,		
	2014	**2013**	**% Variance**	**2014**	**2013**	**% Variance**
Fuel and petroleum products volume (000's of litres)	319,332	311,670	2.5%	836,290	744,382	12.3%
Sales and operating revenue ($ 000's)						
Sales and operating revenue	389,740	357,634	9.0%	986,889	813,826	21.3%
Adjusted gross profit						
Fuel and Petroluem product adjusted gross profit	30,649	29,065	5.4%	89,191	79,691	11.9%
Non-fuel adjusted gross profit	18,092	14,764	22.5%	36,213	30,943	17.0%
Total Adjusted gross profit	48,741	43,829	11%	125,404	110,634	13.4%
Customer finance income	(624)	(601)	3.8%	(1,224)	(1,021)	19.9%
Operating costs	33,350	30,472	9.4%	74,176	64,587	14.8%
Marketing, general and administrative	6,601	6,753	(2.3%)	13,227	13,296	(0.5%)
Adjusted EBITDA	9,414	7,205	30.7%	39,225	33,772	16.1%
Per Litre Analysis:						
Adjusted fuel gross profit (cents per litre)	9.60	9.33	2.9%	10.67	10.71	(0.4%)
Operating costs (cents per litre)	10.44	9.78	6.8%	8.87	8.68	2.2%
Marketing, general and administration (cents per litre)	2.07	2.17	(4.6%)	1.58	1.79	(11.5%)
Adjusted EBITDA (cents per litre)	2.95	2.31	27.5%	4.69	4.54	3.4%

Operational Review

Volume

Q2 2014 vs. Q2 2013
For the three months ended June 30, 2014, Parkland Commercial Fuels' volume increased 2.5% to 319 million litres compared with 312 million litres in 2013. The 7 million litre increase represents 2.5% organic volume growth in the base business due to strong sales and demand carry over from an extremely cold winter in the east. SPF Energy Inc. currently only contributes lubricant sales to Commercial Fuel results, which are not included in fuel volume but are included in non-fuel adjusted gross profit.

While fuel volume was up year over year, volume growth was partially offset by the following factors:

- A slow start to spring due to the long cold winter which delayed and, in some cases, prevented agricultural sales;
- Warmer temperatures on the west coast compared to the same period in 2013; and
- The discontinuation of a low margin marketer agreement in northern Alberta.

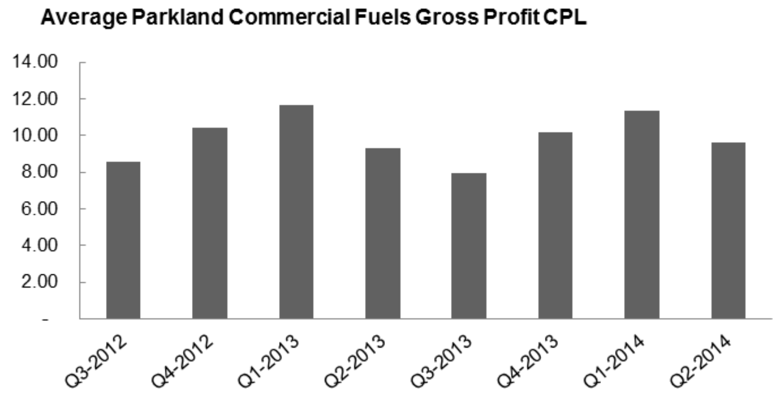
YTD 2014 vs. YTD 2013
For the six months ended June 30, 2014, Parkland Commercial Fuels' volume increased 12.3% to 836 million litres compared with 744 million litres in 2013. The 92 million litre increase year-to-date includes 60 million litres in incremental propane sales from Sparlings Propane in the first quarter, and 4.3% volume growth in the base business.

Adjusted Gross Profit

Q2 2014 vs. Q2 2013
For the three months ended June 30, 2014, fuel gross profit increased 5.4% to $30.6 million compared with $29.1 million in 2013 due to higher volume and higher margin on a cent per litre (cpl) basis.

Average adjusted fuel gross profit on a cents per litre basis for the second quarter of 2014 was 9.60 cpl, an increase of 2.9% compared with 9.33 cpl in the second quarter of 2013.

Non-fuel gross profit increased 22.5% in the second quarter of 2014 to $18.1 million compared with $14.8 million in the second quarter of 2013 as a result of $1.8 million in additional lubricant profit from SPF Energy Inc. and slightly better Canadian lubricant margin, partially offset by lower lubricant volume in Canada.



Commercial Quarterly Margins
Commercial margins traditionally increase in the first and fourth quarters as the product and customer mix change.

YTD 2014 vs. YTD 2013
For the six months ended June 30, 2014, fuel gross profit increased 11.9% to $89.2 million compared with $79.7 million in 2013 due to higher volume and stable margin on a cent per litre (cpl) basis. Sparlings Propane added $8.3 million in fuel adjusted gross profit in the first quarter of 2014.

Average adjusted fuel gross profit on a cent per litre basis for the six months ended June 30, 2014 was 10.67 cpl, a decrease of 0.4% compared with 10.71 cpl during the same period in 2013.

Non-fuel gross profit increased 17.0% for the six months ended June 30, 2014 to $36.2 million compared with $30.9 million in the same period in 2013, as a result of $4.2 million in additional lubricant profit from SPF Energy Inc., better Canadian lubricant margin in 2014 compared with 2013, and higher lubricant volume in Canada.

Operating Costs

Q2 2014 vs. Q2 2013
Parkland Commercial Fuels' operating costs for the second quarter of 2014 increased 9.4% to $33.4 million (10.44 cpl) compared with $30.5 million (9.78 cpl) during the second quarter of 2013 due to an incremental $1.1 million increase from the SPF Energy Inc. acquisition, increased fleet costs related to higher activity during the winter, and an increase in labor costs due to growth in the base business.

YTD 2014 vs. YTD 2013
Parkland Commercial Fuels' operating costs for the six months ended June 30, 2014 increased 14.8% to $74.2 million (8.87 cpl) compared with $64.6 million (8.68 cpl) during the same period in 2013 due to the addition of Sparlings Propane, a $2.6 million increase from SPF Energy Inc., increased fleet costs and an increase in labor costs related to additional project work (e.g. Fracking, long haulage to cover Northern Alberta).

Marketing General and Administrative Expenses

Q2 2014 vs. Q2 2013
Marketing, General and Administrative expenses for the second quarter of 2014 decreased 2.3% to $6.6 million (2.07 cpl) compared with $6.8 million (2.17 cpl) during the same period in 2013 due to cost savings in the base business that drove lower costs on a cpl basis.

YTD 2014 vs. YTD 2013

Marketing, General and Administrative expenses for the six months ended June 30, 2014 decreased 0.5% to $13.2 million (1.58 cpl) compared with $13.3 million (1.79 cpl) during the same period in 2013 due to cost savings in the base business that drove lower costs on a cpl basis, partially offset by addition of the Sparlings Propane to the first quarter results.

Adjusted EBITDA

Q2 2014 vs. Q2 2013
For the three months ended June 30, 2014, Parkland Commercial Fuels' Adjusted EBITDA increased 30.7% to $9.4 million (2.95 cpl) compared with $7.2 million (2.31 cpl) in 2013.

YTD 2014 vs. YTD 2013
For the six months ended June 30, 2014, Parkland Commercial Fuels' Adjusted EBITDA increased 16.1% to $39.2 million (4.69 cpl) compared with $33.8 million (4.54 cpl) in 2013.

Divisional Outlook
Parkland Commercial Fuels continues to be well positioned to capitalize on new opportunities as they emerge.

For the three months ended June 30, 2014, the Canadian Association of Oilwell Drilling Contractors ("CAODC") reported an average monthly drilling rig count of 198, a 31% increase compared with 151 per month for the same period in 2013.

While rising natural gas prices during the beginning of 2014 appear to be partly responsible for an increase in natural gas drilling activity, mild summer weather, which has reduced natural gas consumption at power plants, and a record pace of inventory gains have pushed natural gas prices back down, which could have a negative impact on drilling activity should prices remain low.

Markets
On June 30, 2014, Parkland Commercial Fuels had 118 locations.

Province	Cardlock	Branch	Branch & Cardlock	Lube Distribution Centre	Grand Total
Alberta	12	6	9	2	29
Bristish Columbia	15	8	9	1	33
Manitoba	-	-	-	1	1
New Brunswick	-	-	1	-	1
Nova Scotia	3	9	4	1	17
Northwest Territories	-	-	2	-	2
Ontario	1	12	7	-	20
Prince Edward Island	10	2	-	-	12
Saskatchwan	-	1	1	-	2
Yukon	-	-	1	-	1
Total	41	38	34	5	118

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.

Parkland Retail Fuels

Parkland Retail Fuels operates and services a network of retail service stations that serve motorists in Canada and the United States.

Parkland owns two proprietary brands in Canada: Fas Gas Plus and Race Trac. Parkland is also a retail branded distributor for Esso in British Columbia, Alberta, Saskatchewan, Ontario and the Northwest Territories and a retail branded distributor for Chevron in British Columbia. In addition, SPF Energy Inc. maintains the Superpumper brand in the northern United States.

Business Models
Canada
In Canada, Parkland Retail Fuels 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. These relationships are normally long-term wholesale agreements with relatively stable margins.

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 and non-fuel (convenience) sales. Retailers pay a contracted rent to Parkland based on a percentage of non-fuel sales revenue from the convenience store.

United States
In the United States, SPF Energy Inc. supplies a number of multi-site dealer chains and approximately 60 direct customers under the dealer operated model.

In addition to these sites, SPF Energy Inc. operates under the following business model:

Company Operated – the 16 Superpumper sites owned by SPF Energy Inc. are operated directly by SPF employees.

In total, SPF Energy Inc. supplies fuel to between 150 and 200 locations at any time.

Industry and Seasonality

The retail fuel business is highly competitive, with margins ultimately dependent on wholesale fuel costs and retail fuel prices.

The 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.

Historically, Parkland Retail Fuel's Adjusted EBITDA fluctuates seasonally according to the following approximate schedule:

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

Parkland Retail Fuels Segment Performance

	Three months ended June 30,			Six months ended June 30,		
	2014	**2013**	**% Variance**	**2014**	**2013**	**% Variance**
Fuel and petroleum products volume (000's of litres)	457,764	438,041	4.5%	874,525	837,867	4.4%
Sales and operating revenue ($ 000's)						
Sales and operating revenue	488,446	426,727	14.5%	904,067	796,082	13.6%
Adjusted gross profit						
Fuel and Petroluem product adjusted gross profit	23,307	20,717	12.5%	42,419	38,814	9.3%
Non-fuel adjusted gross profit	7,606	4,576	66.2%	14,691	8,504	72.8%
Total Adjusted gross profit	30,913	25,293	22.2%	57,110	47,318	20.7%
Customer finance income	-	(3)	100.0%	-	(4)	100.0%
Operating costs	9,761	6,757	44.5%	18,801	12,922	45.5%
Marketing, general and administrative	3,580	3,111	15.1%	7,185	6,537	9.9%
Adjusted EBITDA	17,572	15,428	13.9%	31,124	27,863	11.7%
Per Litre Analysis:						
Adjusted fuel gross profit (cents per litre)	5.09	4.73	7.7%	4.85	4.63	4.7%
Operating costs (cents per litre)	2.13	1.54	38.2%	2.15	1.54	39.4%
Marketing, general and administration (cents per litre)	0.78	0.71	10.1%	0.82	0.78	5.3%
Adjusted EBITDA (cents per litre)	3.84	3.52	9.0%	3.56	3.33	7.0%

Operational Review

Volume

Q2 2014 vs. Q2 2013
For the three months ended June 30, 2014, Parkland Retail Fuel volume increased 4.5% to 458 million litres compared with 438 million litres in 2013. The 20 million litre increase was the result of the addition of 23.4 million litres from SPF Energy Inc.'s retail operations partially offset by a 3.6 million litre decrease in Canadian volume in Parkland's low margin dealer business.

Company retailer performance continued to be strong in the second quarter, with a 6.4% increase in fuel volume compared to the same period last year.

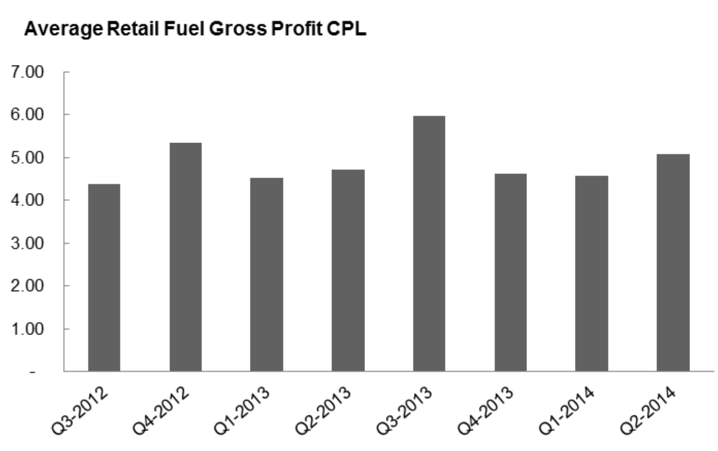
YTD 2014 vs. YTD 2013
For the six months ended June 30, 2014, Parkland Retail Fuel volume increased 4.4% to 875 million litres compared with 838 million litres in 2013. The 37 million litre increase was the result of the addition of 44.9 million litres from SPF Energy Inc.'s retail operations partially offset by an 8.2 million litre decrease in Canadian volume in Parkland's low margin dealer business.

Adjusted Gross Profit

Q2 2014 vs. Q2 2013
For the three months ended June 30, 2014, fuel and petroleum product adjusted gross profit increased 12.5% to $23.3 million compared with $20.7 million in 2013 due to the addition of $1.8 million from SPF Energy Inc., and a $0.7 million increase year over year from Parkland's Canadian operations due to higher margin on a cent per litre basis.

Average adjusted fuel gross profit on a cpl basis for the second quarter of 2014 was 5.09 cpl, an increase of 7.7% compared with 4.73 cpl during the same period in 2013.

Non-fuel gross profit increased 66.2% in the second quarter to $7.6 million compared with $4.6 million in 2013 due to the addition of $2.8 million from SPF Energy Inc. and a 4.7% increase in non-fuel gross profit year over year in the company's Canadian retailer network which was driven by strong convenience store sales, increased volume rebates, and the recent Chevron acquisition in late April which added 12 new retailer sites.



Parkland Retail Fuels Quarterly Margins
Average gross profit on a cents per litre basis increased by 7.7% year over year in the second quarter of 2014. On a sequential basis, average fuel gross profit on a cents per litre basis increased 11% compared with the first quarter of 2014.

YTD 2014 vs. YTD 2013
For the six months ended June 30, 2014, fuel and petroleum product adjusted gross profit increased 9.3% to $42.4 million compared with $38.8 million in 2013 due to the addition of $3.8 million from SPF Energy Inc., partially offset by a $0.2 million year over year decrease in Canadian gross profit due to competitive pressures in certain geographies.

Average adjusted fuel gross profit on a cpl basis for the six months ended June 30, 2014 was 4.85 cpl, an increase of 4.7% compared with 4.63 cpl during the same period in 2013

Non-fuel gross profit increased 73% to $14.7 million for the six months ended June 30, 2014 compared with $8.5 million in 2013 due to the addition of $5.4 million from SPF Energy Inc. and a 9.9% increase in same store convenience store sales year over year in Parkland's Canadian retailer network.

Operating Costs

Q2 2014 vs. Q2 2013
Retail operating costs for the second quarter of 2014 increased 44.5% to $9.8 million (2.13 cpl) compared with $6.8 million (1.54 cpl) during the same period in 2013 due to the addition of $3.1 million from SPF Energy Inc. partially offset by $0.1 million in savings within the base business.

YTD 2014 vs. YTD 2013
Retail operating costs for the six month ended June 30, 2014 increased 45.5% to $18.8 million (2.15 cpl) compared with $12.9 million (1.54 cpl) during the same period in 2013 due to the addition of $6.1 million from SPF Energy Inc. partially offset by $0.2 million in savings within the Canadian business.

Marketing General and Administrative

Q2 2014 vs. Q2 2013
Marketing, General and Administrative expenses for the three months ended June 30, 2014 increased 15.1% to $3.6 million (0.78 cpl) compared with $3.1 million (0.71 cpl) during the same period in 2013 due to the addition of $0.3 million from SPF Energy Inc. and a planned increase in advertising that successfully drove volume growth at company operated sites.

YTD 2014 vs. YTD 2013
Marketing, General and Administrative expenses for the six months ended June 30, 2014 increased 9.9% to $7.2 million (0.82 cpl) compared with $6.5 million (0.78 cpl) during the same period in 2013 primarily due to the addition of $0.7 million from SPF Energy Inc.

Adjusted EBITDA

Q2 2014 vs. Q2 2013
For the three months ended June 30, 2014, Parkland Retail Fuels' Adjusted EBITDA increased 13.9% to $17.6 million (3.84 cpl) compared with $15.4 million (3.52 cpl) in 2013.

YTD 2014 vs. YTD 2013
For the six months ended June 30, 2014, Parkland Retail Fuels' Adjusted EBITDA increased 11.7% to $31.1 million (3.56 cpl) compared with $27.9 million (3.33 cpl) in 2013.

Outlook

Retail growth prospects in 2014 remain strong.

The Chevron supply and retail branded distribution agreement which began to stream in the second quarter strengthened Parkland's retail fuel offer in British Columbia. Parkland continues to make progress in signing new dealers in British Columbia under the Chevron banner and expects to sign additional dealers through the balance of 2014. Parkland also continues to sign new Esso dealer sites and deploy Esso retailer sites in British Columbia.

Canadian Markets

Province	Retailer Operated	Dealer Operated	Total
Alberta	71	194	265
Bristish Columbia	28	86	114
Manitoba	12	11	23
New Brunswick	-	2	2
Nova Scotia	-	2	2
Northwest Territories	-	3	3
Ontario	2	154	156
Prince Edward Island	-	4	4
Saskatchwan	31	94	125
Yukon	-	5	5
Total	144	555	699

Parkland recently added Chevron, a new premium brand, to its retail offering in British Columbia. Parkland's retail branded distribution agreement with Chevron in British Columbia adds an excellent growth opportunity for Parkland retail operations to expand under a second nationally recognized premium brand.

Canadian Brands

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

Operating Model	Fas Gas Plus	Race Trac	Esso	Chevron	Cdn Tire	Other	Total
Dealer operated	89	93	339	3	-	31	555
Retailer operated	89	2	25	16	1	11	144
Total	178	95	364	19	1	42	699

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 friendly operators. 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 distributor agreement provides Parkland with the opportunity to offer Esso's nationally recognized brand to independent operators or within the Corporation's owned network in Alberta, Saskatchewan, British Columbia, Ontario and the Northwest Territories.

Chevron – The Chevron retail branded distributor 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.

Parkland Wholesale, Supply and Distribution

Parkland Wholesale, Supply and Distribution is responsible for managing Parkland's fuel supply contracts, purchasing fuel from suppliers, distribution through third party rail and highway carriers as well as serving wholesale and reseller customers.

This division includes profits from:

- Elbow River Marketing, acquired on February 15, 2013;
- The assets acquired from TransMontaigne Marketing Canada Inc. acquired on May 13, 2013;
- SPF Energy Inc. wholesale volumes, acquired on January 8, 2014;
- Supply management activities; and
- Wholesale fuel sales.

Refinery Contracts - Fuel supply contracts are maintained with multiple oil refiners as well as wholesale and trading suppliers. Multiple supply relationships ensure that Parkland can:

1) Dependably deliver fuel to customers even during supply disruptions; and
2) Obtain fuel at competitive prices.

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 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. The acquisition of SPF Energy Inc. added another 40,000 barrels of terminal storage capacity in Minot, North Dakota.

Parkland Wholesale, Supply and Distribution manages the storage infrastructure portfolio to enhance Parkland's supply security and, by extension, the supply security of Parkland's customers.

Parkland Wholesale, Supply and Distribution Segment Performance

	Three months ended June 30,			Six months ended June 30,		
	2014	2013	% Variance	2014	2013	% Variance
Fuel and petroleum products volume (000's of litres)	1,145,350	830,817	37.9%	2,483,873	1,398,245	77.6%
Sales and operating revenue ($ 000's)						
Sales and operating revenue	1,000,658	558,238	79.3%	2,011,873	945,411	112.8%
Adjusted gross profit						
Fuel and Petroluem product adjusted gross profit	33,167	54,290	(38.9%)	82,738	91,742	(9.8%)
Non-fuel adjusted gross profit	8,306	2,450	239.0%	15,839	3,303	379.5%
Total Adjusted gross profit	41,473	56,740	(26.9%)	98,577	95,045	3.7%
Customer finance income	(274)	(23)	1091.3%	(232)	(23)	908.7%
Operating costs	17,181	6,497	164.4%	32,741	8,914	267.3%
Marketing, general and administrative	6,307	6,842	(7.8%)	20,311	11,941	70.1%
Loss on risk management activities	-	(427)	-	-	61	(100.0%)
Adjusted EBITDA	18,259	43,851	(58.4%)	45,757	74,152	(38.3%)
Per Litre Analysis:						
Adjusted fuel gross profit (cents per litre)	2.90	6.53	(55.7%)	3.33	6.56	(49.2%)
Operating costs (cents per litre)	1.50	0.78	91.8%	1.32	0.64	106.8%
Marketing, general and administration (cents per litre)	0.55	0.82	(33.1%)	0.82	0.85	(4.2%)
Adjusted EBITDA (cents per litre)	1.59	5.28	(69.8%)	1.84	5.30	(65.3%)

Operational Review

Volume

Q2 2014 vs. Q2 2013

For the three months ended June 30, 2014 Parkland Wholesale, Supply and Distribution fuel volume (factoring out intersegment sales) increased 37.9% or 315 million litres to 1.1 billion litres compared with 831 million litres for the same period in 2013 primarily due to the addition of 267 million litres from SPF Energy Inc., an incremental increase of 83 million litres from the assets acquired from TransMontaigne Marketing Canada Inc. (which was acquired on May 13, 2013), partially offset by a 4.4 million litre decrease year over year in Elbow River's volume and a 26 million litre decrease in low margin wholesale volume.

YTD 2014 vs. YTD 2013

For the six months ended June 30, 2014 Parkland Wholesale, Supply and Distribution fuel volume (factoring out intersegment sales) increased 77.6% or 1.1 billion litres to 2.5 billion litres compared with 1.4 billion litres for the same period in 2013 primarily due to the addition of 523 million litres from SPF Energy Inc., a year over year increase of 330 million litres from Elbow River Marketing, an incremental increase of 263 million litres from the assets acquired from TransMontaigne Marketing Canada Inc. (which was volume acquired on May 13, 2013), and a 19 million litre decrease in low-margin wholesale volume.

Adjusted Gross Profit

Q2 2014 vs. Q2 2013

For the three months ended June 30, 2014, fuel and petroleum product adjusted gross profit decreased 38.9% to $33.2 million compared with $54.3 million in 2013 due to the end of the Suncor Contract in 2013 partially offset by the acquisition of the assets from TransMontaigne Marketing Canada Inc., SPF Energy Inc. and Elbow River Marketing.

Average adjusted fuel gross profit on a cents per litre basis for the second quarter of 2014 was 2.90 cpl, a decrease of 55.7% compared with 6.53 cpl in the second quarter of 2013 when unusually strong refiner's margins increased the margin on a cpl basis. This was partially offset by acquisitions and through Parkland's improved supply base.

Non-fuel gross profit increased 239% in the second quarter of 2014 to $8.3 million compared with $2.5 million in the second quarter of 2013 as a result of additional non-fuel product gross profit from SPF Energy Inc.

YTD 2014 vs. YTD 2013
For the six months ended June 30, 2014, fuel and petroleum product adjusted gross profit decreased 9.8% to $82.7 million compared with $91.7 million in 2013 due to the end of the Suncor Contract in 2013 partially offset by the acquisition of the assets from TransMontaigne Marketing Canada Inc., SPF Energy Inc. and Elbow River Marketing.

Average adjusted fuel gross profit on a cents per litre basis for the six months ended June 30, 2014 was 3.33 cpl, a decrease of 49.2% compared with 6.56 cpl in the same period of 2013 when unusually strong refiner's margins increased the margin on a cpl basis. This was partially offset in the first quarter of 2014 by strong performance from Elbow River Marketing, the acquisition of SPF Energy, the assets acquired from TransMontaigne Marketing Canada Inc. and the success of Parkland's supply initiatives through the first six months of 2014.

Non-fuel gross profit increased 379.5% in the first six months of 2014 to $15.8 million compared with $3.3 million in the second quarter of 2013 as a result of additional non-fuel product gross profit from SPF Energy Inc.

Operating Costs

Q2 2014 vs. Q2 2013
Operating costs in the second quarter of 2014 increased to $17.1 million (1.50 cpl) compared with $6.5 million (0.78 cpl) during the same period in 2013 due to the addition of Elbow River Marketing and SPF Energy Inc. and the acquisition of the assets from TransMontaigne Marketing Canada Inc.

YTD 2014 vs. YTD 2013
Operating costs for the six months ended June 30, 2014 increased to $32.7 million (1.32 cpl) compared with $8.9 million (0.64 cpl) during the same period in 2013 due to acquisitions.

Marketing General and Administrative Expenses

Q2 2014 vs. Q2 2013
Marketing, General and Administrative expenses for the second quarter of 2014 decreased to $6.3 million (0.55 cpl) compared with $6.8 million (0.82 cpl) during the same period in 2013 due to cost savings.

YTD 2014 vs. YTD 2013
Marketing, General and Administrative expenses for the six months ended June 30, 2014 increased to $20.3 million (0.82 cpl) compared with $11.9 million (0.85 cpl) during the same period in 2013 due to acquisitions.

Adjusted EBITDA

Q2 2014 vs. Q2 2013
For the three months ended June 30, 2014, Parkland Wholesale, Supply and Distribution's EBITDA decreased 58.4% to $18.3 million (1.59 cpl) compared with $43.9 million (5.28 cpl) in 2013. Acquisition related earnings reflected in Wholesale, Supply and Distribution's EBITDA partially offset the elimination of refiner's margins with the end of the contract with Suncor in December 2013.

YTD 2014 vs. YTD 2013
For the six months ended June 30, 2014, Parkland Wholesale, Supply and Distribution's EBITDA decreased 38.3% to $45.8 million (1.84 cpl) compared with $74.2 million (5.30 cpl) in 2013. Acquisition related earnings reflected in Wholesale, Supply and Distribution's EBITDA partially offset the elimination of refiner's margins at the end of 2013.

Divisional Outlook
A number of planned refinery turnarounds are anticipated for 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.

Parkland continues 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. Elbow River Marketing and the supply and distribution team continue to drive for arbitrage opportunities over both the short-term and long-term.

Parkland will continue to manage towards lower accounts receivable, tighter trade terms and the targeting of growth in underserved regions.

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)

	2014		2013				2012	
($000's except per share amounts)								
For the three months ended,	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30
Sales and operating revenue	1,879,153	2,024,264	1,598,861	1,509,040	1,342,697	1,212,824	998,407	1,059,539
Cost of sales	1,755,871	1,859,287	1,448,141	1,396,280	1,213,840	1,085,179	894,409	947,066
Gross profit	123,282	164,977	150,720	112,760	128,857	127,645	103,998	112,473
Expenses								
Operating costs	60,135	65,238	60,274	44,134	43,363	42,507	39,796	33,251
Marketing, general and administrative	28,913	36,384	34,528	24,917	27,228	24,919	21,682	18,458
Depreciation and amortization	20,407	18,475	14,612	13,710	14,757	12,924	15,805	13,074
	13,827	44,881	41,306	29,999	43,509	47,295	26,715	47,690
Customer finance income	(867)	(629)	(696)	(589)	(732)	(468)	(1,009)	(794)
Finance cost	7,113	5,850	4,856	4,791	4,674	5,563	4,339	3,798
Net Finance costs	6,246	5,221	4,160	4,202	3,942	5,095	3,330	3,004
Loss (gain) on disposal of property, plant and equipment	27	1,150	823	1,217	125	275	233	(631)
Loss (gain) on foreign exchange	2,006	(2,912)	(151)	879	(1,371)	(297)	18	(36)
(Gain) loss on risk management activities	(3,382)	9,434	8,752	(2,490)	11,268	2,713	2,302	1,123
Earnings before income taxes	8,930	31,987	27,722	26,191	29,545	39,509	20,832	44,230
Income tax expense (recovery)								
Current	4,420	11,055	9,493	6,459	10,477	8,874	9,680	11,663
Deferred	(2,414)	(1,377)	(3,808)	671	(1,266)	110	1,570	746
	2,006	9,678	5,685	7,130	9,211	8,984	11,250	12,409
Net earnings	6,924	22,309	22,037	19,061	20,334	30,525	9,582	31,821
Net earnings per share								
- Basic	0.09	0.30	0.31	0.27	0.29	0.44	0.14	0.48
- Diluted[1]	0.09	0.30	0.30	0.27	0.28	0.42	0.14	0.44
Shares outstanding	74,765	73,759	71,795	71,020	70,227	69,445	67,973	67,204
Non GAAP Financial Measures								
Adjusted EBITDA [2][3]	35,693	61,214	50,562	37,753	58,114	61,000	42,484	60,551
Distributable cash flow [2][4]	22,651	44,649	26,100	23,157	42,278	44,917	20,755	44,882
Distributable cash flow per share[2][4]	0.30	0.61	0.36	0.33	0.60	0.65	0.31	0.67
Dividends	19,710	19,233	18,603	18,396	18,200	17,702	17,268	17,060
Dividends to distributable cash flow payout ratio[2][4]	87%	43%	71%	79%	43%	39%	83%	38%
Key Metrics:								
Fuel volume (millions of litres)	1,922	2,272	1,917	1,762	1,580	1,400	1,062	1,091
Return on capital employed (ROCE) [2][5][7]	14.3%	19.1%	21.5%	21.3%	26.5%	27.2%	25.8%	25.2%
Employees	1,705	1,713	1,370	1,323	1,313	1,167	1,179	1,155
Key Metrics - Cents per litre:								
Retail fuels adjusted gross profit [6]	5.09	4.59	4.63	4.99	4.73	4.53	5.35	4.36
Commercial fuels adjusted gross profit [6]	9.60	11.32	10.18	7.94	9.33	11.70	10.43	8.54
Operating costs	3.13	2.87	3.14	2.50	2.74	3.04	3.75	3.05
Marketing, general and administrative	1.50	1.60	1.80	1.41	1.72	1.78	2.04	1.69
Depreciation and amortization expense	1.06	0.81	0.76	0.78	0.93	0.92	1.49	1.20

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

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

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

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

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

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

[7] Revised

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 Fuels generally experiences higher volumes throughout winter months during the first and fourth quarters due to higher demand for heating oil and propane. Retail Fuels generally experiences 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.
- On February 15, 2013 Parkland acquired Elbow River Marketing. In 2014, Elbow River Marketing added an additional 330 million litres of fuel volume. On May 2, 2013 Parkland acquired the assets from TransMontaigne Canada Inc. which added 263 million litres of fuel volumes in 2014. On April 2, 2013 Parkland acquired Sparlings Propane. In 2014 Sparlings Propane added 60 million litres of fuel volume year over-year. On January 8, 2014 Parkland acquired SPF Energy Inc. In 2014 SPF Energy Inc. added 568 million litres of fuel volume.
- Operating costs over the last eight quarters have generally increased due to increased volumes from the acquired businesses except for the second quarter of 2014 which decreased due to the seasonal reduction in commericial sales.
- Marketing, general and administrative expenses over the last eight quarters have generally increased due to increased volumes from the acquired businesses except for the second quarter of 2014 which decreased due to the seasonal reduction in Elbow River sales.
- 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 Corporation's net earnings, Adjusted EBITDA, distributable cash flow and ROCE have been positively affected by the refiner's margins based contract. These margins 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 stronger refiner's margins, therefore positively impacting Parkland's adjusted gross profit. Refiner's margins ended with the termination of the contract with Suncor in December 2013.

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 and Taxes ("Adjusted EBIT")

Adjusted EBIT represents net earnings (loss) before finance costs (which includes interest on long-term debt, interest and accretion on convertible debentures, amortization of deferred financing costs, interest and accretion on refinery remediation, accretion on asset retirement obligation, change in fair value of Redemption Option, amortization of debt premium arising from Redemption Option, and loss (gain) on interest rate swaps), unrealized gain (loss) on foreign exchange, loss on disposal of property, plant and equipment, unrealized loss (gain) from the change in fair value of commodities forward contracts and US dollar forward exchange contracts included in risk management activities, income tax (recovery) expense and acquisition costs. 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, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted EBITDA is defined as Adjusted EBIT before depreciation and amortization. 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.

	Three months ended June 30,		Six months ended June 30,	
(in thousands of Canadian dollars)	**2014**	2013	**2014**	2013
Net earnings (2)	**6,924**	20,334	**29,233**	50,859
Finance costs (1)	**7,113**	4,674	**12,963**	10,237
Unrealized loss (gain) on foreign exchange	**437**	(103)	**(580)**	(438)
Loss on disposal of property, plant and equipment	**27**	125	**1,177**	400
Unrealized (gain) loss from the change in fair value of commodities forward contracts and US dollar forward exchange contracts	**(3,645)**	7,321	**(1,089)**	8,860
Income tax (recovery) expense	**2,006**	9,211	**11,684**	18,195
Acquisition costs	**2,424**	1,795	**4,636**	3,320
Adjusted EBIT (2)	**15,286**	43,357	**58,024**	91,433
Depreciation and amortization	**20,407**	14,757	**38,882**	27,681
Adjusted EBITDA	**35,693**	58,114	**96,906**	119,114

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

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

Gross Profit and Adjusted Gross Profit

Gross Profit is defined as sales and operating revenue less cost of sales, excluding depreciation. Adjusted Gross Profit is defined as Gross Profit including the realized gain (loss) on the change in fair value of commodities forward contracts, futures and US dollar forward exchange contracts and realized gain (loss) on foreign exchange. Adjusted Gross Profit is provided to assist management and investors in determining gross profit considering the effects of realized risk management activities.

Senior Debt, Senior Debt to Adjusted EBITDA ratio, Net Debt, and Net Debt to Adjusted EBITDA ratio
Senior Debt is defined as the summation of bank indebtedness, credit facility (net of deferred financing costs), Senior Unsecured Notes (net of deferred financing costs and redemption option), collateralized notes and other loans, less cash and cash equivalents and restricted cash. Net Debt is defined as the summation of Senior Debt, convertible debentures (including current portion) and capital lease obligation.

The Senior Debt to Adjusted EBITDA ratio is calculated as Senior Debt divided by Adjusted EBITDA (trailing twelve months). The Net Debt to Adjusted EBITDA ratio is calculated as Net Debt divided by Adjusted EBITDA (trailing twelve months). Parkland believes that Senior Debt to Adjusted EBITDA ratio and the Net Debt to Adjusted EBITDA ratio provide users with an indication of the Corporation's ability to repay its debt.

	As at June 30,	
(in thousands of Canadian dollars)	**2014**	2013
Bank indebtedness	**5,438**	2,910
Credit Facility (net of deferred financing costs)	**96,466**	118,049
Senior Unsecured Notes (net of deferred financing costs and redemption option)	**198,986**	-
Collateralized notes and other loans	**5,867**	216
Less:		
Cash and cash equivalents	**(12,281)**	(4,318)
Restricted cash	**(1,833)**	-
Senior Debt	**292,643**	116,857
Convertible debentures (including current portion)	**126,188**	126,697
Capital lease obligation	**1,692**	2,289
Net Debt	**420,523**	245,843
Adjusted EBITDA (trailing twelve months)	**185,262**	222,149
Senior Debt to Adjusted EBITDA	**1.58**	0.53
Net Debt to Adjusted EBITDA	**2.27**	1.11

Interest Coverage Ratio
The interest coverage ratio refers to Adjusted EBIT divided by finance costs. Parkland believes that the interest coverage ratio provides users with an indication on the Corporation's ability to pay interest on the outstanding debt.

	TTM Ended June 30,	
(in thousands of Canadian dollars)	**2014**	2013
Adjusted EBIT	**118,058**	165,589
Finance costs	**22,634**	18,374
Interest coverage ratio	**5.22**	9.01

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

Distributable Cash Flow Per Share
Distributable cash flow per share consists of the distributable cash flow calculation mentioned above divided by the number of outstanding shares.

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

Return on Capital Employed ("ROCE")
ROCE is calculated as 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") and Compound Annual Total Shareholder Return ("Compounded Annual TSR")

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 on 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.

Compounded Annual TSR annualizes the total shareholder return when total shareholder return is calculated for a period longer than one year.

	1 Year	3 Year	5 Year
Opening market value of one share	**17.14**	12.32	7.35
Closing value of originally invested share (including dividend reinvestment)	**22.67**	26.88	35.12
TSR	**32%**	118%	378%
Compounded annual TSR	**32%**	30%	37%

Maintenance Capital
Maintenance capital is the amount of capital required in a period for the Corporation to maintain its future cash flow from operating activities at a constant level of productive capacity. Parkland defines its productive capacity as the volume of fuel and propane sold, volume of convenience store sales, volume of lubricants sales, agricultural inputs as well as delivery capacity. The adjustment for maintenance capital in the calculation of standardized distributable cash flow is capital expenditures during the period, excluding the cost of any growth capital 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 that 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 Board of Directors is to pay consistent regular monthly dividends throughout the year based on estimated annual cash flow. Parkland's Board of 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

The preparation of the consolidated financial statements necessarily involves the use of estimates and approximations. Should the underlying assumptions change, the actual amounts could differ from those estimated.

Estimates are used when appropriate for accounting purposes. These estimates are subject to measurement uncertainty and the effect on the financial statements of future periods could be material. The carrying values of assets and liabilities that are affected by these estimates are disclosed in the related sections of these notes to the consolidated financial statements.

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

Changes in accounting estimates may affect any or all of Parkland's operating segments, including: i) Parkland Retail Fuels, ii) Parkland Wholesale, Supply and Distribution iii) Parkland Commercial Fuels and iv) Corporate.

Depreciation and Amortization

Depreciation and amortization of Parkland's capital assets and intangible assets incorporate estimates of useful lives and residual values. These estimates may change as more experience is obtained or as general market conditions change impacting the operation of Parkland's capital assets.

Land is not depreciated. Depreciation on the other assets is provided for on a straight-line basis over the estimated useful lives of assets as follows:

Land improvements	25 years
Buildings	20 years
Equipment	5 - 30 years
Assets under capital lease	5 - 10 years (Shorter of useful life or lease term)

Effective April 1, 2013, the amortization period for tanks included in property, plant and equipment changed. Previous to the start of the second quarter of 2013, Parkland amortized all tanks over a range of a five to thirty year period. With this change in estimate, effective April 1, 2013 onwards, tanks are prospectively amortized over a thirty year period. The impact commencing April 1, 2013 is to decrease depreciation and amortization expense by approximately $1,500 a quarter or $ 6,000 a year.

The intangible assets are stated at cost less accumulated amortization, and include customer relationships, trade names, non-compete agreements and software systems with finite useful lives. Amortization of intangible assets is provided for on a straight line basis over the estimated useful lives of assets as follows:

Customer relationships and trade names	5 - 13 years
Non-compete agreements	Term of the agreement
Software systems	10 years

Changes in the assumptions of useful lives and residual values could affect the reported value of property, plant and equipment, intangible assets, and depreciation and amortization.

Asset retirement obligations and refinery and terminal remediation accrual

Asset retirement obligation and refinery and terminal remediation accrual represents the present value estimate of Parkland's cost to remediate the sites. Asset retirement obligations are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax credit adjusted discount rate that reflects current market assessments of the time value of money and the risks specific to the obligations.

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.

Changes in the assumptions used to estimate asset retirement obligations and refinery and termination remediation accrual could affect the reported value of the asset retirement obligations accrual, the refinery and terminal remediation accrual, depreciation and amortization, accretion on refinery remediation, and accretion on asset retirement obligation.

Impairment of long-lived assets

Parkland performs impairment tests of long-lived assets with determinable useful lives when indications of impairment exist. Application of judgement is required in determining whether an impairment test is warranted. When indicators support the asset is no longer impaired, Parkland will reverse impairment losses. Similar to the impairment, application of judgement is required to determine whether a reversal should be considered.

Impairment exists when the carrying value of an asset or Cash Generating Unit ("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.

Changes in the assumptions used to perform impairment tests or in determining the fair value of an asset or CGU could affect reported value of property, plant and equipment, impairment loss, and depreciation and amortization.

Goodwill and Intangible Assets

Goodwill is tested annually on December 31 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.

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 CGU level. Intangible assets, other than goodwill, that suffered a previous impairment are reviewed for possible reversal of the impairment at each reporting date.

Changes in the assumptions used to perform impairment tests or in determining the fair value of an asset or CGU could affect reported value of goodwill and intangible assets.

Accounts Receivable

Parkland regularly performs a review of outstanding accounts receivable balances greater than 90 days past due to determine eventual collectability. If an account is deemed uncollectable, a provision for bad debt is recorded. Parkland also analyzes the bad debt provision regularly to determine if any of the accounts provided for should be written off. These accounts which are deemed uncollectible could materially change as a result of changes in a customer's financial situation.

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.

Income taxes

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the ability to use the underlying future tax deductions against future taxable income before the deductions expire. The assessment is based upon existing tax laws and estimates of future taxable income. Parkland maintains provisions for uncertain tax positions using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Parkland reviews the adequacy of these provisions at each reporting period.

Changes in the assumptions used to derive the future income tax rate could have an impact on the future income tax expense or recovery incurred in the period.

Share incentive compensation

Compensation expense for options under the Share Option Plan and Restricted Share Unit Plan are estimated based on various assumptions at grant date, such as volatility and expected life using the Black-Scholes methodology to produce an estimate of the fair value of such compensation and are re-measured at the end of each reporting period. Compensation expense for options under Deferred Share Unit Plan is estimated based on Parkland's trading price of the shares on the Toronto stock exchange at the end of the reporting period.

Changes in the assumptions used to share incentive compensation could have an impact on contributed surplus, accounts payable and accrued liabilities, and marketing, general and administrative expenses.

Convertible debentures

The conversion feature in the convertible debentures is valued by binomial method using various assumptions for volatility, market price and dividend yield.

Fair value of financial instruments

Parkland's recurring measurements of the put and call option contracts, commodities forward contracts, future contracts, US dollar forward exchange contracts, interest rate swaps and Redemption Option were at fair value based on Level 2 inputs.

Parkland used the following techniques to value financial instruments categorized in Level 2:

- The fair value of the outstanding NYMEX New York harbour WTI to heating oil, gasoline and refined products put and call option contracts are determined using external counterparty information, which is compared to observable data.

- The fair value of commodities forward contracts, future contracts and US dollar forward exchange contracts are determined using independent price publications, third party pricing services, market exchanges and investment dealer quotes.
- Parkland used interest rate swaps to limit its credit risk by executing counterparty risk procedures which include transacting only with financial institutions within Parkland's Credit Facility (see Note 13). The fair value of the interest rate swap was determined using external counterparty information, which is compared to observable data. The interest rate swaps expired on June 30, 2014.
- The fair value of the Redemption Option is determined using a valuation model based on inputs from observable market data.

The fair value of the outstanding NYMEX New York harbour WTI to heating oil, gasoline and refined products put and call option contracts, commodities forward contracts, future contracts, US dollar forward exchange contracts and interest rate swaps are reflected on the consolidated balance sheets with the changes in fair value during the period recorded in the consolidated statements of income (loss) within loss (gain) on risk management activities and finance costs.

Changes in assumptions and the Level 2 inputs used could affect the reported fair value of financial instruments, loss (gain) on risk management activities and finance costs.

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 uncertainty involved with the timing and amount at which a contingency will be settled may have an impact on the consolidated financial statements of future periods to the extent that the amount provided for differs from the actual outcome.

Financial Instruments and Related Risks

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 June 30, 2014, Parkland's trade accounts receivable balance was $403.7 million, down $5.4 million from the December 31, 2013 balance of $409.1 million. The decrease in accounts receivable was primarily due to the seasonality of Commercial Fuels and improved collection of balances owing.

Accounts receivable outstanding (net of allowance of doubtful accounts) for more than 90 days past terms has increased by $7.7 million from $9.0 million at December 31, 2013 to $16.7 million at June 30, 2014. At June 30, 2014, the provision for credit losses was $12.2 million (December 31, 2013 - $12.2 million). 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, Bankers' Acceptance rate and LIBOR rate which can impact its borrowing costs. Parkland analyzes the interest rate risk on a regular basis and mitigates that risk by considering refinancing, renewal of existing credit line, hedging options and issuing long-term debt at the fixed rate. A 1% change in these interest rates, with all other variables assumed constant, would have caused an increase or decrease to consolidated net earnings for the three and six month period ended June 30, 2014 of $191 and $370 respectively ($120 and $196 for the three and six month period ended June 30, 2013, respectively).

On March 15, 2012, Parkland entered into interest rate swaps covering $150.0 million of borrowings under its Credit Facility. The swaps required Parkland to pay a fixed interest rate of 1.69% plus 2.00%. The interest rate swaps expired on June 30, 2014. On May 29, 2014, the Corporation completed a private placement of Senior Unsecured Notes with the aggregate principle amount of $200,000 at the fixed rate of 5.5% per annum.

US Dollar Currency Rate Risk

Parkland's Canadian operations purchase and sell 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.

The Corporation's net investment in SPF Energy Inc., whose functional currency is US dollars, presents a foreign exchange risk to the Corporation, whose functional currency is Canadian dollars. Parkland is using a net investment hedge to mitigate this risk. The Corporation has designated US$91.5 million of borrowings under the revolving operating loan of the Credit Facility as a hedge of the first US$91.5 million of net investment in SPF Energy Inc. This designation has the effect of mitigating volatility on other comprehensive (loss) income by offsetting long-term foreign exchange gains and losses on US dollar denominated long-term debt and gains and losses on the US dollar investment in SPF Energy Inc.

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 on SEDAR.

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.

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 assurance 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 Suncor, a major Canadian refiner, wherein the Corporation participated 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 in 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 on Parkland's profitability. Refiner's margins in the first half of 2013 were very high compared to historic levels, in the third quarter of 2013 refiner's margins decreased to below the five year average and improved in the fourth quarter of 2013. As disclosed in the Parkland Penny Plan which was released on May 15, 2012, the current level of refiner's margins are not anticipated to be entirely replaced in 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 in 2014 or beyond.

Economic Conditions

Demand for fuel and petroleum products fluctuates 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 positions 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.

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 and SPF Energy Inc., is actively involved in US markets. Elbow River Marketing and SPF Energy Inc's. significant reliance on these markets means that they are subject to downturns in the US economy, weather patterns in the US, 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 amount of income 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 integrations 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 acquired businesses successfully. Any limitation of Parkland to successfully integrate the operations of the acquisitions, including, but not limited to, information technology and financial reporting systems, could have a material adverse effect on Parkland's business and financial condition and/or interfere with operations and reduce operating margins.

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. A 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.

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 the Chief Executive Officer and Senior Vice President and Chief Financial Officer, has evaluated the design 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 June 30, 2014. There have been no changes to ICFR during the quarter ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, the Corporation's ICFR.

Changes in Accounting Policies:

Except as described below, the accounting policies adopted by Parkland in these unaudited condensed interim consolidated financial statements are the same as those applied by Parkland in its audited consolidated financial statements for the year ended December 31, 2013. Parkland had adopted these new standards effective January 1, 2014. These changes were made in accordance with the applicable transitional provisions.

(a) Amendments to IAS 32 – *Financial Instruments: Presentation* ("IAS 32") - Offsetting Financial Assets and Financial Liabilities

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 32. The amendment provides clarification for offsetting financial assets and financial liabilities. The amendment clarifies that the right to offset must be available on the current date and cannot be contingent on the future events. The adoption of this amendment has no impact on Parkland.

(b) Amendments to IAS 36 – *Impairment of Assets* ("IAS 36") - Recoverable Amount Disclosures for Non-Financial Assets

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 36. These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognized or reversed during the period. The adoption of this amendment has no impact on Parkland.

(c) IFRIC 21 – *Levies* ("IFRIC 21")

Effective January 1, 2014, Parkland adopted retrospectively IFRIC 21. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 - *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The adoption of IFRIC 21 has no impact on Parkland.

(d) Amendments to IAS 39 – *Financial Instrument: Recognition and Measurement* ("IAS 39") - Novation of Derivatives and Continuation of Hedge Accounting

Effective January 1, 2014, Parkland adopted retrospectively the amendment to IAS 39. The amendment relates to hedge accounting and novation of derivatives. It provides relief from discontinuing hedge accounting when novation of a derivative designated as a hedge instrument meets certain criteria. The adoption of this standard has no impact on Parkland.

(e) Amendments to IFRS 10 – *Consolidated Financial Statements* ("IFRS 10"), IFRS 12 – *Disclosure of interests in other entities* ("IFRS 12"), and IAS 27 - *Separate Financial Statements ("IAS 27")* – Investment Entities

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 - *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact on Parkland.

Parkland has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

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 July 2014, the International Accounting Standards Board (IASB) issued the final version of IFRS 9 – Financial Instruments, which replaces IAS 39 – Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The new standard introduces requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and the fair value of an entity's own debt. IFRS 9 will be effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. Parkland has not yet determined the impact of this standard on the Corporation's consolidated financial statements and has not decided whether to early adopt this standard.

(b) IFRS 15 – Revenue from Contracts with Customers ("IFRS 15")

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers. IFRS 15 provides a single, principles-based five-step model to be applied to all contracts with customers and applies to annual reporting periods beginning on or after January 1, 2017. IFRS 15 specifies how and when to recognize revenue as well as requiring entities to provide users of financial statements with more relevant disclosures. The standard supersedes IAS 18 – Revenue, IAS 11 – Construction Contracts, and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and early adoption is permitted. Parkland has not yet determined the impact of this standard on the Corporation's consolidated financial statements and has not decided whether to early adopt this standard.

(c) Amendments to IFRS 3 – *Business Combinations* ("IFRS 3") - Accounting for contingent consideration in a business combination

The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity. In addition, the standard clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, which changes in fair value recognized in profit and loss. This is effective for business combinations where the acquisition date is on or after July 1, 2014.

(d) Amendments to IFRS 8 – *Operating Segments* ("IFRS 8") – Aggregation of operating segments and reconciliation of total of the reportable segments' assets to the entity's assets

Amendments to IFRS 8 requires 1) disclosure of the economic characteristics used to assess whether the segments are similar, where operating segments are combined or aggregated, and 2) disclosure of reconciliation of segment assets to total assets of the reconciliation is reported to the chief operating decision maker. The amendment is applicable for annual periods beginning on or after July 1, 2014.

(e) Amendments to IFRS 13 – *Fair value measurements* ("IFRS 13") – Short-term receivables and payables

The IASB clarified in the Basis for Conclusions that short-term receivables and payables with no stated interest rates can be held at invoice amounts when the effect of discounting is immaterial. The amendment is applicable for annual periods beginning on or after July 1, 2014.

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

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 period ended June 30, 2014 amounted to $0.9 million (June 30, 2013 - $1.7 million).
These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Contractual Obligations and Commitments

Parkland has contracted obligations under various debt agreements as well as under operating and capital leases. Undiscounted cash outflows ($000's) relating to financial liabilities are summarized below:

As at June 30, 2014	**2014**	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Bank indebtedness	**5,438**	**-**	**-**	**-**	**-**	**-**	**5,438**
Accounts payable and accrued liabilities	**381,150**	**-**	**-**	**-**	**-**	**-**	**381,150**
Dividends declared and payable	**6,602**	**-**	**-**	**-**	**-**	**-**	**6,602**
Long-term debt, including capital lease obligations (1)	**8,086**	**14,373**	**15,533**	**13,537**	**111,165**	**227,540**	**390,234**
Convertible debentures (1)	**86,186**	**47,405**	**-**	**-**	**-**	**-**	**133,591**

(1) Principal and interest, including current portion

As at December 31, 2013	2014	2015	2016	2017	2018	Thereafter	Total
Bank indebtedness	2,539	-	-	-	-	-	2,539
Accounts payable and accrued liabilities	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

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 buildings, 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:

	2014	**2015**	**2016**	**2017**	**2018**	**Thereafter**	**Total**
Obligations under operating leases	18,675	26,956	22,993	10,546	16,117	22,038	117,325

Shares Outstanding

As at August 7, 2014, Parkland had approximately 74.8 million shares outstanding and 2.7 million share options outstanding consisting of 0.9 million share options that are currently exercisable into shares. In addition, Parkland also had 0.6 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 Parkland's results.

To subscribe to information services go to:

http://bit.ly/PKI-Info

To review Parkland's investor dashboard go to:

http://bit.ly/PKI-IR

For investor inquiries please contact Tom McMillan, Director, Corporate Communications at Tom.McMillan@parkland.ca or 1-800-662-7177 ext. 2534.